FDIC State Profile

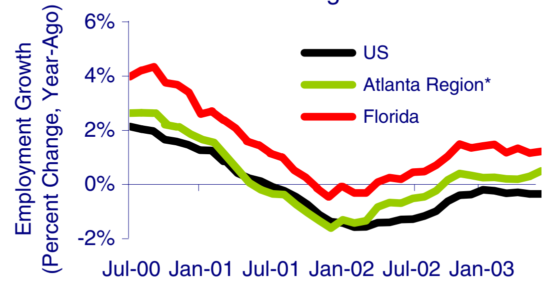
FALL 2003

Florida

Economic growth in Florida remains moderate, but exceeds the pace for the Region and the nation.

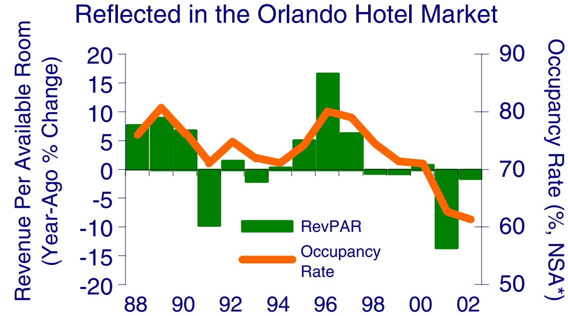
- Job growth occurred in the state during late summer 2002 (see Chart 1), and as of mid-year 2003, Florida was the only state in the Atlanta Region that was reporting any significant year-over-year job gains. However, payrolls in several metropolitan areas remain below cyclical peaks. Although exceeding averages for the nation and for the Atlanta Region, job growth in the state remains modest compared to the late 1990s. In first quarter 2003, real wages and salaries per employee declined on a year-over-year basis.
- Tourism remains a critical component of the Florida economy. In the aftermath of September 11, this industry and others, such as transportation, struggled. However, following nine consecutive quarters of declines, revenue per available hotel room in ***Orlando*** rebounded during fourth quarter 2002, but finished the year with a loss (see Chart 2). Preliminary data for first quarter 2003 point toward renewed weakness. Lower than expected visitor levels have exacerbated already declining occupancy rates in the Orlando MSA, and tourism may suffer further with geopolitical uncertainties.
- Despite the recent national economic downturn, home prices in many metropolitan areas in Florida continue to appreciate. In fact, the median home price in the ***Ft. Pierce, Ft. Lauderdale, Ft. Myers, Melbourne, Miami, Punta Gorda, Sarasota,*** and ***West Palm Beach*** MSAs rose by more than 10 percent in first quarter 2003 from a year earlier. Should home price appreciation exceed income growth over the long term, the potential exists for the development of housing price bubbles. Imbalances between income and home price growth during the past few years have occurred in several Florida metropolitan markets, most notably Ft. Lauderdale and Miami.
- Commercial real estate markets (CRE) are slowly recovering in some Florida markets. For example, vacancy rates across market types in the Miami, Ft. Lauderdale, and West Palm Beach MSAs in South Florida have started to drift downward as economic growth, albeit modest, continues. The exception may be the Miami MSA warehouse market, which was adversely affected by simultaneous economic downturns in the U.S. and throughout Latin America. In contrast, CRE market conditions in the ***Tampa,*** Orlando, and ***Jacksonville*** MSAs remain mixed.

Chart 1: After a Period of Steady Decline, Job Growth Is Occurring in Florida



*Atlanta Region includes AL, FL, GA, NC, SC, VA, WV
Source: Bureau of Labor Statistics/Haver Analytics

Chart 2: Slow Recovery in the Tourism Sector Is Reflected in the Orlando Hotel Market

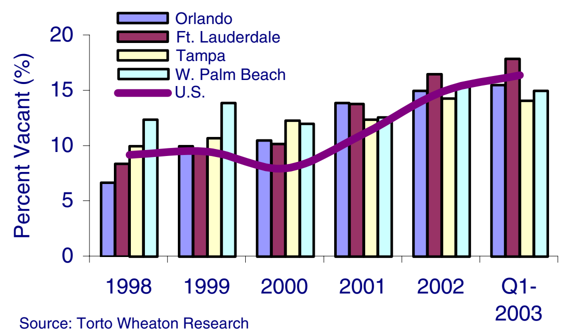


*Not seasonally adjusted
Source: Torto Wheaton Research

Insured institutions headquartered in Florida experienced slower earnings growth as loan demand weakened.

- Earnings growth among community banks[1] based in Florida continued to be robust during the 12-month period ending March 31, 2003. At 13 percent, net income continued to improve solidly; since 1999, net income growth at these institutions has averaged almost 17 percent, which compares favorably to a 12 percent average growth rate regionwide. However, the accretion in net income did not help margins or profitability during the period. Margins fell 36 basis points to 3.96 percent and profitability dropped 5 basis points to 0.96 percent at year-end March 31, 2003.
- Total loan growth among Florida community banks was modest during the year as these institutions reported a minimal increase in the aggregate loan-to-asset ratio to 65.9 percent. Despite economic weakness, the commercial real estate[2] (CRE) loan portfolio continued to expand. Construction and development and nonresidential mortgages drove the increase in total CRE loan levels. At March 31, 2003, CRE comprised 52 percent of total loans at year-end 2002, up from 45 percent two years earlier.
- Markets[3] in Florida reporting the greatest CRE exposures at the end of first quarter 2003 were Fort Lauderdale, Sarasota, West Palm Beach, Orlando and Tampa. Roughly 22 percent of the banks operating in these MSAs reported a CRE-to-total-assets ratio that ranks in the 90th percentile of the state's insured institutions. This relatively high exposure level increases the vulnerability of banks in these MSAs to rising or higher-than-average CRE vacancy rates[4] (see Chart 3).

