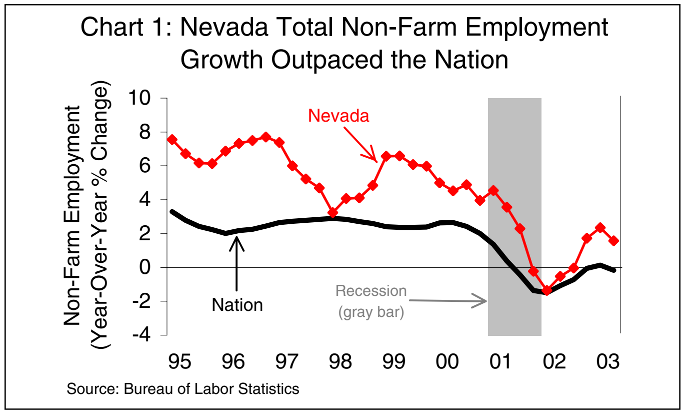
FDIC State Profile

FALL 2003

Nevada

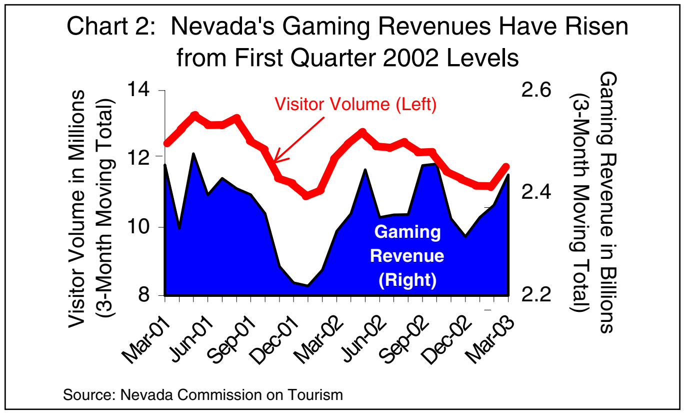
Employment in Nevada expanded during the year ending second quarter 2003.

- The nonfarm payroll employment growth rate in Nevada was the third fastest of all states during the year ending second quarter 2003. However, at 1.5 percent, annual job growth was well below the 4.6 percent average annual rate during the 1990s (see Chart 1).
- Job growth was primarily centered in the construction, services, and government sectors.
- Employment growth in the state and local government sector may be muted prospectively as municipal governments struggle with budget issues.



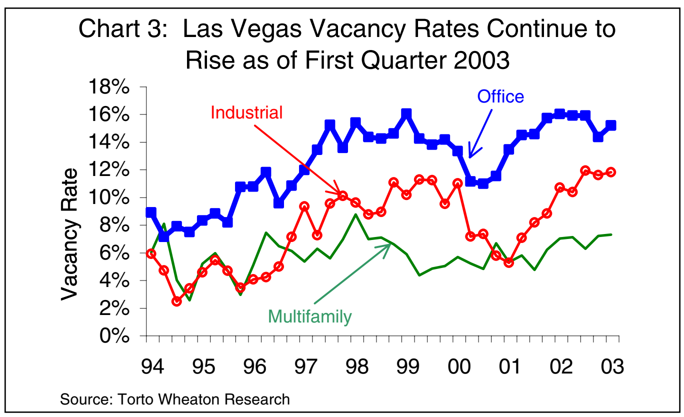
Visitor counts and gaming revenues have improved since 2002, but remain below pre-9/11 levels, a major cause of the state's government budget problems.

- Nevada's first quarter 2003 visitor volume and gaming revenues exceeded year-earlier levels, but remained below first quarter 2001 performance (see Chart 2). Over the two-year period ending first quarter 2003, ***Clark County,*** which includes ***Las Vegas,*** experienced a 2.2 percent visitor decline, while ***Washoe County,*** which includes ***Reno*** and ***North Lake Tahoe,*** experienced a drop of 4.1 percent.
- Taxes on gaming revenue and casino entertainment accounted for 37 percent of state general fund revenue in fiscal year 2002, and sales and use taxes generated a further 37 percent. Population and government service demands have continued to rise during the past two years, while state government revenues have been relatively flat, contributing to recent state budget challenges.



