

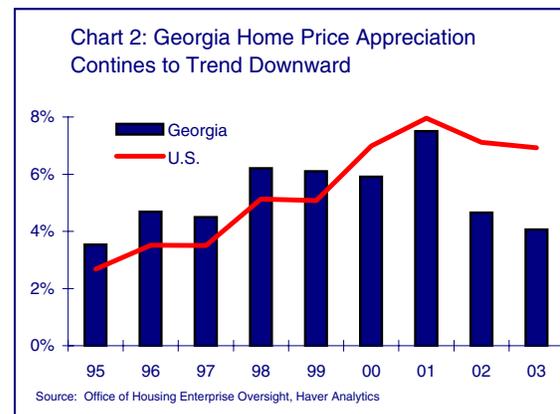
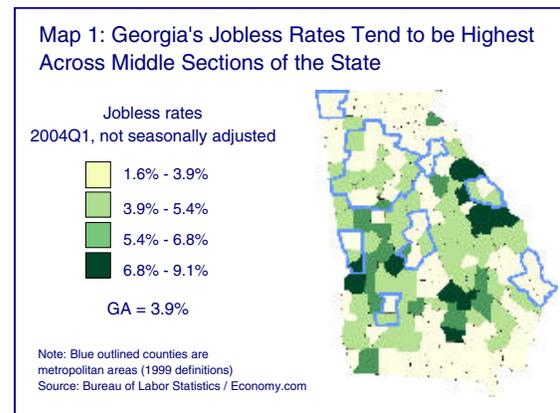
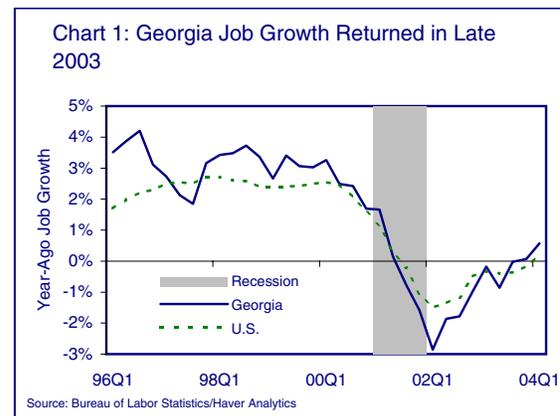
FDIC State Profile

Summer 2004

Georgia

The Georgia economy begins to recover.

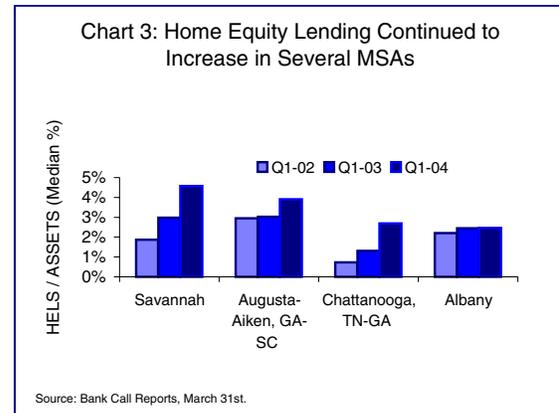
- After 3 consecutive years of annual losses, modest job growth re-emerged in Georgia during first quarter 2004. However, the increase of 0.6 percent is well below the levels experienced during the late 1990s and ranked only 29th highest in the nation (See Chart 1)
- Labor force conditions varied widely throughout Georgia in early 2004, with jobless rates tending to be highest across middle sections of the state (See Map 1). Although rates of unemployment have fallen significantly over the past year in many rural counties, this may be more related to a decline in the size of the labor force than improving job conditions.
- Commercial real estate markets in the Atlanta metropolitan area are starting to show some signs of improvement, but remain weak. Vacancy rates in the office sector tightened marginally during first quarter 2004. The industrial market likely will be slower to recover as the manufacturing sector continues to shed jobs. Retail real estate has been the best relative performing sector in the metro area as consumer spending has been unabated. However, rising energy prices could be a potential risk if they alter consumption patterns. An increase in convention activity is contributing to a rebound in the hotel sector. The apartment market, which has been hurt by new supply and lower demand due to single-family home affordability, may see some improvement from a pick-up in job creation and a rise in mortgage interest rates.
- Home price appreciation in the Atlanta metropolitan area has continued to trend downward (See Chart 2). In 2003, median existing home prices posted their smallest increase in seven years. Lower gains in home prices may be the result of a rapid rise in homebuilding as well as slowing population growth. Affordability issues in a rising interest rate environment may place added pressure on home price appreciation in 2004.



State Profile

Banks in Georgia continued to report solid performance.

