LOUISIANA BANKS AND THRIFTS FINANCIAL REPORT

For the Quarter Ended
June 30, 2008

STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS

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LOUISIANA BANKING INDUSTRY FINANCIAL CONDITION AS OF JUNE 30, 2008

During the second quarter of 2008, total assets for all banks domiciled in Louisiana increased from $44.88 billion to $45.71 billion, an increase $0.83 billion or by 1.85 percent. During the second quarter, two of the four major asset categories increased while the two other categories decreased. Total loans and leases increased from $30.30 billion to $31.44 billion or by 3.73 percent. Cash increased from $1.57 billion to $1.63 billion or by 4.16 percent. Total securities decreased from $9.34 billion to $9.25 billion or by 0.87 percent. Federal funds sold decreased from $1.33 billion to $0.83 billion or by 37.55 percent. On the liabilities side, total deposits increased from $36.36 billion to $36.58 billion or by 0.58 percent, while borrowed money increased from $3.42 billion to $4.10 billion or by 19.90 percent.

For Louisiana state-chartered banks, total assets increased by 2.03 percent during the second quarter of 2008. For these banks, total loans, cash and securities increased, while Federal funds sold decreased. On the liabilities side, total deposits and borrowed money both increased. For Louisiana-domiciled national banks, total assets increased by 1.46 percent during the second quarter of 2008. For these banks, cash and total loans increased, while securities and Federal funds sold decreased. On the liabilities side, 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, 2008 and for all banks domiciled in Louisiana for the quarters ended June 30, 2008, and March 31, 2008; and for calendar years 2007 and 2006:

	U. S. Banks	**Louisiana-Domiciled Banks**			
TRENDS	Quarter Ended 06/30/2008	Quarter Ended 06/30/2008	Quarter Ended 03/31/2008	Year Ended 12/31/2007	Year Ended 12/31/2006
Earnings					
Yield on Earning Assets	5.71%	6.41%↓	6.76%	7.24%↑	6.84%
Cost of Funds	2.30%	1.96%↓	2.31%	2.63%↑	2.40%
Net Interest Margin	3.41%	4.46%**N/C**	4.46%	4.61%↑	4.43%
Loan Loss Provisions to Average Assets	1.25%	0.58%↑	0.28%	0.17%↑	0.06%
Operating Expenses to Average Assets	3.03%	3.36%↑	3.27%	3.43%↑	3.34%
Return on Average Assets	0.35%	0.95%↓	1.27%	1.30%↑	1.13%
Asset Quality					
Noncurrent Loans to Total Loans	1.87%	1.57%↑	1.37%	1.20%↑	0.76%
Nonperforming Assets to Total Assets	1.22%	1.25%↑	1.07%	0.92%↑	0.51%
Net Charge-offs to Total Loans	1.24%	0.48%↑	0.32%	0.21%↓	0.36%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	7.58%	8.88% **N/C**	8.88%	8.88%↑	8.42%
Earning Assets to Total Assets	87.87%	90.70%↓	91.27%	91.18%↑	86.65%
Loans to Deposits	88.42%	84.83%↑	82.31%	81.25%↑	76.08%

Although decreasing during the second quarter, the year-to-date 2008 return on average assets (ROAA) for Louisiana-domiciled banks remains well above the national average and increased by 18 basis points over the same time period in 2007. A great majority of the banks domiciled in Louisiana continue to show solid earnings performance as a result of satisfactory net interest margins, stable and controlled operating expenses, and low but increasing provisions for loan losses. In addition, earnings retention continues to augment a sound capital base, in spite of further asset growth. Asset quality shows some signs of weakening as the dollar volume and ratio of nonperforming assets have increased from the previous quarter and from the same time period last year. Net charge-offs and net charge-off ratios have increased during the second quarter, with both above the level reported for the first six months of 2007. However, Louisiana-domiciled banks compare very favorably overall when compared to all commercial banks in the U.S., as shown in the table above and other pages throughout this report.

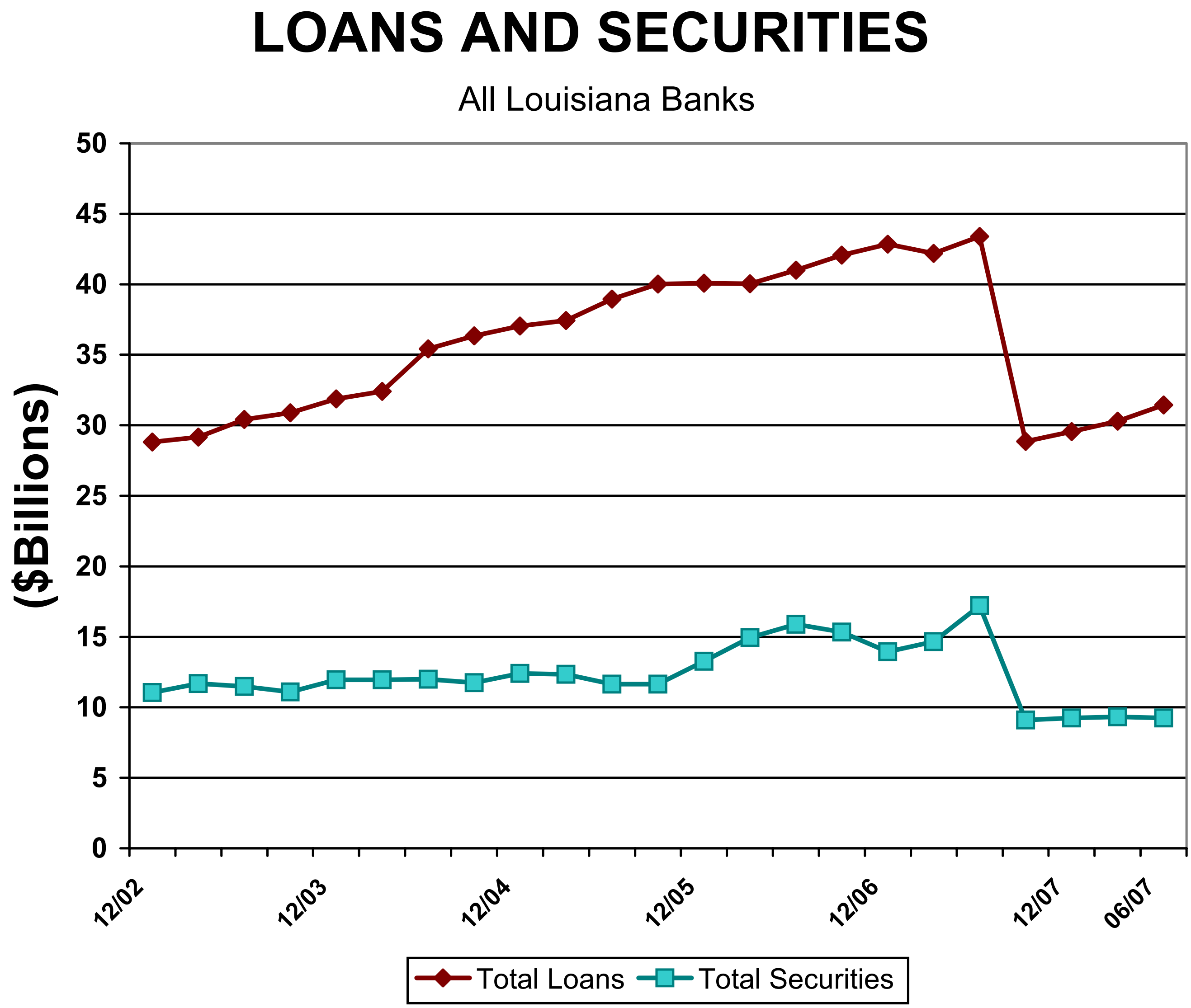

Figure 1

As previously mentioned, total loans and leases increased by 3.73 percent during the second quarter of 2008, from $30.30 billion to $31.43 billion or by approximately $1.13 billion. Total loans and leases have increased in 17 of the past 20 quarters. During the second quarter, increases were noted in all categories in the following order: real estate loans, commercial loans, farm loans, consumer loans, and other loans. Real estate loans increased from $20.51 billion to $21.13 billion or by $620 million. Commercial loans increased from $6.30 billion to $6.53 billion or by $238 million. Farm loans increased from $320 million to $468 million or by $148 million. Consumer loans increased from $2.62 billion to $2.71 billion or by $92 million. Other loans increased from $562 million to $593 million or by $31 million.

During the second quarter of 2008, state-chartered and Louisiana-domiciled national banks experienced growth in the all reported loan categories.

Figure 1 above demonstrates the trend in total loans and leases and securities since year-end 2002 with the significant decline in the third quarter caused by a large national bank moving its headquarters from Louisiana in July 2007. Figure 2 on the following page shows the composition in the loan portfolio mix at June 30, 2008.

LOAN PORTFOLIO MIX

All Louisiana Banks as of June 30, 2008

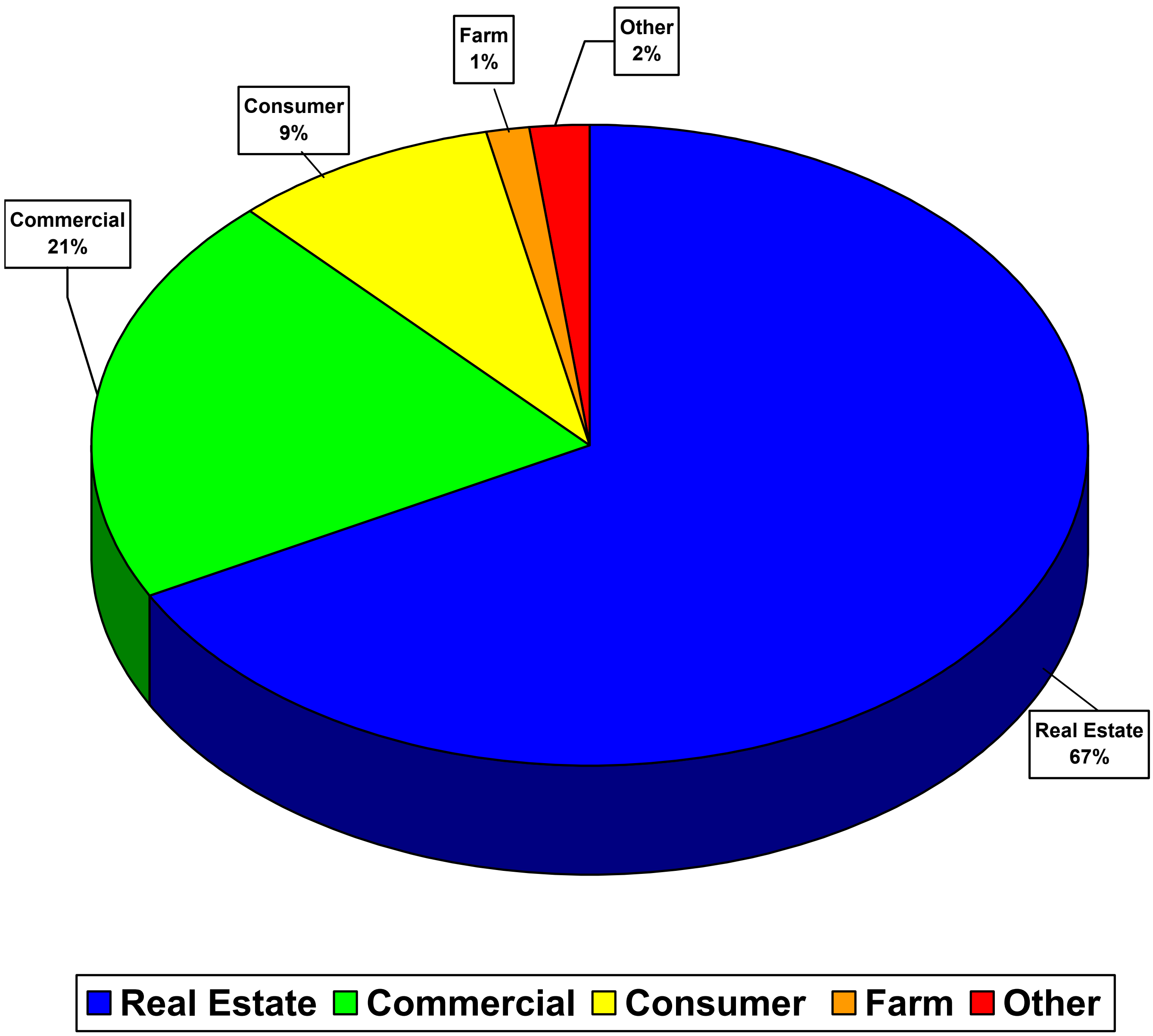

Figure 2

As of June 30, 2008, for Louisiana state-chartered banks, the loan portfolio mix is as follows: real estate loans - 70 percent; commercial loans - 15 percent; consumer loans - 11 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 - 62 percent; commercial loans - 32 percent; consumer loans - 4 percent; farm loans - 0 percent; and other loans - 2 percent.

As of June 30, 2008, for all commercial banks in the U.S., the loan portfolio mix is as follows: real estate - 55 percent; commercial loans - 21 percent; consumer loans - 14 percent; farm loans - 1 percent; and other loans - 9 percent.

The ratio of loans to deposits increased during the second quarter of 2008, from 82.31 percent as of March 31, 2008, to 84.83 percent as of June 30, 2008, as net loans continued to increase at a faster pace than total deposits. Figure 3 below illustrates the aggregate loan-to-deposit ratio trend since year-end 2002.

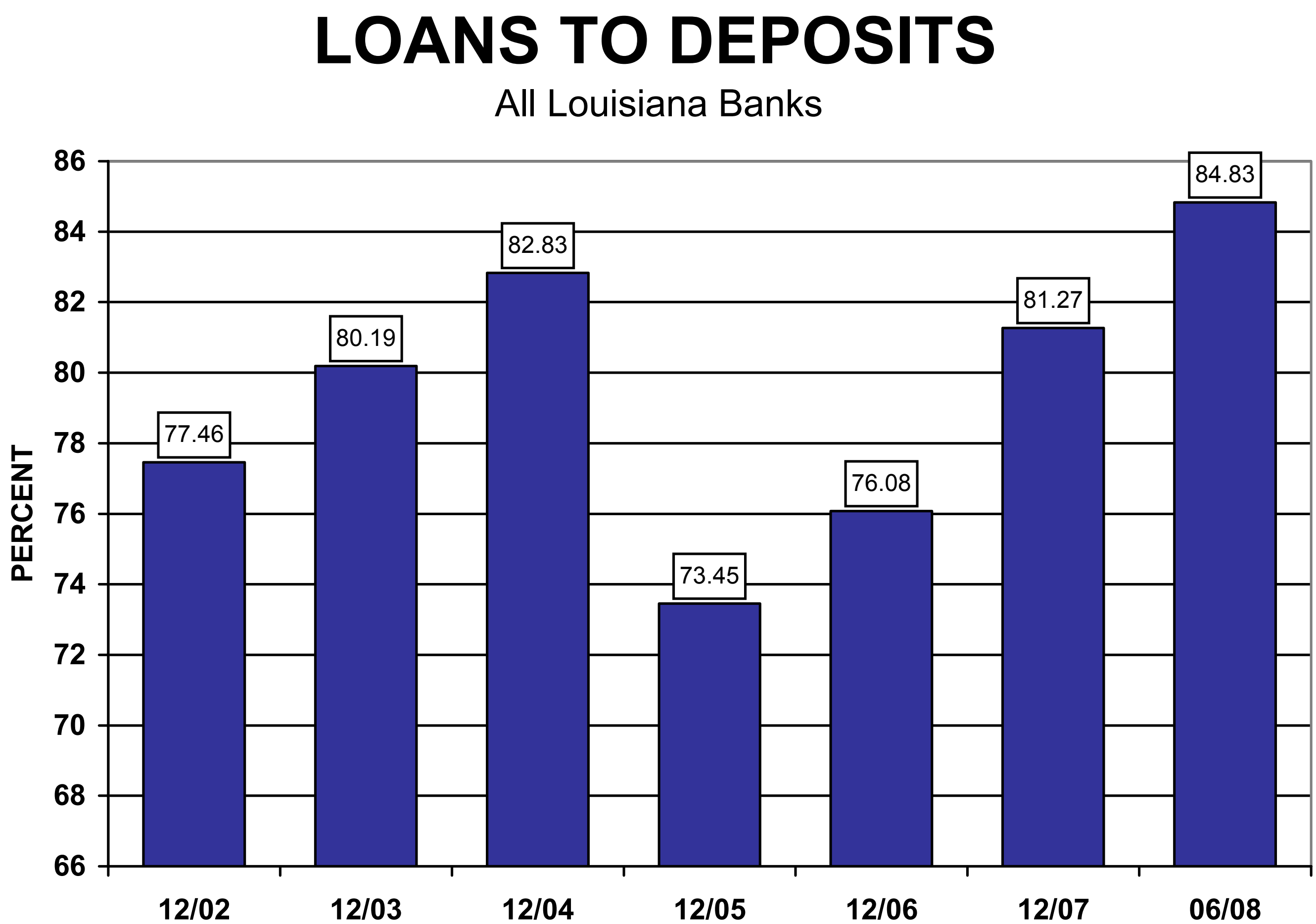

Figure 3

For Louisiana state-chartered banks, the ratio of loans to deposits increased from 79.17 percent as of March 31, 2008, to 81.53 percent as of June 30, 2008, as net loans grew at a faster rate than deposits. For Louisiana-domiciled national banks, the ratio grew from 89.52 percent as of March 31, 2008, to 92.56 percent as of June 30, 2008, as loans grew and deposits declined.

For all commercial banks in the U.S., the ratio of loans to deposits increased slightly from 88.30 percent as of March 31, 2008, to 88.42 percent as of June 30, 2008. During this time period, loans and deposits both declined, with loans declining at a slower rate than deposits.

On the liabilities side, total deposits increased from $36.37 billion as of March 31, 2008, to $36.58 billion as of June 30, 2008, or by 0.58 percent, while borrowed money increased from $3.42 billion as of March 31, 2008, to $4.10 billion as of June 30, 2008, or by 19.90 percent. Core deposits increased from $29.29 billion as of March 31, 2008, to $29.55 billion as of June 30, 2008, or by 0.89 percent. Figure 4 below shows the mix of deposits and borrowed money since year-end 2002.