Commercial real estate (CRE) vacancies rose in the Las Vegas metropolitan statistical area (MSA).

- In the Las Vegas MSA, office completion rates generally outpaced absorption rates between 1995 and mid-2003, pushing up vacancy rates (see Chart 3). Torto Wheaton Research also reports rising availability rates among Las Vegas industrial and multifamily properties.
- First quarter 2003 hotel demand was relatively unchanged from its 2002 level, as reported by the Nevada Commission on Tourism. The first quarter 2003 total occupancy rate in Las Vegas was 80 percent, marginally below the 2001 rate of 82 percent.



- As of March 2003, the median CRE loan[1]-to-Tier 1 capital ratio among Nevada's established community institutions[2] was 538 percent, up from 331 percent ten years earlier. Elevated construction loan exposures, one of the traditionally higher-risk components of CRE lending, contributed to CRE risks. Nevada-based established community institutions reported a median construction loan-to-Tier 1 capital ratio of 152 percent as of first quarter 2003, more than triple the 45 percent median ratio reported by MSA-based established community institutions nationwide.
- Despite high concentrations, the median past-due CRE loan ratio among established community institutions decreased from 1.70 percent to 1.43 percent during the twelve months ending March 31, 2003.

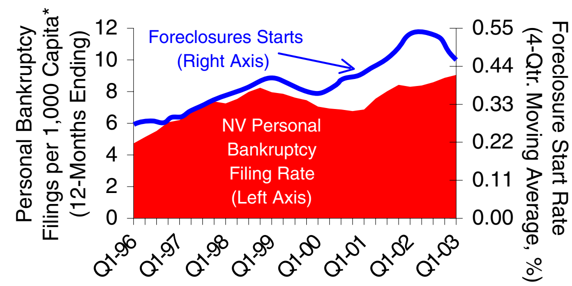
Higher consumer debt loads and a rush to file in anticipation of proposed bankruptcy law changes prompted elevated bankruptcy and foreclosure rates in Nevada during 2001 and 2002.

- Over the year ending March 31, 2003, more than 9 out of every 1,000 people in Nevada filed for personal bankruptcy, a rate exceeded only by Tennessee and Utah among the 50 states. Nevada's 9 percent personal bankruptcy increase over the past year outpaced population growth (see Chart 4).
- Despite the rise in personal bankruptcies over the past year, the average quarterly foreclosure start rate declined to 0.48 percent over the four quarters ending March 2003, down from 0.52 percent (see Chart 4). Although improved, Nevada's foreclosure start rate was still well above the national average of 0.37 percent.
- Among Nevada-based established community institutions, the median past-due consumer loan ratio increased from 0.35 percent to 0.71 percent over the 12 months ending March 2003, but for most of these institutions, first quarter consumer loan net charge-off ratios were flat or declining over the period. Residential mortgage loan delinquencies were also mainly steady or declining. Improved mortgage performance may be due in part to the lack of portfolio seasoning in the wake of high mortgage refinancing activity over the past few years.

[1] CRE loans include construction, multifamily, and nonfarm-nonresidential mortgages.

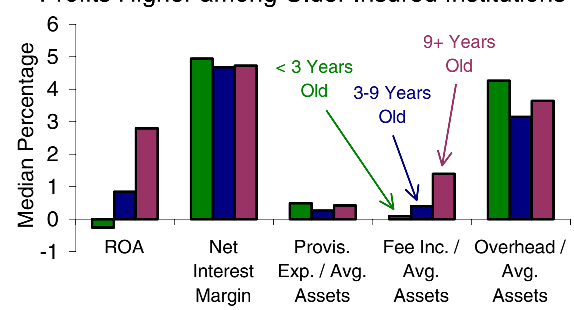
[2] Established community institutions are defined as insured institutions opened more than three years, with total assets of less than $1 billion. The definition also excludes industrial loan companies and other specialty institutions.

