LOUISIANA BANKS AND THRIFTS FINANCIAL REPORT

For the Quarter Ended
June 30, 2007

STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS

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LOUISIANA BANKING INDUSTRY FINANCIAL CONDITION AS OF JUNE 30, 2007

Total assets for all banks domiciled in Louisiana increased from $71.59 billion to $74.01 billion, or by 3.39 percent, during the second quarter of 2007. During the second quarter, three of the four major asset categories increased while the fourth category decreased. Total loans and leases increased from $42.18 billion to $43.40 billion or by 2.89 percent. Total securities increased from $14.66 billion to $17.21 billion or by 17.39 percent. Cash increased from $2.29 billion to $2.32 billion or by 1.13 percent. Federal funds sold decreased from $5.76 billion to $4.47 billion or by 22.52 percent. On the liabilities side, total deposits increased slightly from $56.53 billion to $56.85 billion or by 0.58 percent, while borrowed money increased from $4.49 billion to $6.76 billion or by 50.41 percent.

For state-chartered banks, total assets increased by 2.62 percent during the second quarter of 2007. Total loans, cash and securities increased, while Federal funds sold decreased. On the liabilities side, total deposits and borrowed money both increased. In national banks, total assets increased by 3.87 percent during the second quarter of 2007. Unlike the state-chartered banks, only total loans and securities increased, while cash and Federal funds sold decreased. On the liabilities side, unlike the state-chartered banks, total deposits decreased while borrowed money increased.

The following chart provides selected performance indicators for all commercial banks in the U. S. for the quarter ended June 30, 2007 and for all banks domiciled in Louisiana for the quarters ended June 30, 2007, and March 31, 2007; and for calendar years 2006 and 2005:

	U. S. Banks	**Louisiana-Domiciled Banks**			
TRENDS	Quarter Ended 06/30/2007	Quarter Ended 06/30/2007	Quarter Ended 03/31/2007	Year Ended 12/31/2006	Year Ended 12/31/2005
Earnings					
Yield on Earning Assets	6.86%	7.06%↓	7.09%	6.83%↑	4.06%
Cost of Funds	3.47%	2.78%↓	2.79%	2.40%↑	1.09%
Net Interest Margin	3.39%	4.28%↓	4.29%	4.43%↑	2.97%
Loan Loss Provisions to Average Assets	0.38%	0.16%↓	0.17%	0.06%↓	0.29%
Operating Expenses to Average Assets	3.08%	3.39%↓	3.46%	3.34%↑	2.19%
Return on Average Assets	1.24%	0.99%↑	0.87%	1.13%↑	0.67%
Asset Quality					
Nonperforming Assets to Total Assets	0.57%	0.47%↓	0.49%	0.51%↓	0.69%
Net Charge-offs to Total Loans	0.52%	0.28%↑	0.23%	0.36%↑	0.19%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	7.75%	8.49%↓	8.60%	8.43%↑	8.20%
Earning Assets to Total Assets	88.36%	87.53%↑	87.19%	86.65%↑	85.69%
Loans to Deposits	88.70%	75.41%↑	73.69%	76.09%↑	73.45%

The annualized year-to-date return on average assets (ROAA) increased slightly during the second quarter of 2007, and the vast majority of banks domiciled in Louisiana continues to show solid earnings performance as a result of satisfactory net interest margins, stable and controlled operating expenses, and low provisions for loan losses. In addition, earnings retention continues to augment a sound capital base, in spite of generally strong asset growth. Asset quality remains sound as the dollar volume and ratio of nonperforming assets have decreased from the previous quarter and from the same time period last year. The dollar volume of net charge-offs increased by 23.5 percent during the second quarter; however, the ratio of net charge-offs to total loans increased only slightly during the same time period.

Overall, Louisiana-domiciled banks also compare favorably with the national averages for commercial banks in the U.S., as shown in the table above and on the following pages, where applicable.

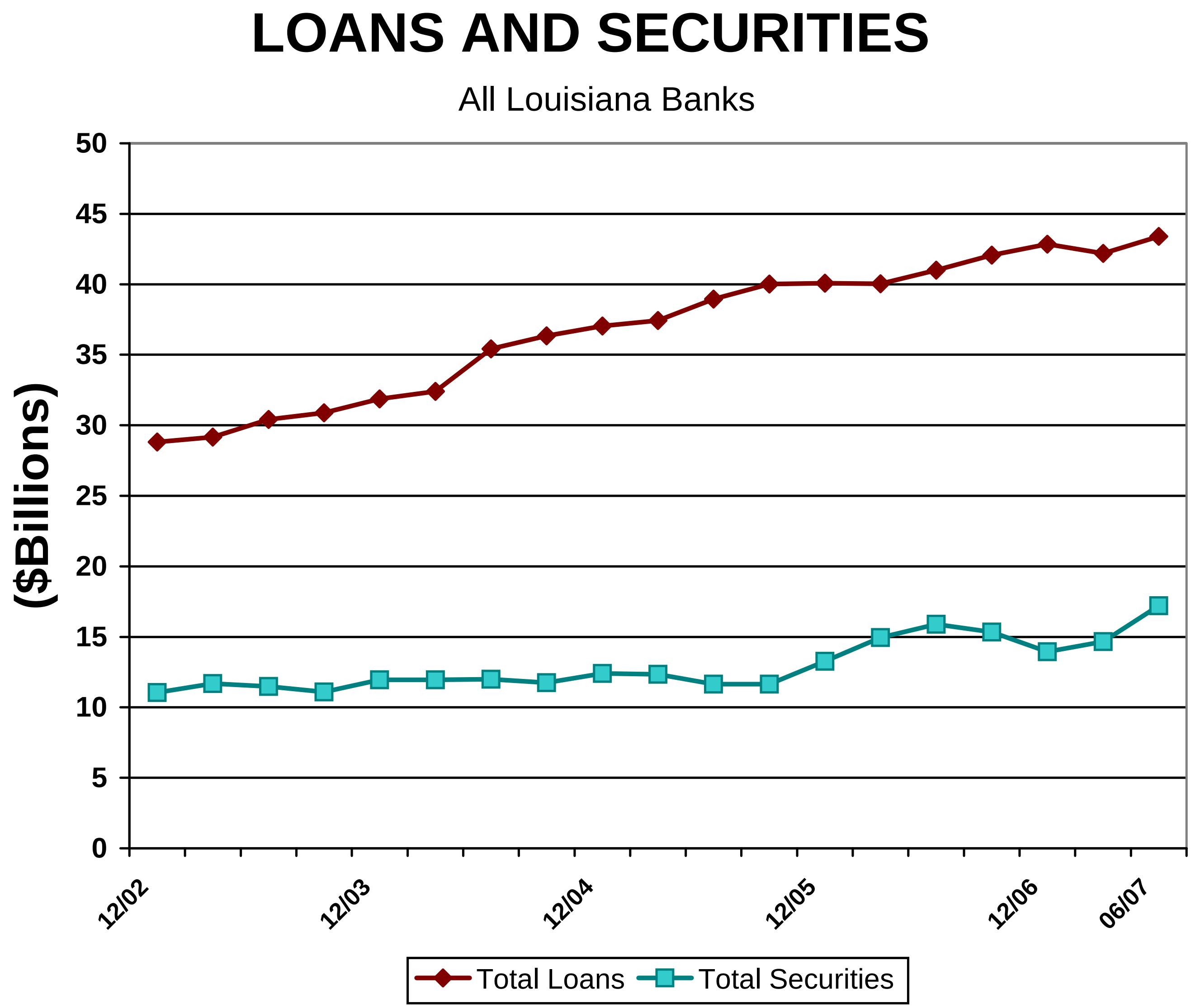

Figure 1

As previously mentioned, total loans and leases increased by 2.89 percent during the second quarter of 2007, from $42.18 billion to $43.40 billion or by approximately $1.22 billion. Total loans and leases have increased in 16 of the past 18 quarters. During the second quarter, increases were noted in all categories in the following order: real estate loans, commercial loans, farm loans, other loans, and consumer loans. Real estate loans increased from $25.94 billion to $26.64 billion or by $704 million. Commercial loans increased from $8.40 billion to $8.63 billion or by $232 million. Farm loans increased from $352 million to $478 million or by $126 million. Other loans increased from $1.57 billion to $1.66 billion or by $90 million. Consumer loans increased from $5.95 billion to $6.01 billion or by $64 million.

During the second quarter of 2007, state-chartered banks experienced growth in the all categories with growth in consumer loans exceeding farm loans and other loans. In this same time period, national banks experienced growth in all but consumer loans, and growth in other loans exceeded growth in farm loans.

Figure 1 above and Figure 2 on the following page demonstrate the trend in total loans and leases and securities since year-end 2002 and the composition in the loan portfolio mix at June 30, 2007, respectively.

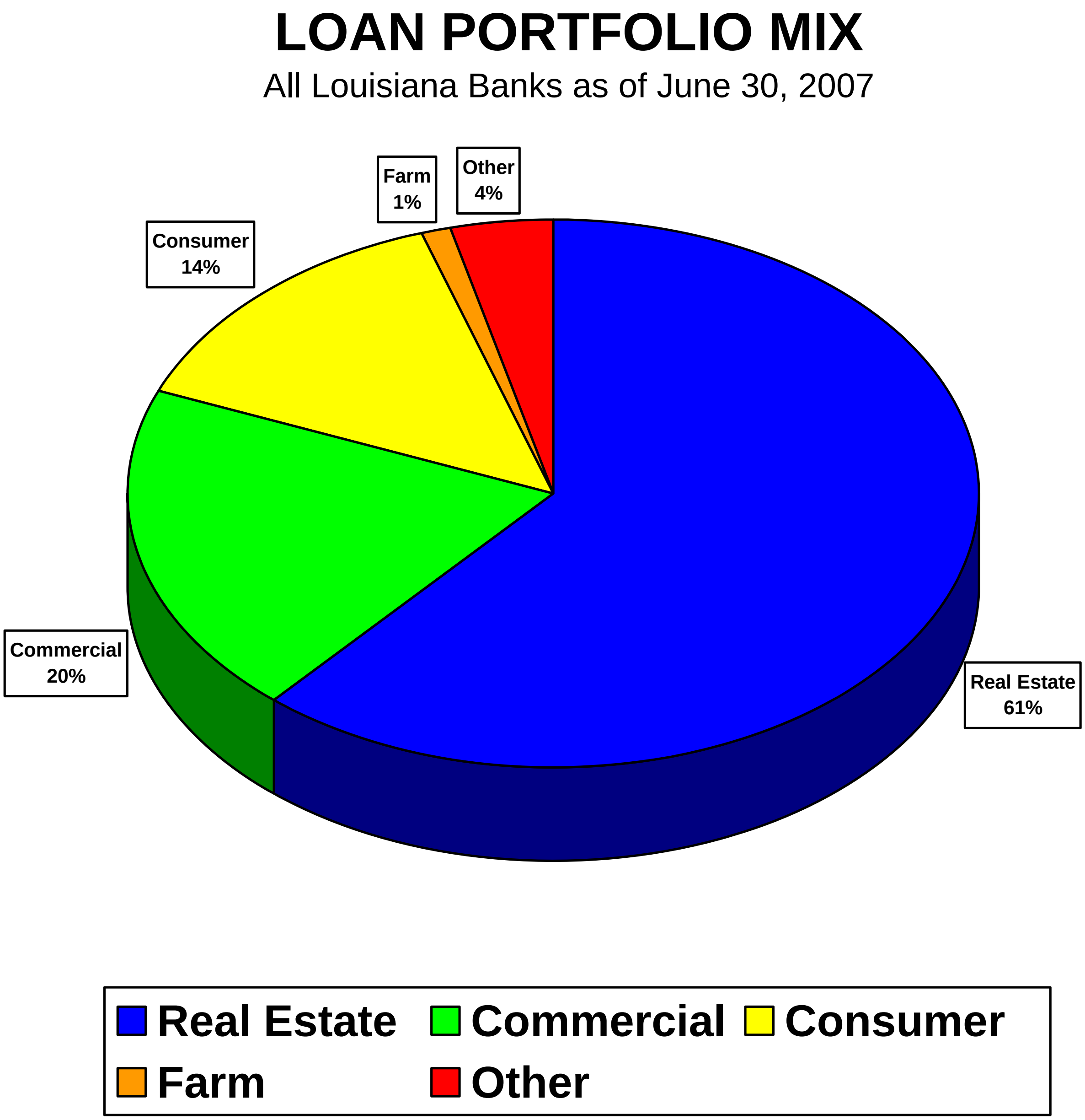

Figure 2

As of June 30, 2007, for Louisiana-domiciled state-chartered banks, the loan portfolio mix is as follows: real estate loans - 69 percent; commercial loans - 15 percent; consumer loans - 12 percent; farm loans - 2 percent; and other loans - 2 percent. As of this same date, for Louisiana-domiciled national banks, the loan portfolio mix is as follows: real estate loans - 55 percent; commercial loans - 24 percent; consumer loans - 16 percent; farm loans - 0 percent; and other loans - 5 percent.

As of June 30, 2007, for all commercial banks in the U.S., the loan portfolio mix is as follows: real estate - 57 percent; commercial loans - 20 percent; consumer loans - 14 percent; farm loans - 1 percent; and other loans - 8 percent.

The ratio of loans to deposits increased during the second quarter of 2007, from 73.69 percent as of March 31, 2007, to 75.41 percent as of June 30, 2007, as total loans continued to increase at a faster pace than total deposits during 2006. Figure 3 below illustrates the aggregate loan-to-deposit ratio trend since year-end 2002.

