

FDIC State Profile

Spring 2004

Iowa

Employment performance remains mixed in the fourth quarter of 2003.

- Following 10 months of decline, Iowa's employment situation improved to slight growth in the third quarter 2003, but experienced job losses in the fourth quarter 2003 (See Chart 1).
- Manufacturing sector job losses totaled 4,100 for 2003, even after a modest gain in the fourth quarter 2003.
- Increases in total employment for the fourth quarter lowered Iowa's unemployment rate to 4.4 percent, down slightly from the recent peak of 4.6 percent in the third quarter 2003.

Prices Improved for all Major Commodities in 2003. Prospects Mixed in 2004.

- Iowa led the United States in corn production again in 2003, with record harvests accounting for 18.6 percent of the nation's crop. Iowa ranked second in soybean production, accounting for 14.6 percent of the nation's crop.
- Despite record harvests in 2003, prices are projected to increase in 2004, because of strong domestic and export demand (See Chart 2). Soybean prices are forecasted to increase substantially, reflecting a smaller than expected 2003 harvest.
- Hog prices continued to improve in late 2003, but are forecast to decline in 2004 with continuing large supplies and competition with beef products.

Depopulation will continue to affect rural areas in Iowa.

- As shown in Map 1, 69 of Iowa's 99 counties have lost population since 1970, and in three of those counties the pace of loss increased during the 1990s.
- Technological changes and consolidation in the agricultural sector have reduced the demand for farm labor, and farmers have become less dependent on nearby small towns to purchase inputs and professional services.

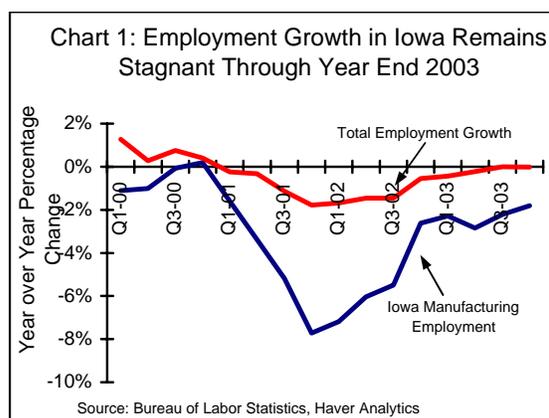
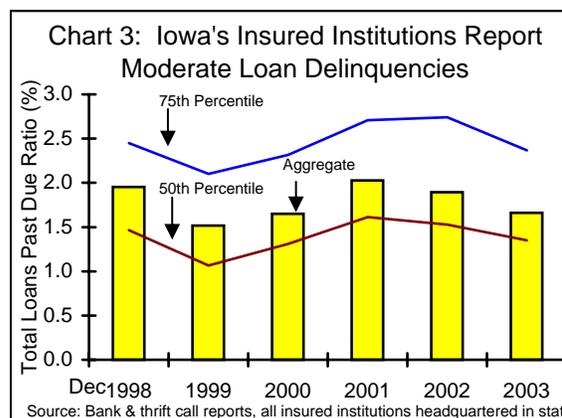


Chart 2: Farm Incomes Improve in 2003 Outlook Varied for 2004

	2001	2002	Est 2003	Proj 2004	Proportion of State's Ag Revenue
Corn	1.85	1.97	2.20	2.45	30%
Soybeans	4.54	4.25	5.53	7.25	21%
Wheat	2.62	2.78	3.56	3.35	0%
Cattle	72.71	67.50	84.69	74.50	16%
Hogs	45.81	34.92	39.45	39.00	22%
Milk	14.97	12.10	12.45	13.30	4%

Note: Grain prices are for marketing year of each crop.
Crop quantities are per bushel; livestock and milk are per hundredweight
Source: USDA/WASDE Feb 10, 2004



State Profile

- As a result, people have migrated from rural to metropolitan areas seeking better employment opportunities.
- Counties that are losing population more rapidly may be in danger of losing economic viability, as shrinking tax rolls may make essential infrastructure, such as utilities and school systems, difficult to maintain.

Iowa's Insured Institutions Continue to Show Satisfactory Asset Quality

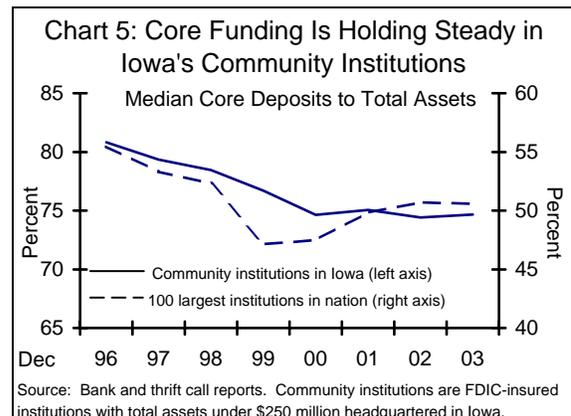
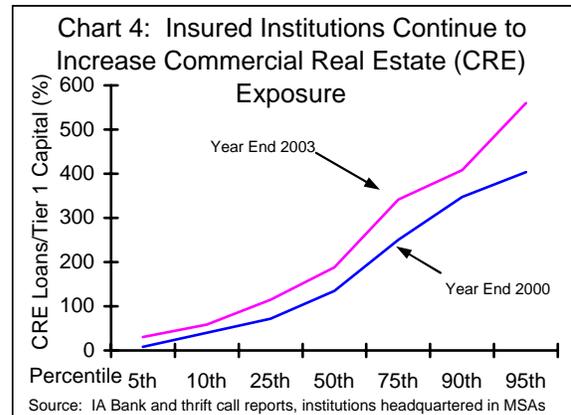
- Asset quality among Iowa's insured institutions remained satisfactory throughout this economic downturn.
- Median, 75th percentile, and aggregate measures all show that delinquency ratios increased only slightly during the worst of the economic downturn, and appear to be receding again (See Chart 3).
- Net charge-offs remain negligible as well, and loan-loss reserve coverage remains strong