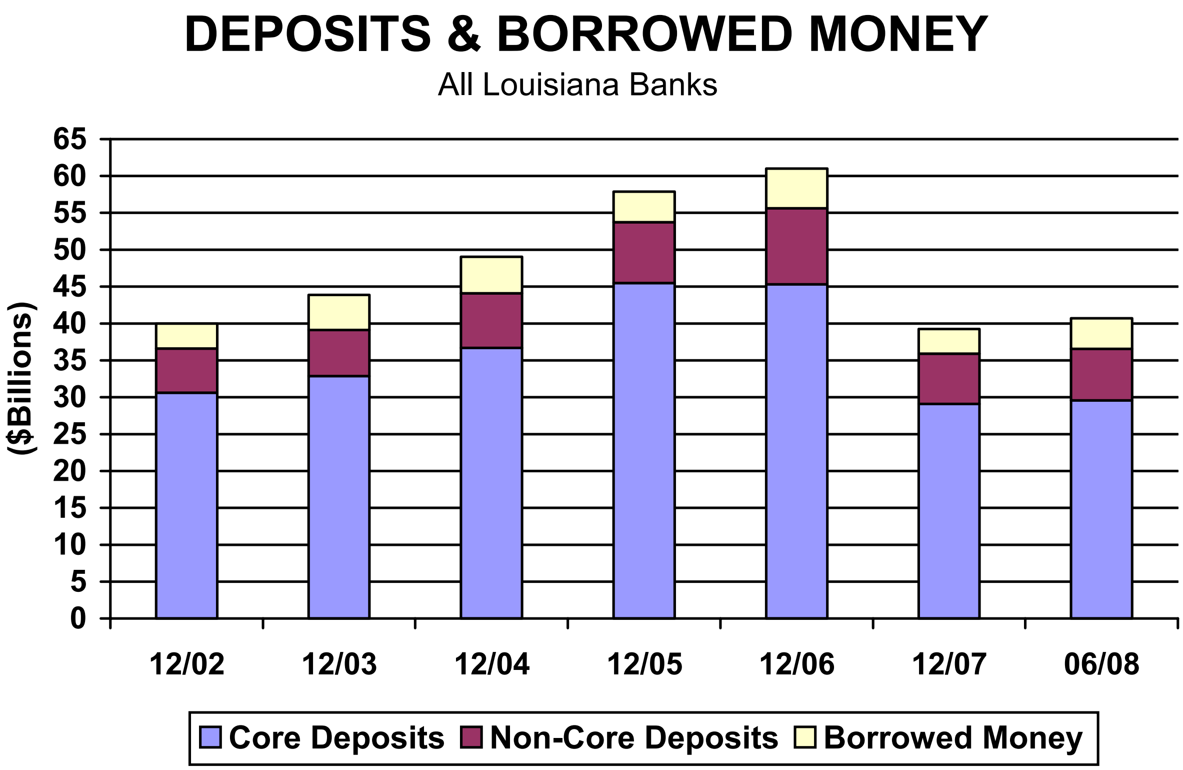

Figure 4

As noted above, borrowed money increased during the second quarter of 2008. As of June 30, 2008, borrowed money totaled $4.10 billion and consisted of Federal funds purchased totaling $1.76 billion, Federal Home Loan Bank (FHLB) advances totaling $2.16 billion, and other borrowings totaling $189 million. As of March 31, 2008, borrowed money totaled $3.42 billion and consisted of Federal funds purchased totaling $1.81 billion, FHLB advances totaling $1.41 billion, and other borrowings totaling $194 million. Total borrowed money for Louisiana state-chartered banks increased by $370 million during the second quarter with increases in Federal funds purchased, FHLB advances, and other borrowings. Total borrowed money for Louisiana-domiciled national banks increased by $311 million during the fourth quarter with increases in FHLB advances and declines in Federal funds purchased and other borrowings.

Non-core deposits decreased during the second quarter of 2008. As of June 30, 2008, non-core deposits totaled $7.02 billion and consisted of time deposits of $100,000 or more totaling $6.39 billion and deposits held in foreign offices totaling $634 million. As of March 31, 2008, non-core deposits totaled $7.07 billion and consisted of time deposits of $100,000 or more totaling $6.45 billion and deposits in foreign offices totaling $621 million. During the second quarter, non-core deposits in Louisiana state-chartered banks, consisting entirely of time deposits of $100,000 or more, decreased by $49 million. During this same time, non-core deposits in Louisiana-domiciled national banks increased by $577 thousand with a $12.45 million decrease in time deposits of $100,000 or more and a $13.03 million increase in deposits held in foreign offices.

Note: The decreases in all three categories from prior years through December 31, 2007, shown in the chart above, was the result of the large national bank moving its headquarters out of Louisiana in July 2007.

The ratio of core deposits to total deposits and borrowed money decreased during the second quarter of 2008, going from 73.62 percent as of March 31, 2008, to 72.65 percent as of June 30, 2008. This ratio has generally fluctuated between approximately 72 and 79 percent in the last 20 quarters although it fell below 72 percent in the second quarter of 2007. Figure 5 below illustrates the trend in the core deposits to total deposits and borrowed money ratio since year-end 2002.

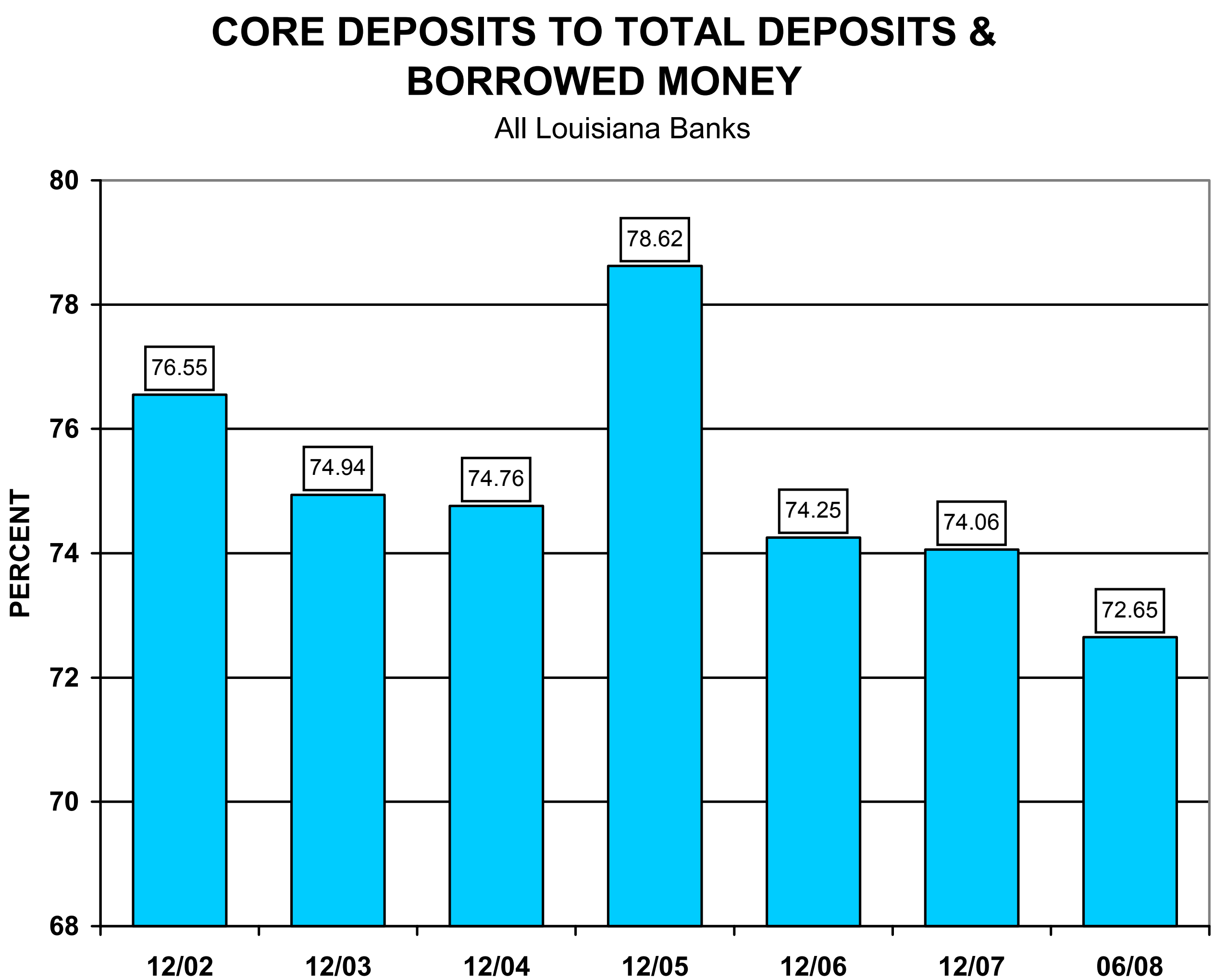

Figure 5

For Louisiana state-chartered banks, the ratio of core deposits to total deposits and borrowed money decreased slightly to 73.24 percent as of June 30, 2008, from 73.78 percent as of March 31, 2008. For Louisiana-domiciled national banks, this ratio decreased to 71.33 percent as of June 30, 2008, from 73.28 percent as of March 31, 2008.

For all commercial banks in the U.S., the ratio of core deposits to total deposits and borrowed money decreased from 51.79 percent as of March 31, 2008, to 51.51 percent as of June 30, 2008.

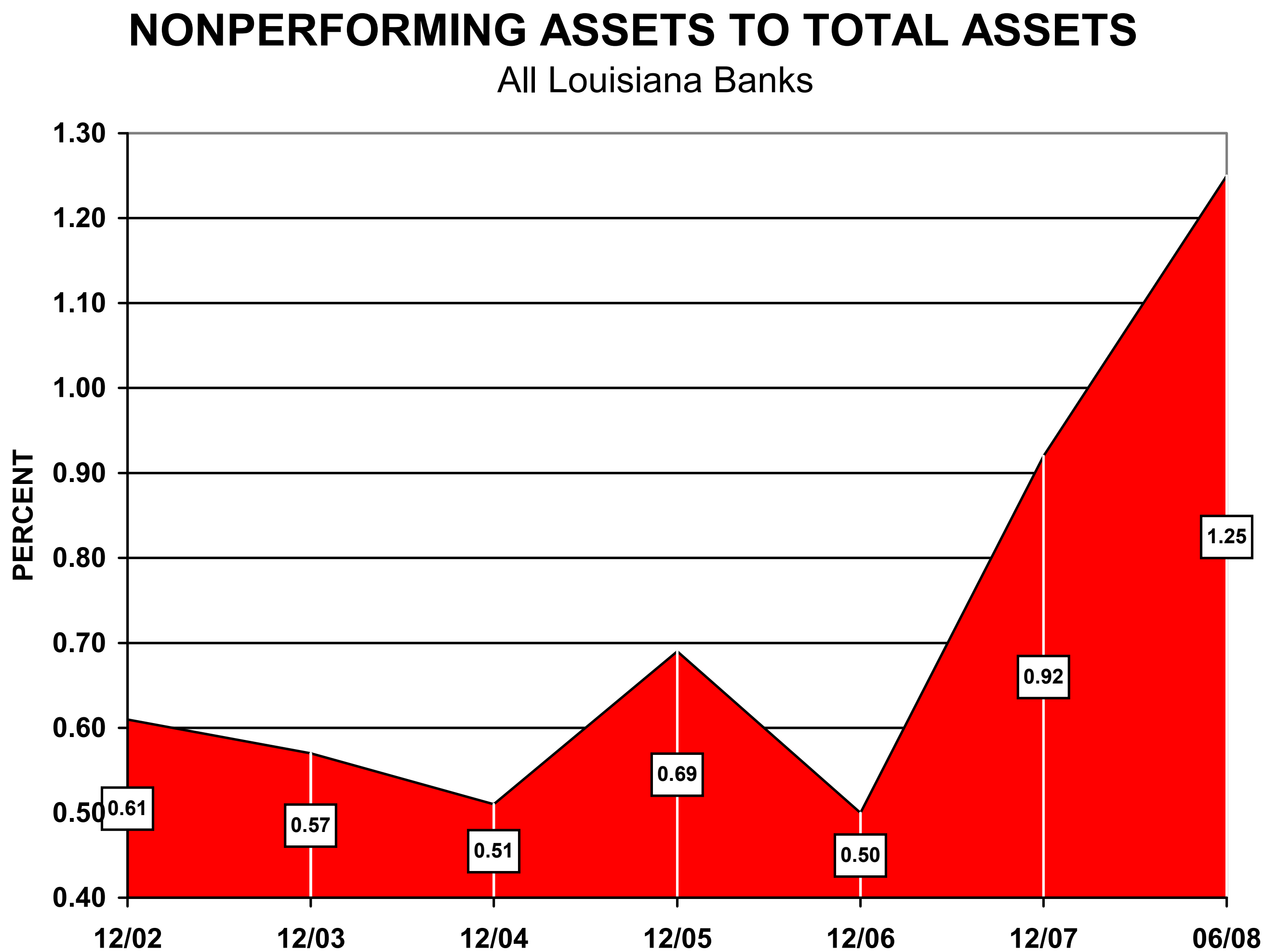

Figure 6

The volume of nonperforming assets (noncurrent loans as defined below plus other real estate owned) increased significantly during the second quarter of 2008, from $479 million as of March 31, 2008, to $571 million as of June 30, 2008, or an increase of 19.12 percent. The percentage of nonperforming assets to total assets increased from 1.07 percent at March 31, 2008, to 1.25 percent at June 30, 2008. Figure 6 above illustrates that the ratio of nonperforming assets to total assets from year-end 2002 through the end of the second quarter of 2008, with this ratio steadily increasing from the second quarter of 2007 forward.

The aggregate of noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) increased from $415 million as of March 31, 2008, to $493 million as of June 30, 2008, or by 18.64 percent. The ratio of noncurrent loans to total loans increased from 1.37 percent as of March 31, 2008, to 1.57 percent as of June 30, 2008. Other real estate owned increased from $64 million as of March 31, 2008, to $78 million as of June 30, 2008, or by 22.24 percent. Over the past twelve months, noncurrent loans increased by $241 million, or 95.87 percent, and other real estate owned increased by $51 million, or 193.02 percent, when you exclude those same assets reported at June 30, 2007, by the large national bank that moved its headquarters out of Louisiana in July 2007.

In the second quarter of 2008, noncurrent loans increased from $255 million to $316 million in Louisiana state-chartered banks and from $160 million to $173 million for Louisiana-domiciled national banks. In this same quarter, other real estate owned increased from $49 million to $58 million in Louisiana state-chartered banks and increased from $15 million to $19 million in Louisiana-domiciled national banks. From March 31, 2008, to June 30, 2008, the ratio of nonperforming assets to total assets increased from 0.99 percent to 1.19 percent in Louisiana state-chartered banks and increased from 1.24 percent to 1.37 percent in Louisiana-domiciled national banks. In this same time period, the ratio of noncurrent loans to total loans increased from 1.25 percent to 1.50 percent and from 1.61 percent to 1.72 percent in Louisiana state-chartered banks and Louisiana-domiciled national banks, respectively.

For all commercial banks in the U.S., nonperforming assets increased from March 31, 2008, to June 30, 2008, with both noncurrent loans and other real estate owned increasing. As a result, the ratio of nonperforming assets to total assets increased from 1.03 percent to 1.22 percent, and the ratio of noncurrent loans to total loans increased from 1.60 percent to 1.87 percent.

Figure 7 below illustrates the level of noncurrent loans and other real estate owned for all Louisiana banks from year-end 2002 through year-end 2007 as well as the current quarter-end.