Chart 4: Nevada's Foreclosure Starts Abated but Personal Bankruptcy Filings Rose Further



*1Q-03 personal bankruptcy filing rate calculated using 2002 population figure
Sources: U.S. Courts and Mortgage Bankers Association via Haver Analytics

Chart 5: Credit Card Loan Exposures Drove Profits Higher among Older Insured Institutions



Source: Nevada Bank and Thrift Call Reports (March 31, 2003)

Earnings reported by Nevada-based insured institutions were weak through first quarter 2003, primarily because of the high proportion of younger institutions.

- The median return on average assets (ROA) ratio reported by insured institutions based in Nevada increased modestly during the twelve-month period ending March 31, 2003, climbing to 0.91 percent from 0.71 percent. The ratio, however, remained below the national median of 1.05 percent.
- First quarter 2003 earnings performance varied among insured institutions, depending on age and asset niche. ROA ratios were weakest among banks and thrifts under 9 years old, which represented 67 percent of the state's insured institutions (see Chart 5). Insured institutions in operation longer than 9 years reported very high ROAs, in part because 6 of the 12 institutions in this group specialize in high-yielding credit-card loans or fee-rich mortgage banking. Excluding these specialty institutions, the median ROA among insured institutions open at least 9 years was a more modest 1.08 percent.

Nevada at a Glance

General Information	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Institutions (#)	36	37	34	31	28
Total Assets (in thousands)	43,357,245	38,602,896	35,466,084	33,430,573	25,955,534
New Institutions (# < 3 years)	7	12	11	11	8
New Institutions (# < 9 years)	24	27	24	21	16

Capital	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Tier 1 Leverage (median)	9.46	10.31	10.96	12.48	9.72

Asset Quality	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Past-Due and Nonaccrual (median %)	1.63%	1.38%	1.37%	2.08%	1.68%
Past-Due and Nonaccrual >= 5%	1	4	2	4	2
ALLL/Total Loans (median %)	1.34%	1.28%	1.41%	1.51%	1.46%
ALLL/Noncurrent Loans (median multiple)	2.40	2.54	1.80	2.82	2.77
Net Loan Losses/Loans (aggregate)	1.96%	1.65%	2.47%	2.78%	2.53%

Earnings	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Unprofitable Institutions (#)	5	8	8	9	6
Percent Unprofitable	13.89%	21.62%	23.53%	29.03%	21.43%
Return on Assets (median %)	0.91	0.71	0.90	0.74	0.75
25th Percentile	0.57	0.22	0.29	-0.21	0.20
Net Interest Margin (median %)	4.69%	4.64%	5.09%	5.64%	5.11%
Yield on Earning Assets (median)	6.36%	7.05%	9.33%	9.41%	8.38%
Cost of Funding Earning Assets (median)	1.63%	2.00%	4.48%	3.81%	3.32%
Provisions to Avg. Assets (median)	0.41%	0.28%	0.49%	0.59%	0.31%
Noninterest Income to Avg. Assets (median)	0.45%	0.49%	0.58%	0.69%	0.74%
Overhead to Avg. Assets (median)	3.47%	3.58%	4.03%	4.50%	3.95%

Liquidity/Sensitivity	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Loans to Deposits (median %)	82.03%	87.70%	84.65%	75.93%	75.53%
Loans to Assets (median %)	72.01%	75.62%	67.82%	65.56%	63.91%
Brokered Deposits (# of Institutions)	17	11	8	4	4
Bro. Deps./Assets (median for above inst.)	5.57%	7.18%	7.27%	0.27%	0.27%
Noncore Funding to Assets (median)	19.99%	19.70%	16.46%	13.32%	14.19%
Core Funding to Assets (median)	67.87%	67.07%	67.68%	71.12%	72.32%

Bank Class	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
State Nonmember	23	23	20	17	17
National	7	8	8	8	8
State Member	3	3	4	4	2
S&L	0	0	0	0	0
Savings Bank	2	2	2	2	1
Mutually Insured	1	1	0	0	0

MSA Distribution	# of Inst.	Assets ($000s)	% Inst.	% Assets
Las Vegas NV-AZ	26	41,647,869	72.22%	96.06%
Reno NV	6	1,461,247	16.67%	3.37%
No MSA	4	248,129	11.11%	0.57%