

FDIC State Profile

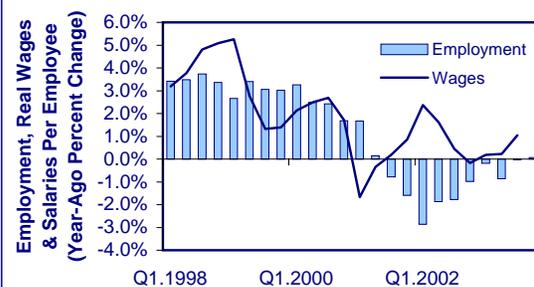
Spring 2004

Georgia

The Georgia economy begins to recover.

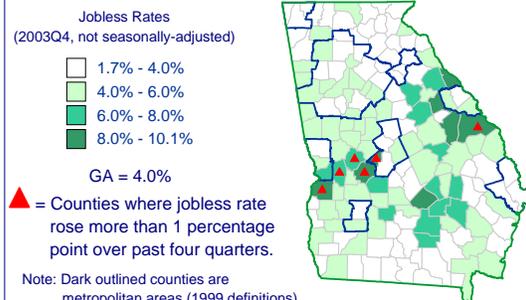
- Job growth in Georgia returned in fourth quarter 2003. At 0.6 percent, however, the rise remained well below the levels seen during the late 1990s and ranked only 27th highest in the nation (See Chart 1). The nascent recovery also was reflected in tightening labor markets as the state's seasonally-adjusted jobless rate fell to 4.2 percent in fourth quarter 2003, well below both its cyclical peak and the current national rate of unemployment.
- Conditions in Georgia's labor market, although improved, remain at risk to continued layoffs. The state's weak recovery also has been skewed toward its smaller metropolitan areas, which have accounted for virtually all Georgia's growth. Jobless rates in some rural counties remain comparatively high and rising (See Map 1). Payrolls in the Atlanta metropolitan area continued to shrink during 2003.
- Commercial real estate markets in the Atlanta metropolitan area remain weak, but are showing some signs of improvement. Office market vacancy rates saw a marginal decline in fourth quarter 2003 from the previous period, but remain above year-ago levels. While economic growth may have returned to the metro area, manufacturing continued to shed jobs, which will adversely affect absorption in the industrial market. The metro area's retail real estate market has remained comparatively healthy in recent years as above average population growth, low interest rates, and mortgage refinancing has helped support consumption, especially at big box retailers.
- Home price appreciation in the Atlanta metropolitan area continued to moderate in 2003. In fourth quarter 2003, the median existing home price was up just 2.7 percent from one-year earlier, the 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.
- Modest economic growth helped support a rise in state tax collections in late 2003. Fiscal conditions remain at risk though. Governor Purdue's recent budget plan calls

Chart 1: Georgia Job Growth Struggles to Recover



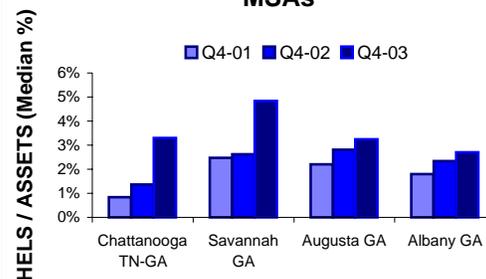
Source: Bureau of Labor Statistics, Bureau of Economic Analysis (Haver Analytics)

Map 1: Jobless Rates Remain Below the National Average in Many Georgia Counties



Source: Bureau of Labor Statistics/Haver Analytics

Chart 2: Growth in Home Equity Lines is Picking up in Several MSAs



Source: Bank Call Reports, December 31st.

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for a further \$800 million in spending cuts, which follows two successive years of spending declines, while early 2004 revenue data has proven disappointing.

Banking conditions in Georgia remain solid, amid stable loan growth.

- Net income at Georgia commercial banks reached a record high for the year ending December 31, 2003. Nevertheless, institutions experienced a slight decline in median return-on-asset (ROA) and net interest margin (NIM) ratios. Only 47 percent (151 banks) of Georgia's commercial banks reported a positive change in ROA, with 36 percent (115 banks) reporting a positive change in NIM over the 12-month period ending December 31, 2003.
- Amid stable loan growth, general asset quality trends were favorable for the state's commercial banks. Median past-due and nonaccrual loan levels fell to 1.69 percent at year-end 2003, a decline of 43-basis points during the year. With the exception of 1-to-4 family mortgages and credit card loans, the noncurrent portion of past-due loan levels have improved across all other loan categories. Median reserve levels were solid at roughly three times noncurrent loans, well above the national median of 1.9 times.
- While overall loan growth continues to be hampered by declining commercial and industrial loans as well as falling levels of 1-to-4 family obligations, a few lending lines have reported an increase in activity over the last 12-months. At urban banks headquartered in the state, median home equity loans (HEL) jumped 98 basis points over the past two years, climbing to 2.6 percent of assets at December 31, 2003. Growth in this loan category was driven primarily by banks located in the Chattanooga TN-GA and Savannah MSAs (See Chart 2).

