

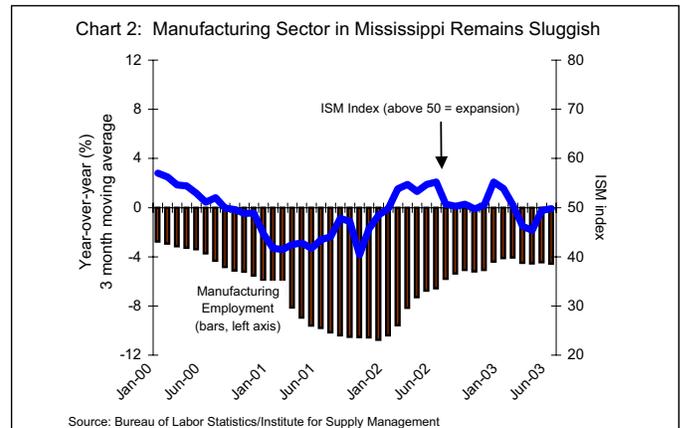
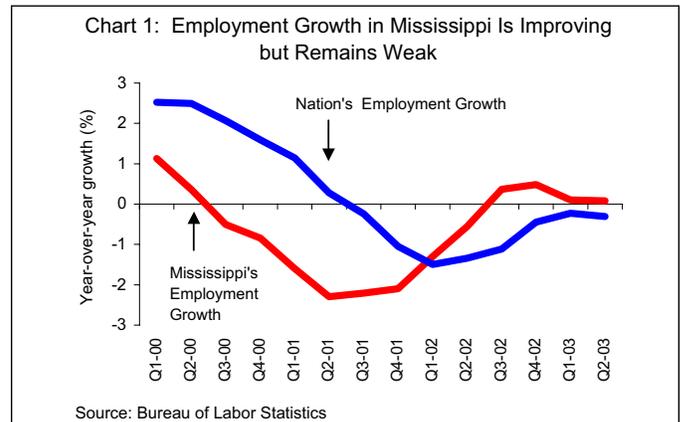
FDIC State Profile

FALL 2003

Mississippi

Employment conditions in Mississippi have improved, but remain weak.

- The Mississippi economy appears to be on the verge of recovering from the manufacturing-led downturn that began in 2000. On a year-over-year basis, payroll employment increased 0.1 percent in second quarter 2003, the fourth consecutive quarterly increase (see Chart 1). In contrast, the overall employment level continues to decline for the nation.
- The state's manufacturing sector has lost jobs since early 1995. However, recently the pace of job loss eased as manufacturing plants reached minimum staffing levels. In addition, many jobs in industries characterized by sectoral declines (for example, textile and apparel jobs) have already been lost¹ (see Chart 2). Recent surveys of manufacturing conditions nationwide suggest the potential for ongoing improvement in this sector.²
- A \$1.4 billion Nissan automobile manufacturing plant opened in Spring 2003 near **Jackson**. The plant hired 2,000 workers, but is anticipated to hire more than 4,000 additional workers in the near term. In addition, major automobile parts producers and suppliers have announced plans to locate near the plant, further boosting employment.
- The birth of the casino gaming industry in 1992 stimulated the state's economy through the mid-1990s. Employment neared 31,000 employees by the end of 2002, a 2.7 percent share of total state employment. However, the industry reached a point of maturity with no new entrants in the past two years. Gaming revenues declined 0.4 percent in second quarter 2003, compared to a 1.4 percent increase a year ago.
- State tax revenues declined during 2002; budget cuts were implemented to satisfy the mandatory balanced budget requirement. The enactment of a \$20 billion federal aid



package for the states may help forestall the need to layoff state and local government workers or institute other budget deficit reduction strategies. State and local government employment in Mississippi represented 19.4 percent of total employment in second quarter 2003.

¹ Employment in the manufacturing sector was 181,000 at the end of second quarter 2003 and represented 16.0 percent of total employment. According to the Mississippi Development Authority, Mississippi has at least one manufacturing plant in every county.

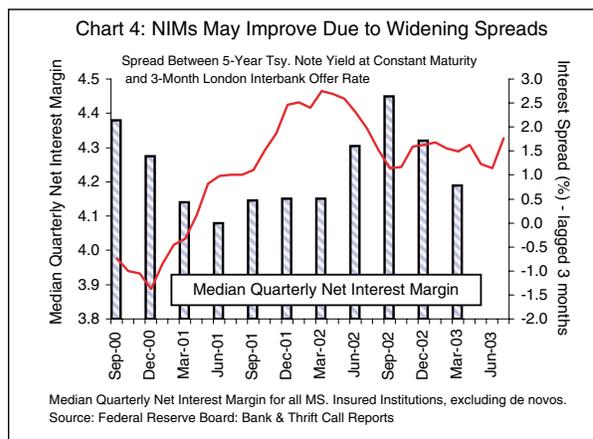
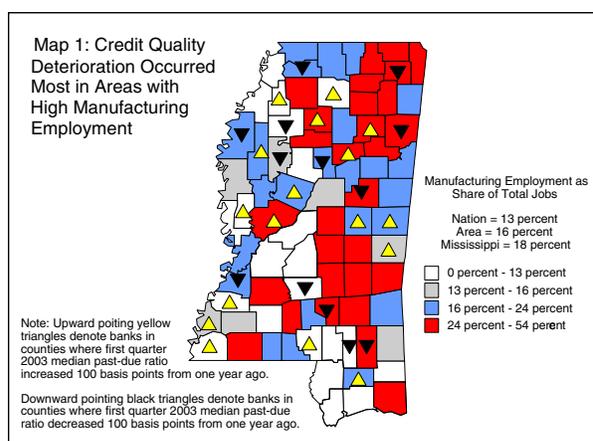
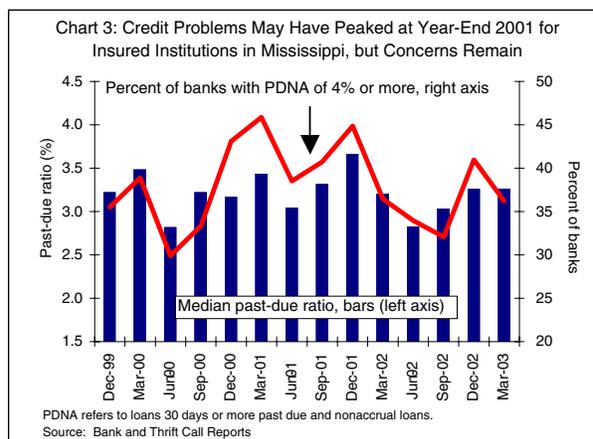
² The Institute for Supply Management conducts monthly surveys of conditions and expectations for the manufacturing industry. In July 2003, the Institute reported an increase in the orders to factories component — the third consecutive monthly increase that has exceeded 50 (a level indicating expansion).

