

PIRATE METRICS

by [Steve Brown](#)

One thing that gets our keel is the fact that Somalian pirates really made the concept of being a pirate unfunny. This is sad, because everyone enjoys talking like a pirate. If you doubt this, try calling your CFO with an "Ahoy me hearty, I need a recap of all our doubloons for 1Q or you'll be a scurvy dog!" If the CFO doesn't fall out of their chair laughing, they are missing a sense of humor.

Unfortunately, the percentage of bankers talking like a pirate these days is down, while actual pirate activity is up 11% for the year. From what we understand, greater media attention has increased so now the pirates are trying to beat last year's activity.

If pirates are tracking their performance, banks should as well. A key element in comparing one bank against a broader peer selection is making sure that you can drill down to uncover the relevant details driving growth and performance. For example, if Bank A realizes that deposit growth is skyrocketing at neighboring banks, it makes all the difference to break down that growth into categories to truly analyze how much franchise value the competition is gaining (or losing). As we have tried to stress many times, it is the quality of the balance sheet that really matters in the end.

With the release of 1Q data just around the corner, we thought we should sharpen our pencils and take a look back at some 4Q industry trends we noted. While top performing banks in the Midwest region outpaced the West in terms of deposit growth (for banks with assets of \$500mm to \$1B), those additions were primarily due to large increases in CD balances. By the end of the year, top performing Midwest banks had a deposit base that averaged 47% in CDs. Similar banks in the West finished the year with just over 30% of their deposits in CDs. Not surprisingly, Midwest banks ended the year with a cost of funds almost 30 bps higher than a similarly comprised group in the West.

The 1Q regulatory reporting deadline is April 30th and we expect to have that data loaded into our BIG Metrics peer analysis model shortly thereafter. If your bank is looking to get a jump on the competition and analyze 2009 data before anyone else, may we humbly suggest you sign u for these best-in-industry peer analysis dashboards and reports?

As bankers can attest, we have seen some rough sailing recently on the financial waters. Each quarter, banks are sizing up the competition, as they look for every angle and opportunity to increase market share and maximize profitability. While we hope none of you will resort to piracy in order to boost your bottom line, we do know that our peer analysis platform will give you the tool you need in order to push to the front of the pack with a booming "Aaarrggh!"

SURVEY AND ANSWERS

We would like to get your opinion on the current state of the banking industry. Please take 5 minutes to complete this short survey. In exchange for your time, we will not only provide you with the aggregate survey results after May 9th to help with strategic planning, but will also provide our EMC presentation on "Maximizing Profitability in Today's Banking Environment." Go to:
<http://www.zoomerang.com/Survey/?p=WEB2293EPJCNJ9>

BANK NEWS

Mall Failure

Adding greater stress to an already hurting sector, the 2nd largest mall operator in the US (General Growth Properties Inc.) has filed for Chapter 11 bankruptcy protection. The company could not persuade debt holders to give it more time to refinance maturing debts and the collapse of the credit markets gave it no other option. The company owns or manages more than 200 malls in 44 states.

More Mall Stress

Analysis by REIS finds shopping malls in the 1Q lost stores at the fastest pace in a decade, as tenants vacated 8.7mm square feet of space (compares to 8.6mm for 2008). Mall stresses are expected to continue until late 2011 or early 2012 before things stabilize, according to the report.

Foreclosure Increase

RealtyTrac is reporting foreclosure activity jumped 46% in Mar. compared to last year, soaring to a record high. Analysts say an end to the moratorium was the primary catalyst that drove the 1Q foreclosure rate overall up 24% over the 4Q. In order, the states with the highest foreclosure rates were NV, AZ, CA, FL and IL.

More and Less

FNMA and FHLMC reported 4Q loan modifications jumped 76% of the 3Q. Foreclosures also fell 27% during the quarter as a moratorium added support to the housing sector.

Stress Test

Ahead of the regulatory stress test results release slated for early May, regulators will publish a white paper detailing examination procedures.

Small Biz CU Push

Credit unions are lobbying Congress once again to eliminate the 12.25% of asset cap on small business loans. More than 1 in 4 CUs have issued small business loans.

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