Commercial real estate lending activity continues to be robust.

- Commercial real estate (CRE) lending continues to grow at many banks in the state. Rapid growth occurred during 2003 at banks in the Columbus, GA-AL MSA and Chattanooga, TN-GA MSA. Banks in Atlanta, Athens, and Savannah continued to grow this segment, while banks in Macon experienced a reduction. CRE exposure at banks in Atlanta, Athens, Macon, Savannah, and the Chattanooga, TN-GA MSA are well above national levels and are nearing them in the Columbus, GA-AL MSA.
- Construction and development (C&D) lending continues to grow briskly at banks in many metro areas. Growth in 2003 at banks in Savannah and Macon ranked among the top four markets nationally. Sizable growth occurred at banks in the Chattanooga, TN-GA MSA, metro

Atlanta, and the Columbus GA-AL MSA. Exposure levels at banks in Macon and Atlanta banks lead the nation and are nearly five times the national level. Very high levels also exist in Savannah, and Columbus. Levels are growing rapidly in the Chattanooga, TN-GA MSA but have stabilized at a high level in Athens.

- Continued recovery in economic growth may be contributing to increasing numbers of bank start-ups. After a decline when the state slipped into a recession, 13 new bank charters were issued in 2003, and thus far in 2004, four others are now pending.

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Georgia at a Glance

General Information	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Institutions (#)	345	341	347	361	373
Total Assets (in thousands)	214,077,114	192,293,621	183,525,646	175,265,969	94,299,477
New Institutions (# < 3 years)	34	37	40	48	43
New Institutions (# < 9 years)	95	87	82	74	64
Capital	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Tier 1 Leverage (median)	9.17	9.16	9.06	9.26	9.09
Asset Quality	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Past-Due and Nonaccrual (median %)	1.72%	2.21%	2.38%	2.10%	1.75%
Past-Due and Nonaccrual >= 5%	34	46	56	47	42
ALLL/Total Loans (median %)	1.33%	1.34%	1.32%	1.32%	1.38%
ALLL/Noncurrent Loans (median multiple)	2.09	1.78	1.81	2.12	2.62
Net Loan Losses/Loans (aggregate)	0.46%	0.50%	0.72%	0.55%	0.84%
Earnings	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Unprofitable Institutions (#)	32	35	37	29	31
Percent Unprofitable	9.28%	10.26%	10.66%	8.03%	8.31%
Return on Assets (median %)	1.03	1.10	1.04	1.19	1.18
25th Percentile	0.70	0.65	0.57	0.83	0.79
Net Interest Margin (median %)	4.23%	4.40%	4.31%	4.81%	4.75%
Yield on Earning Assets (median)	6.14%	6.99%	8.39%	9.09%	8.59%
Cost of Funding Earning Assets (median)	1.91%	2.55%	4.00%	4.26%	3.80%
Provisions to Avg. Assets (median)	0.25%	0.30%	0.27%	0.26%	0.21%
Noninterest Income to Avg. Assets (median)	0.80%	0.80%	0.79%	0.79%	0.82%
Overhead to Avg. Assets (median)	3.07%	3.14%	3.21%	3.30%	3.33%
Liquidity/Sensitivity	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Loans to Deposits (median %)	85.56%	84.71%	83.47%	81.41%	78.16%
Loans to Assets (median %)	71.76%	71.15%	69.92%	68.61%	67.01%
Brokered Deposits (# of Institutions)	116	106	86	74	54
Bro. Deps./Assets (median for above inst.)	5.66%	5.80%	4.20%	4.06%	2.93%
Noncore Funding to Assets (median)	21.74%	21.69%	21.54%	21.17%	19.45%
Core Funding to Assets (median)	66.56%	67.00%	67.07%	67.49%	69.50%
Bank Class	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
State Nonmember	251	242	251	263	266
National	57	62	59	67	71
State Member	15	15	14	8	8
S&L	5	6	6	7	6
Savings Bank	17	16	17	16	22
Stock and Mutual SB	0	0	0	0	0
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	200	30,625,529	57.97%	14.31%	
Atlanta GA	101	164,604,562	29.28%	76.89%	
Macon GA	11	1,848,891	3.19%	0.86%	
Savannah GA	8	1,172,350	2.32%	0.55%	
Chattanooga TN-GA	8	1,135,807	2.32%	0.53%	
Athens GA	6	1,690,654	1.74%	0.79%	
Columbus GA-AL	4	4,758,725	1.16%	2.22%	
Albany GA	4	833,378	1.16%	0.39%	
Augusta-Aiken GA-SC	3	7,407,218	0.87%	3.46%	