

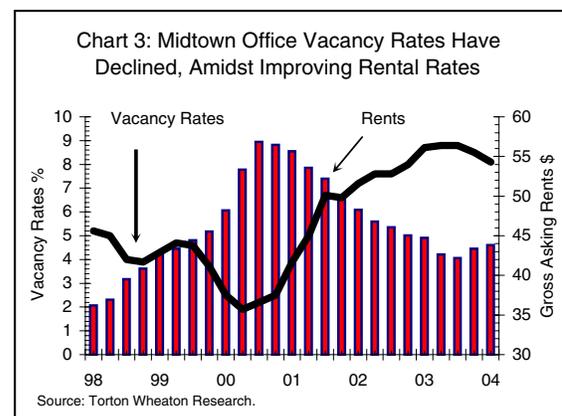
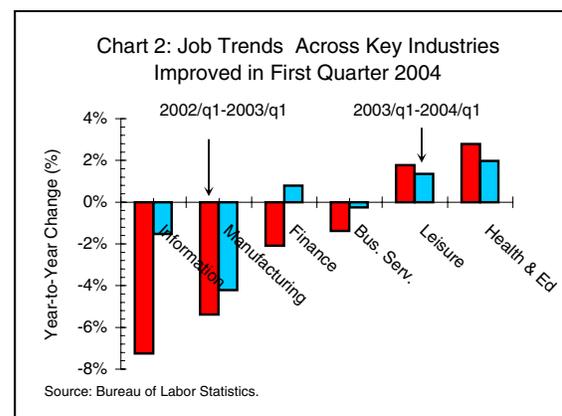
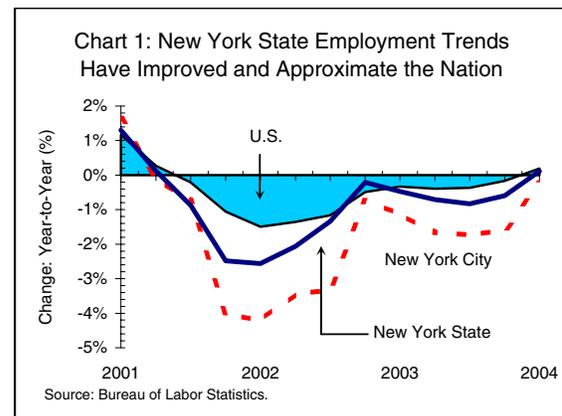
FDIC State Profile

Summer 2004

New York

Employment conditions in New York state and New York City improved markedly in first quarter 2004.

- In first quarter 2004, New York State employment growth was positive for the first time since 2001 and matched the nation (See Chart 1).
- Job growth reflects increased employment in health and education (H&E), a product of increased health needs of baby boomers and a surge in school age children (See Chart 2). Job declines in the state's manufacturing sector have eased, as demand for manufactured goods has strengthened with the nation's economy.
- New York City employment improved in first quarter 2004—the rate of job decline was the lowest since mid 2001. Moreover, other measures, such as tourism and tax revenue collections, also have improved.
- Business conditions on Wall Street have improved. According to the Securities Industry Association (SIA), industry profits doubled in 2003 from 2002 levels.¹
- Midtown Manhattan's first quarter 2004 office vacancy rate declined to 8.1 percent, the second lowest in the nation. Office rents, which were down 26 percent from peak levels, have increased 4 percent over the last two quarters, a result of the strengthening local economy (See Chart 3). The downtown office vacancy rate reached the lowest level in almost two years, but rents were down 27 percent from their peak.
- Home price appreciation in the state slightly eased to 10.2 percent in first quarter 2004, but remained above the 7.7 percent U.S. average. Appreciation in Nassau-Suffolk and Newburgh were among the highest in the nation, increasing at double-digit rates. Rising interest rates may limit further price appreciation, particularly if mortgage rates should increase significantly over a short period.



¹Frank Fernandez, Securities Industry Performance and 2004 Outlook. SIA Research Reports, Volume V, No. 3, April 8, 2004.

State Profile

Credit quality reported by FDIC-insured institutions headquartered in New York was favorable in first quarter 2004.