Chart 3: Office Vacancy Rates in Ft. Lauderdale Remain High and Rising



Source: Torto Wheaton Research

- Office vacancies in the West Palm Beach, Orlando, and Tampa MSAs have trended downward and have now fallen below the national average. In contrast, the Fort Lauderdale MSA continues to experience high and rising vacancy rates that exceed the national average. Nevertheless, asset quality among community banks headquartered in this MSA has not deteriorated. However, significant growth in CRE lending in Ft. Lauderdale banks could be masking potential asset quality problems by understating past-due ratios. Statewide, some deterioration has emerged in the noncurrent C&D loan segment, but overall asset quality remained manageable.

[1] Community banks have less than $1 billion in assets and exclude denovos, specialty institutions and thrifts.

[2] Commercial real estate consists of construction and development, nonresidential, and multifamily loans.

[3] Sample consists of MSAs with 10 or more institutions.

[4] Vacancy rate information is from Torto Wheaton Research.

Florida at a Glance

General Information	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Institutions (#)	305	300	308	306	300
Total Assets (in thousands)	104,191,311	91,837,021	86,156,362	76,197,733	99,604,290
New Institutions (# < 3 years)	38	62	77	74	44
New Institutions (# < 9 years)	118	111	105	99	69

Capital	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Tier 1 Leverage (median)	8.46	8.59	8.72	9.07	8.61

Asset Quality	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Past-Due and Nonaccrual (median %)	1.00%	1.19%	1.22%	1.12%	1.33%
Past-Due and Nonaccrual >= 5%	22	29	28	21	30
ALLL/Total Loans (median %)	1.18%	1.18%	1.20%	1.15%	1.14%
ALLL/Noncurrent Loans (median multiple)	2.53	2.34	2.03	1.87	1.91
Net Loan Losses/Loans (aggregate)	0.15%	0.26%	0.18%	0.20%	0.24%

Earnings	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Unprofitable Institutions (#)	33	45	61	64	54
Percent Unprofitable	10.82%	15.00%	19.81%	20.92%	18.00%
Return on Assets (median %)	0.80	0.75	0.73	0.74	0.78
25th Percentile	0.37	0.28	0.24	0.17	0.36
Net Interest Margin (median %)	4.00%	4.20%	4.13%	4.48%	4.26%
Yield on Earning Assets (median)	5.88%	6.65%	8.23%	8.05%	7.56%
Cost of Funding Earning Assets (median)	1.86%	2.46%	4.17%	3.58%	3.29%
Provisions to Avg. Assets (median)	0.16%	0.18%	0.16%	0.17%	0.13%
Noninterest Income to Avg. Assets (median)	0.70%	0.70%	0.69%	0.73%	0.82%
Overhead to Avg. Assets (median)	3.21%	3.34%	3.43%	3.67%	3.53%

Liquidity/Sensitivity	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Loans to Deposits (median %)	80.52%	79.33%	76.84%	76.22%	72.49%
Loans to Assets (median %)	69.13%	66.82%	66.27%	64.74%	62.42%
Brokered Deposits (# of institutions)	75	61	43	35	31
Bro. Deps./Assets (median for above inst.)	5.44%	5.12%	3.62%	2.26%	1.16%
Noncore Funding to Assets (median)	20.32%	20.49%	20.01%	16.58%	15.44%
Core Funding to Assets (median)	67.90%	68.99%	67.67%	70.69%	71.81%

Bank Class	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
State Nonmember	161	154	153	142	136
National	70	72	77	83	84
State Member	32	31	33	34	34
S&L	3	3	3	4	3
Savings Bank	39	40	42	43	43
Mutually Insured	0	0	0	0	0

MSA Distribution	# of Inst.	Assets	% Inst.	% Assets
Miami FL PMSA	45	33,899,719	14.75%	32.54%
No MSA	42	7,077,204	13.77%	6.79%
Tampa-St Pete-Clearwater FL	34	9,292,008	11.15%	8.92%
Orlando FL	28	8,454,412	9.18%	8.11%
Ft Lauderdale FL PMSA	20	7,749,075	6.56%	7.44%
W Palm Beach-Boca Raton FL	20	6,206,349	6.56%	5.96%
Sarasota-Bradenton FL	19	2,947,161	6.23%	2.83%
Jacksonville FL	13	2,974,373	4.26%	2.85%
Naples FL	11	5,726,837	3.61%	5.50%
Ft Myers-Cape Coral FL	10	2,035,127	3.28%	1.95%
Daytona Beach FL	9	804,517	2.95%	0.77%
Lakeland-Winter Haven FL	7	1,919,166	2.30%	1.84%
Ft Walton Beach FL	7	1,722,913	2.30%	1.65%
Pensacola FL	6	1,336,882	1.97%	1.28%
Ft Pierce-Port St Lucie FL	6	5,745,150	1.97%	5.51%
Tallahassee FL	6	2,432,952	1.97%	2.34%
Ocala FL	5	471,746	1.64%	0.45%
Melbourne-Titusville-Palm Bay FL	5	496,033	1.64%	0.48%
Panama City FL	4	1,618,989	1.31%	1.55%
Punta Gorda FL	4	661,757	1.31%	0.64%
Gainesville FL	4	618,941	1.31%	0.59%