

DATA DISPATCH

Illinois community banks lower CD rates at same pace as US peers**Friday, December 6, 2024 8:32 AM CT**

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Market Intelligence

Illinois community banks reduced the rate they pay on one-year certificates of deposits at the same pace as their US peers following the Federal Reserve's interest rate cuts.

Since September, the Fed has lowered the federal funds rate by a total of 75 basis points to 4.75%. The average one-year certificate of deposit (CD) rate at Illinois community banks declined 8 bps from Sept. 13 to Nov. 29, the same as the national community bank average, according to S&P Global Market Intelligence data.

Despite the similar pace of reductions, the average rate that community banks in Illinois paid on one-year CDs, at 1.91%, was lower than the national community bank average of 2.39%.

Given the Fed rate cut and an improvement in the quality of deposit inflows, US banks reported a [deceleration](#) in funding cost increases in the third quarter. [Market Intelligence research projections](#) showed that community banks' funding costs likely peaked in the same period, though institutions will find it challenging to quickly lower deposit costs because of their reliance on CDs for funding.

[Byline Bank](#), the largest community bank in Illinois in terms of assets, kept its one-year CD rate unchanged at 0.50% as of Nov. 29. The [Byline Bancorp Inc.](#) subsidiary expects a period of adjustment on the CD rate-changing front based on the Fed's next move.

"Our CD book is roughly five months ... so we're going to have a little lag depending on what the Fed does," CFO Thomas Bell III said during an Oct. 25 [earnings call](#). "Obviously, if they do 25 basis points, [it is] more gradual for us and that will be less painful. But when we have a 50 basis point cut, it's going to take a while for us to catch up on that on the CD front."

Among the 15 largest community banks in Illinois, [First American Bank](#) reported the biggest drop in one-year CD rate, a decrease of 130 bps to 2.0%. [Banterra Bank](#), meanwhile, marketed the highest rate of 4.19%, while [Old Second National Bank](#) and [Lakeside Bank](#) offered the lowest at 0.10%.

Change in interest rates at 15 largest community banks in Illinois since Sept. 13, 2024

Company (top-level ticker)	Q3 2024	1-year CD (\$10,000)		30-year fixed mortgage (\$200,000)		Used car, 36-month (\$15,000)	
	total assets (\$B)	11/29/24 (%)	Change (bps) ¹	11/29/24 (%)	Change (bps) ¹	11/29/24 (%)	Change (bps) ¹
Byline Bank (BY)	9.41	0.50	0	6.75	-13	NA	N/A
Midland States Bank (MSBI)	7.74	0.80	0	7.28	0	7.45	0
First Mid Bank & Trust NA (FMBH)	7.51	0.40	0	6.38	-2	7.50	0
First American Bank	7.27	2.00	-130	6.88	38	8.25	0
Old Second National Bank (OSBC)	5.67	0.10	0	7.00	0	6.99	0
Morton Community Bank	5.57	2.60	-21	7.13	75	NA	N/A
Heartland Bank and Trust Co. (HBT)	4.99	1.00	0	NA	N/A	7.49	0
United Community Bank	3.64	2.27	0	6.82	62	6.40	0
Parkway Bank and Trust Co.	3.61	1.00	-50	NA	N/A	NA	N/A
Carrollton Bank	3.44	3.10	0	6.50	-50	8.00	0
Banterra Bank	3.10	4.19	-8	NA	N/A	NA	N/A
Republic Bank of Chicago	2.83	0.75	0	NA	N/A	8.25	0
Lakeside Bank	2.61	0.10	0	NA	N/A	4.00	N/A
FCB Banks	2.41	2.75	0	6.75	-50	6.24	0
INB NA	2.33	1.25	0	6.88	-12	7.75	0
State community bank average		1.91	-8	6.81	-3	7.25	3
State credit union average		2.41	-14	6.71	18	5.77	-25
State average²		1.36	-8	6.76	24	7.44	-6
National community bank average		2.39	-8	6.83	0	7.79	2
National credit union average		3.13	-16	6.75	18	6.03	-21
National average²		1.95	-3	6.78	24	7.27	-12

Data compiled Dec. 2, 2024.

CD = certificate of deposit; NA = not available; N/A = not applicable.

Analysis limited to the 15 largest Illinois-based community banks with total assets of less than \$10 billion as of Sept. 30, 2024. The middle-tier parent and ultimate parent must also have total assets less than \$10 billion as of the most recent quarter available.

Excludes foreign banking organizations and nondepository trusts.

¹ Change in rates reflects the period from Sept. 13, 2024, to Nov. 29, 2024.

² All banks, thrifts and credit unions are included in the state and national averages.

Total assets data based on regulatory filings.

Source: S&P Global Market Intelligence.

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Used car loan, mortgage rates

On 36-month used car loans, Illinois community banks were offering an average rate of 7.25% as of Nov. 29, up 3 bps from Sept. 13. The national community bank average rose 2 bps to 7.79%.

US banks' auto loan delinquency ratio was 3.13% in the third quarter, up from 3.05% in the prior quarter, according to Market Intelligence data. So far in the fourth quarter, new and used car industry sales have been resilient, but macro and industry developments could affect auto affordability, J.P. Morgan analyst Rajat Gupta wrote in a Dec. 2 note.

First American Bank and [Republic Bank of Chicago](#) offered the highest rate on 36-month used car loans among the 15 largest community banks in Illinois at 8.25% each. Lakeside Bank had the lowest rate at 4.0%.

The average 30-year fixed mortgage rate at Illinois community banks declined 3 bps from Sept. 13 to Nov. 29 to 6.81%. The rate is lower than the national community bank average of 6.83% but higher than the US average of 6.78%. Potential homebuyers are facing increased pressure as [US mortgage rates climbed](#) throughout November and remain elevated, a separate Market Intelligence analysis found.

[Midland States Bank](#) offered the highest rate on a 30-year fixed mortgage among the largest Illinois community banks at 7.28%, unchanged from Sept. 13, while [First Mid Bank & Trust NA](#) was marketing the lowest rate at 6.38%.

During the week ended Nov. 29, the 30-year fixed mortgage rate offered in Jasper was the highest among the counties in Illinois at 7.38%. The rate marketed in Wabash, Cumberland and White was the lowest at 6.38%.



Data compiled Dec. 2, 2024.
Fifteen-year fixed mortgage rates represent average interest rates for US banks, thrifts and credit unions. Interest rate data may not reflect all pricing regions for each company and is based on current S&P Global Market Intelligence coverage.
All branches of banks, thrifts and credit unions are included in the national average.
Interest rates are for the week ended Nov. 29, 2024.
Map credit: Joe Felizadio.
Source: S&P Global Market Intelligence.
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