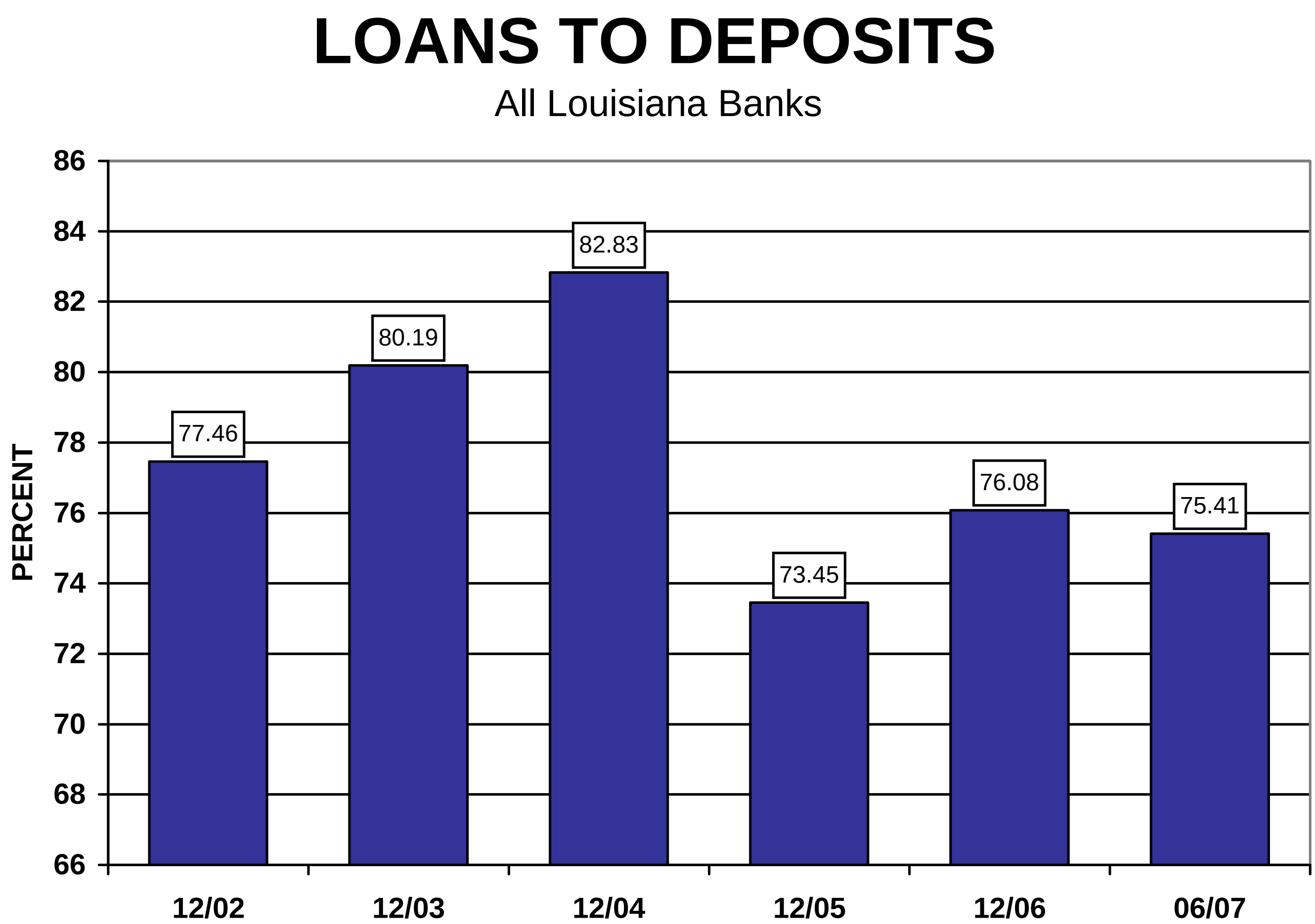

Figure 3

For Louisiana-domiciled state-chartered banks, the ratio of loans to deposits increased from 75.40 percent as of March 31, 2007, to 77.94% as of June 30, 2007, since loans grew at a faster rate than deposits. For Louisiana-domiciled national banks, the ratio grew from 72.49 percent as of March 31, 2007, to 73.59 percent as of June 30, 2007, as loans grew while deposits shrunk.

For all commercial banks in the U.S., the ratio of loans to deposits increased from 87.79 percent as of March 31, 2007, to 88.70 percent as of June 30, 2007, as loans grew at a faster rate than deposits.

On the liabilities side, total deposits increased from $56.53 billion as of March 31, 2007, to $56.85 billion as of June 30, 2007, or by 0.58 percent, while borrowed money increased from $4.50 billion as of March 31, 2007, to $6.76 billion as of June 30, 2007, or by 50.41 percent. Core deposits increased from $45.34 billion as of March 31, 2007, to $45.56 billion as of June 30, 2007, or by 0.49 percent. Figure 4 below shows the mix of deposits and borrowed money since year-end 2002.

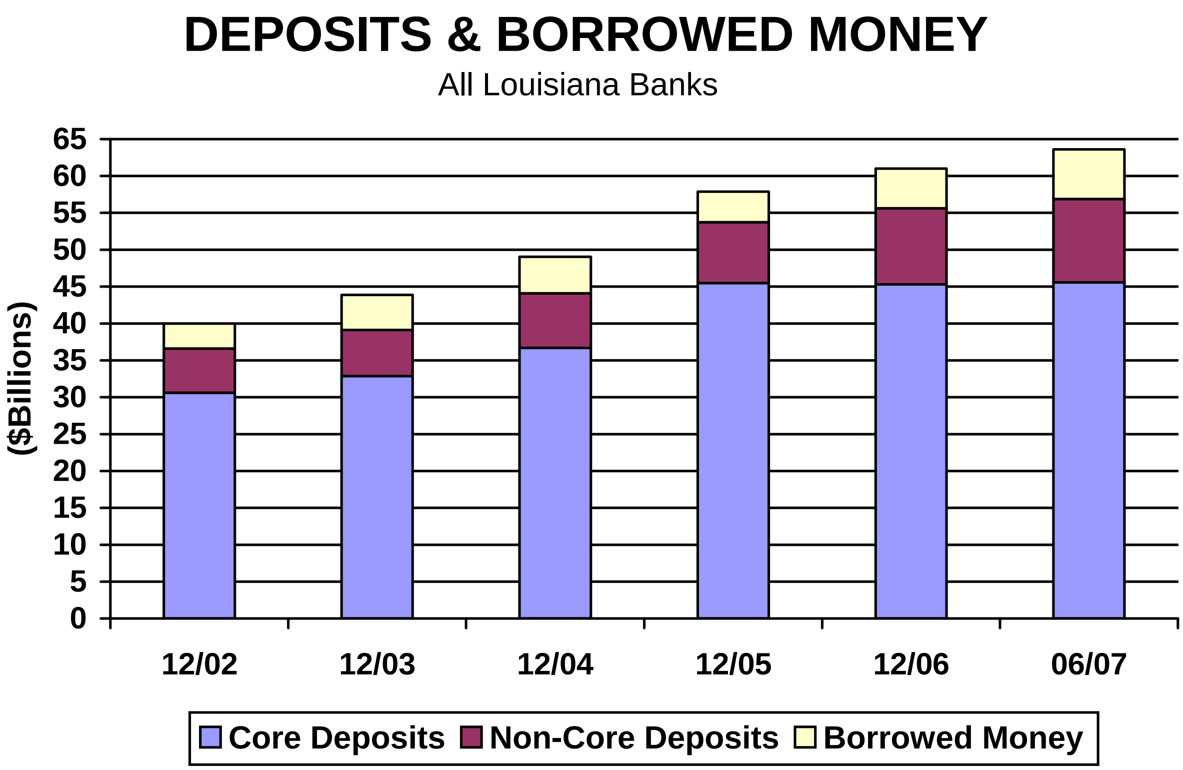

Figure 4

Borrowed money increased during the second quarter of 2007. As of June 30, 2007, borrowed money totaled $6.76 billion and consisted of Federal funds purchased totaling $4.40 billion, Federal Home Loan Bank (FHLB) advances totaling $2.18 billion, and other borrowings totaling $177 million. As of March 31, 2007, borrowed money totaled $4.50 billion and consisted of Federal funds purchased totaling $1.92 billion, FHLB advances totaling $2.15 billion, and other borrowings totaling $175 million. Total borrowed money for state-chartered banks increased by $288 million during the second quarter with increases in FHLB advances and Federal funds purchased and a slight decrease in other borrowings. Total borrowed money for national banks increased by $1.98 billion during the second quarter with increases in Federal funds purchased and other borrowings, and a decrease in FHLB advances.

Non-core deposits increased during the second quarter of 2007. As of June 30, 2007, non-core deposits totaled $11.30 billion and consisted of time deposits of $100,000 or more totaling $9.01 billion and deposits in foreign offices totaling $2.29 billion. As of March 31, 2007, non-core deposits totaled $11.19 billion and consisted of time deposits of $100,000 or more totaling $8.72 billion and deposits in foreign offices totaling $2.47 billion. During the second quarter, non-core deposits in state-chartered banks, consisting entirely of time deposits of $100,000 or more, increased by $219 million. During this same time, non-core deposits in national banks decreased by $109 million with a $184 million decrease in deposits in foreign offices and a $75 million increase in time deposits of $100,000 or more.

The ratio of core deposits to total deposits and borrowed money decreased during the second quarter of 2007, going from 754.29 percent as of March 31, 2007, to 71.61 percent as of June 30, 2007. The current quarter-end ratio is the lowest in the last 18 quarters as the core deposit ratio has generally fluctuated between approximately 74 and 79 percent in the last 18 quarters. Figure 5 below illustrates the trend in the core deposits to total deposits and borrowed money ratio since year-end 2002.

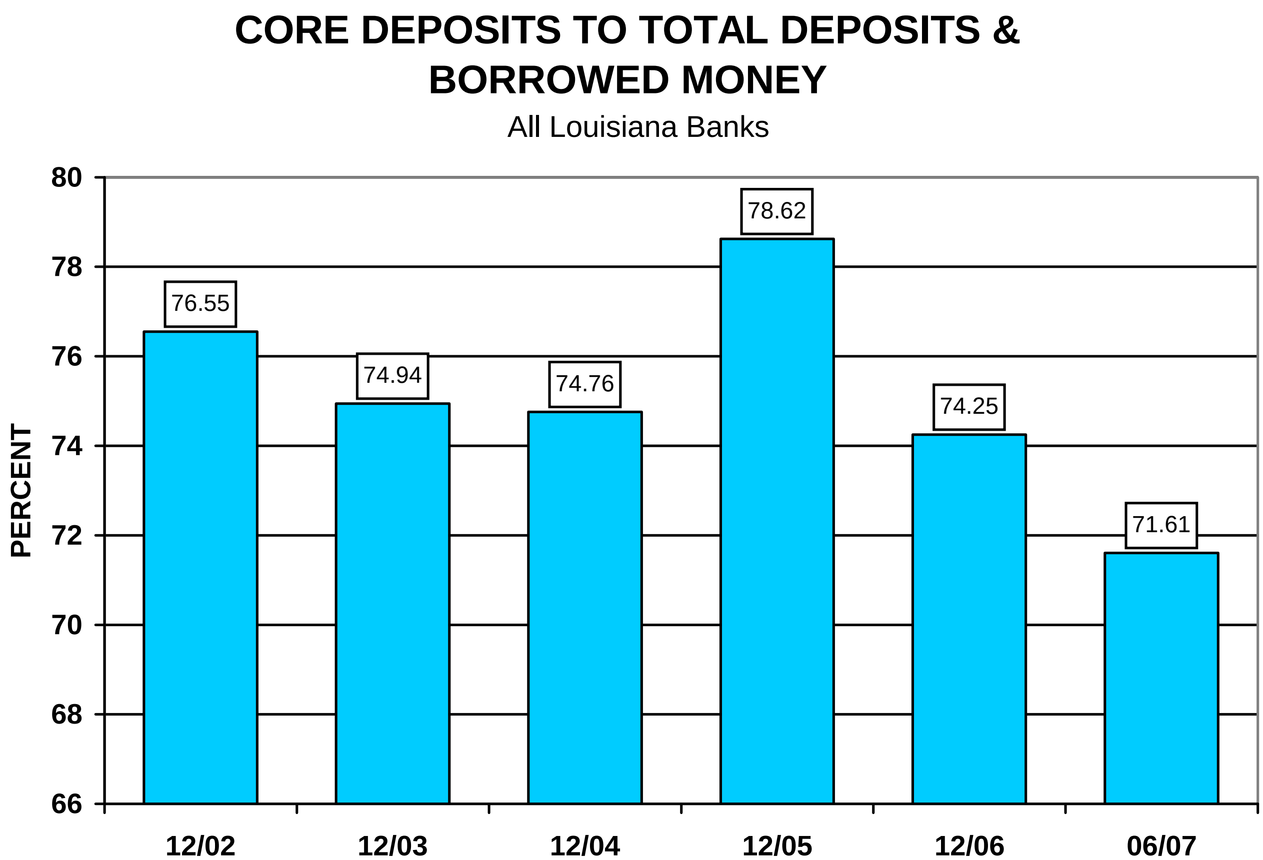

Figure 5

For Louisiana-domiciled state-chartered banks, the ratio of core deposits to total deposits and borrowed money decreased to 75.30 percent as of June 30, 2007, from 76.62 percent as of March 31, 2007. For Louisiana-domiciled national banks, this ratio decreased to 69.13 percent as of June 30, 2007, from 72.70 percent as of March 31, 2007.

For all commercial banks in the U.S., the ratio of core deposits to total deposits and borrowed money decreased from 52.93 percent as of March 31, 2007, to 51.53 percent as of June 30, 2007.