- Following improved credit quality in 2003, consistent with strengthening economic conditions in the state, New York's insured institutions reported continued improvement in credit quality in first quarter 2004. The median past-due ratio declined and was well below the national level (See Chart 4).
- Consistent with easing of job losses in the state's manufacturing sector, community banks headquartered in the manufacturing-concentrated metropolitan areas of Binghamton, Buffalo, Rochester, Syracuse, and Utica reported lower past-due loan ratios compared with the prior quarter and the same period one year ago.²
- The state's large banks reported improved commercial and industrial (C&I) loan quality reflecting the workout of large corporate credits and generally stronger corporate profits in 2003 (See Chart 5).³
- Prospects for increased C&I loan demand nationwide are improving. According to the Federal Reserve Board's April 2004 Senior Loan Officer Opinion Survey, 29 percent of domestic banks surveyed indicated that demand for C&I loans from large and middle-market borrowers had increased during the previous three months. Approximately 40 percent reported stronger demand from small firms.

Net interest margins may rise with a steeper yield curve, but rising interest rates may contribute to higher funding costs.

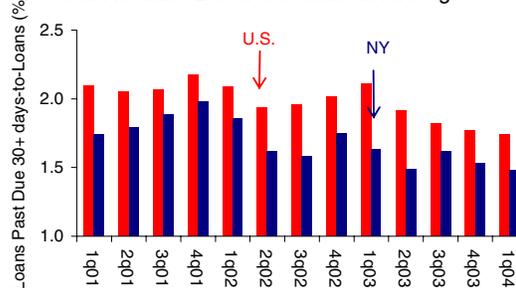
- The state's insured institutions reported a lower median net interest margin in first quarter 2004 compared with one year ago, as the decline in asset yields outpaced reduction in funding costs. Margins may be poised to widen following significant steepening in the yield curve in mid-2004, owing to an increase in long-term interest rates. However, as funding costs generally track short-term interest rates, potential increases in short-term rates likely would contribute to a bounce in funding costs off of record lows.

High long-term asset concentrations heighten the importance of proper interest rate risk management.

- New York's median ratio of long-term assets-to-average earning assets stabilized in first quarter 2004, after increasing in 2003, but remained well above the nation's

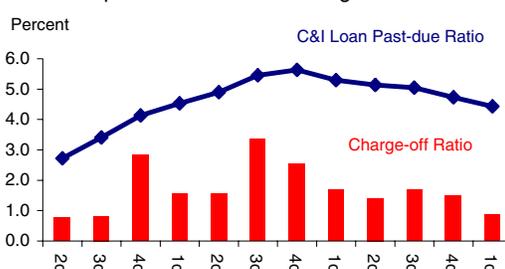
(See Chart 6). A significant number of residential mortgage lenders and the popularity of long-term mortgages in Northeastern metropolitan areas contributed to the higher ratio. Insured institutions with high concentrations of long-term assets may face margin compression, asset depreciation, and extension in asset duration given the rise in interest rates in the first half of 2004, thereby heightening the importance of proper interest rate risk management practices.

Chart 4: Loan Delinquency in New York Improves and Remains Below the National Average



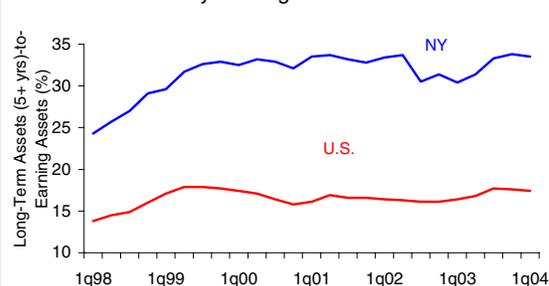
Note: Excludes credit card banks and banks less than three years old. Median data displayed. Source: Bank and Thrift Call Reports.

Chart 5: Commercial & Industrial Loan Quality Improves at New York's Large Banks



Note: Past-due loans are those at least 30 days past due. Source: Bank and Thrift Call Reports.

Chart 6: Long-Term Asset Concentrations Traditionally Are Higher in New York



Note: Excludes credit card banks, thrifts, and banks less than three years old. Median data displayed. Source: Bank Call Reports.

