

FDIC State Profile

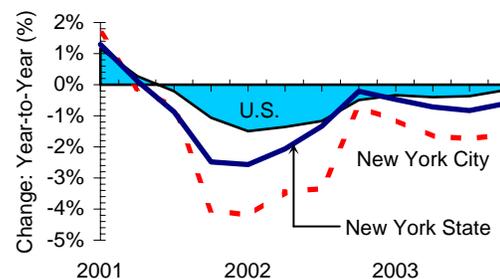
Spring 2004

New York

New York employment conditions slightly improved by year-end 2003, but lagged the nation. An improved outlook for Wall Street should benefit New York City and surrounding areas.

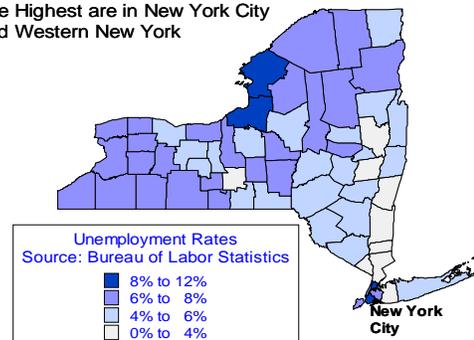
- The rate of job losses in New York State eased in the fourth quarter 2003 but continued to trail the nation (See Chart 1). The state's employment growth should modestly improve in 2004 as key industries, including financial and business services, are forecast to add jobs.
- New York City, the nation's largest job market, experienced job contraction in 2003, although the rate of job loss stabilized in the fourth quarter. The outlook for New York City has improved. The New York State Comptroller estimates that 2003 Wall Street bonuses increased by 20 to 30 percent from 2002 levels.
- Unemployment rates varied across the state in 2003 (See Map 1). The lower Hudson Valley, including Rockland, Putnam and Dutchess Counties, recorded strong job gains in business and professional services and reported some of the lowest unemployment rates in the state.
- Manufacturing job losses in Buffalo and Rochester contributed to higher unemployment rates. Announced job cuts by Kodak may hamper prospects for a turnaround in Rochester. Syracuse, however, is somewhat less reliant on manufacturing jobs and has a lower unemployment rate than other Upstate metropolitan areas.
- Although higher than pre-recession levels, Midtown Manhattan's office vacancy rate remained among the lowest of the nation's largest markets. Office rents, which were down 25 percent from peak levels, increased slightly in the fourth quarter 2003 as office conditions improved (See Chart 2). The Downtown office vacancy rate reached the lowest level in almost two years, but rents were down 27 percent from the peak. Local government tax incentives and the conversion of offices to residential space have helped the downtown office market recover following September 11th.
- The rate of home price appreciation eased during 2003 in the state's hottest housing markets; however, price appreciation in Nassau-Suffolk, and Dutchess Counties, remained among the highest in the nation.

Chart 1: Employment Trends in New York State and New York City Lagged the Nation in 2003



Source: Bureau of Labor Statistics

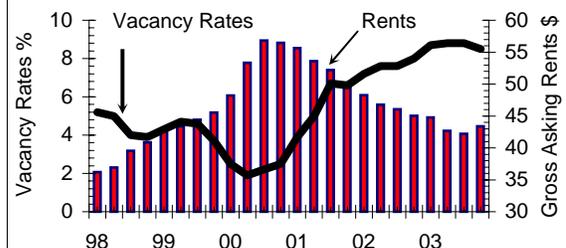
Map 1: The Lowest Unemployment Rates Are Along the Lower Hudson Valley. The Highest are in New York City and Western New York



Unemployment Rates
Source: Bureau of Labor Statistics

- 8% to 12%
- 6% to 8%
- 4% to 6%
- 0% to 4%

Chart 2: Midtown Vacancy Rates Flattened in 2003. Although Trending Lower in 2003, Rents Picked up in the Fourth Quarter



Source: Torton Wheaton Research.

State Profile

Credit quality among New York's insured institutions improved in 2003.