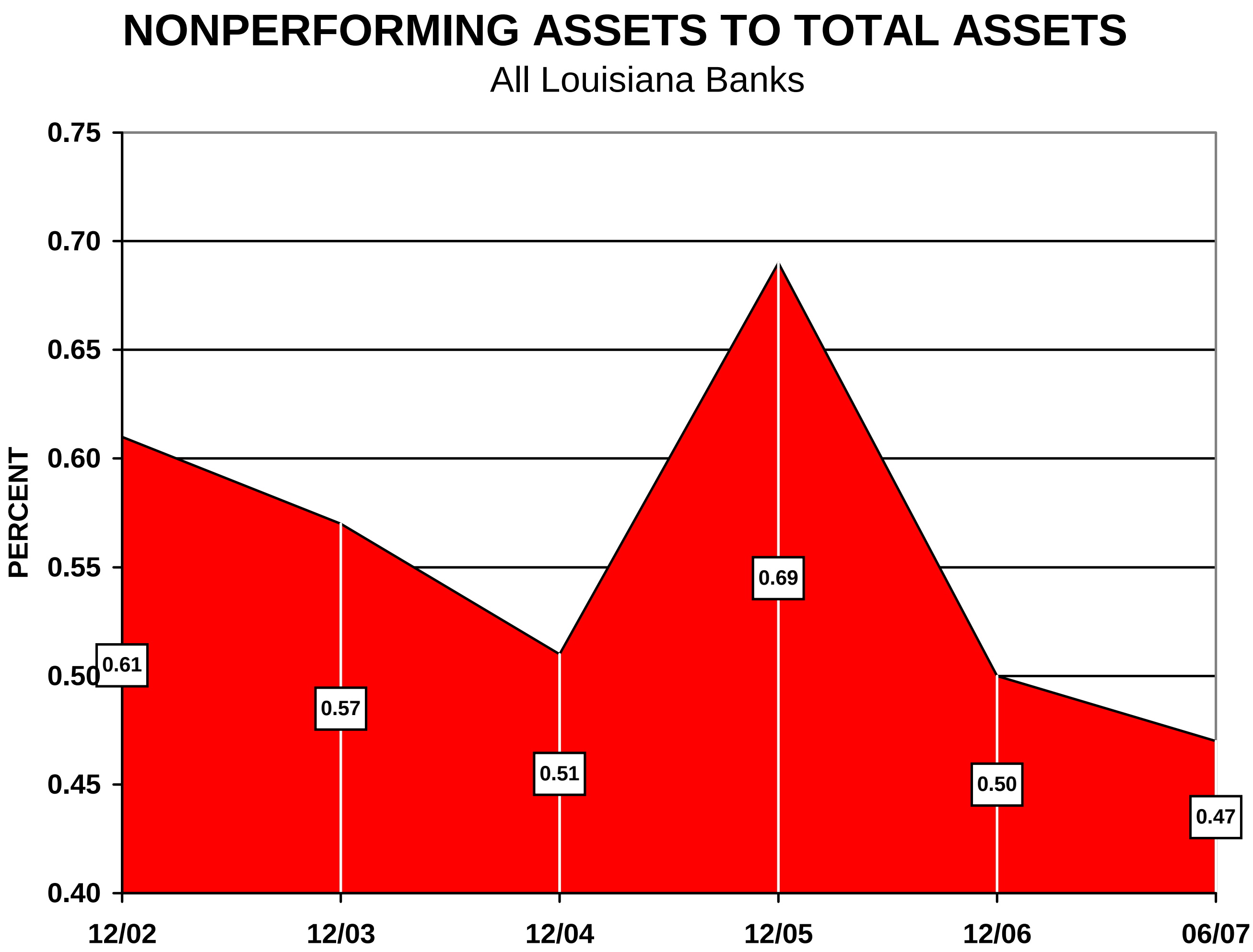

Figure 6

The volume of nonperforming assets decreased slightly during the second quarter of 2007, from $348 million as of March 31, 2007, to $346 million as of June 30, 2007, or an decrease of 0.57 percent. The percentage of nonperforming assets to total assets declined slightly from 0.49 percent at March 31, 2007, to 0.47 percent at June 30, 2007. Figure 6 above illustrates that the ratio of nonperforming assets to total assets declined steadily from 2002 through 2004, spiked upward in 2005, and has steadily declined in 2006 through the second quarter of 2007, for which the ratio falls below all previous levels shown.

The aggregate of noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) decreased from $307 million as of March 31, 2007, to $304 million as of June 30, 2007, or by 0.98 percent. The ratio of noncurrent loans to total loans decreased from 0.73 percent as of March 31, 2007, to 0.70 percent as of June 30, 2007. Other real estate owned increased from $41 million as of March 31, 2007, to $42 million as of June 30, 2007, or by 2.44 percent.

In the second quarter of 2007, nonperforming loans increased from $171 million to $180 million in state-chartered banks and decreased from $136 million to $124 million for national banks. In this same quarter, other real estate owned increased from $21 million to $22 million in state-chartered bank and stayed at the same level of $20 million in national banks. From March 31, 2007, to June 30, 2007, the ratio of nonperforming assets to total assets increased nominally from 0.69 percent to 0.70 percent in state-chartered banks and decreased from 0.36 percent to 0.32 percent in national banks.

For all commercial banks in the U.S., nonperforming assets increased from March 31, 2007, to June 30, 2007, with both noncurrent loans and other real estate owned increasing. As a result, the ratio of nonperforming assets to total assets increased from 0.54 percent to 0.57 percent, and the ratio of noncurrent loans to total loans increased from 0.82 percent to 0.87 percent.

Net charge-offs recognized in the second quarter of 2007 totaled $30 million, an increase from the $24 million in net charge-offs recognized in the first quarter of 2007. The annualized net charge-off ratio increased to 0.28 percent for the quarter ending June 30, 2007, from 0.23 percent for the quarter ending March 31, 2007. However, the ratio of net charge-offs to total loans (year-to-date) increased modestly from 0.23 percent as of March 31, 2007, to 0.25 percent as of June 30, 2007. Net charge-offs totaled $150 million for calendar year 2006, with a net charge-off ratio of 0.36 percent.

From March 31, 2007, to June 30, 2007, quarterly net charge-offs remained the same at $7 million for state-chartered banks and increased from $17 million to $40 million for national banks. In state-chartered banks, the annualized net charge-off ratio and the year-to-date net charge-off ratio remained the same for the second quarter of 2007. National banks experienced a 7 basis point increase in the annualized net charge-off ratio for the second quarter of 2007, while the year-to-date ratio saw a 4 basis point increase.

Although loan loss reserves remained at $530 million as of both March 31, 2007, and June 30, 2007, the ratio of loan loss reserves to total loans decreased from 1.26 percent as of March 31, 2007, to 1.22 percent as of June 30, 2007. Since year-end 2002, this ratio has fluctuated but primarily trended downward, as follows: 1.63 percent as of December 31, 2002; 1.52 percent as of December 31, 2003; 1.38 percent as of December 31, 2004; 1.49 percent as of December 31, 2005; and 1.22 percent as of December 31, 2006. Loan loss provisions totaled $28 million during the second quarter of 2007, or 0.16 percent of average assets, as compared to $30 million during the first quarter of 2007, or 0.17 percent of average assets. Loan loss provisions totaled $42 million and $171 million for calendar years 2006 and 2005, respectively.

During the second quarter of 2007, loan loss reserves increased from $247 million to $248 million and decreased from $283 million to $282 million for state-chartered and national banks, respectively. With the modest changes in the dollar volume of the reserves and an increase in loans, from March 31, 2007, to June 30, 2007, the ratio of loan loss reserves to total loans decreased from 1.39 percent to 1.32 percent and from 1.16 percent to 1.14 percent for state-chartered and national banks, respectively. Loan loss provisions for the second quarter decreased from $11 million to $8 million for state-chartered banks and increased from $18 million to $20 million for national banks. For the calendar years 2006 and 2005, loan loss provisions for the years totaled $39 million and $117 million, respectively, for state-chartered banks, and $2 million and $55 million for national banks, respectively.

For all commercial banks in the U.S., quarterly net charge-offs increased in the second quarter to an annualized net charge-off ratio of 0.52 percent for the quarter ending June 30, 2007, from 0.47 percent for the quarter ending March 31, 2007. The year-to-date charge-off ratio for these banks increased from 0.47 percent as of March 31, 2007, to 0.50 percent as of June 30, 2007. In addition, the ratio of loan loss reserves to total loans remained at 1.17 percent from March 31, 2007, to June 30, 2007.

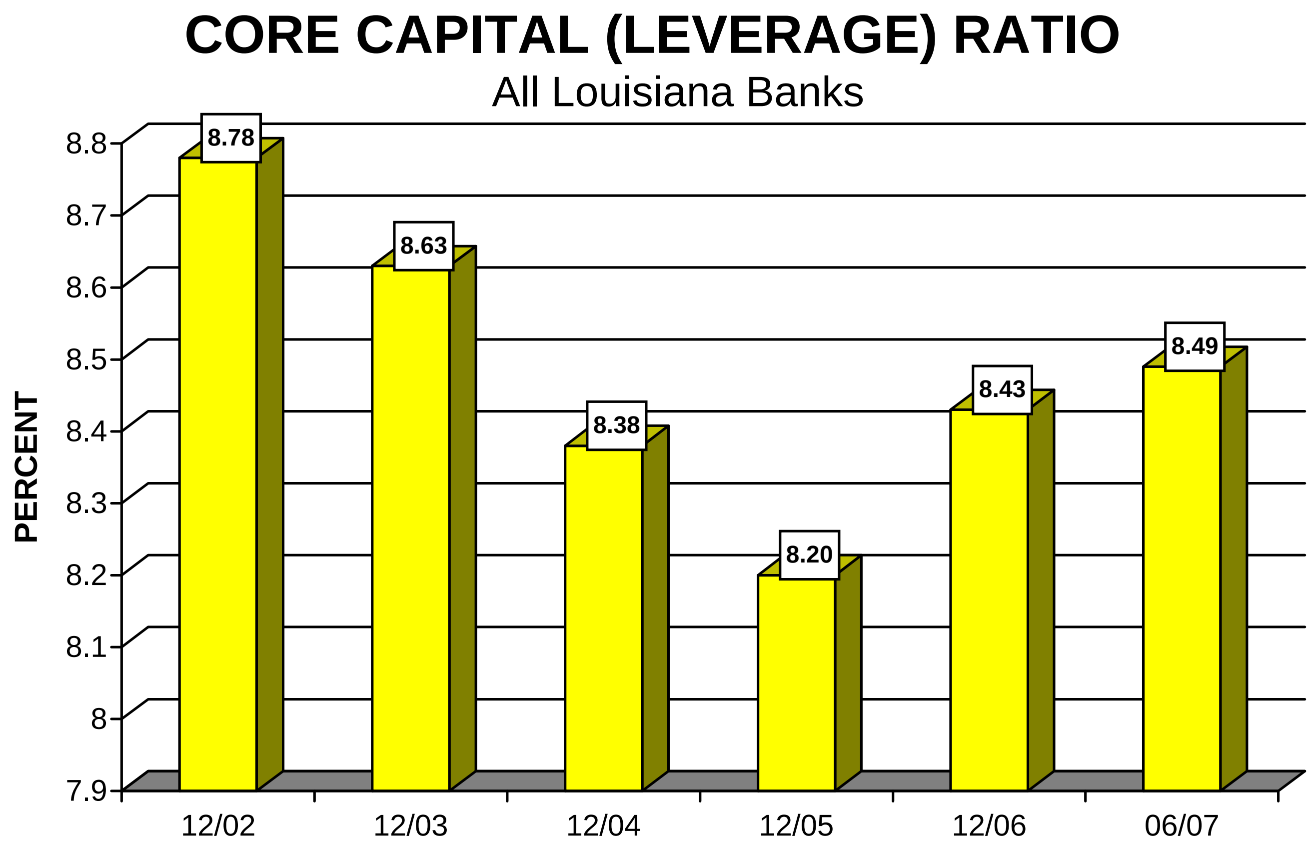

Figure 7

Tier 1 (core) capital decreased from $5.80 billion as of March 31, 2007, to $5.78 billion as of June 30, 2007. The Core capital (leverage) ratio decreased from 8.60 percent as of March 31, 2007, to 8.49 percent as of June 30, 2007, as quarter-end average assets grew during the second quarter of 2007 while Tier 1 (core) capital declined.

During the second quarter of 2007, Tier 1 (core) capital increased by $35 million in state-chartered banks. However, the Core capital (leverage) ratio decreased from 9.42 percent to 9.32 percent as quarter-end average assets grew at a faster pace than Tier 1 (core) capital growth. Dividends paid by state-chartered banks during the second quarter increased significantly from the level paid in the first quarter. During the second quarter of 2007, Tier 1 (core) capital decreased by $48 million in national banks, and the Core capital (leverage) ratio declined from 8.04 percent to 7.92 percent. Dividends paid by national banks during the second quarter increased significantly from the level paid in the first quarter.

For all commercial banks in the U.S., Tier 1 (core) capital increased during the second quarter. However, the Core capital (leverage) ratio declined from 7.84 percent as of March 31, 2007, to 7.75% as of June 30, 2007, as growth in quarterly average assets outpaced growth in Tier 1 (core) capital.

Figure 7 above illustrates the trend in the Tier 1 (core) capital ratio since year-end 2002.