Iowa's Metropolitan Institutions Have Increased Their Commercial Real Estate (CRE) Exposure

- Exposure to Commercial Real Estate (CRE) has increased substantially the past few years, despite weakened CRE market fundamentals across the nation (See Chart 4). Most of the growth is in nonresidential, nonfarm properties and construction and development properties, historically the most volatile CRE segment.
- Despite weakened markets and increased CRE loan volume, CRE delinquencies remain low and CRE net charge-offs are negligible.

Community Institutions in Iowa Continue to Enjoy Relatively Stable Core Funding

- Community institutions' core funding remained stable in 2003 (See Chart 5). The rate of decline over the last three years has been much less pronounced than in previous years.
- Iowa's community institutions apparently have benefited from the influx of funds into the nation's banking system from investors seeking shelter from a weak economy and falling stock markets.
- Rural Iowa's growing elderly population and net out-migration will continue to pressure core funding in the long-term. As elderly depositors pass away, their deposits often follow their heirs, who typically have migrated from rural areas to metropolitan.



State Profile

Iowa at a Glance

General Information	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Institutions (#)	422	433	441	456	463
Total Assets (in thousands)	55,933,076	55,115,484	52,314,374	48,996,794	48,542,484
New Institutions (# < 3 years)	6	11	17	21	21
New Institutions (# < 9 years)	36	40	41	41	36
Capital	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Tier 1 Leverage (median)	9.09	8.96	8.80	8.99	9.18
Asset Quality	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Past-Due and Nonaccrual (median %)	1.35%	1.53%	1.61%	1.31%	1.06%
Past-Due and Nonaccrual >= 5%	22	33	25	22	20
ALLL/Total Loans (median %)	1.27%	1.27%	1.22%	1.21%	1.25%
ALLL/Noncurrent Loans (median multiple)	2.42	1.90	2.06	2.64	2.96
Net Loan Losses/Loans (aggregate)	0.18%	0.26%	0.28%	0.18%	0.17%
Earnings	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Unprofitable Institutions (#)	7	15	14	18	26
Percent Unprofitable	1.66%	3.46%	3.17%	3.95%	5.62%
Return on Assets (median %)	1.12	1.17	1.02	1.06	1.06
25th Percentile	0.83	0.84	0.75	0.76	0.77
Net Interest Margin (median %)	3.79%	3.96%	3.73%	3.78%	3.84%
Yield on Earning Assets (median)	5.84%	6.67%	7.61%	7.97%	7.64%
Cost of Funding Earning Assets (median)	2.01%	2.69%	3.87%	4.17%	3.79%
Provisions to Avg. Assets (median)	0.08%	0.12%	0.11%	0.08%	0.10%
Noninterest Income to Avg. Assets (median)	0.56%	0.55%	0.53%	0.50%	0.49%
Overhead to Avg. Assets (median)	2.63%	2.63%	2.58%	2.53%	2.52%
Liquidity/Sensitivity	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Loans to Deposits (median %)	75.46%	76.04%	75.84%	78.12%	74.86%
Loans to Assets (median %)	61.51%	62.70%	63.64%	64.96%	63.29%
Brokered Deposits (# of Institutions)	83	69	62	52	56
Bro. Deps./Assets (median for above inst.)	1.21%	1.71%	1.49%	1.42%	0.96%
Noncore Funding to Assets (median)	14.56%	14.70%	14.13%	14.49%	12.55%
Core Funding to Assets (median)	73.65%	73.82%	74.38%	73.96%	76.13%
Bank Class	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
State Nonmember	295	305	312	325	329
National	50	50	46	45	47
State Member	54	55	59	61	63
S&L	5	5	5	5	5
Savings Bank	17	18	19	20	19
Stock and Mutual SB	1	0	0	0	0
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	332	30,183,159	78.67%	53.96%	
Des Moines IA	26	14,439,149	6.16%	25.82%	
Cedar Rapids IA	19	1,787,746	4.50%	3.20%	
Davenport-Moline-Rock Island IA-IL	11	2,667,933	2.61%	4.77%	
Sioux City IA-NE	8	1,636,901	1.90%	2.93%	
Dubuque IA	8	1,885,575	1.90%	3.37%	
Iowa City IA	7	1,986,858	1.66%	3.55%	
Omaha NE-IA	6	536,174	1.42%	0.96%	
Waterloo-Cedar Falls IA	5	809,581	1.18%	1.45%	