- Loan delinquency rates reported by the state's large insured institutions declined in 2003.¹ Driving the improvement in credit quality was a reduction in the commercial and industrial (C&I) loan delinquency rate, reflecting the workout of large corporate credits and generally stronger corporate profits in 2003.
- Prospects for increased C&I loan demand nationwide may be improving. According to the Federal Reserve Board's January 2004 Senior Loan Officer Survey, demand for C&I loans increased.
- The state's community banks also reported favorable credit quality trends.² The recent economic downturn was not accompanied by any significant credit quality weakening for New York's community banks.

Following five consecutive quarters of decline, net interest margins (NIMs) rebounded in fourth quarter 2003.

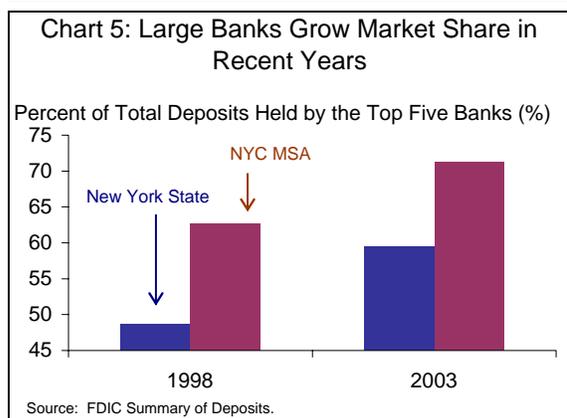
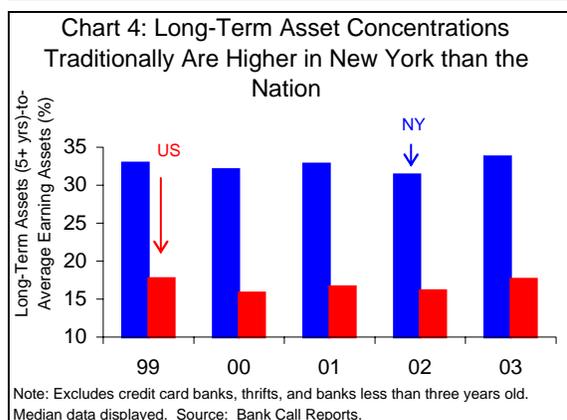
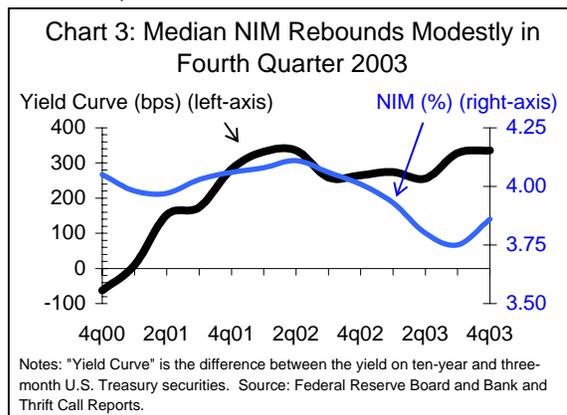
- The median NIM reported by the state's insured institutions increased in fourth quarter, following contraction from late-2002 throughout much of 2003. NIMs widened somewhat as the increase in long-term interest rates in the second half of 2003 helped steepen the yield curve, contributing to a rebound in asset yields. Funding costs declined further in fourth quarter in response to continuation of very low short-term interest rates (See Chart 3).

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 remained well-above the nation's (See Chart 4). A significant number of residential mortgage lenders and the popularity of long-term mortgages in Northeastern metropolitan areas, contribute to the higher ratio.
- Insured institutions with high concentrations of long-term assets may face margin compression, asset depreciation, and extension in asset duration should interest rates rise, thereby heightening the importance of proper interest rate risk management practices.

Increased industry consolidation and competition for core funding has altered the deposit landscape in New York State, particularly in New York City.