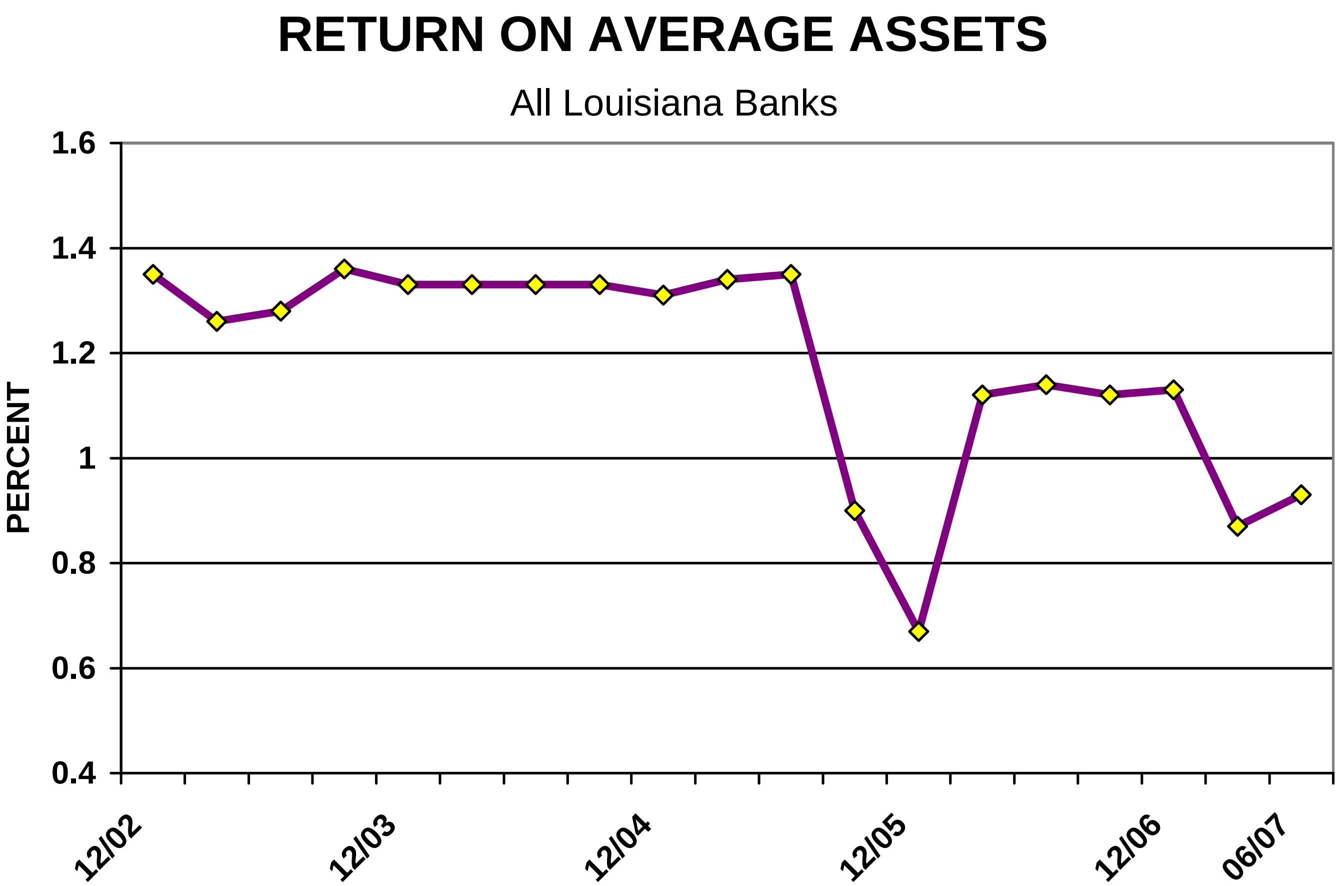

Figure 8

Earnings for the second quarter of 2007 remained satisfactory and increased from the previous quarter with second quarter net income totaling $180 million, or a return on average assets of 0.99 percent annualized, as compared to $156 million, or a return on assets of 0.87 percent annualized, for the previous quarter. A quarterly increase in non-interest income and a slight decline in non-interest expense contributed to the increase in net income during the second quarter of 2007. Figure 8 above reflects the annualized year-to-date return on average assets for all Louisiana banks for every quarter since year-end 2002. Five Louisiana banks showed net operating losses for the second quarter, including two de novo banks opened within the last 24 months. Five Louisiana banks also reported year-to-date net operating losses, including two de novo banks opened within the last 24 months.

For all commercial banks in the U.S., the second quarter's annualized ROA declined slightly to 1.24 percent from 1.25 percent for the first quarter. Net income increased during the second quarter; however, its effect on the ROA was negated by asset growth. Year-to-date ROA followed the same pattern as the quarterly ROA.

As of June 30, 2007, there are 46 state-chartered and 4 national banks that have elected tax treatment as a Subchapter S corporation. This equates to 50 of the 139, or approximately 36 percent, of all Louisiana-domiciled banks, as compared to approximately 32 percent of all commercial banks in the U.S. that have elected tax treatment as a Subchapter S corporation.

Figure 9 on the following page reflects the annualized year-to-date net interest margin for all Louisiana banks for every quarter since year-end 2002.

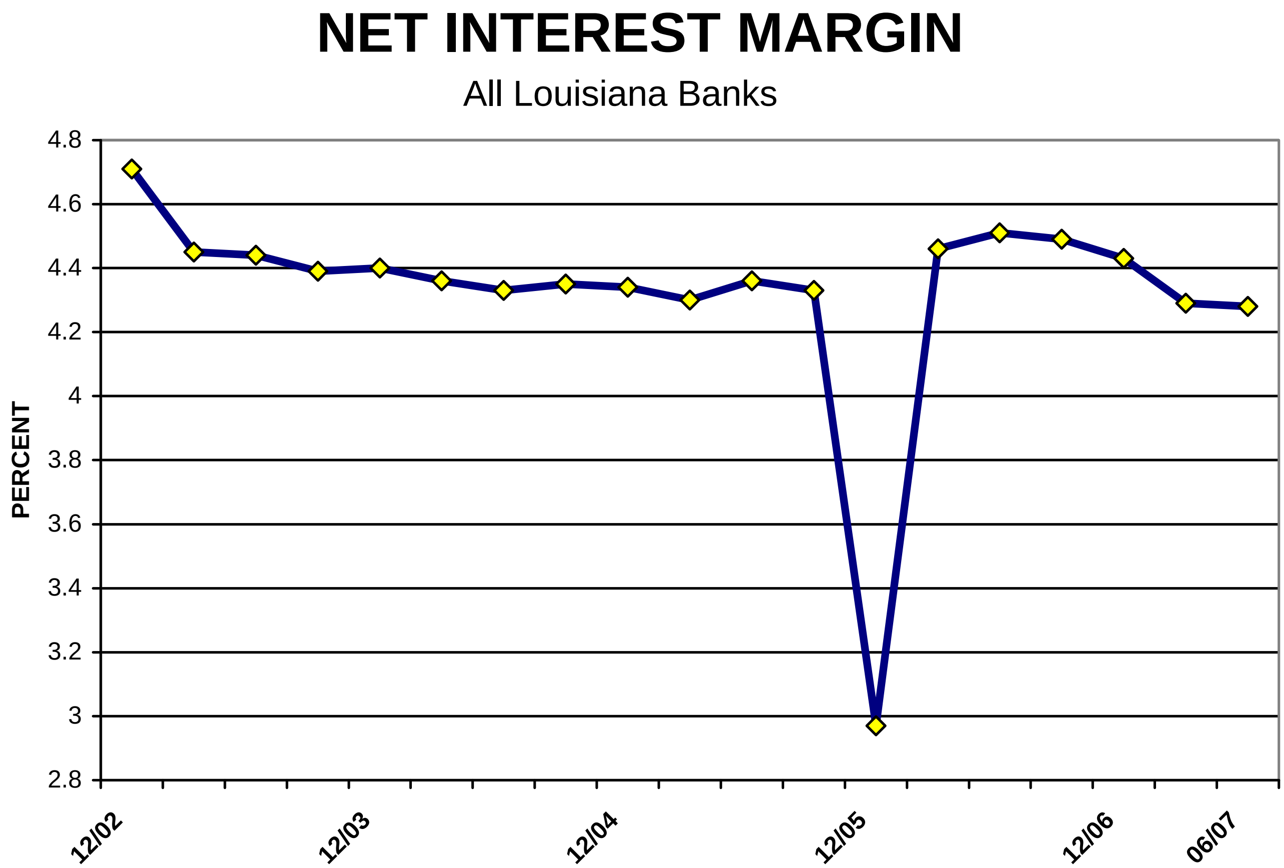

Figure 9

The industry's net interest margin decreased slightly from 4.29 percent to 4.28 percent during the second quarter of 2007. The aggregate yield on earning assets decreased from 7.09 percent to 7.06 percent, while the cost of funds decreased from 2.79 percent to 2.78 percent. During the second quarter of 2007, the net interest margin for state-chartered banks increased from 4.47 percent to 4.52 percent while the net interest margin for national banks decreased from 4.17 percent to 4.12 percent. During the same time frame, the yield on earning assets for state-chartered and national banks increased and decreased, respectively, from 7.20 percent to 7.30 percent and from 7.01 percent to 6.90 percent, while the cost of funds for state-chartered and national banks increased and decreased, respectively, from 2.73 percent to 2.78 percent and from 2.83 percent to 2.78 percent, respectively.

For all commercial banks in the U.S., the net interest margin increased slight from 3.38 percent to 3.39 percent during the second quarter of 2007. During the same time frame, the yield on earning assets increased from 6.76 percent to 6.86 percent, while the cost of funds also increased from 3.39 percent to 3.47 percent.

Operating expenses decreased in total but increased in two of the three reported categories during the second quarter of 2007, going from 3.46 percent of average assets to 3.39 percent of average assets. The industry showed a net loss on the sale of securities of $554 thousand during the second quarter of 2007, compared to a net gain of $90 thousand during the first quarter of 2007. Net gains on the sale of securities totaled $22 million for calendar year 2006 versus net losses of $3.2 million for calendar year 2005.

The ratio of operating expenses to average assets at state-chartered banks was below both quarterly ratios above while the ratio at national banks was above the quarterly ratio shown above; however, the ratio increased during the second quarter for state-chartered banks and decreased for national banks. State-chartered banks reported net gains and losses on the sale of securities of $96 thousand and $357 thousand in the first and second quarters, respectively, while national banks reported net losses of $6 thousand of $197 thousand in the first and second quarters, respectively. State-chartered banks reported net losses on the sale of securities at $7.3 million and $3.1 million for calendar years 2006 and 2005, respectively, while national banks reported a net gain of $29.2 and a nominal loss for calendar years 2006 and 2005, respectively.

For all commercial in the U.S., the ratio of operating expenses to average assets increased during the second quarter from 3.05 percent to 3.08 percent.

ALL LOUISIANA BANKS

Consolidation Since December 31, 2001

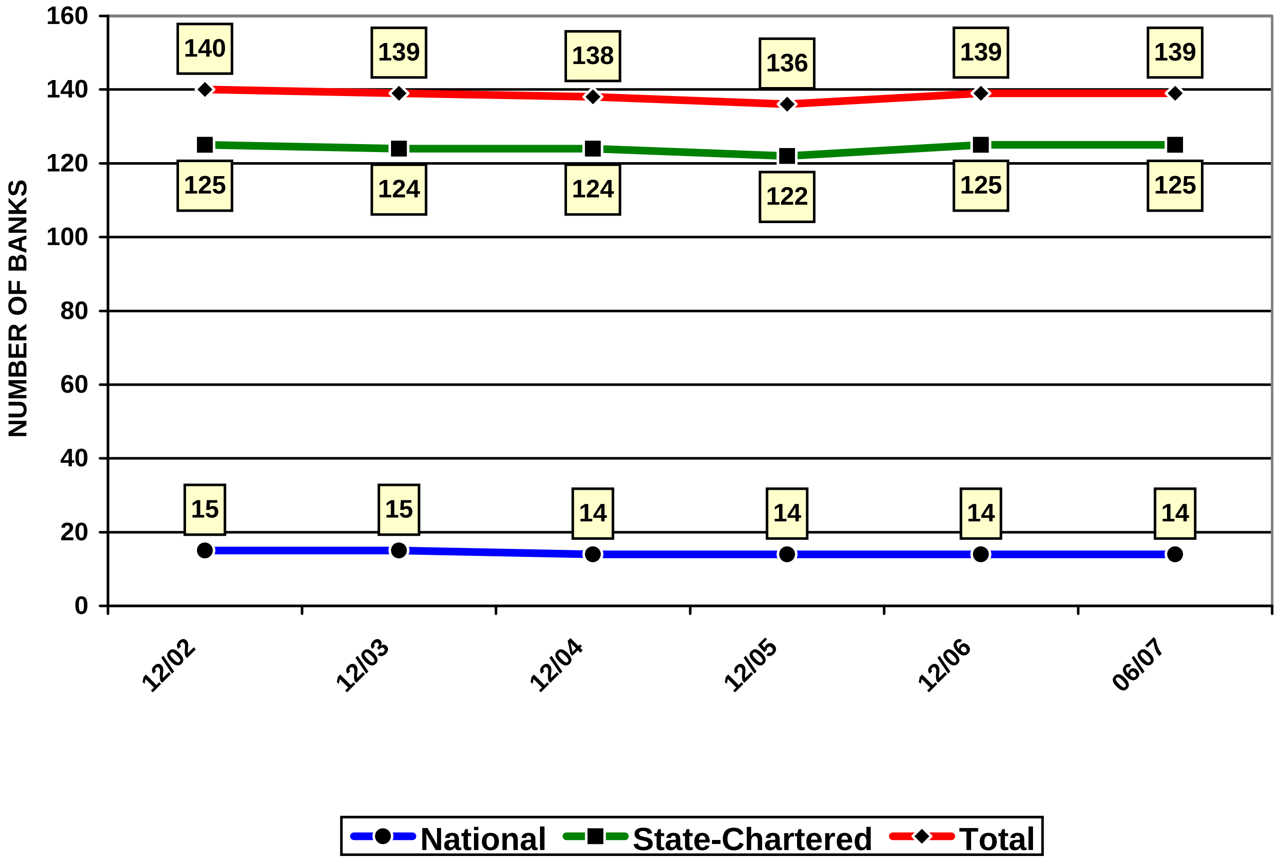

Figure 10

MERGERS AND ACQUISITIONS FOR THE QUARTER ENDED JUNE 30, 2007

No merger transactions took place during the second quarter of 2007. However, effective July 1, 2007, the largest commercial bank headquartered in Louisiana, with total assets of $31.94 billion as of June 30, 2007, moved its headquarters to Virginia. As of July 30, 2007, a state-chartered bank, with assets of $733 million, acquired a federally-chartered savings association, with total assets of $128 million. A second state-chartered bank, with total assets of $51 million, has announced its intent to merge into a state-chartered thrift by the end of 2007. A third state-chartered bank, with total assets of $200 million, has announced its intentions to acquire another state-chartered bank, with total assets of $61 million, with the transaction to be completed by the end of 2007.

As of June 30, 2007, there were 139 commercial banks in Louisiana, which included 125 state-chartered banks. These state-chartered banks held assets totaling $28.55 billion, or 38.58 percent of the Louisiana banking industry's $74.01 billion in total assets.

Since December 31, 2002, the total number of banks in Louisiana has decreased minimally from 140 to 139, or by 0.71 percent, as illustrated in Figure 10 above, with four new banks, all state-chartered, opening for business from November 2005 to June 2006.