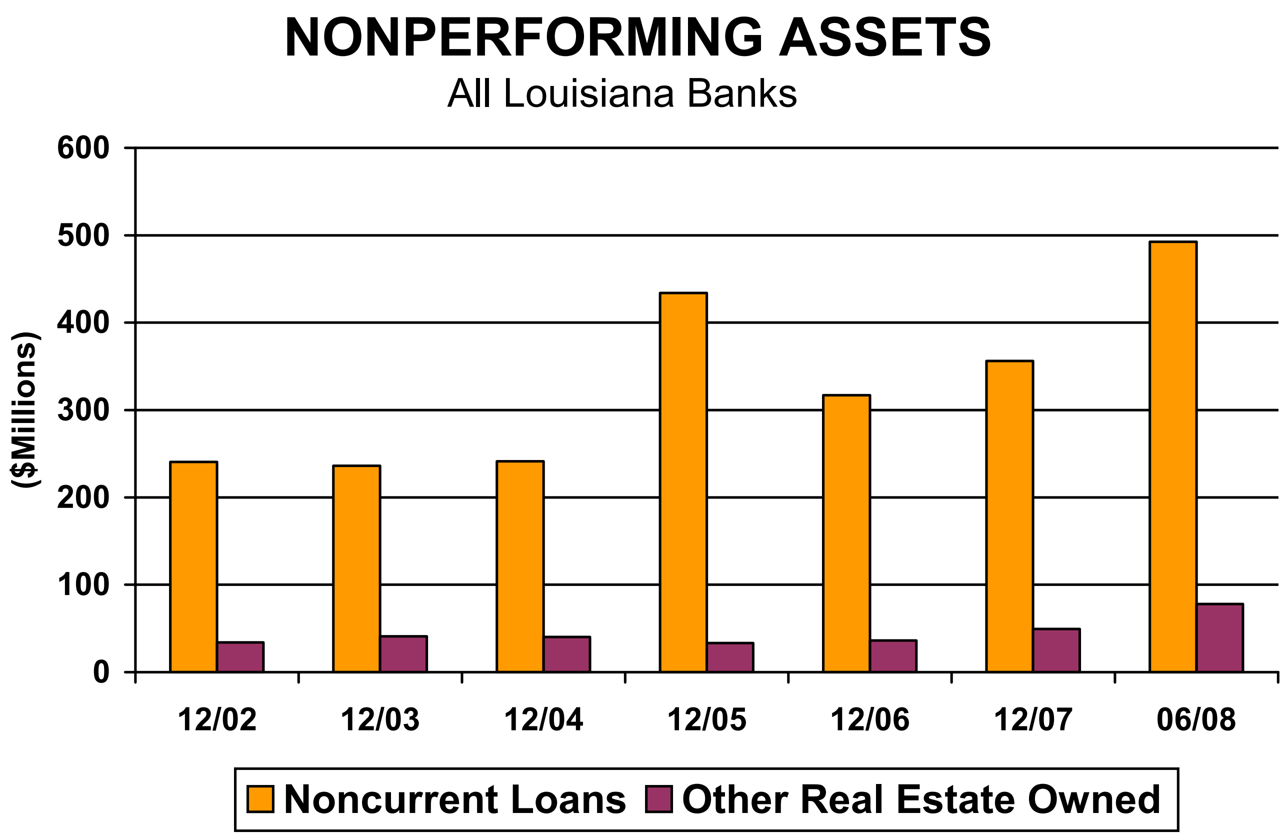

Figure 7

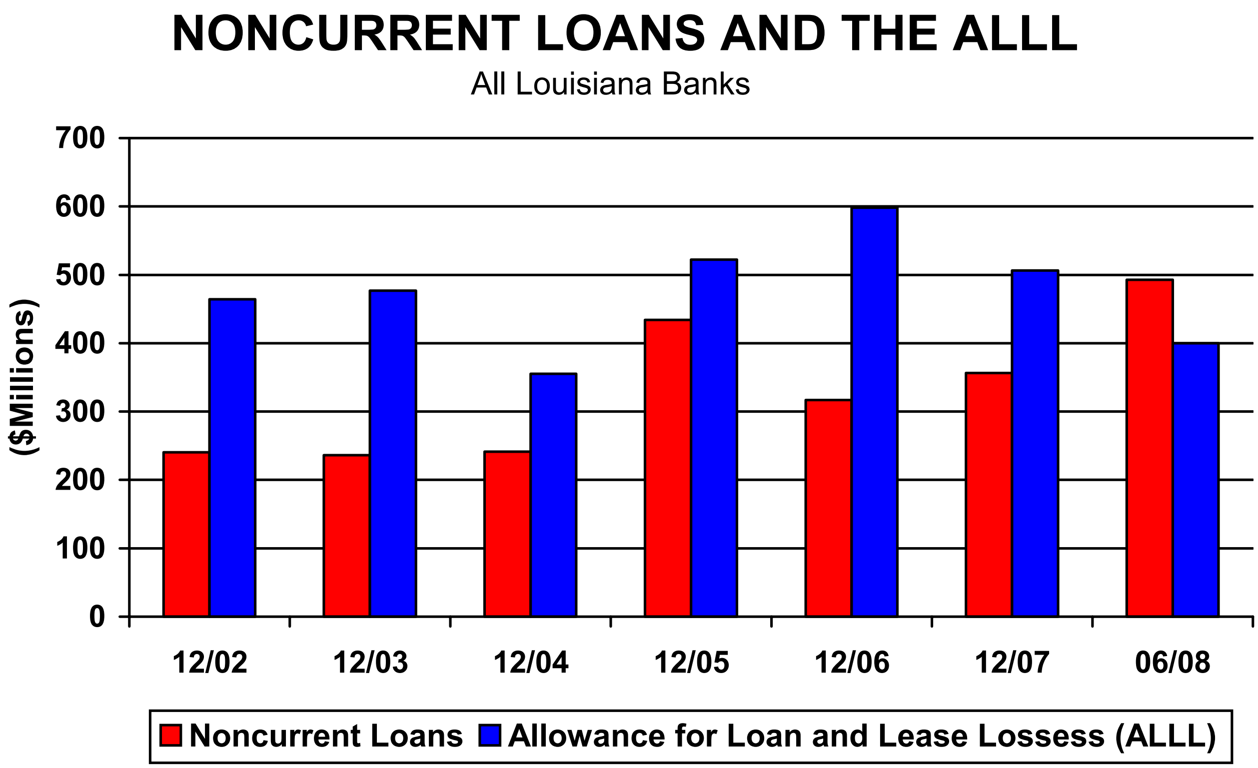

Figure 8

Figure 8 above illustrates that the level of the ALLL for Louisiana-domiciled banks as compared to the level of noncurrent loans (those loans 90 days or more past due and still accruing interest or on nonaccrual status) from year-end 2002 through the current quarter-end. For each quarter from year-end 2002 through year-end 2007, the level maintained in the ALLL exceeded the level of noncurrent loans; however, during the first and second quarters of 2008, the level of noncurrent loans exceeded the level of the ALLL.

For Louisiana state-chartered banks, the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2002 through year-end 2007 while the level of noncurrent loans exceeded the level of noncurrent loans for the first and second quarters of 2008. For Louisiana-domiciled national banks, the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2002 through the second quarter of 2007 while the level of noncurrent loans exceeded the level of noncurrent loans from the third quarter of 2007 through the second quarter of 2008.

For commercial banks throughout the U. S., the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2002 through year-end 2007 while the level of noncurrent loans exceeded the level of noncurrent loans for the first and second quarters of 2008.

Net charge-offs recognized in the second quarter of 2008 totaled $37 million, an increase from the $24 million in net charge-offs recognized in the first quarter of 2008. The annualized net charge-off ratio for the quarter ending June 30, 2008, increased to 0.48 percent, from 0.32 percent for the quarter ending March 31, 2008. However, the year-to-date (YTD) ratio of net charge-offs to total loans increased modestly from 0.32 percent as of March 31, 2008, to 0.40 percent as of June 30, 2008. For the year 2007, net charge-offs totaled $58 million with a net charge-off ratio of 0.21 percent, as compared to $150 million for the calendar year 2006 with a net charge-off ratio at 0.36 percent. However, net charge-offs for 2006 include those reported by the large national bank that moved its headquarters from Louisiana in July 2007. Excluding those reported by this bank, net charge-offs in 2006 would have totaled $89 million with an adjusted net-charge-off ratio of 0.44 percent.

From March 31, 2008, to June 30, 2008, quarterly net charge-offs increased from $13 million to $20 million for Louisiana state-chartered banks. For these banks, the annualized net charge-off ratio, based on quarterly charge-offs, increased from 0.25 percent to 0.38 percent, while the year-to-date net charge-off ratio increased from 0.25 percent to 0.32 percent. Net charge-offs totaled $47 million and $69 million for the calendar years 2007 and 2006, respectively, with the YTD net charge-off ratios of 0.25 percent and 0.42 percent, respectively. From March 31, 2008, to June 30, 2008, quarterly net charge-offs increased from $11 million to $17 million for Louisiana-domiciled national banks. These banks saw the annualized net charge-off ratio increase from 0.46 percent to 0.69 percent, while the YTD ratio increased from 0.46 percent to 0.57 percent. Net charge-offs totaled $11 million and $20 million for the calendar years 2007 and 2006, respectively, with the YTD net charge-off ratios at 0.12 percent and 0.23 percent, respectively. The dollar amount and ratio for 2006 net charge-offs exclude those reported by the large national bank that moved its headquarters from Louisiana in July 2007

From March 31, 2008, to June 30, 2008, commercial banks in the U.S. reported an increase in quarterly net charge-offs from $15.80 billion to $20.61 billion. The quarterly net charge-off ratio increased from 0.95 percent for the quarter ending March 31, 2008, to 1.24 percent for the quarter ending June 30, 2008. The year-to-date net charge-off ratio for these banks increased from 0.95 percent as of March 31, 2008, to 1.09 percent as of June 30, 2008. These banks reported net charge-offs of $38.12 billion and $23.49 billion for the calendar years 2007 and 2006, respectively, with net charge-off ratios for 2007 and 2006 at 0.62 percent and 0.41 percent, respectively.

Loan loss reserves increased to $400 million as of June 30, 2008, from $370 million as of March 31, 2008, and the ratio of loan loss reserves to total loans increased to 1.27 percent as of June 30, 2008, from 1.22 percent as of March 31, 2008. Since year-end 2002, this ratio has primarily trended downward with the exception of year-end 2005 and the current quarter-end, 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; 1.22 percent as of December 31, 2006; and 1.22 percent as of December 31, 2007.

Loan loss provisions totaled $65 million during the third quarter of 2008, or 0.58 percent of average assets, as compared to $31 million during the first quarter of 2008, or 0.28 percent of average assets. Loan loss provisions totaled $76 million and $41 million for calendar years 2007 and 2006, respectively, compared to the loan loss provisions of $171 million for the calendar year 2005. However, the information above for 2006 and 2005 includes a large national bank that moved its headquarters from Louisiana in July 2007. If you exclude the loan loss provisions recognized by this bank, loan loss provisions would total $43 million and $160 million for calendar years 2006 and 2005, respectively.

As of June 30, 2008, loan loss reserves totaled $266 million for Louisiana state-chartered banks, an increase from $254 million as of March 31, 2008. With an increase in loans, the ratio of loan loss reserves to total loans increased minimally to 1.26 percent as of June 30, 2008, from 1.25 percent as of March 31, 2008. Loan loss provisions in the second quarter totaled $29 million, an increase from $16 million in the first quarter. For the calendar years 2007 and 2006, loan loss provisions totaled $55 million and $39 million, respectively, compared to loan loss provisions of $117 million for calendar year 2005.

As of June 30, 2008, loan loss reserves totaled $134 million for Louisiana-domiciled national banks, an increase from $115 million as of March 31, 2008. The ratio of loan loss reserves to total loans increased to 1.30 percent as of June 30, 2008, from 1.16 percent as of March 31, 2008. Loan loss provisions for the second quarter totaled $36 million, an increase from $16 million for the first quarter of 2008 for Louisiana-domiciled national banks. For the calendar years 2007 and 2006, loan loss provisions totaled $21 million and $4 million for Louisiana-domiciled national banks, if those recognized by the large national bank that moved its headquarters from Louisiana in July 2007 from the 2006 number. Loan loss provisions in 2005 totaled $55 million and $44 million, respectively, with this bank included and excluded, respectively.

Figure 9 below illustrates the level of year-to-date net charge-offs and provisions for loan and lease losses (PLLL) for all Louisiana-domiciled banks from year-end 2002 through the current quarter-end.

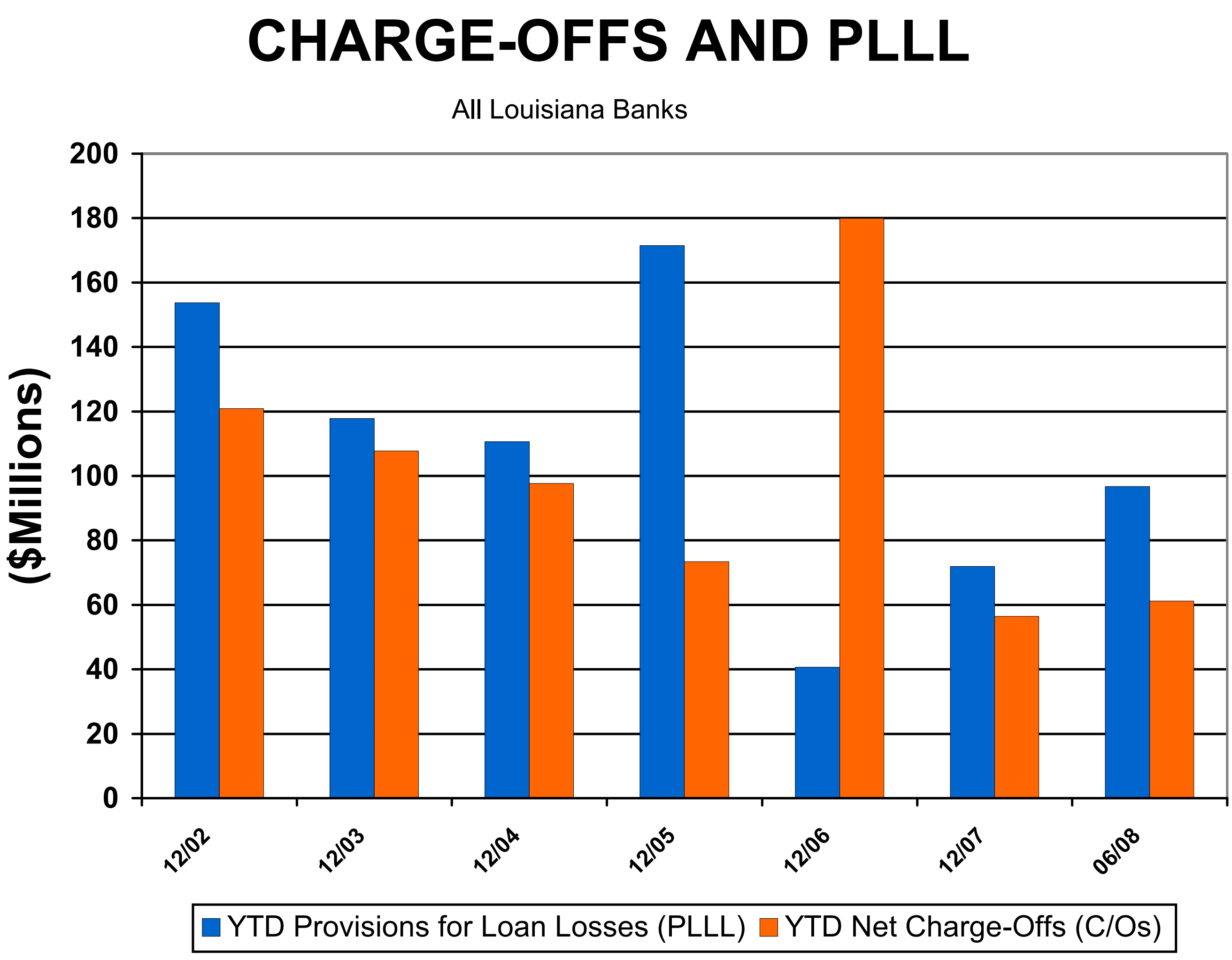

Figure 9

For all commercial banks in the U.S., loan loss reserves increased from $103.00 billion as of March 31, 2008, to $118.05 billion as of June 30, 2008. The ratio of loan loss reserves to total loans increased from 1.55 percent as of March 31, 2008, to 1.77 percent as of June 30, 2008. Loan loss provisions totaled $35.93 billion for the second quarter of 2008, compared to $29.39 billion for the first quarter of 2008. For the calendar years 2007 and 2006, all commercial banks in the U.S. recognized loan loss provisions totaling $57.29 billion and $25.59 billion, respectively.

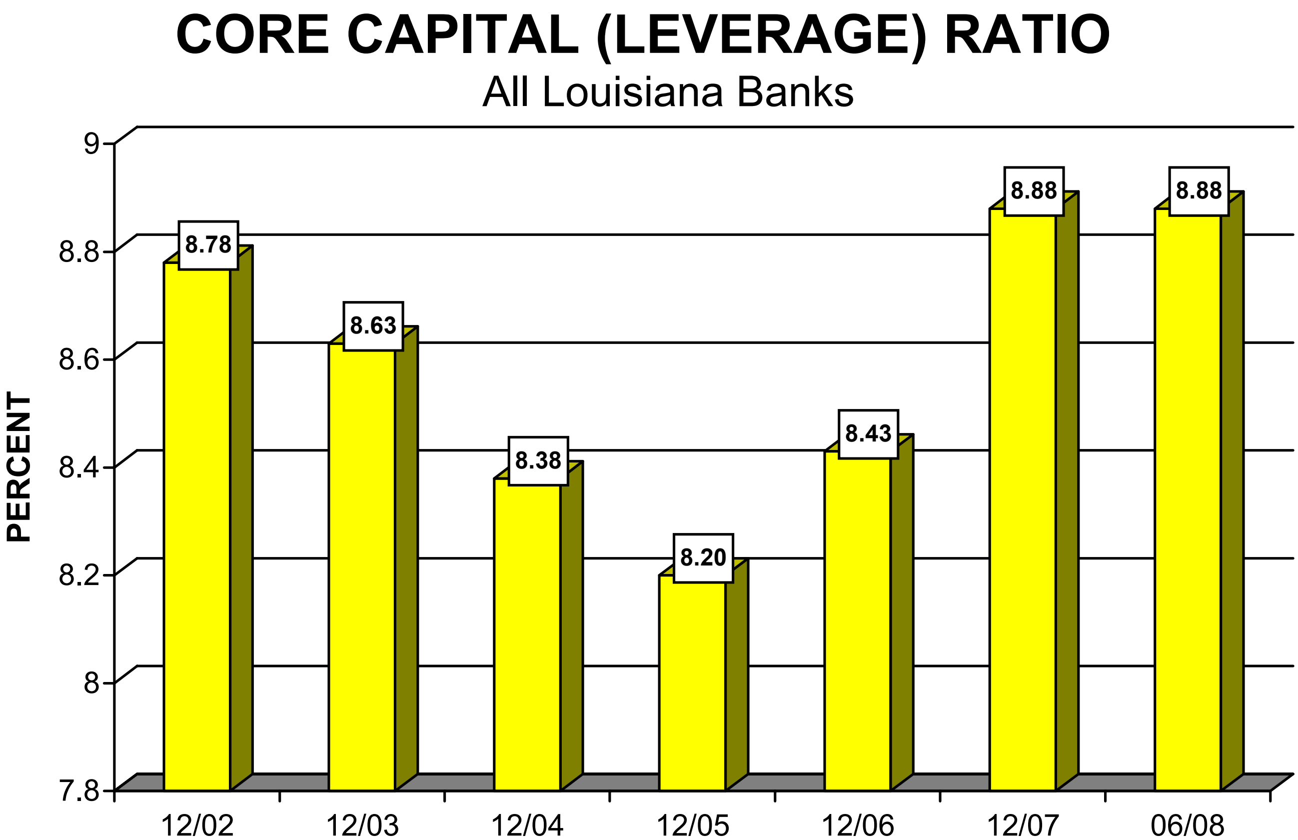

Figure 10

Tier 1 (core) capital increased from $3.90 billion as of March 31, 2008, to $3.95 billion as of June 30, 2008. However, with growth in quarter-end average assets, the Core capital (leverage) ratio remained at 8.88 percent at March 31, 2008, and June 30, 2008. The Core capital (leverage) ratio has remained at this same level for the past three quarters after hitting a high of 9.09 percent as of September 30, 2007.