Credit quality remains a concern among insured institutions based in Mississippi.

- The median reported past-due loan ratio appears to have reached a cyclical peak at 3.66 percent in fourth quarter 2001. Although past-due loan levels have declined since that peak, the ratio for the first quarter 2003 remained above 3 percent (see Chart 3).³
- Insured institutions headquartered in areas that rely heavily on the manufacturing sector reported median past-due levels that reached an apparent cyclical peak at 3.78 percent of total loans at year-end 2001. Delinquencies improved somewhat by first quarter 2003. However, the past-due ratio increased from the previous quarter and was higher than that reported by insured institutions in non-manufacturing areas (see Map 1).⁴

Net interest margins compressed in first quarter 2003.

- The quarterly median net interest margin (NIM) reported by insured institutions headquartered in Mississippi peaked at 4.45 percent in third quarter 2002, but declined to 4.19 percent in first quarter 2003 (see Chart 4). Interest spreads widened early in the third quarter; should this continue, NIMs likely will increase.



³ The median past-due ratio was 3.26 percent in first quarter 2003, slightly up from 3.20 percent one year ago.

⁴ Insured institutions headquartered in areas that rely heavily on the manufacturing sector reported a median past-due ratio of 3.26 percent in first quarter 2003, up from 3.20 percent one year ago. Institutions based in other areas of the state reported a median past-due ratio of 3.22 percent of total loans, down from 3.38 percent a year earlier.

State Profile

Mississippi at a Glance

General Information	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Institutions (#)	105	107	109	108	110
Total Assets (in thousands)	39,343,825	37,002,744	36,071,968	30,998,871	29,179,493
New Institutions (# < 3 years)	5	8	13	9	7
New Institutions (# < 9 years)	16	17	16	12	11
Capital	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Tier 1 Leverage (median)	9.81	9.98	9.57	10.08	9.82
Asset Quality	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Past-Due and Nonaccrual (median %)	3.26%	3.20%	3.44%	3.48%	3.30%
Past-Due and Nonaccrual >= 5%	32	27	33	26	28
ALLL/Total Loans (median %)	1.52%	1.44%	1.39%	1.43%	1.46%
ALLL/Noncurrent Loans (median multiple)	1.78	1.95	1.66	1.90	1.99
Net Loan Losses/Loans (aggregate)	0.28%	0.36%	0.28%	0.26%	0.20%
Earnings	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Unprofitable Institutions (#)	6	5	12	8	5
Percent Unprofitable	5.71%	4.67%	11.01%	7.41%	4.55%
Return on Assets (median %)	1.09	1.04	1.00	1.17	1.19
25th Percentile	0.80	0.69	0.64	0.79	0.84
Net Interest Margin (median %)	4.14%	4.11%	4.05%	4.41%	4.18%
Yield on Earning Assets (median)	6.15%	6.77%	8.22%	8.07%	7.85%
Cost of Funding Earning Assets (median)	2.01%	2.72%	4.30%	3.87%	3.57%
Provisions to Avg. Assets (median)	0.13%	0.16%	0.15%	0.15%	0.14%
Noninterest Income to Avg. Assets (median)	0.92%	0.85%	0.82%	0.83%	0.76%
Overhead to Avg. Assets (median)	3.09%	3.08%	3.07%	2.96%	2.98%
Liquidity/Sensitivity	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Loans to Deposits (median %)	70.69%	68.43%	69.38%	71.18%	66.79%
Loans to Assets (median %)	59.85%	58.50%	59.82%	60.57%	56.56%
Brokered Deposits (# of institutions)	9	13	12	9	7
Bro. Deps./Assets (median for above inst.)	5.33%	3.47%	3.47%	3.98%	1.50%
Noncore Funding to Assets (median)	20.86%	20.77%	20.38%	19.37%	17.69%
Core Funding to Assets (median)	67.91%	68.48%	67.12%	69.84%	70.97%
Bank Class	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
State Nonmember	76	78	80	79	78
National	20	20	20	20	20
State Member	1	1	1	1	1
S&L	4	4	4	4	6
Savings Bank	3	3	3	3	4
Mutually Insured	1	1	1	1	1
MSA Distribution		# of Inst.	Assets	% Inst.	% Assets
No MSA		90	27,796,057	85.71%	70.65%
Jackson MS		7	7,438,681	6.67%	18.91%
Biloxi-Gulfport-Pascagoula MS		5	3,812,610	4.76%	9.69%
Hattiesburg MS		2	161,098	1.90%	0.41%
Memphis TN-AR-MS		1	135,379	0.95%	0.34%