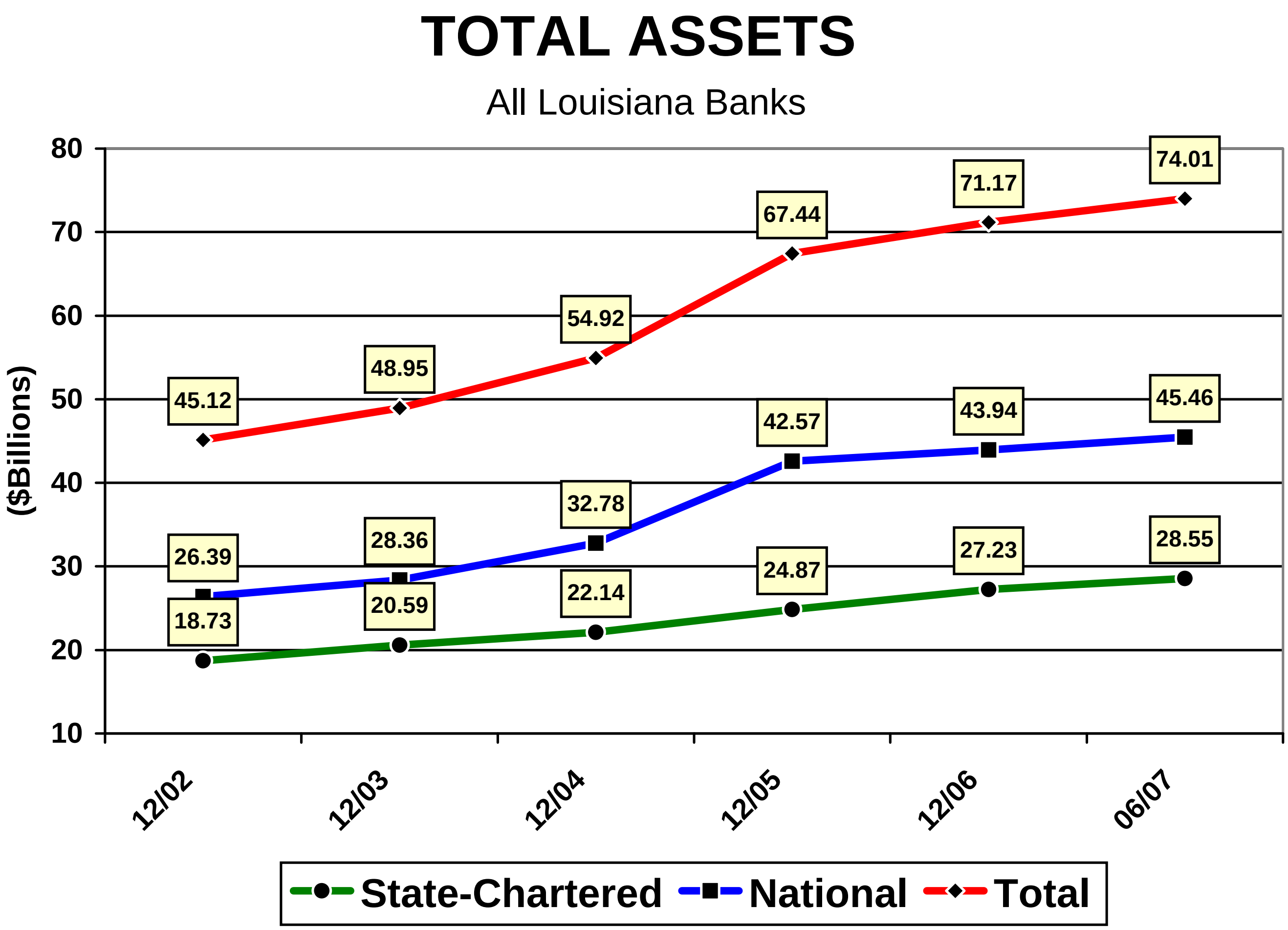

Figure 11

Total assets increased from $71.59 billion as of March 31, 2007, to $74.01 billion as of June 30, 2007, or by 3.39 percent. Figure 11 above reflects the trend in total assets for state-chartered banks, national banks, and all banks in Louisiana for each year-end since 2002 and the current quarter-end. Total assets in Louisiana-domiciled banks have grown for 16 of the past 18 quarters despite some industry consolidation.

As of June 30, 2007, three out-of-state bank holding companies, from Arkansas, Mississippi, and Virginia, own Louisiana-domiciled bank subsidiaries with total assets of $34.49 billion, or 46.60 percent of the total assets of all Louisiana-domiciled banks. Two of the three out-of-state bank holding companies own state-chartered bank subsidiaries with total assets of $2.55 billion while the other out-of-state bank holding company owns a national bank subsidiary with total assets of $31.94 billion. Two Louisiana bank holding companies, which own state-chartered banks, own a federal thrift in Arkansas and a state-chartered bank in Mississippi, respectively, with total assets of $1.38 billion and $68 million as of June 30, 2007.

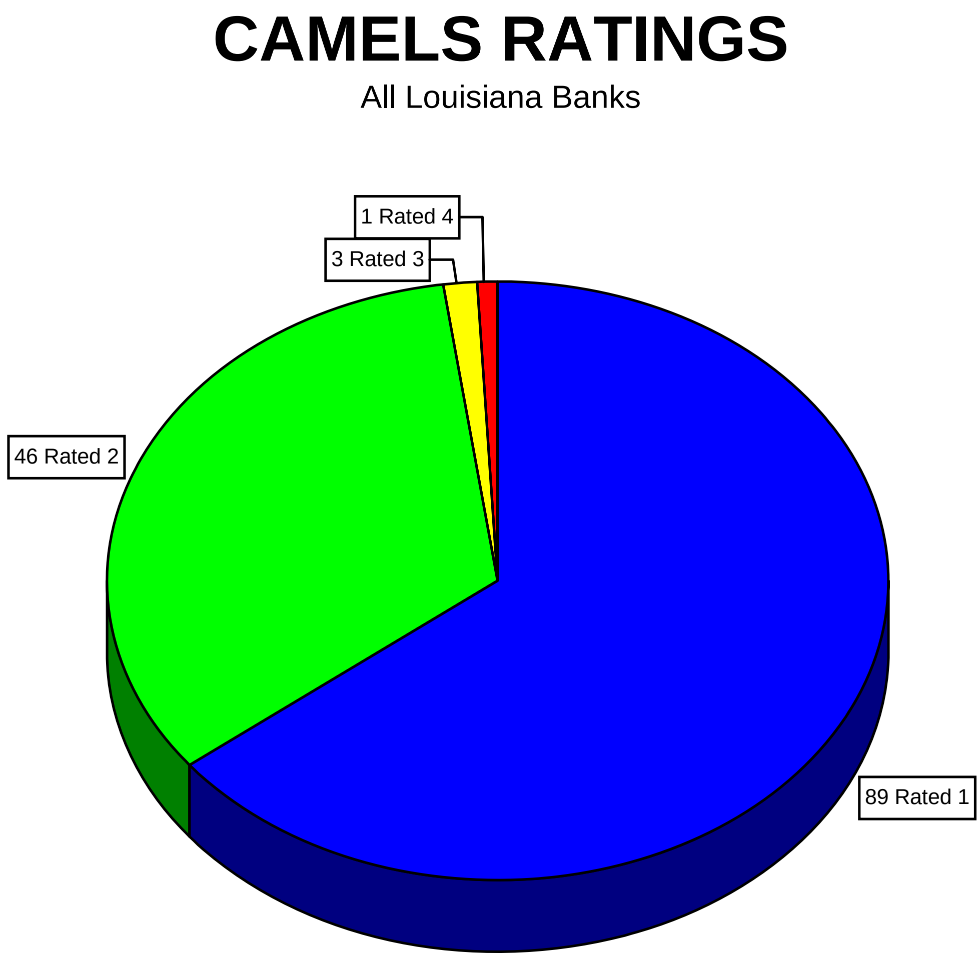

Figure 12

(Note: The above chart includes ratings for all 139 banks in Louisiana.)

Figure 12 above illustrates that, based on the CAMELS rating scale used by state and federal regulators, the financial condition of the Louisiana banking industry remains sound (see final page of this report for the rating definitions). Approximately 64 percent of the banks in Louisiana have an overall rating of 1, which is the same as the previous quarter. Approximately 33 percent of the banks in Louisiana have an overall rating of 2, which is an increase from 31 percent at the previous quarter. As shown above, there are 3 banks, or approximately 2 percent of the banks in Louisiana, that have an overall rating of 3, which is the same as the previous quarter. As also shown above, there is 1 bank, or approximately 1 percent of the banks in Louisiana, rated a composite 4, which is the same as the previous quarter. There are no banks rated a composite 5, which is the same as the previous quarter.

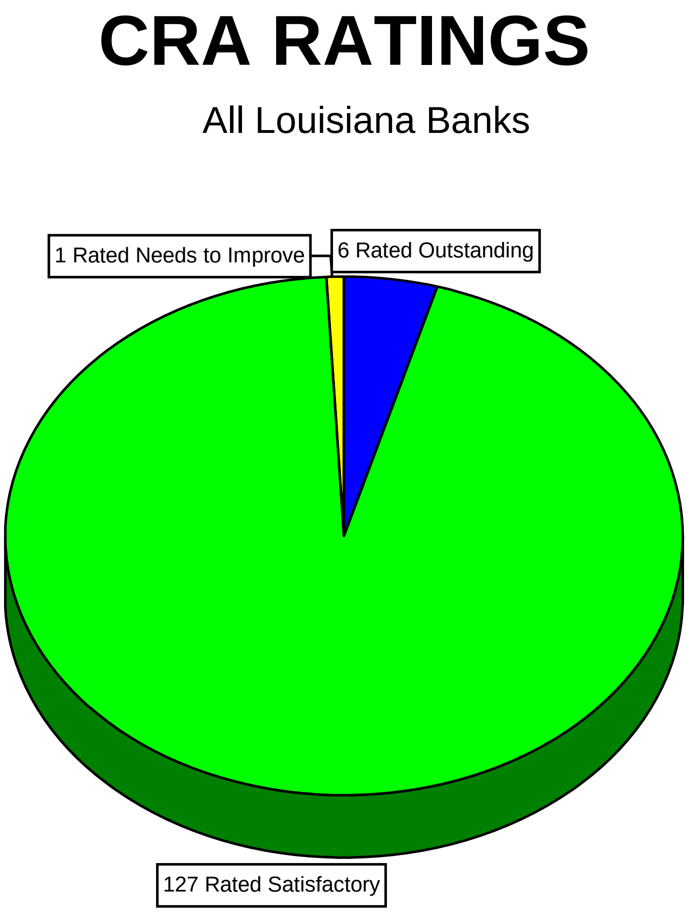

Figure 13

(Note: This chart does not include a bankers' bank since CRA ratings are not applicable, and four de novo banks that are not yet rated.)

As Figure 13 above demonstrates, Louisiana banks continue to work aggressively to meet the requirements of the Community Reinvestment Act. Of the 133 banks assigned a CRA rating, all but one of the Louisiana banks were rated Satisfactory or better at their last CRA examination. One bank's CRA rating was assigned a "Needs to Improve" rating, with this occurring during the second quarter of 2006. No CRA ratings changed significantly during the first six months of 2007.

BANK SUMMARY AS OF JUNE 30, 2007

The overall financial condition of Louisiana-domiciled banks remains sound at the present time. The second quarter of 2007 was characterized by increases in total assets and total deposits, and a slight decline in Tier 1 (core) capital. During the second quarter, core deposits as a percent of total deposits and borrowed money decreased to its lowest level in the past 18 quarters. Earnings increased from the previous quarter and remained satisfactory. With Tier 1 (core) capital shrinking slightly and quarterly average assets growing, the Core capital (leverage) ratio decreased; however, capital ratios remain well above minimum regulatory requirements. During the second quarter of 2007, the dollar volume of nonperforming assets and the ratio to total assets both decreased; however, net charge-offs increased. State and federal regulatory agencies will continue to closely monitor asset quality to ensure that banks adhere to sound underwriting guidelines and properly evaluate the adequacy of their ALLL, especially those impacted by hurricanes Katrina and Rita.

Bank CAMELS ratings and CRA ratings changed little during the second quarter of 2007 and continue to reflect favorably on the condition of the industry.

BANK LAGNIAPPE

- As of June 30, 2007, the breakdown of **all** Louisiana-domiciled banks by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	53	38	$3,283,416	4
Assets $100 Million to $300 Million	58	42	9,886,767	13
Assets $300 Million to $500 Million	12	9	4,506,592	6
Assets $500 Million to $1 Billion	12	9	7,957,339	11
Assets $1 Billion to $10 Billion	1	1	5,852,427	8
Assets > $10 Billion	1	1	42,526,402	58
TOTAL ASSETS	139	100	$74,012,943	100

- As of June 30, 2007, the breakdown of Louisiana **state-chartered banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	51	41	$3,216,970	11
Assets $100 Million to $300 Million	50	40	8,462,503	30
Assets $300 Million to $500 Million	12	9	4,506,592	16
Assets $500 Million to $1 Billion	10	8	6,512,056	23
Assets $1 Billion to $10 Billion	2	2	5,852,427	20
TOTAL ASSETS	125	100	$28,550,548	100

- As of June 30, 2007, the breakdown of Louisiana-domiciled **national banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	2	14	$66,446	0
Assets $100 Million to $300 Million	8	57	1,424,264	3
Assets $500 Million to $1 Billion	2	14	1,445,283	3
Assets > $10 Billion	2	14	42,526,402	94
TOTAL ASSETS	14	100	$43,945,024	100

* Thousands

LOUISIANA THRIFT INDUSTRY FINANCIAL CONDITION AS OF JUNE 30, 2007

As of June 30, 2007, there were 27 thrifts domiciled in Louisiana, made up of 19 federally-chartered thrifts, including 13 federally-chartered savings banks, and 8 state-chartered thrifts, including 2 state-chartered savings banks. During the second quarter of 2007, a state-chartered thrift converted to a federally-chartered savings bank with this thrift reporting total assets of $46 million as of June 30, 2007. Some of the changes from the first quarter of 2007 to the second quarter of 2007, noted below, are the result of this conversion.

In addition, changes in the numbers, shown above, occurred just after the close of the second quarter in July 2007. A state-chartered savings association, with total assets of $838 million as of June 30, 2007, converted to a state-chartered savings bank, while a federally-chartered thrift, with total assets of $128 million as of June 30, 2007, merged into a state-chartered bank.

During the second quarter of 2007, total assets in Louisiana thrifts increased from $5.23 billion as of March 31, 2007, to $5.33 billion as of June 30, 2007, an increase of $89 million or 1.70 percent. During the second quarter, total loans increased while cash, securities, and Federal funds sold decreased. Total loans and leases increased from $3.44 billion to $3.53 billion, an increase of $92 million or 2.68 percent. Total securities decreased from $1.20 billion to $1.19 billion, a decrease of $11 million or 0.92 percent. Federal funds sold decreased from $22 million to $14 million, a decline of $8 million or 36.36 percent. Cash decreased from $360 million to $357 million, a decrease of $3 million or 0.83 percent.