During the second quarter of 2008, Tier 1 (core) capital increased by $59 million in Louisiana state-chartered banks. However, with growth in quarter-end average assets, the Core capital (leverage) ratio only increased from 9.24 percent to 9.25 percent. Dividends paid by Louisiana state-chartered banks during the fourth quarter increased by $14 million from the level paid in the first quarter. During the second quarter of 2008, Tier 1 (core) capital decreased by $655 thousand in Louisiana-domiciled national banks. With this decrease and an increase in quarter-end average assets, the Core capital (leverage) ratio declined from 8.09 percent to 8.03 percent. Dividends paid by national banks during the second quarter decreased by $2 million 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. With this increase, the Core capital (leverage) ratio increased from 7.50 percent as of March 31, 2008, to 7.58 percent as of June 30, 2008, as growth in Tier 1 (core) capital outpaced growth in quarter-end average assets. Cash dividends paid by these banks in the second quarter of 2008 declined by $360 million over the level paid during the first quarter of 2008.

Figure 10 above illustrates the trend in the Tier 1 (core) capital ratio since year-end 2002.

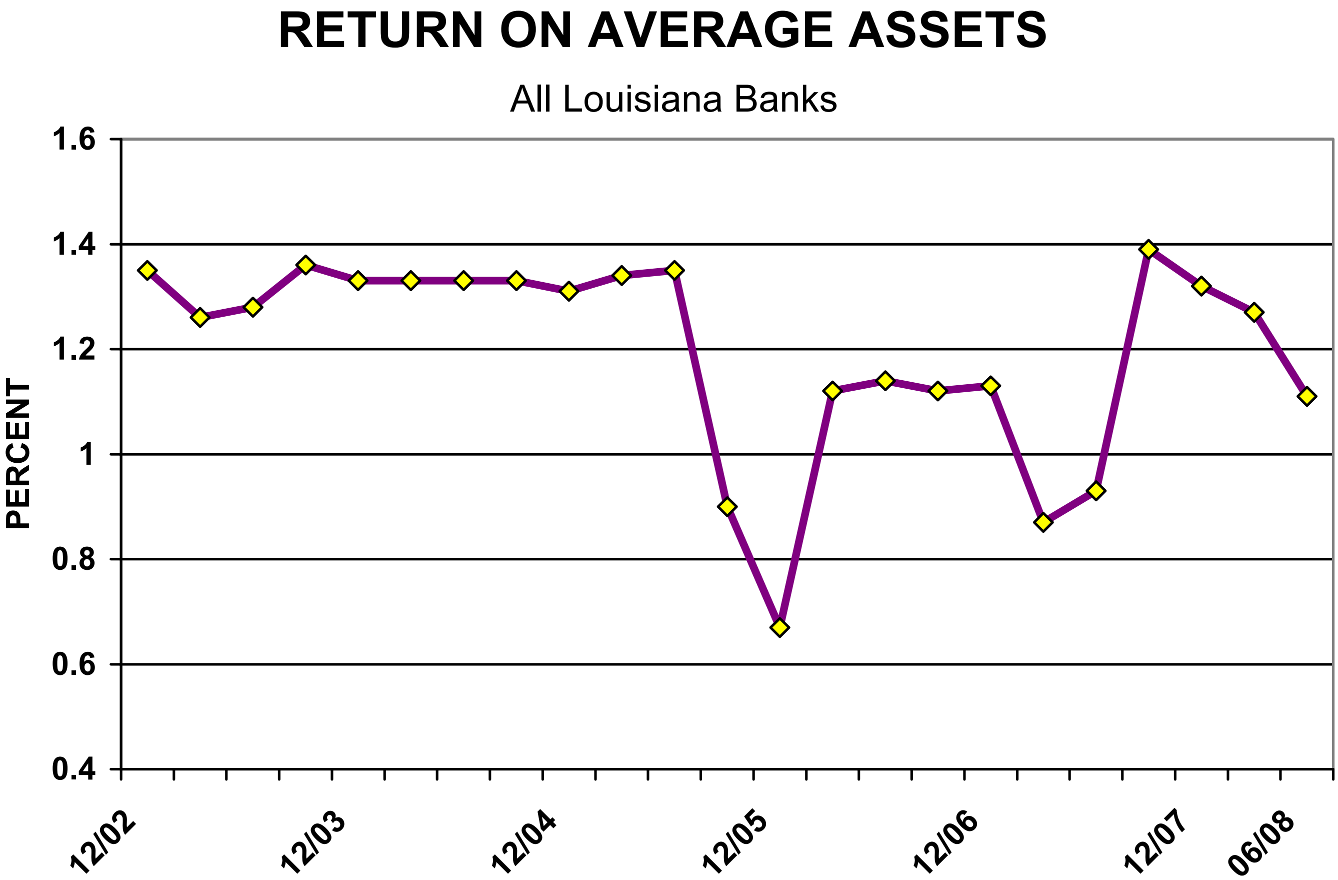

Figure 11

Earnings for the second quarter of 2008 were satisfactory, decreasing from the previous quarter with second quarter net income totaling $107 million, or a return on average assets of 0.95 percent annualized, as compared to $142 million, or a return on assets of 1.27 percent annualized, for the first quarter. A quarterly increase in loan loss provisions and non-interest expense contributed to the decrease in net income during the second quarter of 2008. Figure 11 above reflects the annual year-to-date return on average assets for all Louisiana banks for every quarter since year-end 2002. The year-to-date ROA declined to 1.11 percent as of June 30, 2008, from 1.27 percent as of March 31, 2008. Four Louisiana banks showed net operating losses for the second quarter, including one de novo bank opened within the last 3 years. Six Louisiana banks also reported net operating losses through the first six months of 2008, including the de novo bank noted above.

As of June 30, 2008, there are 51 Louisiana state-chartered and 4 Louisiana-domiciled national banks that have elected tax treatment as a Subchapter S corporation, or approximately 41 percent, of the 135 Louisiana-domiciled banks. For all commercial banks in the U.S., approximately 34 percent have elected tax treatment as a Subchapter S corporation.

Figure 12 on the following page reflects the annualized year-to-date net interest margin for all Louisiana banks for every quarter since year-end 2002.

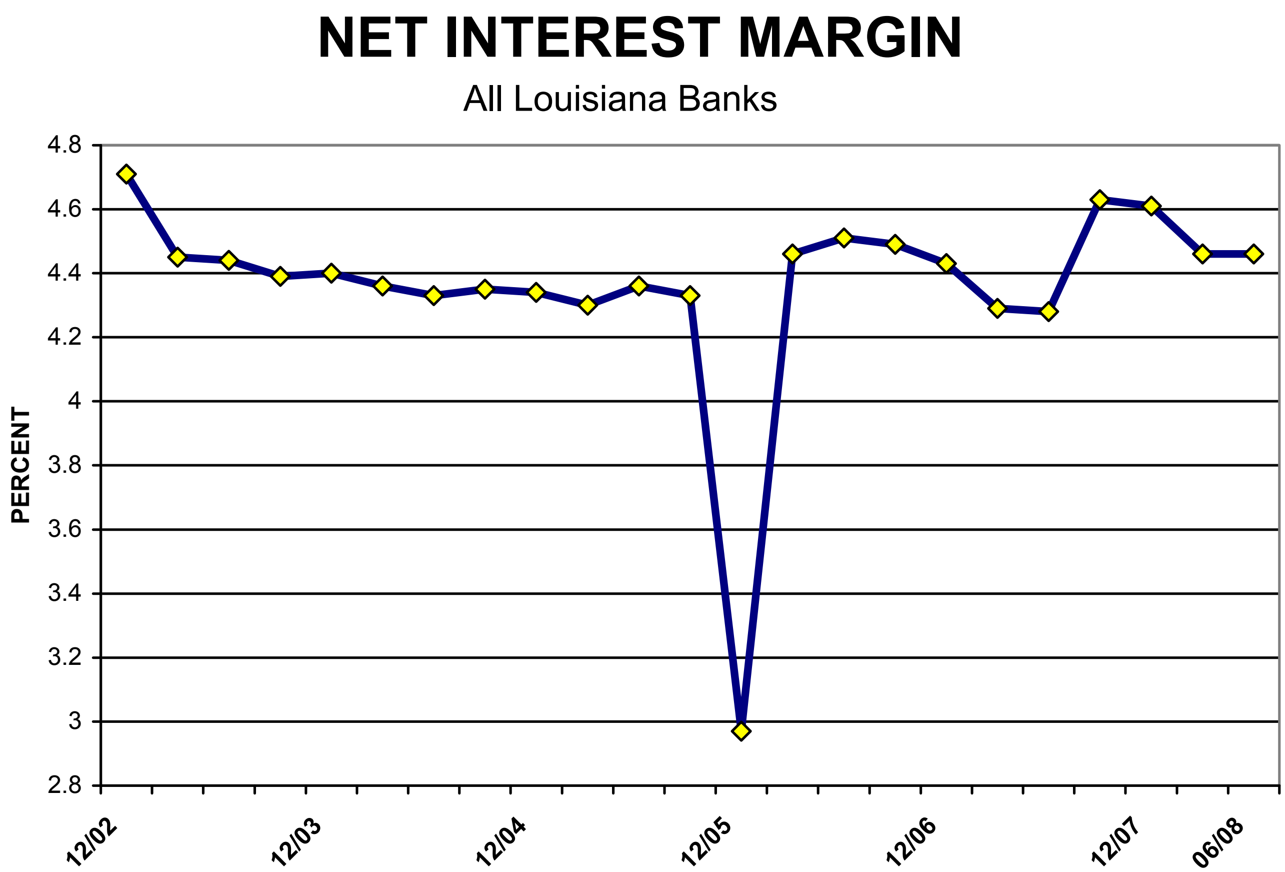

Figure 12

The net interest margin for all Louisiana-domiciled banks remained stable at 4.46 percent from the first quarter to the second quarter of 2008. The aggregate yield on earning assets decreased from 6.76 percent to 6.41 percent, while the cost of funds decreased from 2.31 percent to 1.96 percent.

During the second quarter of 2008, the net interest margin for Louisiana state-chartered banks increased nominally from 4.40 percent to 4.41 percent while the net interest margin for Louisiana-domiciled national banks decreased nominally from 4.58 percent to 4.56 percent. The yield on earning assets for Louisiana state-chartered banks and Louisiana-domiciled national banks decreased from 6.96 percent to 6.64 percent and from 6.33 percent to 5.91 percent, respectively. The cost of funds for Louisiana state-chartered banks and Louisiana-domiciled national banks decreased from 2.57 percent to 2.23 percent and from 1.75 percent to 1.35 percent, respectively.

For all commercial banks in the U.S., the net interest margin increased from 3.38 percent to 3.41 percent during the second quarter of 2008. During the same time frame, the yield on earning assets decreased from 6.25 percent to 5.71 percent, while the cost of funds also decreased from 2.87 percent to 2.30 percent.

As noted on page 13 above, quarterly net income, the annualized quarterly ROAA, and year-to-date ROAA for all Louisiana-domiciled banks decreased from the first to the second quarter. For Louisiana state-chartered banks, earnings remain sound; however, quarterly net income decreased from the first to the second quarter primarily because of increases in loan loss provisions and non-interest expenses and losses on sales of securities in the second quarter rather than the gains reported in the first quarter. As a result of this and an increase in quarterly average assets, the annualized quarterly ROAA decreased from 1.33 percent for the quarter ending March 31, 2008, to 1.09 percent for the quarter ending June 30, 2008. The year-to-date ROAA showed a smaller decrease from 1.33 percent as of March 31, 2008, to 1.21 percent as of June 30, 2008.

For Louisiana-domiciled national banks, earnings are satisfactory. Quarterly net income decreased from the first quarter to the second quarter primarily because of an increase in loan loss provisions and, to a lesser extent, a decrease in net interest income and non-interest income. As a result of this and a growth in quarterly average assets, the annualized quarterly ROAA decreased from 1.13 percent for the quarter ending March 31, 2008, to 0.64 percent for the quarter ending June 30, 2008. The year-to-date ROAA showed a smaller decrease from 1.13 percent as of March 31, 2008, to 0.88 percent as of June 30, 2008.

For all commercial banks in the U.S., earnings are fair. The second quarter's annualized ROA declined substantially to 0.35 percent from 0.68 percent for the first quarter. Net income for the second quarter declined because of increased loan loss provisions and non-interest expense as well as losses on sales of securities. The year-to-date ROA for 2008 also fell to 0.52 percent at June 30, 2008, from 0.68 percent as of March 31, 2008.

Operating expenses increased in total and in all three reported categories during the second quarter of 2008, going from 3.27 percent of average assets to 3.36 percent of average assets. The industry reported net losses on the sale of securities of $263 thousand during the second quarter of 2008, compared to a net gain of $8.63 million during the first quarter of 2008. Louisiana-domiciled banks reported net losses on sales of securities of $11.41 million in 2007 and $7.45 million in 2006, with the latter excluding net gains reported by the large national bank that moved its headquarters from Louisiana in July 2007.

The ratios of operating expenses to average assets at Louisiana state-chartered banks were below the first quarter and second quarter ratios shown above with the ratio increasing during the second quarter. The ratios for Louisiana-domiciled national banks were above the third quarter and fourth quarter ratios shown above but remained at the same level for the second quarter.

Louisiana state-chartered banks reported net gains on the sale of securities of $21 thousand and $365 thousand in the third and fourth quarters, respectively, while Louisiana-domiciled national banks reported net losses of $8 thousand and net gains of $68 thousand in the third and fourth quarters, respectively. Louisiana state-chartered banks reported net losses on the sale of securities at $381 thousand and $7.5 million for calendar years 2007 and 2006, respectively. Louisiana-domiciled national banks reported a net loss of $973 thousand and net gain of $33 thousand for calendar years 2007 and 2006, respectively, with 2006 excluding gains reported by the large national bank that moved its headquarters from Louisiana in July 2007.

For all commercial in the U.S., the ratio of operating expenses to average assets increased during the fourth quarter from 2.78 percent to 3.03 percent.

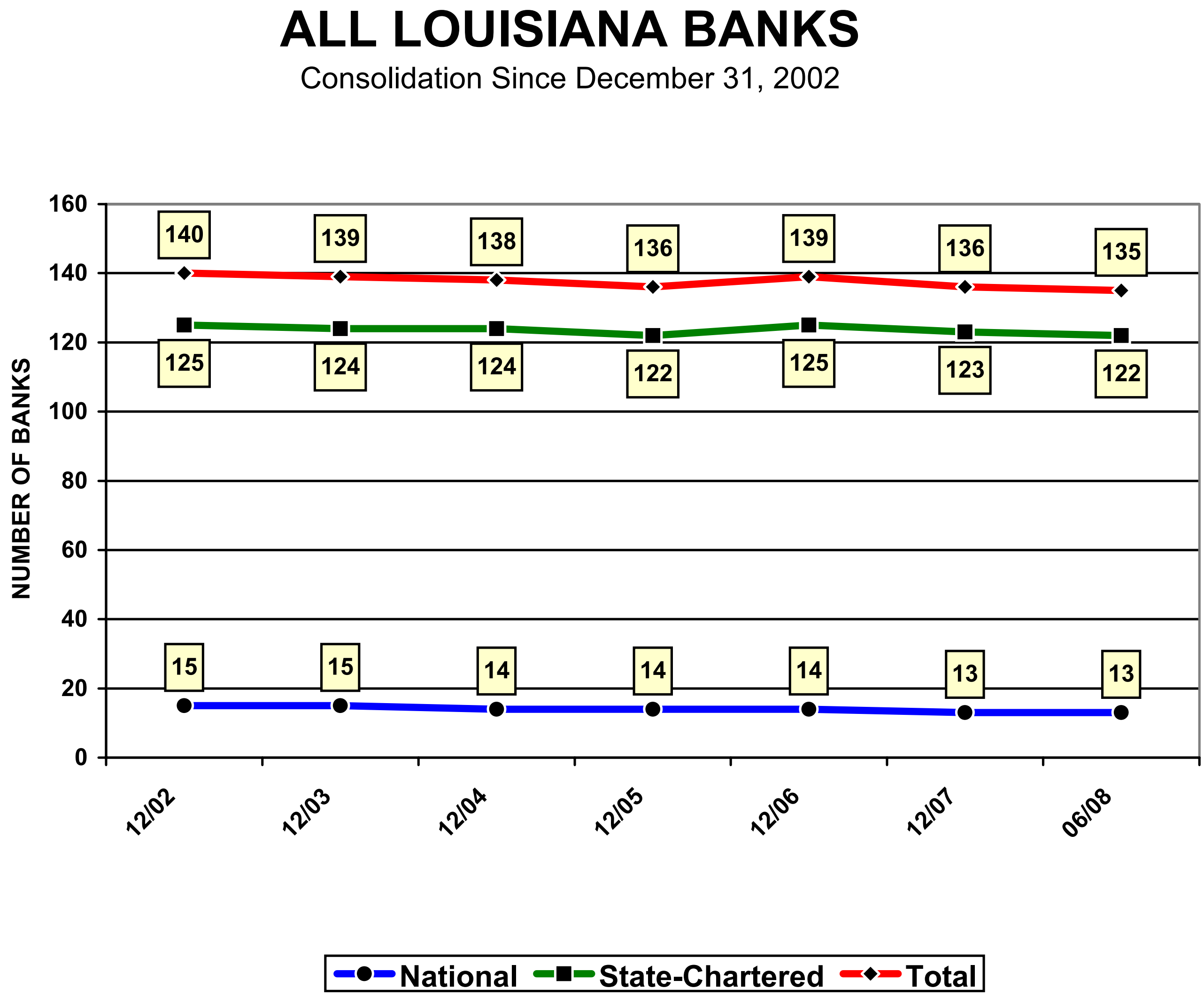

Figure 13

MERGERS AND ACQUISITIONS FOR THE QUARTER ENDED JUNE 30, 2008

The second quarter of 2008 saw limited merger activity. During this time, a Louisiana state-chartered bank merged into another Louisiana state-chartered bank although both banks were already owned by the same parent holding company. During the second quarter, a Louisiana-domiciled national bank announced its intent to acquire another Louisiana-domiciled national bank with the merger expected to be finalized sometime in the fourth quarter of 2008.