- First quarter 2004 net income growth continued to be solid at Georgia community banks with the median return on asset ratio (ROA) improving to 1.13 percent, up 10 basis points compared to first quarter 2003. Net interest margins (NIM) also increased 8 basis points to 4.29 percent during the same period. Earnings were buoyed by continued loan growth while a drop in funding costs relative to earning asset yields has resulted in higher NIMs.
- Amid overall positive loan growth, general asset quality trends were favorable for the state's community banks. Median past-due and nonaccrual loan levels fell to 1.55 percent at March 31, 2004, a decline of 44 basis points during the year. With the exception of home equity lines and commercial and industrial loans, the noncurrent portion of past-due loan levels has improved across all other loan categories. Median reserve levels were solid at just over two times noncurrent loans, remaining above the national median of 1.9 times.
- While overall loan growth continued to be hampered by a decline in commercial and industrial loans and 1-to-4 family obligations, a few lending lines have reported an increase in activity over the past 12 months. At community banks headquartered in the state, aggregate home equity loans (HEL) comprised 1.8 percent of assets at March 31, 2004, up from 1.6 percent a year earlier. Growth in this loan category was driven primarily by banks located in the Savannah and Chattanooga, TN-GA MSAs (See Chart 3).
- Trends in construction and development (C&D) lending varied across the state's major metro areas during the quarter. A slight decline in median C&D loan to asset ratios was reported in Macon and the Chattanooga, TN-GA MSAs. Modest growth in C&D lending occurred in Savannah, Atlanta, and Columbus. In Athens, however, strong growth resumed after a pause last quarter as the median C&D loan to asset ratio rose 235 basis points to 16.38 percent. Exposure levels in Atlanta, Macon, and Athens are well above national urban levels.



State Profile

Georgia at a Glance

General Information	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Institutions (#)	346	343	350	361	365
Total Assets (in thousands)	218,640,294	199,666,419	176,921,974	177,209,825	160,493,872
New Institutions (# < 3 years)	34	38	44	48	44
New Institutions (# < 9 years)	96	90	87	76	66
Capital	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Tier 1 Leverage (median)	9.09	9.03	8.97	9.05	9.36
Asset Quality	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Past-Due and Nonaccrual (median %)	1.57%	1.99%	2.11%	2.04%	1.76%
Past-Due and Nonaccrual >= 5%	31	49	45	53	48
ALLL/Total Loans (median %)	1.35%	1.37%	1.35%	1.34%	1.36%
ALLL/Noncurrent Loans (median multiple)	2.17	1.76	1.97	2.25	2.49
Net Loan Losses/Loans (aggregate)	0.41%	0.36%	0.55%	0.64%	0.41%
Earnings	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Unprofitable Institutions (#)	32	29	29	24	23
Percent Unprofitable	9.25%	8.45%	8.29%	6.65%	6.30%
Return on Assets (median %)	1.10	1.00	1.08	1.09	1.30
25th Percentile	0.69	0.67	0.63	0.71	0.90
Net Interest Margin (median %)	4.25%	4.19%	4.25%	4.50%	4.90%
Yield on Earning Assets (median)	5.88%	6.31%	7.17%	8.99%	8.85%
Cost of Funding Earning Assets (median)	1.64%	2.17%	2.81%	4.53%	3.97%
Provisions to Avg. Assets (median)	0.21%	0.23%	0.22%	0.21%	0.20%
Noninterest Income to Avg. Assets (median)	0.77%	0.79%	0.79%	0.80%	0.77%
Overhead to Avg. Assets (median)	3.04%	3.02%	3.12%	3.20%	3.25%
Liquidity/Sensitivity	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Loans to Deposits (median %)	86.55%	82.50%	82.46%	78.87%	78.41%
Loans to Assets (median %)	71.38%	70.25%	70.35%	67.92%	67.21%
Brokered Deposits (# of Institutions)	118	108	98	78	50
Bro. Deps./Assets (median for above inst.)	5.88%	5.48%	4.44%	3.96%	2.77%
Noncore Funding to Assets (median)	22.88%	21.41%	20.84%	20.82%	18.64%
Core Funding to Assets (median)	65.75%	66.87%	67.85%	67.54%	69.97%
Bank Class	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
State Nonmember	252	244	251	259	268
National	56	61	61	67	63
State Member	16	16	14	11	8
S&L	5	5	6	7	6
Savings Bank	17	17	18	17	20
Stock and Mutual SB	0	0	0	0	0
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	200	31,477,183	57.80%	14.40%	
Atlanta GA	102	168,239,685	29.48%	76.95%	
Macon GA	11	1,904,051	3.18%	0.87%	
Savannah GA	8	1,281,105	2.31%	0.59%	
Chattanooga TN-GA	8	1,181,751	2.31%	0.54%	
Athens GA	6	1,731,907	1.73%	0.79%	
Columbus GA-AL	4	4,932,075	1.16%	2.26%	
Albany GA	4	861,944	1.16%	0.39%	
Augusta-Aiken GA-SC	3	7,030,593	0.87%	3.22%	