During the second quarter of 2007, total assets in state-chartered and federally-chartered thrifts decreased and increased by $9 million and by $97 million, respectively. During the second quarter, with the exception of securities, all major asset categories in state-chartered thrifts decreased. Securities grew by $26 million, while cash, Federal funds sold, and total loans and leases declined by $34 million, $5 million, and $3 million, respectively. During the second quarter, total loans and leases and cash in federally-chartered thrifts increased by $95 million and $31 million, respectively, and securities and Federal funds sold decreased by $37 million and $3 million, respectively.

During the second quarter of 2007, on the liabilities side, total deposits in Louisiana thrifts increased from $3.98 billion to $4.06 billion, an increase of $73 million or 1.83 percent. Borrowed money increased from $537 million to $556 million, an increase of $19 million or by 3.54 percent, with FHLB advances comprising most of these totals. During the second quarter, total deposits in state-chartered and federally-chartered thrifts increased by $12 million and by $61 million, respectively. During the second quarter, borrowed money decreased at state-chartered thrifts and increased at federally-chartered thrifts by $9 million and $28 million, respectively, with these changes comprised entirely of FHLB advances.

The ratio of loans to deposits for all Louisiana thrifts increased during the second quarter of 2007, from 85.38 percent to 86.12 percent, as net loans and leases increased at a faster rate than total deposits. During the second quarter, the ratio of loans to deposits decreased at state-chartered thrifts and increased at federally-chartered thrifts from 72.12 percent to 71.22 percent and from 91.17 percent to 92.56 percent, respectively. The ratio decreased at state-chartered thrifts because of loan shrinkage and deposit growth, and increased at federally-chartered thrifts because loan growth outpaced deposit growth. The ratio of investments to total assets for all Louisiana thrifts decreased during the second quarter of 2007, from 28.44 percent to 27.42 percent. During the second quarter, the ratio of investments to total assets decreased in state-chartered and federally-chartered thrifts from 36.50 percent to 35.46 percent and from 25.12 percent to 24.22 percent, respectively.

Tier 1 (core) capital increased during the second quarter of 2007, from $675 million as of March 31, 2007, to $678 million as of June 30, 2007, an increase of $3 million or by 0.44 percent. However, the Core capital (leverage) ratio decreased during the quarter, from 12.94 percent to 12.78 percent, as average quarterly total assets increased faster than Tier 1 (core) capital. During the second quarter, Tier 1 (core) capital decreased by $13 million at state-chartered thrifts and increased by $16 million in federally-chartered thrifts. As a result, the Core capital (leverage) ratio decreased and increased in state-chartered and federally-chartered thrifts, respectively, from 16.78 percent to 16.07 percent and from 11.37 percent to 11.47 percent.

Problem assets increased by $1.51 million from March 31, 2007, to June 30, 2007, and caused the ratio of problem assets to total assets to increase slightly from 0.36 percent to 0.38 percent. During the second quarter, problem assets for state-chartered thrifts increased by $238 thousand, and the ratio of problem assets to total assets increased slightly from 0.12 percent to 0.13 percent. During the second quarter, problem assets for federally-chartered thrifts increased by $1.27 million, and the ratio of problem assets increased slightly from 0.46 percent to 0.48 percent.

Louisiana thrifts reported net charge-offs of $115 thousand in the second quarter of 2007, while reporting net recoveries of $115 thousand during the first quarter of 2007. The ratio of net chargeoffs to total loans for the fourth quarter increased from -0.01 percent as of March 31, 2007, to 0.01 percent as of June 30, 2007. State-chartered thrifts reported net recoveries of $243 thousand and $267 thousand during the second and first quarters, respectively. Federally-chartered thrifts reported net charge-offs of $525 thousand and $167 thousand during the second and first quarters, respectively. As a result of this, the quarterly net charge-off ratio remained essentially the same and increased, respectively, in state-chartered and federally-chartered thrifts.

Loan loss reserves increased slightly during the second quarter of 2007, from $36.57 million as of March 31, 2007, to $36.64 million as of June 30, 2007. However, the ratio of loan loss reserves to total loans declined slightly from 1.06 percent as of March 31, 2007, to 1.04 percent as of June 30, 2007. For state-chartered and federally-chartered thrifts, the loan loss reserves decreased by $149 thousand and increased by $217 thousand, respectively. As a result, the ratios of reserves to total loans for state-chartered and federally-chartered thrifts both decreased, at 1.87 percent and 0.76 percent, respectively. Quarterly loan loss provisions decreased during the second quarter, going from $424 thousand to $129 thousand. During the second quarter, state-chartered thrifts recognized negative loan loss provisions of $210 thousand, an increase over the negative provisions of $10 thousand in the prior quarter. Loan loss provisions decreased in federally-chartered thrifts during the second quarter from $434 thousand to $339 thousand.

An increase in operating expenses during the second quarter of 2007 caused earnings for the quarter to decrease by $409 thousand from the previous quarter. Second quarter net income totaled $7.78 million, or an annualized return on assets of 0.59 percent, as compared to net income of $8.20 million, or an annualized return on assets of 0.63 percent for the previous quarter. As of June 30, 2007, year-to-date net income was $6.33 million below the same time period last year, or 28.37 percent, and the annualized return on assets declined from 0.85 percent to 0.61 percent over that same time frame. During the second quarter of 2007, net income for state-chartered and federally-chartered thrifts declined and increased, respectively, from $1.55 million to $1 million and from $6.65 million to $6.78 million, respectively. Net income decreased at state-chartered thrifts primarily because of an increase in operating expenses and increased at federally-chartered thrifts primarily because of increases in net interest income. The annualized return on assets for the second quarter for state-chartered thrifts decreased from 0.41 percent to 0.27 percent while remaining at 0.72 percent for federally-chartered thrifts. As of June 30, 2007, year-to-date net incomes generated annualized returns on assets of 0.33 percent and 0.72 percent for state-chartered and federally-chartered thrifts, respectively.

The industry's net interest margin declined nominally during the second quarter of 2007, going from 3.31 percent to 3.30 percent. The net interest margin for state-chartered thrifts decreased from 3.19 percent to 3.14 percent and remained at 3.36 percent for federally-chartered thrifts. The aggregate yield on earning assets increased from 6.26 percent to 6.30 percent, while cost of funds increased from 2.95 percent to 3.00 percent. The aggregate yield on earning assets for state-chartered and federally-chartered thrifts increased from 6.02 percent to 6.04 percent and from 6.37 percent to 6.40 percent, respectively, and the cost of funds for state-chartered and federally-chartered thrifts increased from 2.83 percent to 2.91 percent and from 3.01 percent to 3.04 percent, respectively.

Operating expenses as a percent of average assets increased during the second quarter of 2007, going from 2.75 percent to 2.84 percent, as expenses increased more than average assets. During the second quarter of 2007, the ratio of operating expenses to average assets increased at state-chartered and federally-chartered thrifts, going from 2.65 percent to 2.91 percent and from 2.80 percent to 2.82 percent, respectively. State-chartered thrifts saw their ratio increase because of a increase in expenses and a decline in average assets while federally-chartered thrifts saw their ratio increase as expenses increased faster than average assets. The industry showed a gain of $98 thousand on the sale of securities during the second quarter of 2007, as compared to a gain of $135 thousand during the previous quarter. State-chartered thrifts reported no net securities gains in either the second or prior quarter. Federally-chartered thrifts reported net gains on securities of $98 thousand and $135 thousand in the second and the prior quarter, respectively.

Two state-chartered thrifts reported net operating losses for the second quarter of 2007, while one of these thrifts also showed a year-to-date net operating loss. A federally-chartered thrift reported a breakeven year-to-date net income through the second quarter of 2007, reporting a net loss of $40 thousand for the first quarter and a net income of $40 thousand for the second quarter.

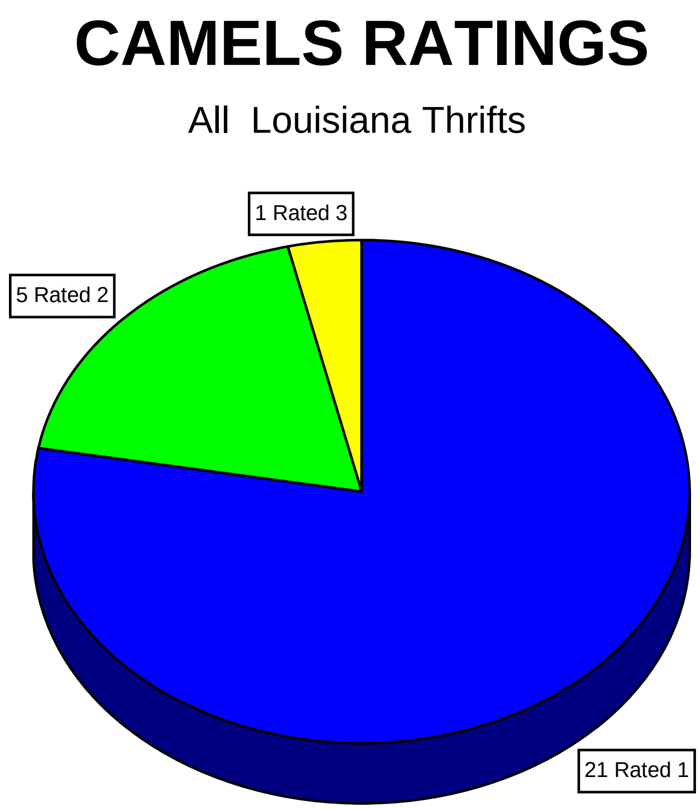

Figure 14

Based on the CAMELS rating scale in use by state and federal regulators, as shown in Figure 14 above, the financial condition of the Louisiana thrift industry remains sound (see final page of report for the rating definitions). As of June 30, 2007, approximately 78 percent of thrifts had a composite CAMELS rating of 1, an increase from 70 percent from the previous quarter. Approximately 18 percent of thrifts had a composite CAMELS rating of 2, a decrease from 26 percent from the previous quarter. Approximately 4 percent, or 1 thrift, had a composite CAMELS rating of 3, the same as the previous quarter. There were no thrifts rated 4 or 5 as of June 30, 2007, the same as the previous quarter.

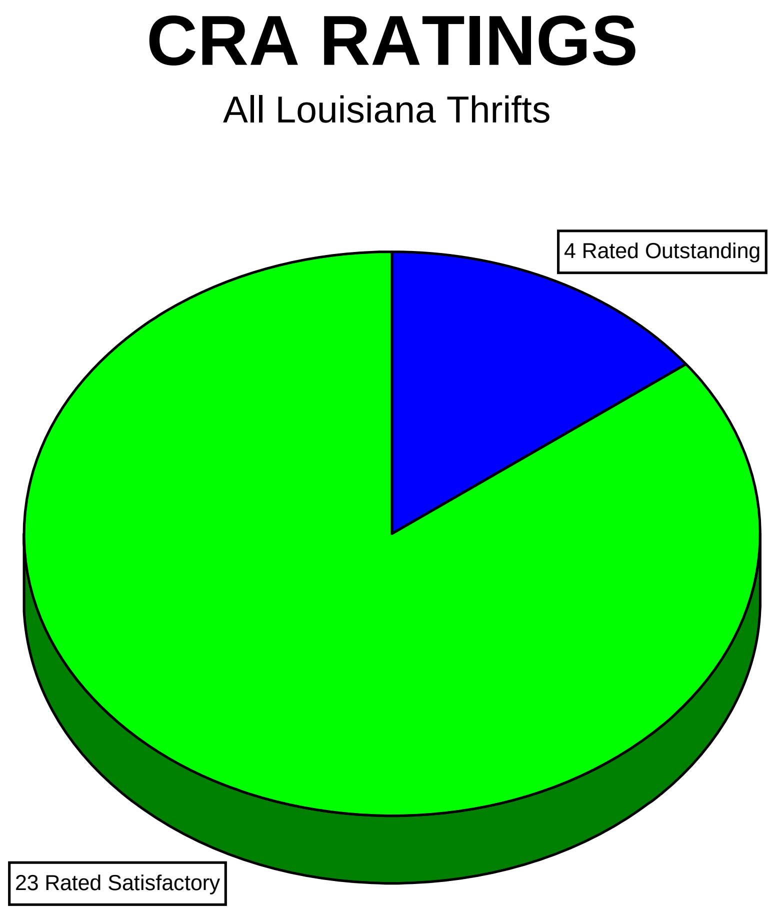

Figure 15

Louisiana thrifts continue to work aggressively to meet the challenges of the Community Reinvestment Act (CRA). As shown in Figure 15 above, all Louisiana thrifts were rated Satisfactory or better at their last CRA examination.

THRIFT SUMMARY AS OF JUNE 30, 2007

The overall financial condition of Louisiana thrifts remains sound at the present time. The second quarter of 2007 was characterized by a modest increase in Tier 1 (core) capital, and increases in total assets and deposits. The quarter also saw an increase in borrowed money, primarily FHLB advances, as well as an increase in core deposits. Earnings are fair, continuing to decline primarily because of increased non-interest expenses, and the net interest margin continues to decline because of lower yields and increased cost of funds. Lower net income and growth in average assets has compacted the return on assets. With the modest increase in Tier 1 (core) capital and an increase in quarterly average assets, the Core capital (leverage) ratio declined during the second quarter; however, capital ratios remain well above regulatory minimums. During the second quarter, nonperforming assets increased, and the industry reported net charge-offs rather than the net recoveries reported in the prior quarter.