As of June 30, 2008, there were 135 commercial banks in Louisiana, which included 122 state-chartered banks. As Figure 13 above illustrates, since December 31, 2002, the total number of Louisiana-domiciled banks has decreased from 140 to 135, or by 3.57 percent. In addition, a de novo state-chartered bank, previously in organization, began operations in Louisiana effective July 1, 2008.

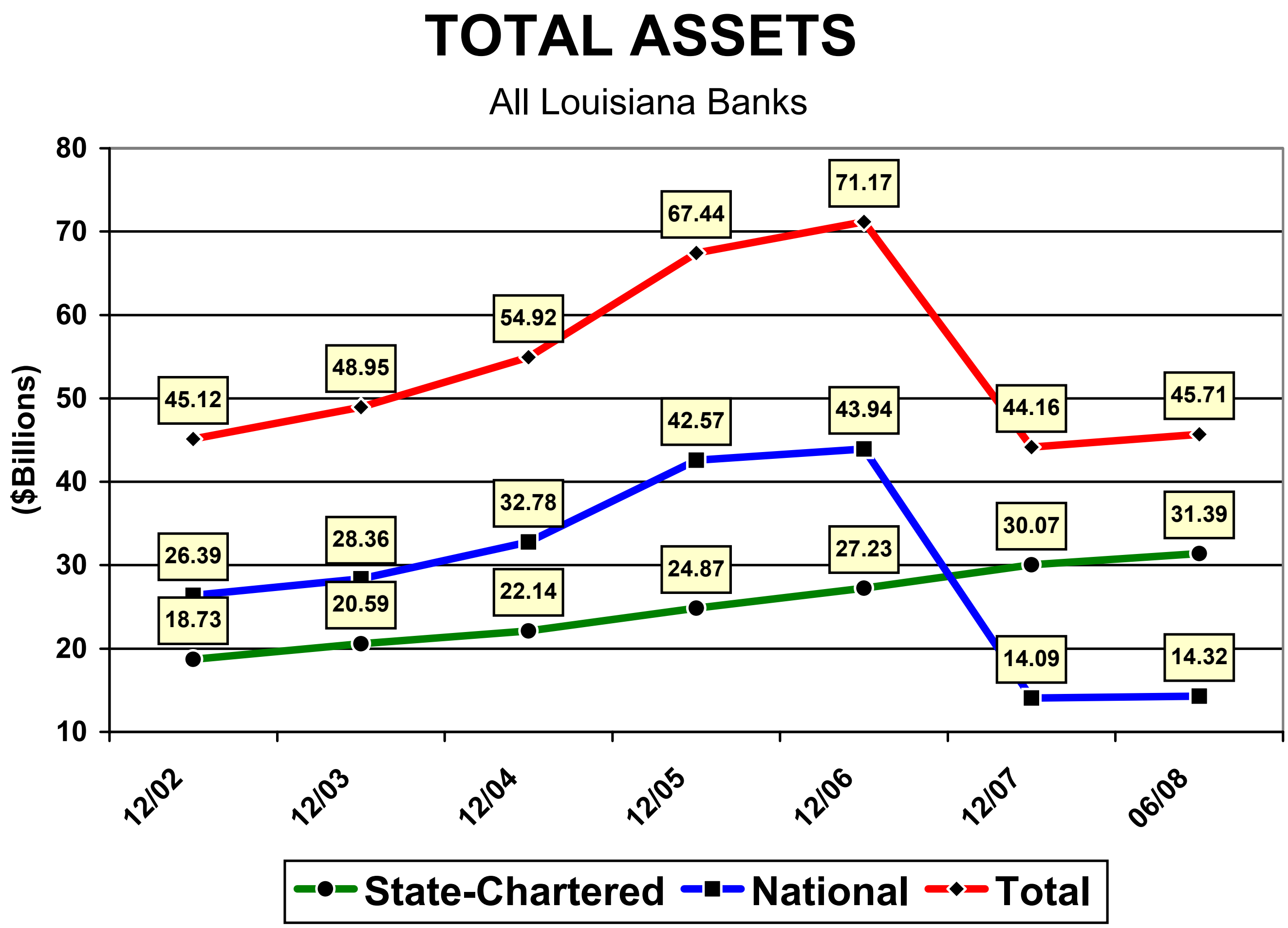

Figure 14

Total assets increased from $44.88 billion as of March 31, 2008, to $45.71 billion as of June 30, 2008, or by 1.85 percent. Figure 14 above reflects the trend in total assets for state-chartered banks, national banks, and all banks in Louisiana for each year-end since 2002. Total assets in Louisiana-domiciled banks have grown for 17 of the past 20 quarters despite some industry consolidation and a large national bank moving its headquarters out of Louisiana in July 2007, which caused the drop in total assets, for all banks and national banks, from the second quarter to the third quarter of 2007.

As of June 30, 2008, Louisiana state-chartered banks held assets totaling $31.39 billion, or 68.68 percent of the Louisiana banking industry's $45.71 billion in total assets. One out-of-state bank holding company from Mississippi owns a Louisiana-domiciled bank subsidiary with total assets of $2.76 billion, or 6.03 percent of the total assets for all Louisiana-domiciled banks, with the subsidiary also a Louisiana state-chartered bank. Four Louisiana bank holding companies, which own Louisiana state-chartered banks, own a state-chartered bank and a federal thrift, both in Arkansas, a state-chartered bank in Mississippi, and a state-chartered bank in Texas, with total assets of $25.70 million, $1.60 billion, $83.56 million, and $30.81 million, respectively, as of June 30, 2008. One Louisiana bank holding company, which owns a Louisiana-domiciled national bank, also own national banks in Alabama and Mississippi, with total assets of $302.78 million as of June 30, 2008.

BANK SUMMARY AS OF JUNE 30, 2008

The overall financial condition of Louisiana-domiciled banks remains sound at the present time. The second quarter of 2008 was characterized by increases in total assets and total deposits, and Tier 1 (core) capital remaining stable. During the second quarter, core deposits as a percent of total deposits and borrowed money decreased slightly from the prior quarter. Earnings decreased from the previous quarter but remained strong despite increased loan loss provisions. With Tier 1 (core) capital increasing slightly and quarterly average assets growing, the Core capital (leverage) ratio remained the same and well above minimum regulatory requirements. During the second quarter of 2008, asset quality showed signs of deterioration as the dollar volume and ratio of nonperforming assets increased. Net charge-offs also increased during the quarter. 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 with the ongoing concerns in the mortgage industry.

BANK LAGNIAPPE

- As of June 30, 2008, the breakdown of **all** Louisiana-domiciled banks by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	40	30	$2,400,869	5
Assets $100 Million to $300 Million	66	49	11,224,520	25
Assets $300 Million to $500 Million	12	9	4,748,798	10
Assets $500 Million to $1 Billion	14	10	9,898,647	22
Assets $1 Billion to $10 Billion	2	1	6,437,147	14
Assets > $10 Billion	1	1	10,998,827	24
TOTAL ASSETS	135	100	$45,708,808	100

- As of June 30, 2008, the breakdown of Louisiana **state-chartered banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	38	31	$2,323,987	7
Assets $100 Million to $300 Million	58	47	9,677,749	31
Assets $300 Million to $500 Million	12	10	4,748,798	15
Assets $500 Million to $1 Billion	12	10	8,203,455	26
Assets $1 Billion to $10 Billion	2	2	6,437,147	21
TOTAL ASSETS	122	100	$31,391,136	100

- As of June 30, 2008, the breakdown of Louisiana-domiciled **national banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	2	15	$76,882	0
Assets $100 Million to $300 Million	8	62	1,546,771	11
Assets $500 Million to $1 Billion	2	15	1,695,192	12
Assets > $10 Billion	1	8	10,998,827	77
TOTAL ASSETS	13	100	$14,317,672	100

* Thousands

LOUISIANA THRIFT INDUSTRY FINANCIAL CONDITION AS OF JUNE 30, 2008

During the second quarter of 2008, total assets in Louisiana-domiciled thrifts increased from $5.48 billion as of March 31, 2008, to $5.54 billion as of June 30, 2008, an increase of $62 million or by 1.13 percent. During the second quarter of 2008, three major asset categories increased while the other category decreased. Total loans and leases increased from $3.81 billion to $3.87 billion, an increase of 1.72 percent. Federal funds sold increased from $17.67 million to $26.86 million, an increase of 51.97 percent. Securities increased from $1.07 billion to $1.08 billion, an increase of 1.05 percent. Cash decreased from $285.42 million to $273.32 million, a decrease of 4.24 percent. On the liabilities side, total deposits increased from $4.09 billion to $4.15 billion or by 1.37 percent, while total borrowings increased from $614.93 million to $636.06 million or by 3.44 percent.

For Louisiana state-chartered thrifts, total assets increased by 1.13 percent during the second quarter of 2008. For these thrifts, total loans and Federal funds sold increased, while cash and securities decreased. On the liabilities side, these thrifts saw an increase in both total deposits and borrowings. For Louisiana-domiciled, federal thrifts, total assets increased by 1.12 percent during the second quarter of 2008. For these thrifts, total loans, securities, and Federal funds sold increased, while cash decreased. On the liabilities side, these thrifts saw an increase in both total deposits and total borrowings.

The following chart provides selected performance indicators for all thrifts in the U. S. for the quarter ended June 30, 2008 and for all thrifts domiciled in Louisiana for the quarters ended June 30, 2008, and March 31, 2008; and for calendar years 2007 and 2006:

	U.S. Thrifts	Louisiana-Domiciled Thrifts			
TRENDS	Quarter Ended 06/30/2008	Quarter Ended 06/30/2008	Quarter Ended 03/31/2008	Year Ended 12/31/2007	Year Ended 12/31/2006
Earnings					
Yield on Earning Assets	6.05%	6.26%↓	6.38%	6.40%↑	6.03%
Cost of Funds	2.88%	2.74%↓	2.99%	3.04%↑	2.61%
Net Interest Margin	3.16%	3.53%↑	3.40%	3.36%↓	3.42%
Loan Loss Provisions to Average Assets	3.03%	0.09%↑	0.07%	-0.06%↓	-0.01%
Operating Expenses to Average Assets	2.81%	3.24%↑	2.90%	2.91%↑	2.64%
Return on Average Assets	-1.11%	0.47%↓	0.62%	0.64%↓	0.80%
Asset Quality					
Noncurrent Loans to Total Loans	2.89%	0.66%↓	0.68%	0.60%↑	0.47%
Nonperforming Assets to Total Assets	2.31%	0.55%↑	0.53%	0.46%↑	0.34%
Net Charge-offs to Total Loans	1.76%	0.08%↑	0.06%	0.04%↑	-0.05%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	9.77%	12.78%↓	12.98%	13.19%↑	12.91%
Earning Assets to Total Assets	90.87%	92.41%↓	92.79%	92.93%↓	93.16%
Loans to Deposits	112.08%	92.55%↑	92.23%	91.65%↑	83.74%

The year-to-date ROAA for 2008 is considered fair and has declined during the second quarter, primarily because of higher operating expenses and securities losses. However, the 2008 year-to-date ROAA for Louisiana-domiciled thrifts compares favorably to the negative ROAA reported for all thrifts in the U.S. Although declining in the second quarter, capital ratios remain sound. Asset quality remains sound; however, the dollar volume and percentage of nonperforming assets have increased in the second quarter and over the same time period a year ago. Although the dollar volume of net charge-offs increased during the second quarter, net charge-offs remain minimal as a percent of loans. Overall, Louisiana-domiciled thrifts compare favorably with all thrifts in the U.S. as shown in the table above and other pages throughout this report.

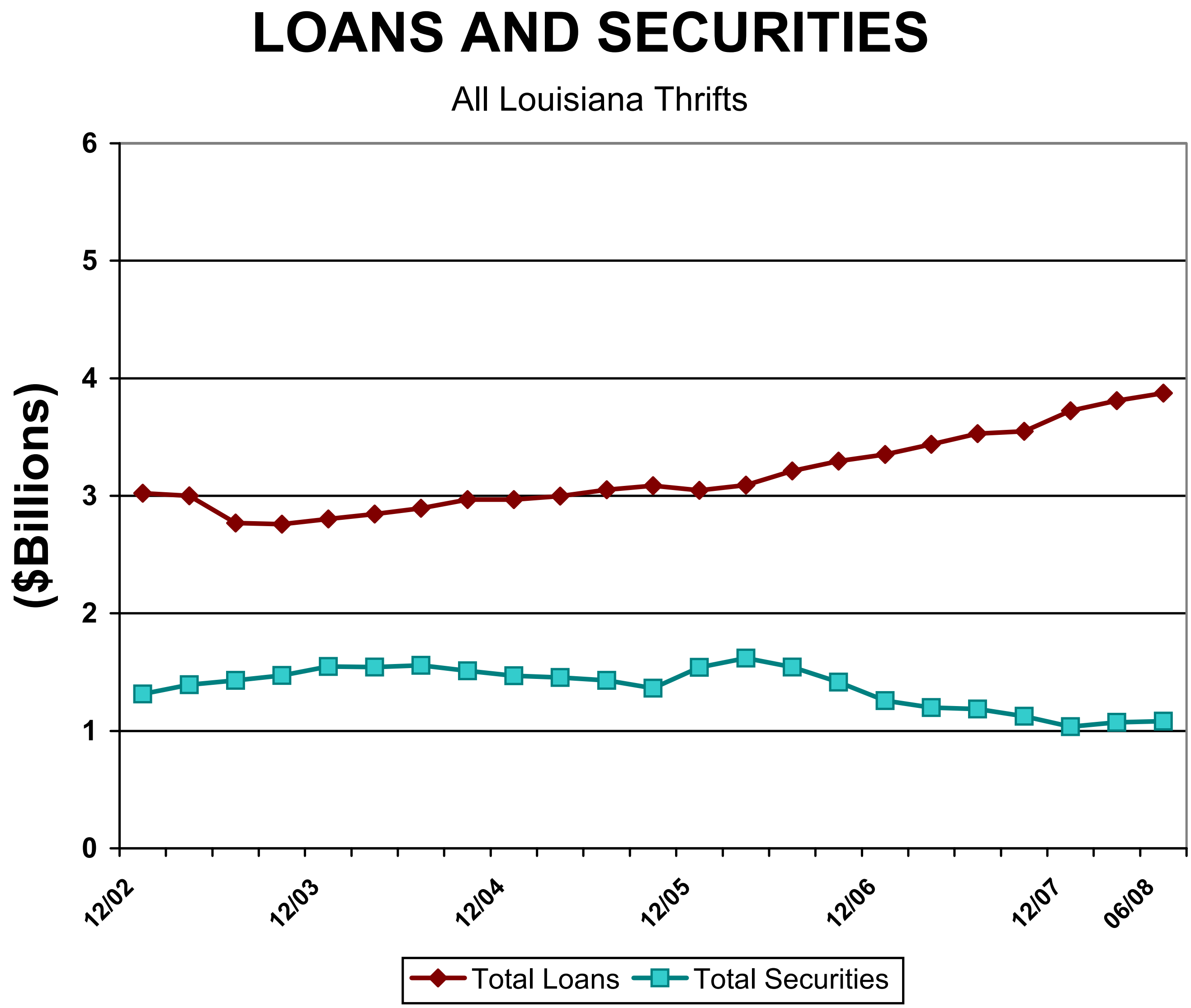

Figure 15

As previously mentioned, total loans and leases increased by 1.72 percent during the second quarter of 2008, from $3.81 billion to $3.87 billion or by approximately $65 million. Total loans and leases have increased in 17 of the past 20 quarters. During the second quarter, increases were noted in real estate loans, commercial loans, consumer loans and farm loans, in that order, and decreases were noted in other loans. Real estate loans increased from $3.50 billion to $3.55 billion or by $53 million. Commercial loans increased from $128 million to $135 million or by $7 million. Consumer loans increased from $181 million to $186 million or by $5 million. Farm loans increased from $910 thousand to $931 thousand or by $21 thousand. Other loans decreased from $1.58 million to $1.36 million or by $217 thousand.

During the second quarter of 2008, Louisiana state-chartered thrifts saw growth in three of the five categories, with commercial loans and other loans declining. In this same time period, Louisiana-domiciled Federal thrifts, which do not report a farm loan category, saw growth in two of the four categories, with a decline in consumer loans and other loans.

Figure 15 above and Figure 16 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, 2008, respectively.