- Deposit market share has become more concentrated in large financial institutions, primarily the result of industry consolidation and as banks increase their efforts to obtain core deposits and consumer banking relationships (See Chart 5). In 2003, the five largest banks in terms of deposit market share accounted for 60 percent of the state's deposits and over 70 percent of deposits in New York City.



¹"Large banks" are defined as insured institutions that hold at least \$10 billion in total assets. This definition excludes credit card banks.

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.

State Profile

New York at a Glance

General Information	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Institutions (#)	206	211	220	230	238
Total Assets (in thousands)	1,733,611,766	1,619,985,606	1,497,889,108	1,436,642,955	1,301,081,465
New Institutions (# < 3 years)	8	11	15	14	12
New Institutions (# < 9 years)	26	26	23	20	18
Capital	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Tier 1 Leverage (median)	8.72	8.51	8.85	8.96	9.26
Asset Quality	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Past-Due and Nonaccrual (median %)	1.46%	1.67%	1.89%	1.69%	1.60%
Past-Due and Nonaccrual >= 5%	18	20	21	17	17
ALLL/Total Loans (median %)	1.14%	1.10%	1.10%	1.06%	1.09%
ALLL/Noncurrent Loans (median multiple)	1.84	1.63	1.59	1.88	1.66
Net Loan Losses/Loans (aggregate)	1.09%	1.36%	0.77%	0.43%	0.51%
Earnings	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Unprofitable Institutions (#)	8	21	20	12	13
Percent Unprofitable	3.88%	9.95%	9.09%	5.22%	5.46%
Return on Assets (median %)	0.89	0.90	0.89	0.93	0.96
25th Percentile	0.55	0.52	0.52	0.62	0.63
Net Interest Margin (median %)	3.79%	4.03%	3.95%	4.10%	4.05%
Yield on Earning Assets (median)	5.44%	6.29%	7.34%	7.82%	7.42%
Cost of Funding Earning Assets (median)	1.59%	2.13%	3.33%	3.78%	3.33%
Provisions to Avg. Assets (median)	0.10%	0.13%	0.13%	0.12%	0.11%
Noninterest Income to Avg. Assets (median)	0.66%	0.64%	0.61%	0.59%	0.57%
Overhead to Avg. Assets (median)	2.84%	2.92%	2.91%	2.91%	2.94%
Liquidity/Sensitivity	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Loans to Deposits (median %)	67.58%	68.78%	72.74%	74.15%	71.80%
Loans to Assets (median %)	56.15%	56.19%	60.03%	61.38%	58.95%
Brokered Deposits (# of Institutions)	61	52	55	60	51
Bro. Deps./Assets (median for above inst.)	2.01%	2.57%	1.81%	1.63%	2.21%
Noncore Funding to Assets (median)	17.09%	17.43%	18.89%	19.76%	19.71%
Core Funding to Assets (median)	69.80%	69.55%	68.38%	67.93%	67.88%
Bank Class	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
State Nonmember	55	57	59	59	60
National	55	56	59	63	63
State Member	25	23	23	26	27
S&L	19	21	23	23	26
Savings Bank	24	24	23	24	26
Stock and Mutual SB	28	30	33	35	36
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
New York NY PMSA	87	1,495,308,205	42.23%	86.25%	
No MSA	43	19,277,452	20.87%	1.11%	
Syracuse NY	12	3,402,119	5.83%	0.20%	
Albany-Schenectady-Troy NY	11	6,151,706	5.34%	0.35%	
Nassau-Suffolk NY PMSA	10	49,149,623	4.85%	2.84%	
Rochester NY	9	2,669,873	4.37%	0.15%	
Newburgh NY-PA PMSA	8	1,657,696	3.88%	0.10%	
Buffalo-Niagara Falls NY	8	146,848,692	3.88%	8.47%	
Utica-Rome NY	6	2,941,430	2.91%	0.17%	
Dutchess County NY PMSA	4	631,742	1.94%	0.04%	
Elmira NY	3	1,241,198	1.46%	0.07%	
Jamestown NY	2	674,333	0.97%	0.04%	
Binghamton NY	2	2,455,863	0.97%	0.14%	