THRIFT LAGNIAPPE

- As of December 31, 2006, the breakdown of all Louisiana-domiciled thrifts by asset size is as follows:

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	12	45	$734,888	14
Assets $100 Million to $300 Million	10	37	1,708,278	32
Assets $300 Million to $500 Million	2	7	780,406	15
Assets $500 Million to $1 Billion	3	11	2,101,272	39
TOTAL ASSETS	27	100	$5,324,844	100

- As of December 31, 2006, the breakdown of Louisiana **state-chartered thrifts** by asset size is as follows:

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	4	50	$201,484	13
Assets $100 Million to $300 Million	3	37	478,139	32
Assets $300 Million to $500 Million	0	0	-0-	0
Assets $500 Million to $1 Billion	1	13	837,770	55
TOTAL ASSETS	8	100	$1,517,393	100

- As of December 31, 2006, the breakdown of Louisiana-domiciled **federally-chartered thrifts** by asset size is as follows:

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	8	42	$533,404	14
Assets $100 Million to $300 Million	7	36	1,230,139	32
Assets $300 Million to $500 Million	2	11	780,406	21
Assets $500 Million to $1 Billion	2	11	1,263,502	33
TOTAL ASSETS	19	100	$3,807,451	100

* Thousands

SUMMARY OF AFFECTS OF HURRICANES KATRINA AND RITA

As we approach the two-year anniversaries of Hurricanes Katrina and Rita, it remains important to reflect upon how the industry came together and worked unselfishly to assist those institutions that suffered the affects of the storms in August and September 2005. Stories, too numerous to mention, demonstrate how non-affected institutions shared their staff and facilities with affected institutions and assisted evacuees by cashing checks for non-customers with minimal identification, waiving non-customer fees, and establishing temporary accounts. Affected institutions assisted their customers by deferring loan payments, waiving late fees, increasing credit card limits, expediting the release of insurance checks, etc. In doing so, the industry was able to assist evacuees in their time of greatest need.

It is also important to point out that with the assistance of the Governor's Office, the Louisiana Bankers Association, the Community Bankers of Louisiana, State Police, and numerous state and local officials, many institutions were able to gain early access to their facilities located in the affected areas and retrieve important files and data in order to become operational and serve their customers.

You may also be interested in the status and/or condition of the institutions affected by Hurricanes Katrina and Rita. While a great percentage of the offices/branches have reopened, the consequences of the disasters may continue to linger with many serious challenges ahead for the entire industry. Despite dire predictions of failures and serious financial problems, a vast majority of the financial institutions located in the affected parishes remain in sound condition due, in large part, to management's ability to successfully implement their disaster recovery plans in a timely and efficient manner.

INSTITUTIONS AFFECTED BY HURRICANES KATRINA AND RITA

BANKS

There were 28 state-chartered and 3 national banks domiciled in the parishes significantly impacted by hurricanes Katrina and Rita. A further breakdown shows there were 14 state-chartered and 2 national banks affected by Katrina, and 14 state-chartered and 1 national banks affected by Rita. The Katrina parishes include: Jefferson, Orleans, Plaquemines, and St. Tammany. The Rita parishes include: Acadia, Calcasieu, Jefferson Davis, and Vermilion. There were no banks headquartered in the parishes of St. Bernard and Cameron, which were also significantly impacted by Katrina and Rita, respectively. Since it moved its headquarters effective July 1, 2007 from Louisiana to Virginia, largest of these banks, a national bank with total assets of $31.94 million as of June 30, 2007, is still reflected in the analysis below.

Total assets for these 31 banks increased from $48.06 billion as of March 31, 2007, to $49.92 billion as of June 30, 2007. Total deposits increased minimally from $37.04 billion as of March 1, 2007, to $37.09 billion as of June 30, 2007. In the past year, total assets grew by $2.87 billion or 6.11 percent, and deposits grew by $407 million or 1.11 percent, with each category growing in all but one quarter during this time.

Cash decreased in the second quarter of 2007, the third time in the last four quarters, and is below levels reported a year ago. Federal funds sold decreased in the second quarter of 2007 but is well above the level reported a year ago, and levels have fluctuated in that time period. In the second quarter of 2007, securities increased for the second time in the last four quarters and are above the level reported a year ago. Total loans increased in the second quarter of 2007, the third time in the last four quarters, and are above the level reported a year ago.

Tier 1 (core) capital decreased from $3.65 billion as of March 31, 2007, to $3.61 billion as of June 30, 2007, with the Tier 1 (core) capital ratio decreasing from 8.22 percent as of March 31, 2007, to 8.11 percent as of June 30, 2007. Tier 1 (core) capital levels and the Tier 1 (core) Capital ratio have increased in three of the last four quarters.

Net income for the second quarter of 2007 increased over the level reported from the prior quarter, because of increased non-interest income and decreased non-interest expense, and the annualized ROAA for the second quarter of 2007 increased from 0.67 percent to 0.79 percent. However, the quarterly net income and ROAA are well below levels reported a year ago. As of June 30, 2007, year-to-date net income is $68 million below the level reported a year ago, and the ROAA has declined from 1.04 percent to 0.73 percent.

Nonperforming loans decreased from $193 million as of March 31, 2007, to $186 million as of June 30, 2007, and other real estate owned remained at $24 million for these same times periods. With the decrease in the level of nonperforming assets and asset growth, the ratio of nonperforming assets to total assets decreased from 0.45 percent as of March 31, 2007, to 0.42 percent as of December 31, 2006.

Net charge-offs increased from $22 million during the first quarter of 2007 to $24 million during the second quarter of 2007. With this increase, the annualized net charge-off ratio increased to 0.35 percent for the quarter ending June 30, 2007, from 0.31 percent for the quarter ending March 31, 2007. As of June 30, 2007, year-to-date net charge-offs total $46 million, and the net charge-off ratio is 0.33 percent, which is below the year-to-date net charge-offs and net charge-off ratio of $53 million and 0.39 percent, respectively, reported a year ago.

THRIFTS

There were initially 8 state-chartered and 8 federally-chartered thrifts domiciled in the parishes significantly impacted by hurricanes Katrina and Rita as noted above. However, with one state-chartered thrift merging in a non-storm related transaction, the following analysis only includes 15 thrifts domiciled in the affected parishes. A further breakdown shows there were initially 5 state-chartered and 7 federally-chartered thrifts affected by Katrina. This has changed to 4 and 6, respectively, with a conversion in the second quarter noted earlier. There were 2 state-chartered and 1 federally-chartered thrifts affected by Rita.

Total assets for the 15 thrifts increased from $2.85 billion as of March 31, 2007, to $2.95 billion as of June 30, 2007. Total deposits increased from $2.15 billion as of March 31, 2007, to $2.24 billion as of June 30, 2007. In the last four quarters, the second quarter of 2007 is the only one in which total assets and total deposits have increased; however, they are still below levels reported a year ago. During the second quarter of 2007, total loans, cash, and securities increased while Federal funds sold declined. During the past year, cash and Federal Funds sold fluctuated while securities declined in the three of the four quarters, and all but cash below the level reported a year ago. Total loans are above levels reported a year ago, steadily increasing in all four quarters.

Tier 1 (core) capital has decreased slightly from $424 million as of March 31, 2007, to $423 million as of June 30, 2007, and the Tier 1 (core) capital ratio decreased from 14.95 percent as of March 31, 2007, to 14.45 percent as of June 30, 2007. The annualized ROAA, based on quarter-only net income, has declined from 0.37 percent as of March 31, 2007, to 0.35 percent as of June 30, 2007. Net income for the second quarter of 2007 declined primarily because of increase in interest and non-interest expense and would have declined further if not for negative provision expense. Through June 30, 2007, year-to-date net income has declined by 54.78 percent over the same time period for the prior year with the year-to-date ROAA declining from 0.76 percent to 0.36 percent.

Nonperforming assets have increased from $9.11 million as of March 31, 2007, to $10.31 million as of June 30, 2007, with the increase primarily attributable to non-current loans. The ratio of nonperforming assets to total assets increased from 0.22 percent as of March 31, 2007, to 0.26 percent as of June 30, 2007, and is above the ratio from a year ago. Other real estate is slightly below the level reported a year ago while nonperforming loans increased significantly. These thrifts reported net recoveries of $270 thousand and $6 thousand for the quarters ending March 31, 2007, and June 30, 2007, respectively. As of June 30, 2007, these thrifts reported year-to-date recoveries of $276 thousand, significantly below the net recoveries of $1.84 million reported year-to-date for the same time period a year ago.

LOUISIANA ECONOMY*

In late August and September 2005, the state of Louisiana was hit by two major hurricanes. The first storm made landfall in southeastern Louisiana, devastating several parishes in this area while impacting several others. The second storm made landfall in southwestern Louisiana, devastating several parishes in this area while further impacting some of the parishes affected by the first storm. The two major Metropolitan Statistical Areas (MSA) affected most by the storms were the New Orleans-Metairie-Kenner (New Orleans) MSA and the Lake Charles MSA. Both MSAs suffered job losses following the storms. When compared to pre-storm levels, as of June 30, 2007, the Lake Charles MSA has growth slightly in total non-farm jobs, with 2 of 7 job sectors still showing losses and another 2 job sectors at a break-even level. However, the New Orleans MSA still shows high losses in total non-farm jobs, and only 2 of 11 job sectors showing job gains.

The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor and the Louisiana Department of Labor provide seasonally-adjusted job numbers for total non-farm jobs and a breakdown of 11 job sectors. As shown below, for the 12 month period from June 30, 2006 to June 30, 2007, non-farm jobs increased, with six sectors showing increases, one sector remaining the same, and four sectors showing decreases. During this 12-month period, non-farm jobs increased in all months but May 2007. All of the 11 job sectors showed month-to-month fluctuations with no sectors showing gains for all 12 months with most sectors showing either the same number or a higher number of monthly job gains.

As of June 30, 2007, the state had 1,910,800 non-farm jobs, an increase of 7,600 jobs since March 31, 2007, and 53,700 jobs since June 30, 2006. Second quarter job gains were noted in the various job sectors as follows: educational and health services (+3,400); leisure and hospitality (+2,800); construction (+1,800); other services (+900); government (+700); and information (+500). Second quarter job losses were noted in the various job sectors as follows: manufacturing (-600); professional and business services (-400); trade, transportation, and utilities (-300); and financial activities (-100). The natural resources and mining sector showed no gains or losses during the second quarter. During the second quarter, all MSAs showed at least one job sector with losses.

Employment growth or loss by job sector over the last 12 months is as follows: educational and health services (+13,000); leisure and hospitality (+8,900); government (+8,200); trade, transportation, and utilities (+8,100); professional and business services (+4,500); other services (+3,200); natural resources and mining (+3,000); construction (+2,800); manufacturing (+2,700); financial activities (+1,200); and information (-1,500). Although all MSAs showed job losses in at least one sector during the second quarter, the Baton Rouge MSA is the only MSA that reported no job losses in any job sector during the last 12 months; however, the information sector remained at the same level.

The state's unemployment rate was 3.8 percent as of June 30, 2007, as compared to 4.1 percent as of March 31, 2007, and 3.6 percent as of June 30, 2006. During this twelve month period, the state's unemployment rate was between 4 and 5 percent for six months and between 3 and 4 percent for the other six months, with the lowest level at 3.3 percent in July 2006. The state's unemployment rate at June 30, 2007, and March 31, 2007, compare favorably with the three border states of Arkansas, Mississippi, and Texas at 5.0 and 4.9 percent, 6.0 and 6.9 percent, and 4.1 and 4.3 percent, respectively. The U.S. unemployment rate was 4.5 percent as of June 30, 2007, as compared to 4.4 percent as of March 31, 2007, and 4.6 percent as of June 30, 2006.

Unemployment rates for the eight MSAs in Louisiana as well as non-MSA parishes are not seasonally adjusted. As of June 30, 2006, the Houma-Bayou Cane-Thibodaux (Houma) MSA had the lowest unemployment rate at 3.4 percent followed closely by the Lafayette MSA at 3.5 percent while the Monroe MSA had the highest at 5.5 percent. Lafourche and Terrebonne Parishes, part of the Houma MSA, and Lafayette Parish, part of the Lafayette MSA, share the lowest unemployment rate for parishes within an MSA at 3.4 percent while St. Helena Parish, part of the Baton Rouge MSA, has the highest unemployment rate for parishes within an MSA at

8.1 percent. For the parishes not located in an MSA, Jefferson Davis and Vernon Parishes share the lowest unemployment rate of 4.2 percent while East Carroll Parish has the highest unemployment rate of 10.9 percent.

The price of Light Louisiana Sweet Crude fluctuated greatly during the last half of 2006 and first half of 2007, with the price reaching a low of $57 per barrel in January 2007, and high of $76 per barrel in July 2006. The prices for the current quarter-end, previous quarter-end, and quarter-end of a year ago are as follows: $73 per barrel at June 2007; $65 per barrel at March 2007; and $72 per barrel at June 2006. As of the writing of this report, the price has increased further to approximately $79 per barrel.

The spike in oil prices over the past 12 months is due to the following situations: limited excess production capacity; the weak value of the dollar; instability in the Middle East, including ongoing tensions with Iran and reduced production in Iraq; underlying fears about terrorism; political unrest in Nigeria and Venezuela, which discourages investment to expand production capacity; lack of investment to upgrade old infrastructure, which are badly in need of upgrade, for areas with known oil reserves, such as Iraq; weather-related affects on oil production as occurred in the Gulf of Mexico during Hurricanes Katrina and Rita; and rising demand in China, the United States, and developing countries.

From June 2006, to of June 2007, oil rig activity for Louisiana and the Gulf of Mexico has declined. The Louisiana rig count has decreased in a year's time from 188 to 180, a decrease of 8 rigs or approximately 4 percent, while the Gulf of Mexico rig count has decreased from 132 to 108, a decline of 24 rigs or approximately 18 percent. The total rig count for Louisiana and the Gulf of Mexico has decreased by 32 rigs or approximately 10 percent. For the second quarter of 2007, the total count has decreased by 2 rigs with the Gulf of Mexico increasing by 3 rigs and Louisiana decreasing by 5 rigs.

Real estate markets in Louisiana remained strong, with building permits increasing significantly during the second quarter of 2007. Building permits totaled 6,742 during the quarter ended June 30, 2007, as compared to 4,951 for the quarter ended March 31, 2007, and 6,141 for the quarter ended June 30, 2006.

According to a recent news release from the Office of Federal Housing Enterprise Oversight (OFHEO), housing prices in Louisiana in the second quarter of 2007 were 6.60 percent higher than they were in the same quarter of 2006. During this same time frame, housing prices in the US were only 3.2 percent higher, the lowest annual price change since the 1996-97 period. Based on the annual price change, Louisiana shows the 12th highest change out of the 50 states plus the District of Columbia. Texas and Mississippi are the only southern states ranked ahead of Louisiana with rank and annual changes of 9th at 6.94 percent and 10th at 6.73 percent, respectively. Utah showed the highest annual price change at 15.28 percent while Nevada showed the lowest annual price change at -1.45 percent. Over a five-year period, housing prices in Louisiana and the US increased by 41.86 percent and 50.76 percent, respectively. Florida is the only southern state that has shown a higher growth rate in housing prices, at 95.30 percent, in the same time period.