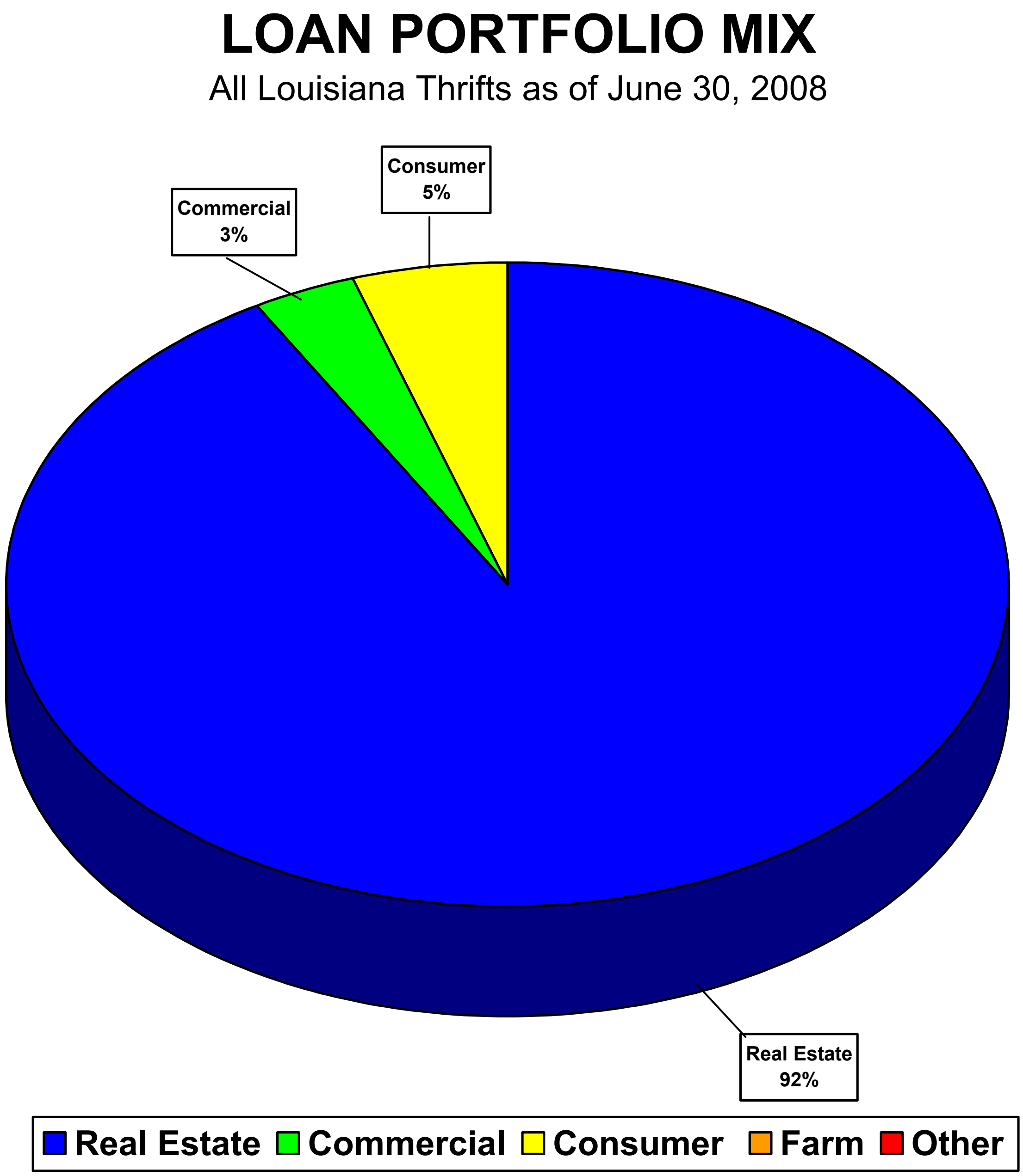

Figure 16

As of June 30, 2008, Louisiana-domiciled thrifts report both farm and other loans; however, these two categories represent only a minimal percentage, at less than 0.10 percent, of the loan portfolio and are not represented in the chart shown above. For Louisiana state-chartered thrifts, the loan portfolio, as of June 30, 2008, mix is as follows: real estate loans - 94 percent; consumer loans - 3 percent; and commercial loans - 3 percent. Farm loans and other loans represent less than 0.10 percent of the loan portfolio. For Louisiana-domiciled Federal thrifts, the loan portfolio, as of June 30, 2008, mix is as follows: real estate loans - 91 percent; consumer loans - 5 percent; and commercial loans - 4 percent. These thrifts do not report farm loans and other loans represent less than 0.10 percent of the loan portfolio.

As of June 30, 2008, all U.S. thrifts report the following loan portfolio mix: real estate loans - 86 percent; consumer loans - 7 percent; and commercial loans - 7 percent. The other two categories represent less than 0.35 percent of the loan portfolio.

The ratio of loans to deposits increased slightly during the second quarter of 2008, from 92.23 percent as of March 31, 2008, to 92.55 percent as of June 30, 2008, as total loans increased at a faster pace than total deposits. Figure 17 below illustrates the aggregate loan-to-deposit ratio trend since year-end 2002.

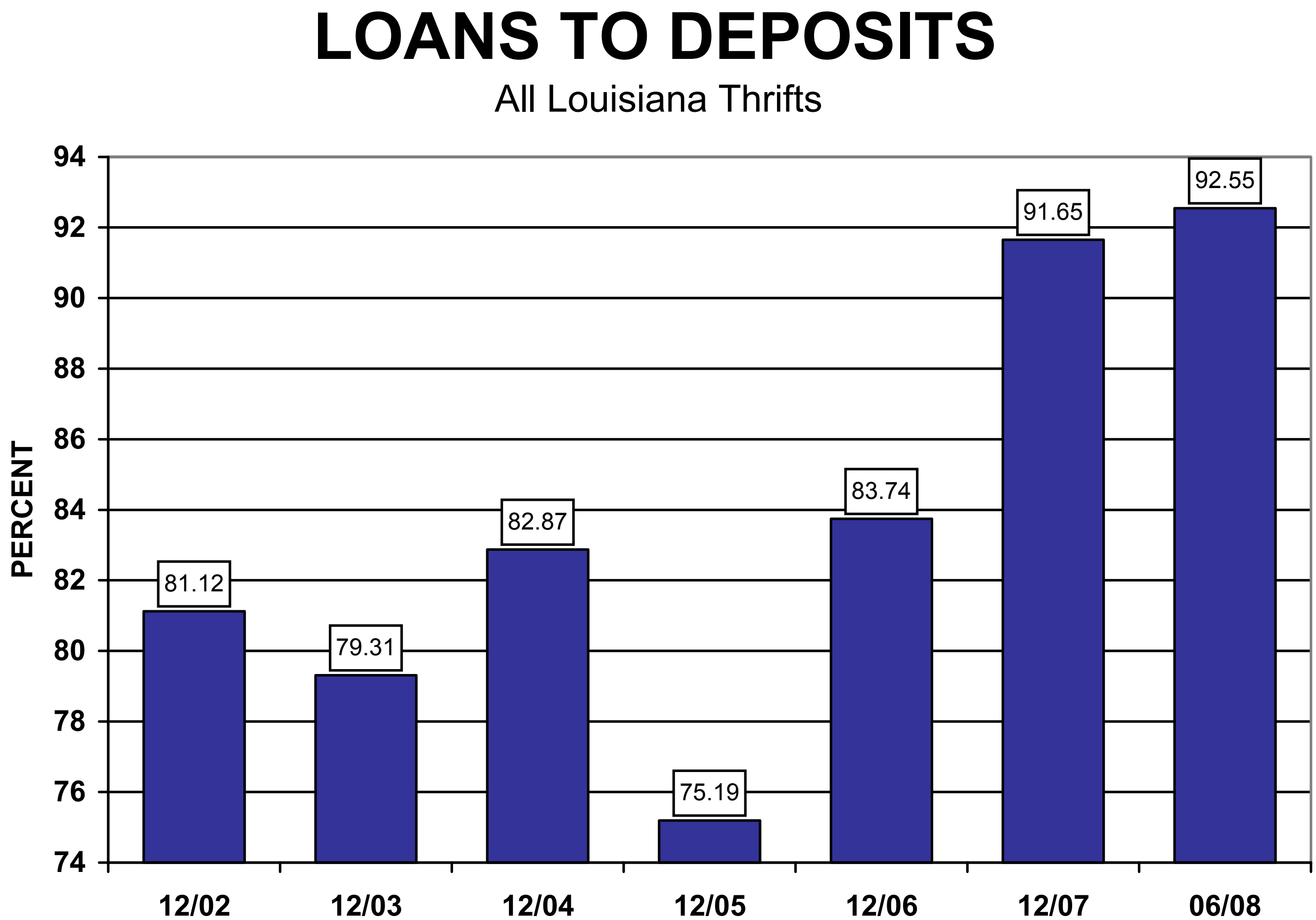

Figure 17

For Louisiana state-chartered thrifts, the ratio of loans to deposits increased from 83.04 percent as of March 31, 2008, to 85.22 percent as of June 30, 2008, as loans grew at a faster rate than deposits. For Louisiana-domiciled Federal thrifts, the ratio declined from 96.44 percent as of March 31, 2008, to 95.88 percent as of June 30, 2008, as deposits grew at a faster rate than loans.

For all thrifts in the U.S., the ratio of loans to deposits increased from 113.34 percent as of March 31, 2008, to 112.08 percent as of June 30, 2008, as deposits grew at a faster rate than loans.

During the second quarter of 2008, on the liabilities side, total deposits in Louisiana-domiciled thrifts increased from $4.09 billion to $4.15 billion, an increase of 1.37 percent. Borrowed money increased from $615 million to $636 million, an increase of 3.44 percent. Core deposits grew from $3.36 billion to $3.40 billion, an increase of 1.27 percent. Figure 18 below shows the mix of deposits and borrowed money since year-end 2002.

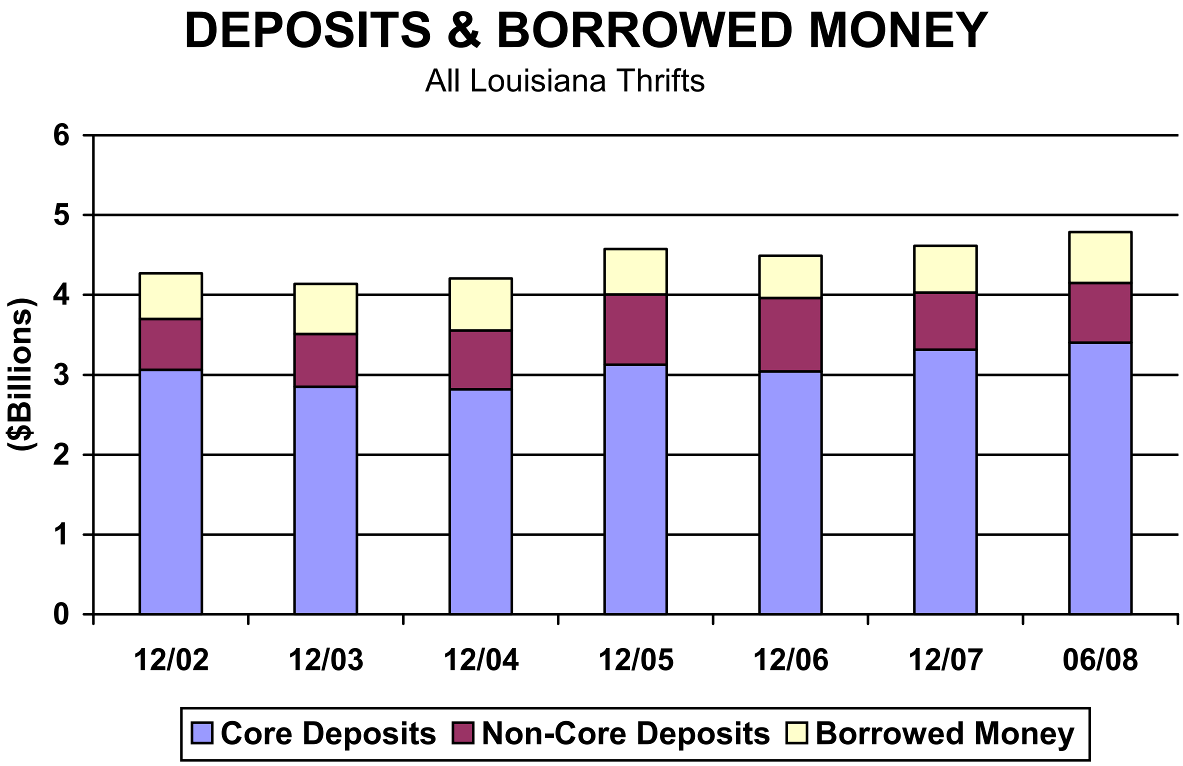

Figure 18

As noted above, borrowed money increased during the second quarter of 2008. As of June 30, 2008, borrowed money totaled $636 million and consisted of Federal Home Loan Bank (FHLB) advances totaling $605 million, Federal funds purchased totaling $26 million, and other borrowings totaling $5.12 million. As of March 31, 2008, borrowed money totaled $615 million and consisted of FHLB advances totaling $590 million, Federal funds purchased totaling $20 million, and other borrowings totaling $5.15 million. Total borrowed money for Louisiana state-chartered thrifts increased by $9.70 million during the second quarter with increases in FHLB advances with no Federal funds purchased or other borrowings reported for either quarter. Total borrowed money for Louisiana-domiciled Federal thrifts increased by $11.43 million during the second quarter with increases in FHLB advances and Federal funds purchased and a slight decrease in other borrowings.

Non-core deposits increased during the second quarter of 2008. As of June 30, 2008, non-core deposits totaled $746 million, consisting entirely of time deposits of $100,000 or more. As of March 31, 2008, non-core deposits totaled $733 million, also consisting entirely of time deposits of $100,000 or more. During the second quarter, non-core deposits in Louisiana state-chartered thrifts and Louisiana-domiciled Federal thrifts, consisting entirely of time deposits of $100,000 or more, increased by $6.13 million and $7.04 million, respectively.

The ratio of core deposits to total deposits and borrowed money decreased during the second quarter of 2008, going from 71.39 percent as of March 31, 2008, to 71.13 percent as of June 30, 2008. Figure 19 below illustrates the trend in the core deposits to total deposits and borrowed money ratio since year-end 2002.

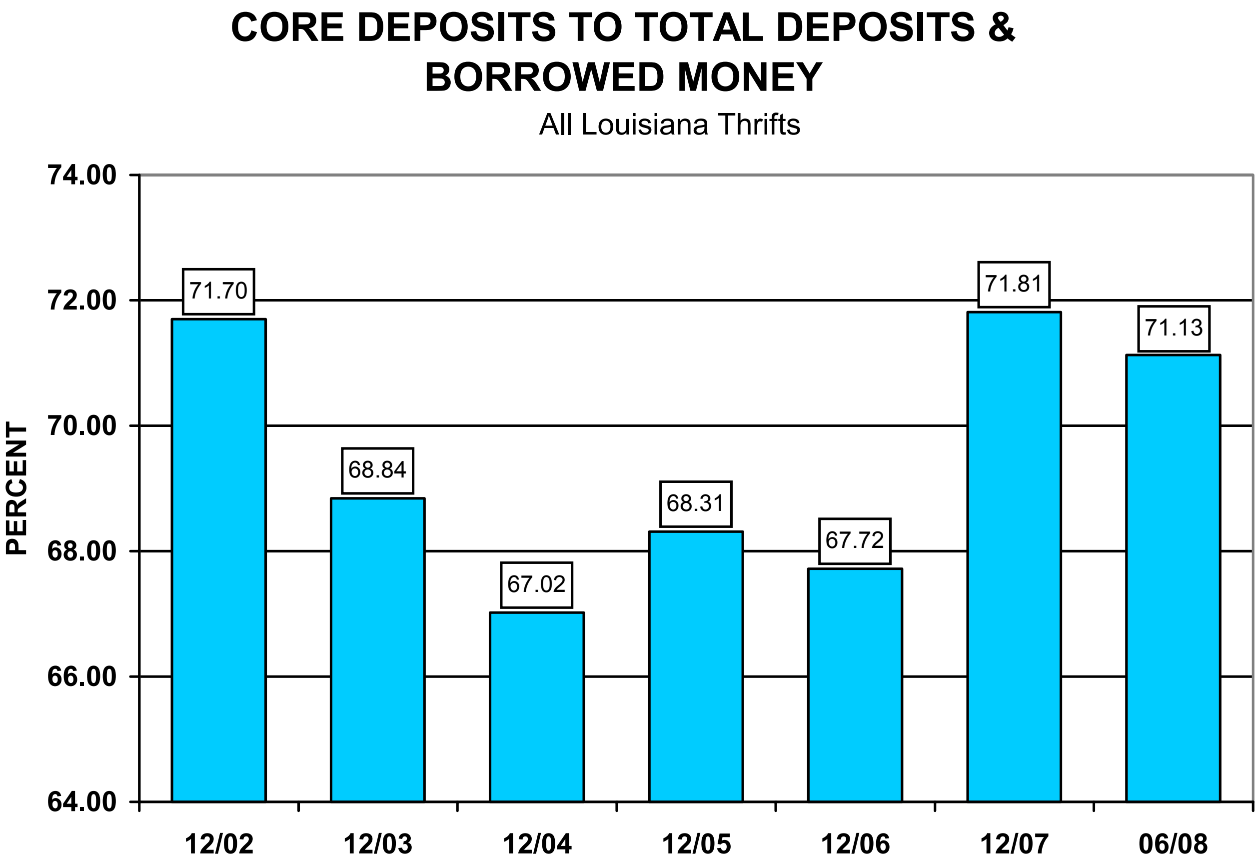

Figure 19

For Louisiana state-chartered thrifts, the ratio of core deposits to total deposits and borrowed money decreased from 79.27 percent as of March 31, 2008, to 78.40 percent as of June 30, 2008. For Louisiana-domiciled Federal thrifts, this ratio remained the same at 68.23 percent as of March 31, 2008, and June 30, 2008.

For all thrifts in the U.S., the ratio of core deposits to total deposits and borrowed money increased from 57.98 percent as of March 31, 2008, to 59.95 percent as of June 30, 2008.