²"Community banks" are defined as insured institutions that hold less than \$10 billion in total assets. This definition excludes credit card banks and banks less than three years old.

³"Large banks" are defined as insured institutions that hold at least \$10 billion in total assets. This definition excludes credit card banks.

New York at a Glance

General Information	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Institutions (#)	202	210	216	225	235
Total Assets (in thousands)	1,795,427,420	1,641,412,091	1,471,195,012	1,503,406,045	1,306,706,736
New Institutions (# < 3 years)	8	9	14	13	14
New Institutions (# < 9 years)	26	26	23	20	19
Capital	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Tier 1 Leverage (median)	8.83	8.63	8.90	8.95	9.26
Asset Quality	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Past-Due and Nonaccrual (median %)	1.44%	1.60%	1.78%	1.71%	1.57%
Past-Due and Nonaccrual >= 5%	15	23	19	19	20
ALLL/Total Loans (median %)	1.11%	1.14%	1.12%	1.06%	1.12%
ALLL/Noncurrent Loans (median multiple)	1.90	1.58	1.82	1.64	1.60
Net Loan Losses/Loans (aggregate)	0.98%	1.14%	1.21%	0.45%	0.40%
Earnings	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Unprofitable Institutions (#)	12	11	19	19	15
Percent Unprofitable	5.94%	5.24%	8.80%	8.44%	6.38%
Return on Assets (median %)	0.85	0.95	0.95	0.92	0.94
25th Percentile	0.52	0.60	0.59	0.54	0.64
Net Interest Margin (median %)	3.73%	3.88%	4.03%	3.97%	4.18%
Yield on Earning Assets (median)	5.17%	5.72%	6.59%	7.74%	7.63%
Cost of Funding Earning Assets (median)	1.37%	1.77%	2.36%	3.86%	3.55%
Provisions to Avg. Assets (median)	0.04%	0.09%	0.11%	0.10%	0.09%
Noninterest Income to Avg. Assets (median)	0.60%	0.64%	0.60%	0.59%	0.55%
Overhead to Avg. Assets (median)	2.77%	2.85%	2.93%	2.85%	2.87%
Liquidity/Sensitivity	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
Loans to Deposits (median %)	67.94%	67.21%	70.97%	73.32%	72.46%
Loans to Assets (median %)	54.11%	54.85%	58.82%	60.43%	59.86%
Brokered Deposits (# of Institutions)	60	54	53	55	47
Bro. Deps./Assets (median for above inst.)	1.98%	2.75%	2.57%	2.03%	2.55%
Noncore Funding to Assets (median)	17.61%	16.57%	18.16%	19.52%	19.13%
Core Funding to Assets (median)	69.64%	69.80%	70.20%	67.81%	68.47%
Bank Class	Mar-04	Mar-03	Mar-02	Mar-01	Mar-00
State Nonmember	54	57	58	59	60
National	53	57	58	61	63
State Member	25	23	23	25	27
S&L	19	21	23	23	25
Savings Bank	24	23	22	22	25
Stock and Mutual SB	27	29	32	35	35
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
New York NY PMSA	85	1,544,376,496	42.08%	86.02%	
No MSA	42	19,147,181	20.79%	1.07%	
Syracuse NY	12	3,499,116	5.94%	0.19%	
Nassau-Suffolk NY PMSA	10	53,222,142	4.95%	2.96%	
Albany-Schenectady-Troy NY	10	5,309,103	4.95%	0.30%	
Rochester NY	9	2,633,237	4.46%	0.15%	
Newburgh NY-PA PMSA	8	1,654,698	3.96%	0.09%	
Buffalo-Niagara Falls NY	8	156,252,658	3.96%	8.70%	
Utica-Rome NY	6	3,027,950	2.97%	0.17%	
Dutchess County NY PMSA	4	645,487	1.98%	0.04%	
Elmira NY	3	1,262,623	1.49%	0.07%	
Jamestown NY	2	685,365	0.99%	0.04%	
Binghamton NY	2	2,491,728	0.99%	0.14%	