The OFHEO release also includes the annual prices changes for all MSAs, with rankings based on the annual changes for 287 MSAs having at least 15,000 transactions over the last 10 years. Five of the eight MSAs in Louisiana are ranked, with their annual price changes, as follows: Baton Rouge MSA - 28th at 8.48 percent; Shreveport MSA - 76th at 5.50 percent; Lafayette MSA - 85th at 5.26 percent; New Orleans MSA - 97th at 4.96 percent; and Monroe MSA - 112th at 4.47 percent. The three MSAs in Louisiana that were not ranked, with their annual price changes, are as follows: Alexandria MSA - 9.06 percent; Houma MSA - 8.76 percent; and Lake Charles MSA - 3.62 percent. OFHEO provides this housing prices report on a quarterly basis.

According to Freddie Mac, the monthly average rate for a 30-year fixed-rate mortgage increased during the second quarter to 6.66 percent in June 2007, from 6.16 percent in March 2007, and decreased slightly in a year's time from 6.68 percent in June 2006. The monthly average rate for a 15-year fixed rate mortgage increased during the second quarter to 6.34 percent in June 2007, from 5.88 percent in March 2007, and slightly in a year's time from 6.31 percent in June 2006. The Federal funds rate increased slightly from 5.30 percent as of March 31, 2007, to 5.31 percent as of June 30, 2007, and increased from the 5.05 percent rate as of June 30, 2006. Prime rate remained the same at 8.25 percent as of June 2007, March 2007, and June 2006.

Louisiana bankruptcy filings increased during the second quarter of 2007. A total of 3,595 bankruptcy cases were filed during the quarter ending June 30, 2007, as compared 3,223 bankruptcy cases filed during the quarter ending March 31, 2007, and 2,993 cases for the quarter ending June 30, 2006. A breakdown of case filings by Chapter, for the second quarter and the first six months of 2007, was not available as of the writing of this report. However, in the first quarter of 2007, Chapter 13 filings were almost double the Chapter 7 filings with only a small number of Chapter 11 and 12 filings. For the 2006 year, a total of 11,275 cases were filed, with more Chapter 13 filings than Chapter 7 filings, and these chapters comprising the majority of cases filed.

Louisiana expects record yields for corn and soybeans with rice expected to tie the record yield set in 2005. Corn acreage harvested for grain are an estimated 730,000 acres, a 152 percent increase from the 290 acres in 2006, Corn production is forecast at 109.5 million bushels, a 170 percent increase from the 40.6 million bushels in 2006, with the yield per acre estimated at 150 bushels, up 10 bushels from 2006 and up 2 bushels from the record yields in 2001. Soybean acreage for harvest is estimated at 580,000 acres, down 31 percent from the 840,000 acres in 2006. Because of the reduction in acres for harvest, soybean production is expected to total 21.5 million bushels, a decrease of 27 percent from the 29.4 million bushels in 2006. However, the yield is forecast at 37 bushels per acre, up 2 bushels per acre from 2006. If realized, it will establish a new record yield for Louisiana soybeans. Rice acreage for harvest is forecast at 385,000 acres, up from the 345,000 acres or 11.6 percent from the 2006 crop. Forecast production is 22.7 million cwt, an increase from 20.09 cwt or 13 percent in 2006, with the yield per acre forecast at 5,900 pounds, up 80 pounds from 2006 and tying the record yield for 2005.

Sugarcane acreage expected for harvest is 430,000 acres, down 5,000 acres or approximately 1 percent from 2006. However, the yield is estimated at 29 net tons per acre, up 6 percent from the 27.3 net tons in 2006, and the sugarcane crop is estimated at 12.5 million net tons, up 5 percent from the 11.9 million tons in 2006. Cotton production is expected to total 660,000 bales, a decline of 581,000 bales or 47 percent from 2006. An estimated 335,000 acres are expected for harvest, down 295,000 acres or 47 percent from 2006. The yield per acre is the same as 2006 at 946 pounds. Sorghum production is estimated at 19.1 million bushels, up 128 percent from the 8.4 million bushels in 2006. Acres for harvest are forecast at 205,000 acres, an increase of 188,000 acres or 116 percent from 2006. Yield per acre is forecast at 93 bushels, down 3 bushels from 2006 and 6 bushels from record yield set in 2005. Hay production is estimated at 1.1 million tons, up 11 percent from 1 million tons in 2006, with acres for harvest forecast to increase to 400,000 acres, up 10,000 acres or 3 percent from 2006. Yields per acre are expected to increase to 2.7 tons, up 0.2 tons from 2006.

For the first six months of 2007, Louisiana commercial red meat production totaled 4.0 million pounds, down from 4.4 million pounds in the first six months of 2006. The drop in production occurred primarily because of a decrease in the average live weight of calves, sheep, and lambs slaughtered in the first six months of 2007. Commercial red meat production in the US is also down in the first six months of 2007 compared to the first six months of 2006 primarily because of a decline in the average live weight of cattle and calves slaughtered during this period. Estimates for cattle and calf inventories are not published for Louisiana as of July 1st; therefore, information from January 1st of 2006 and 2007 are used. In this time period, Louisiana's cattle inventory has increased an estimated 5 percent, with cows that have calved also increasing by an estimated 5 percent.

Louisiana is the fourth largest producing state behind Mississippi, Alabama, and Arkansas, for commercial catfish operations. Of these four states, Louisiana has the fewest number of operations and fewest water surface acres used for production. Mississippi ranks first in both operations and water surface acres. Alabama is second in number of operations while Arkansas is second in water surface acres. From July 1, 2006, to July 1, 2007, the number of operations in Louisiana has declined from 24 to 19, and the water surfaces acres used for production has declined from 5,700 acres to 5,500 acres. The three other states also saw a decline in the number of operations; however, Arkansas was the only state to see an increase in water surface acres used for production. In this one-year time frame, Louisiana saw an increase in total pounds for foodsize fish, with an increase noted in pounds of small foodsize and decreases noted in pounds of medium and large foodsize, and the number of fish following the same pattern. Total stockers saw a decrease in pounds and number of fish in both the large stockers and small stockers. Fingerlings and fry increased in total pounds with a decrease in the number of fish.

Turmoil in the mortgage loan industry, particularly in subprime and non-traditional (alternative) mortgage lending areas, and significant increases in foreclosure activities, have made national headlines over the past several months. A number of mortgage lenders have curtailed their lending activities with some filing for bankruptcy protection, and a number have also announced numerous personnel layoffs because of these cutbacks. At this time, the layoffs do not appear to have significantly impacted any Louisiana markets or banking institutions. It remains uncertain as to whether a curtailment in the lending activities will impact any housing markets in Louisiana. However, it is likely that tightening of credit availability for some borrowers may result from this predicament.

In May 2007, Louisiana lost out in its bid as a site for the $3.1 million ThyssenKrupp AG steel mill, as ThyssenKrump chose the state of Alabama. The mill, targeted to open in 2010 at a site 25 miles northeast of Mobile, Alabama, will generate approximately 30,000 construction jobs, and 2,700 permanent jobs for the state of Alabama. In May 2007, construction had begun on a $750 million liquefied natural gas (LNG) terminal near Hackberry in Cameron Parish, Louisiana, which is expected to begin operations in 2008 and expected to generate about 90 permanent jobs.

The October 2006 Louisiana Economic Outlook, prepared by Dr. Scott and James A. Richardson, John Rhea Alumni Professor of Economics LSU, projects that the New Orleans MSA will add 34,300 and 23,000 more jobs in 2007 and 2008, respectively, but will remain 120,000 jobs below its 2004 level. This report projects job growth in six of the seven remaining MSAs with the Monroe MSA projected to remain flat primarily because of the closure of one of the area's largest employers. However, the projected new jobs created in the New Orleans MSA are estimated to comprise nearly two-thirds and one-half of the projected new jobs created in the entire state for 2007 and 2008, respectively.

In his February 2007 Report, Advancing in the Aftermath IV: Tracking the Recovery from Katrina and Rita, the final in a series of four reports, Dr. Loren Scott, Professor Emeritus in Economics from Louisiana State University (LSU), cites a source that indicates the number of homes damaged and rendered no longer livable by both storms was seven times larger than any other natural disaster in U.S. history. He notes that lack of available housing remains a key problem, with a second source indicating that, with out major repairs, approximately 40 percent and 60 percent of homes damaged statewide and in the New Orleans MSA, respectively, are un-inhabitable without at least major repairs. He cites several sources that show insurance companies paid $2.4 billion in Rita claims to Louisiana policy holders and claims of $14.5 billion so far for Katrina, although the report does not specifically note this amount was for Louisiana only.

Based on information from the BLS, he notes that, from December 2004 to December 2006, the New Orleans MSA has suffered total job losses of 168,900 or 27.4 percent. These losses have ranged from a low of 13.2 percent to a high of 43.1 percent for all job sectors, with the exception of natural resources and mining, which showed a modest increase in the number of jobs in this time but a high percentage at 18.8 percent.

Dr. Scott notes that Marathon Oil will soon begin a $3.2 billion expansion of its refinery in Garyville, Louisiana, which is halfway between Baton Rouge and New Orleans. According to a November 2006 article in The Advocate, a daily Baton Rouge, Louisiana, newspaper, Marathon Oil is going to build a new plant that will result in 2,000 construction jobs and 250 new permanent jobs and process 180,000 barrels of oil per day. Dr. Scott notes several other large construction projects in and around New Orleans, such as a new 6-lane twin span over Lake Ponchatrain and the widening project for the Huey P. Long Bridge (both mentioned in a previous report), construction of a $1 billion LNG import terminal by Freeport McMoran Exploration, construction of a

$60 million luxury condo project in the Warehouse District, and capacity expansion of Dow Chemical's Union Carbide facility in St. Charles Parish.

According to an October 2006 article in The Advocate, the rising cost of insurance on property is another issue closely related to housing; however, the rising insurance costs are not just in the parishes affected by Hurricane Katrina but also those affected by Hurricane Rita. A survey of a few insurance companies showed that rate increases have nearly doubled in most of the locations listed with one location showing a rate almost triple the previous rate.

All financial information contained within this report was obtained from the Institution Directory and Statistics on Depository Institutions sections of the Federal Deposit Insurance Corporation's (FDIC) website, which is based on the quarterly financial reports filed by the individual banks and thrifts.

**Sources for Louisiana Economy Comments: Information was obtained from reports prepared by Dr. Loren C. Scott and Professor James A. Richardson, US Department of Labor, Louisiana Department of Labor, US Department of Agriculture, the Louisiana Department of Agriculture, the Office of Federal Housing Enterprise Oversight, and the Regional Economic Conditions section of the FDIC website.*

UNIFORM FINANCIAL INSTITUTIONS RATING SYSTEM (UFIRS)

Under the UFIRS, each financial institution is assigned a composite rating based on an evaluation of six essential components of an institution's financial condition and operations that address capital adequacy, asset quality, management capability, the level and quality level of earnings, liquidity adequacy, and sensitivity to market risk. The composite ratings, on a scale of 1 to 5, are defined as follows:

Composite 1

Financial institutions in this group are sound in every respect and generally have components rated 1 or 2. Any weaknesses are minor and can be handled in a routine manner by the board of directors and management. These financial institutions are the most capable of withstanding the vagaries of business conditions and are resistant to outside influences such as economic instability in their trade area. These financial institutions are in substantial compliance with laws and regulations. As a result, these financial institutions exhibit the strongest performance and risk management practices relative to the institution's size, complexity, and risk profile, and give no cause for supervisory concern.

Composite 2

Financial institutions in this group are fundamentally sound. For a financial institution to receive this rating, generally no component rating should be more severe than 3. Only moderate weaknesses are present and are well within the board of directors' and management's capabilities and willingness to correct. These financial institutions are stable and are capable of withstanding business fluctuations. These financial institutions are in substantial compliance with laws and regulations. Overall risk management practices are satisfactory relative to the institution's size, complexity, and risk profile. There are no material supervisory concerns and, as a result, the supervisory response is informal and limited.

Composite 3

Financial institutions in this group exhibit some degree of supervisory concern in one or more of the component areas. These financial institutions exhibit a combination of weaknesses that may range from moderate to severe; however, the magnitude of the deficiencies generally will not cause a component to be rated more severely than 4. Management may lack the ability or willingness to effectively address weaknesses within appropriate time frames. Financial institutions in this group generally are less capable of withstanding business fluctuations and are more vulnerable to outside influences than those institutions rated a composite 1 or 2. Additionally, these financial institutions may be in significant noncompliance with laws and regulations. Risk management practices may be less than satisfactory relative to the institution's size, complexity, and risk profile. These financial institutions require more than normal supervision, which may include formal or informal enforcement actions. Failure appears unlikely, however, given the overall strength and financial capacity of these institutions.

Composite 4

Financial institutions in this group generally exhibit unsafe and unsound practices or conditions. There are serious financial or managerial deficiencies that result in unsatisfactory performance. The problems range from severe to critically deficient. The weaknesses and problems are not being satisfactorily addressed or resolved by the board of directors and management. Financial institutions in this group generally are not capable of withstanding business fluctuations. There may be significant noncompliance with laws and regulations. Risk management practices are generally unacceptable relative to the institution's size, complexity, and risk profile. Close supervisory attention is required, which means, in most cases, formal enforcement action is necessary to address the problems. Institutions in this group pose a risk to the deposit insurance fund. Failure is a distinct possibility if the problems and weaknesses are not satisfactorily addressed and resolved.

Composite 5

Financial institutions in this group exhibit extremely unsafe and unsound practices or conditions; exhibit a critically deficient performance; often contain inadequate risk management practices relative to the institution's size, complexity, and risk profile; and are of the greatest supervisory concern. The volume and severity of problems are beyond management's ability or willingness to control or correct. Immediate outside financial or other assistance is needed in order for the financial institution to be viable. Ongoing supervisory attention is necessary. Institutions in this group pose a significant risk to the deposit insurance fund and failure is highly probable.