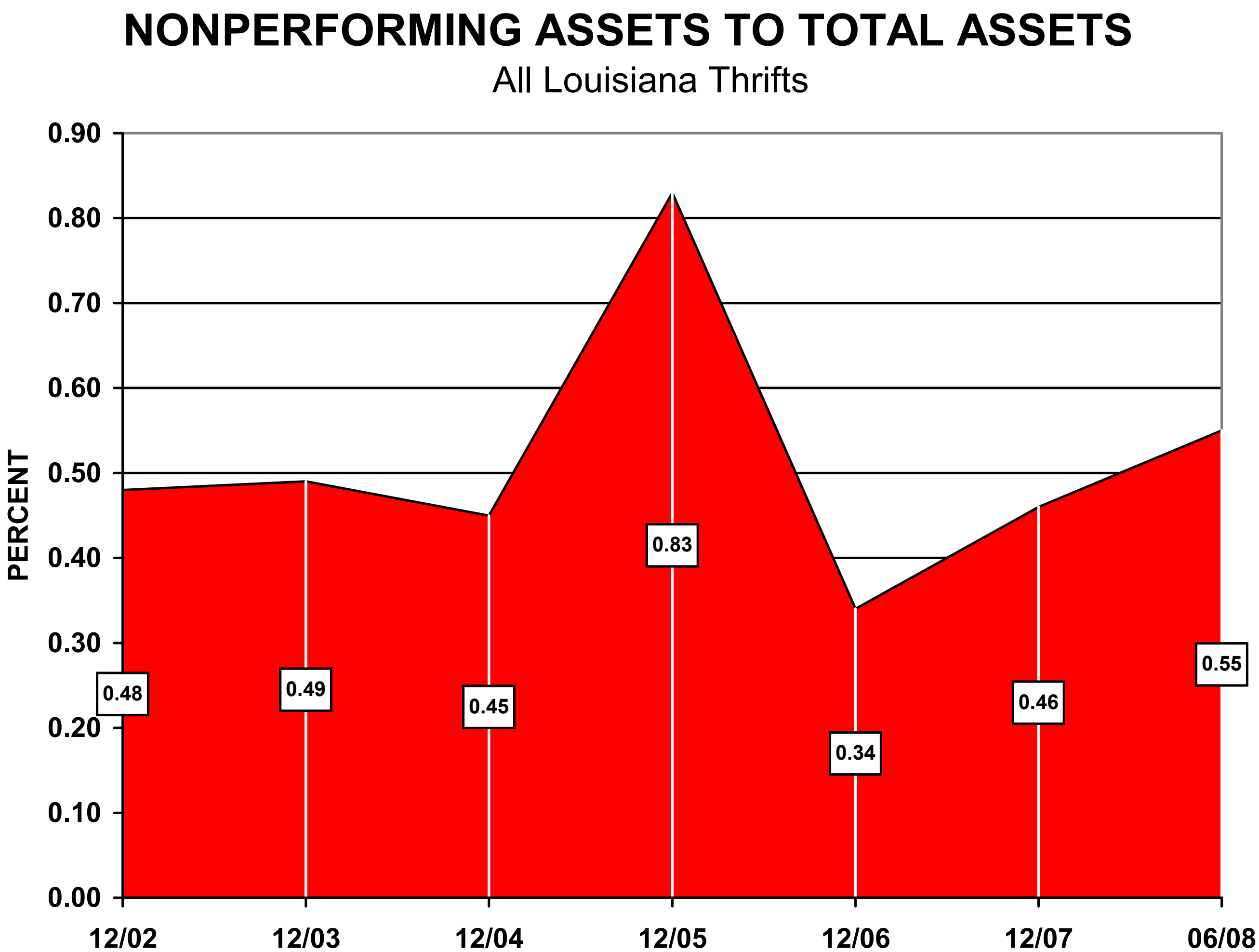

Figure 20

The volume of nonperforming assets increased during the second quarter of 2008, from $32.41 million as of March 31, 2008, to $33.68 million as of June 30, 2008, or an increase of 3.91 percent. The percentage of nonperforming assets to total assets increased slightly from 0.53 percent at March 31, 2008, to 0.55 percent at June 30, 2008. Figure 20 above illustrates that the ratio of nonperforming assets to total assets remained at essentially the same level from year-end 2002 through year-end 2004, spiked significantly upward at year-end 2005, fell below all previous levels at year-end 2006, and has increased at year-end 2007 to similar levels at three of the five previous year-ends. The level has steadily increased since year-end 2006, and at the current quarter-end, is above those previous levels but well below that at year-end 2005.

The aggregate of noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) decreased slightly from $25.85 million as of March 31, 2008, to $25.69 million as of June 30, 2008, or by 0.64 percent. The ratio of noncurrent loans to total loans decreased slightly from 0.68 percent as of March 31, 2008, to 0.66 percent as of June 30, 2008. Other real estate owned increased from $6.56 million as of March 31, 2008, to $7.99 million as of June 30, 2008, or by 21.84 percent. Over the past twelve months, noncurrent loans increased by $7.5 million, or 41.26 percent, and other real estate owned increased by $3.2 million, or 66.42 percent.

In the second quarter of 2008, nonperforming loans decreased from $8.74 million to $6.09 million in Louisiana state-chartered thrifts and increased from $17.11 million to $19.60 million for Louisiana-domiciled Federal thrifts. In this same quarter, other real estate owned increased from $1.37 million to $2.78 million in Louisiana state-chartered thrifts and from $5.19 million to $5.21 million in Louisiana-domiciled Federal thrifts. From March 31, 2008, to June 30, 2008, the ratio of nonperforming assets to total assets decreased from 0.60 percent to 0.52 percent in Louisiana state-chartered thrifts and increased from 0.51 percent to 0.56 percent in Louisiana-domiciled Federal thrifts.

For all thrifts in the U.S., nonperforming assets increased from March 31, 2008, to June 30, 2008, with both noncurrent loans and other real estate owned increasing. As a result, during this time frame, the ratio of nonperforming assets to total assets increased from 1.79 percent to 2.31 percent, and the ratio of noncurrent loans to total loans increased from 2.25 percent to 2.89 percent.

Figure 21 below illustrates the level of noncurrent loans and other real estate owned for all Louisiana thrifts from year-end 2002 through year-end 2007 as well as the current quarter-end.

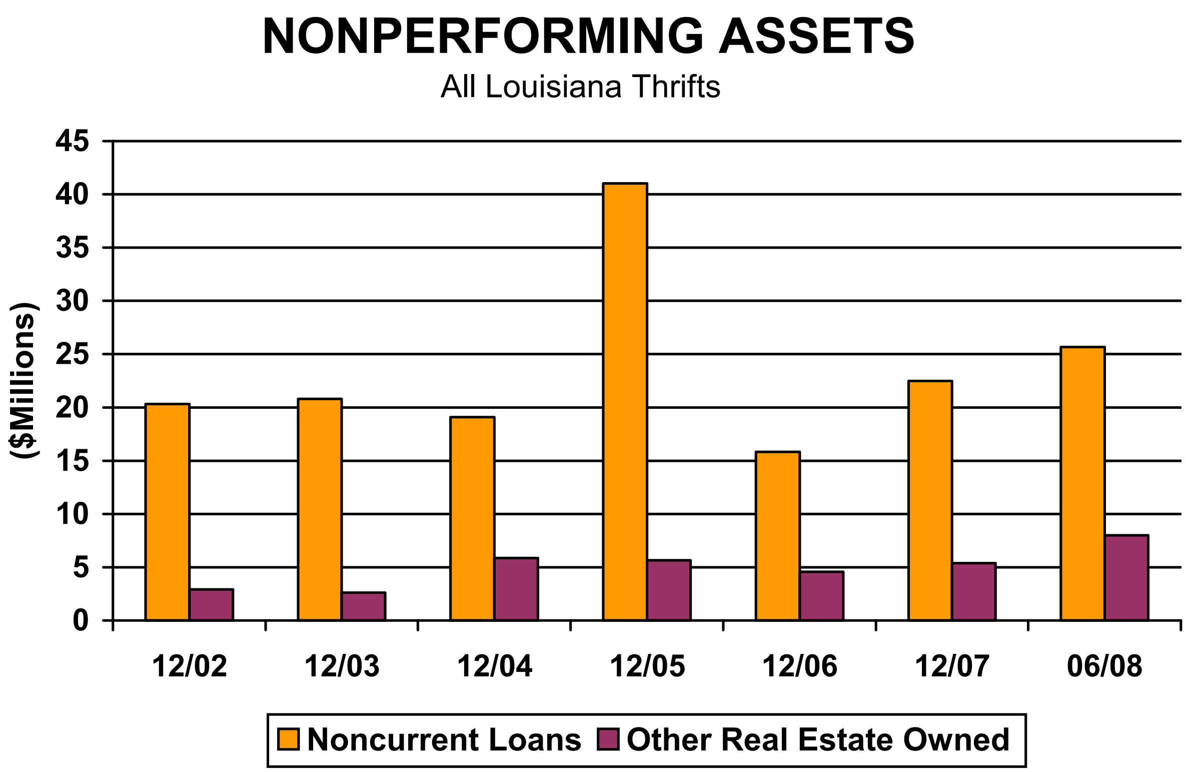

Figure 21

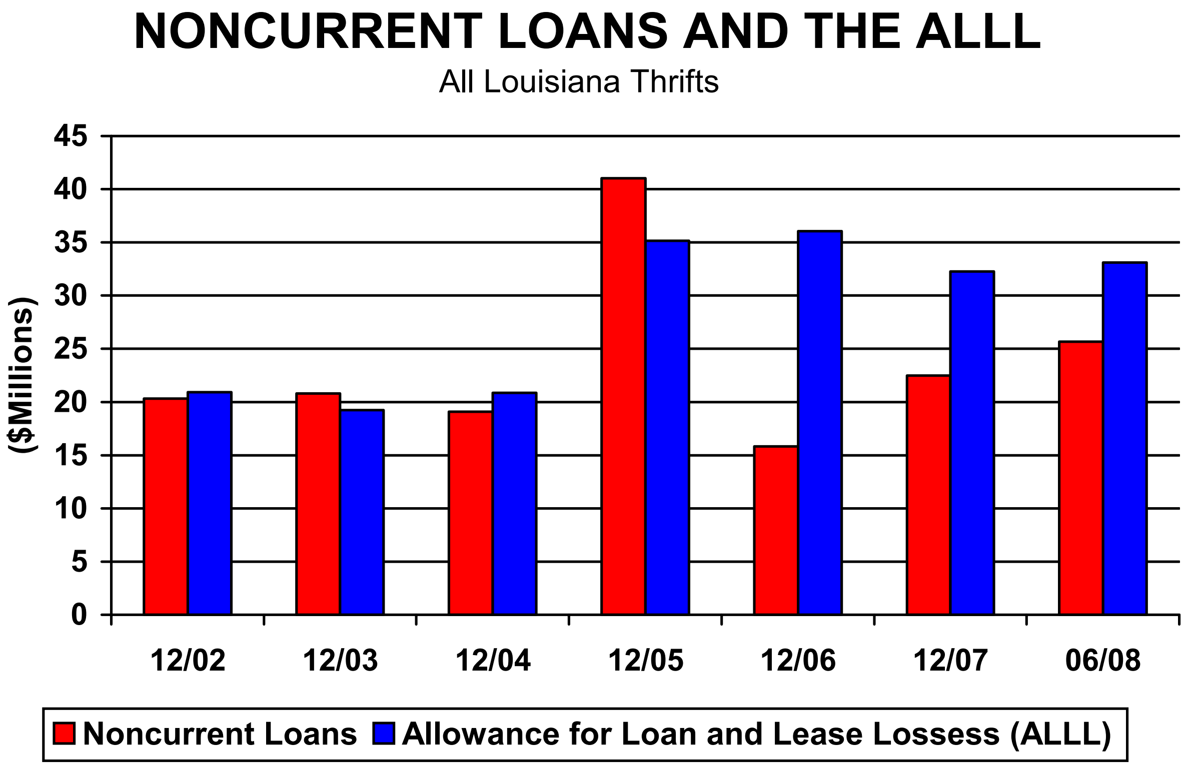

Figure 22

Figure 22 above illustrates that the level of the ALLL for Louisiana-domiciled thrifts as compared to the level of noncurrent loans (those loans 90 days or more past due and still accruing interest or on nonaccrual status) from year-end 2002 through the current quarter-end. For each quarter-end from year-end 2002 through the current quarter-end, with the exception four quarter-ends, which occurred in the third quarter of 2003 through the first quarter of 2004 and the fourth quarter of 2005, the level maintained in the ALLL has exceeded the level of noncurrent loans for all Louisiana thrifts.

For Louisiana state-chartered thrifts, the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2002 through the current quarter-end with the exception of four quarter-ends, which occurred in the third and fourth quarters of 2003 and the third and fourth quarters of 2005. For Louisiana-domiciled federal thrifts, the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2002 through the current quarter-end with the exception of six quarter-ends, which occurred in the fourth quarter of 2002, the third quarter of 2003 through the first quarter of 2004, the third quarter of 2004, and the fourth quarter of 2005.

For all thrifts throughout the U. S., the level of noncurrent loans has exceeded the level maintained in the ALLL for the quarter-ending December 31, 2002, and each quarter-end since the third quarter of 2005. For the ten quarter-ends from the first quarter of 2003 through the second quarter of 2005, the level maintained in the ALLL exceeded the level of noncurrent loans.

Net charge-offs recognized in the second quarter of 2008 totaled $786 thousand, an increase from the $525 thousand in net charge-offs recognized in the first quarter of 2008. As a result, the quarterly net charge-off ratio increased to 0.08 percent for the quarter ending June 30, 2008, from 0.06 percent for the quarter ending March 31, 2008. The 2008 year-to-date ratio of net charge-offs to total loans increased minimally from 0.06 percent as of March 31, 2008, to 0.07 percent as of June 30, 2008. Net charge-offs totaled $1.31 million for calendar year 2007, compared to net recoveries of $1.46 million for calendar year 2006, which generated net charge-off ratios of 0.04 percent and (0.05) percent, respectively.

From March 31, 2008, to June 30, 2008, Louisiana state-chartered thrifts reported quarterly net charge-offs of $526 thousand and $251 thousand, respectively, and the quarterly net charge-off ratio went from 0.20 percent to 0.09 percent. The year-to-date net charge-off ratio declined from 0.20 percent to 0.14 percent in this same time period. These thrifts reported net recoveries of $494 thousand and $2.35 million for calendar years 2007 and 2006, respectively, and year-to-date net charge-off ratios of (0.05) percent and (0.28) percent, respectively.

From March 31, 2008, to June 30, 2008, Louisiana-domiciled Federal thrifts reported quarterly net charge-offs of $535 thousand and quarterly net recoveries of $1 thousand, respectively, and the quarterly net charge-off ratio went from 0.00 percent to 0.08 percent. The year-to-date net charge-off ratio increased from 0.00 percent to 0.04 percent in this same time period. These thrifts reported net charge-offs of $1.81 million and $890 thousand for calendar years 2007 and 2006, respectively, and year-to-date net charge-off ratios of 0.07 percent and 0.04 percent, respectively.

From March 31, 2008, to June 30, 2008, all thrifts in the U.S. reported an increase in quarterly net charge-offs from $3.83 billion to $5.74 billion. The quarterly net charge-off ratio increased from 1.19 percent for the quarter ending March 31, 2008, to 1.75 percent for the quarter ending June 30, 2008. The year-to-date net charge-off ratio increased from 1.19 percent as of March 31, 2008, to 1.48 percent as of June 30, 2008. These thrifts reported net charge-offs of $5.99 billion and $3.52 billion for calendar years 2007 and 2006, respectively, with year-to-date net charge-off ratios of 0.47 percent and 0.29 percent, respectively.

Loan loss reserves increased from $32.72 million as of March 31, 2008, to $33.12 million as of June 30, 2008. With this increase and growth in loans during the second quarter, the ratio of loan loss reserves to total loans decreased slightly from 0.86 percent as of March 31, 2008, to 0.85 percent as of June 30, 2008. 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; 1.22 percent as of December 31, 2006; and 0.87 percent as of December 31, 2007. Louisiana-domiciled thrifts recognized loan loss provisions of $1.19 million in the second quarter of 2008 versus loan loss provisions of $929 thousand in the first quarter of 2008. Loan loss provisions totaled a negative $3.24 million and a negative $492 thousand for calendar years 2007 and 2006, respectively, compared to loan loss provisions of $21.64 million for calendar year 2005.

As of June 30, 2008, loan loss reserves totaled $11.39 million for Louisiana state-chartered thrifts, a decrease from $11.43 million as of March 31, 2008. With this decrease and growth in loans, the ratio of loan loss reserves to total loans decreased to 1.02 percent as of June 30, 2008, from 1.06 percent as of March 31, 2008. These thrifts reported loan loss provisions of $202 thousand and $26 thousand for the second and first quarters of 2008, respectively. For the calendar years 2007 and 2006, loan loss provisions totaled negative $5.80 million and negative $1.85 million, respectively, compared to loan loss provisions of $14.31 million for calendar year 2005.

As of June 30, 2008, loan loss reserves totaled $21.74 million for Louisiana-domiciled Federal thrifts, an increase from $21.29 million as of March 31, 2008. With this increase and loan growth, the ratio of loan loss reserves to total loans increased slightly to 0.79 percent as June 30, 2008, from 0.78 percent as of March 31, 2008. Loan loss provisions totaled $990 thousand in the second quarter of 2008, an increase from the $903 thousand in the first quarter of 2008. For the calendar years 2007 and 2006, Louisiana-domiciled Federal thrifts reported loan loss provisions of $2.56 million and $1.36 million, respectively, compared to loan loss provisions of $7.33 million for calendar year 2005.

Figure 23 below illustrates the level of year-to-date net charge-offs and provisions for loan and lease losses (PLLL) for all Louisiana-domiciled thrifts from year-end 2002 through the current quarter-end.

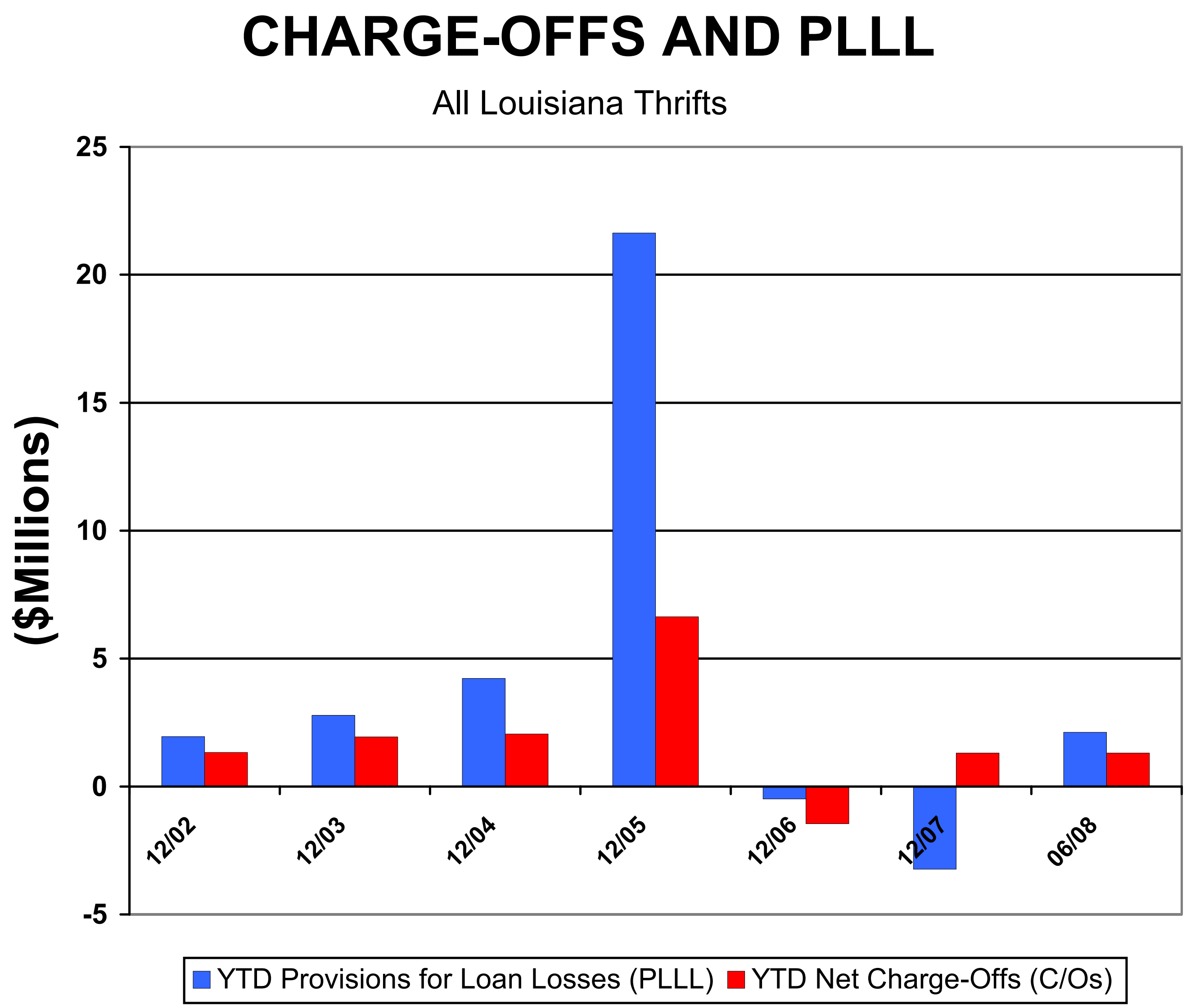

Figure 23

For all thrifts in the U.S., loan loss reserves increased from $18.11 billion as of March 31, 2008, to $26.21 billion as of June 30, 2008, and the ratio of loan loss reserves to total loans increased from 1.39 percent as of March 31, 2008, to 1.99 percent as of June 30, 2008. Loan loss provisions totaled $14.22 billion for the second quarter of 2008, compared to $7.84 billion for the first quarter of 2008. For calendar years 2007 and 2006, all thrifts in the U.S. recognized loan loss provisions totaling $11.88 billion and $3.96 billion, respectively.

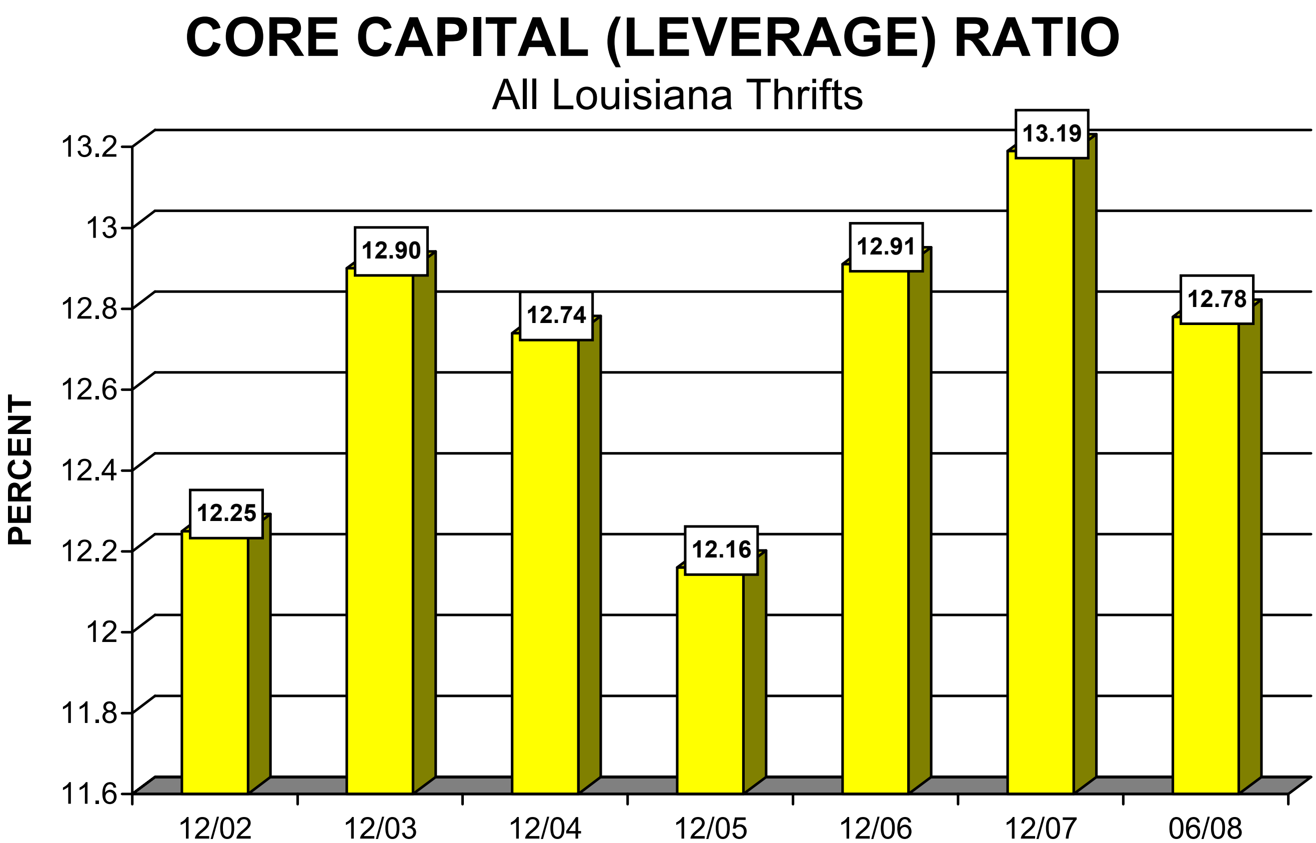

Figure 24

Tier 1 (core) capital decreased from $706.97 million as of March 31, 2008, to $706.59 million as of June 30, 2008. With this decrease and an increase in quarter-end average assets, the Core capital (leverage) ratio decreased from 12.98 percent as of March 31, 2008, to 12.78 percent as of June 30, 2008.

During the second quarter of 2008, Tier 1 (core) capital decreased by $537 thousand in Louisiana state-chartered thrifts. With this decrease and an increase in quarter-end average assets, the Core capital (leverage) ratio decreased from 15.28 percent to 15.03 percent. There were no dividends paid by these thrifts during the first or second quarters. During the second quarter of 2008, Tier 1 (core) capital increased by $163 thousand in Louisiana-domiciled federal thrifts. However, since quarter-end average assets grew at a faster rate, the Core capital (leverage) ratio declined from 12.03 percent to 11.85 percent. Dividends paid by these thrifts during the second quarter increased significantly from the level paid in the first quarter.

For all thrifts in the U.S., Tier 1 (core) capital decreased during the second quarter. With this decline and an increase in quarter-end average assets, the Core capital (leverage) ratio decreased from 10.06 percent as of March 31, 2008, and to 9.77 percent as of June 30, 2008.

Figure 24 above illustrates the trend in the Tier 1 (core) capital ratio since year-end 2002 for Louisiana-domiciled thrifts.

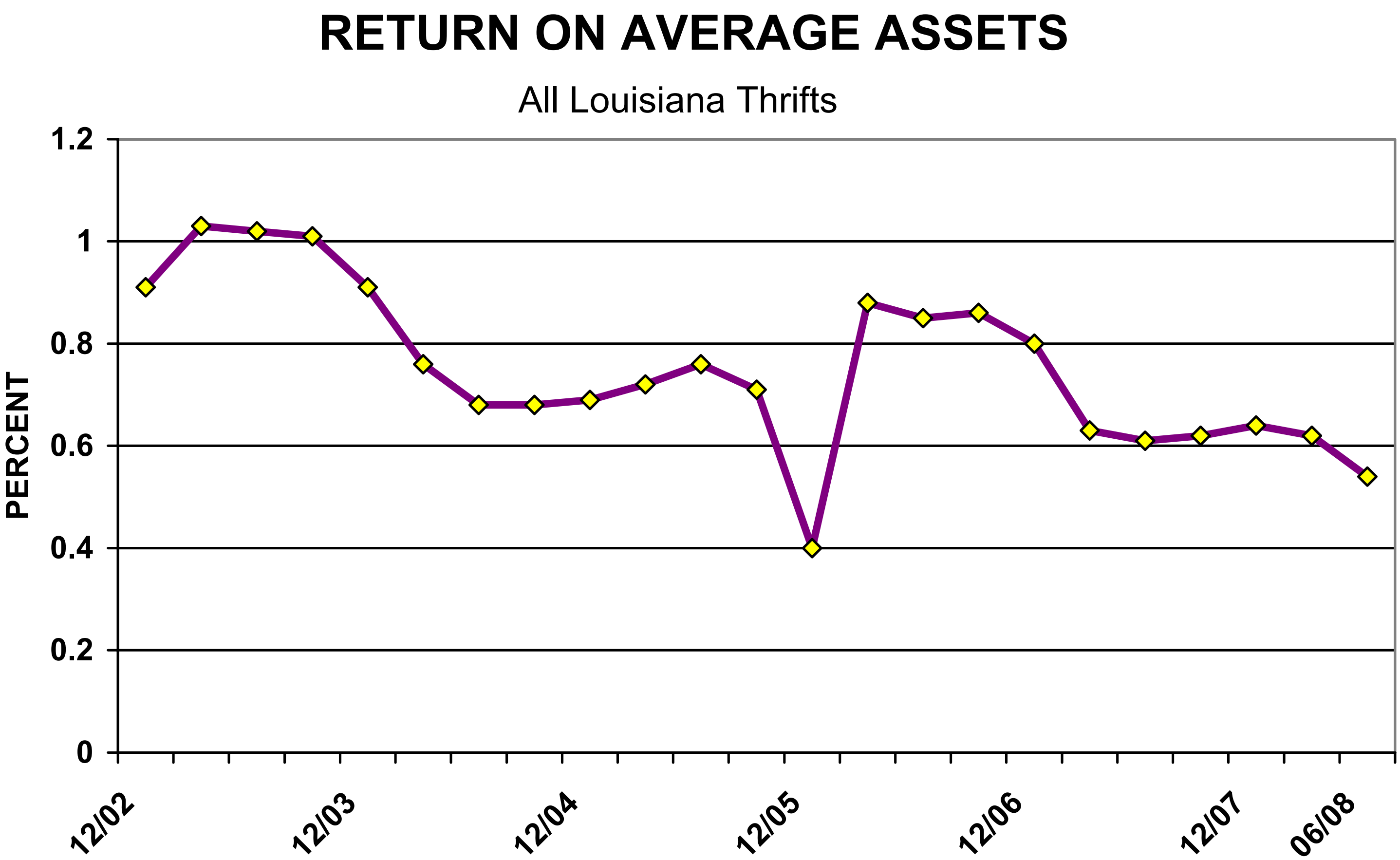

Figure 25

Earnings for the second quarter of 2008 decreased from the previous quarter and are considered fair with second quarter net income totaling $6.42 million, or a return on average assets of 0.47 percent annualized, as compared to $8.43 million, or a return on assets of 0.62 percent annualized, for the previous quarter. Increased noninterest expense and securities losses were the primary reasons net income decreased during the second quarter of 2008. Figure 25 above reflects the annualized year-to-date return on average assets for all Louisiana banks for every quarter since year-end 2002. Four Louisiana-domiciled thrifts showed net operating losses for the second quarter, with three also reporting net operating losses through the first six months of 2008.

As of June 30, 2008, there are 2 Louisiana-domiciled Federal thrifts that have elected tax treatment as a Subchapter S corporation, or approximately 8 percent of all Louisiana-domiciled thrifts, similar to the percentage of all thrifts in the U.S. that have elected tax treatment as a Subchapter S corporation.

Figure 26 on the following page reflects the annualized year-to-date net interest margin for all Louisiana banks for every quarter since year-end 2002.

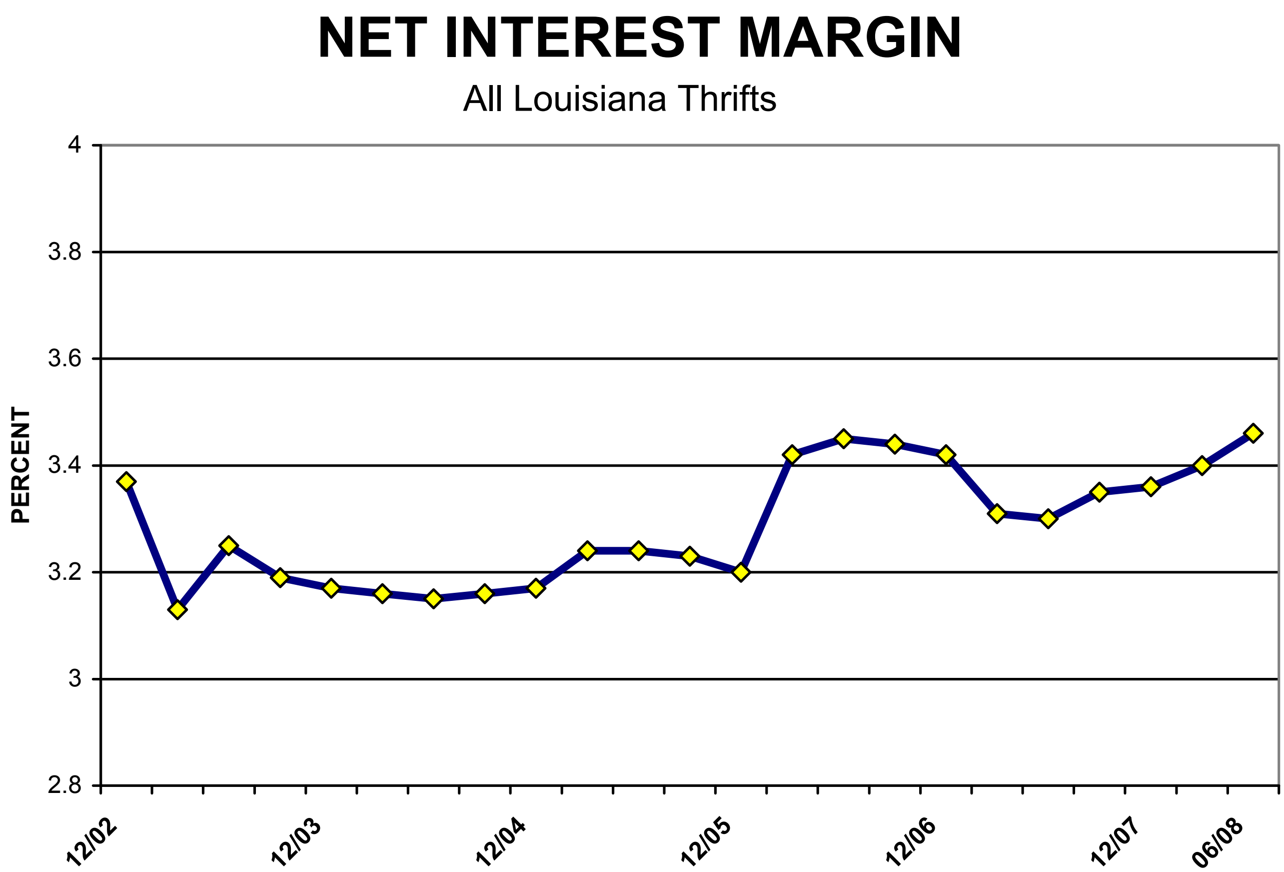

Figure 26

The net interest margin for all Louisiana-domiciled thrifts increased from 3.40 percent to 3.53 percent in the second quarter of 2008. The aggregate yield on earning assets decreased from 6.38 percent to 6.26 percent, while the cost of funds decreased from 2.99 percent to 2.74 percent. During the second quarter of 2008, the net interest margin for Louisiana state-chartered thrifts increased from 3.18 percent to 3.30 percent while the net interest margin for Louisiana-domiciled Federal thrifts increased from 3.49 percent to 3.62 percent. During the same time frame, the yield on earning assets for Louisiana state-chartered and Louisiana-domiciled Federal thrifts both decreased, from 6.21 percent to 6.05 percent and from 6.46 percent to 6.35 percent, while the cost of funds for Louisiana state-chartered and Louisiana-domiciled Federal thrifts both decreased as well, from 3.02 percent to 2.74 percent and from 2.97 percent to 2.74 percent, respectively.

For all thrifts in the U.S., the net interest margin increased from 3.02 percent to 3.16 percent in the second quarter of 2008. During the same time frame, the yield on earning assets decreased from 6.39 percent to 6.05 percent, while the cost of funds also decreased from 3.37 percent to 2.88 percent.

As noted on page 31 above, quarterly net income, the annualized quarterly ROAA, and the year-to-date ROAA for all Louisiana-domiciled thrifts decreased from the first to the second quarter. In addition, year-to-date earnings for Louisiana-domiciled thrifts are considered fair as the year-to-date ROAA is below the level reported for the same time periods for the last three years.

For Louisiana state-chartered thrifts, earnings are less than satisfactory; however, net income in the second quarter of 2008 increased from the first quarter primarily because of a reduction in interest expense. As a result, the quarterly annualized ROAA increased to 0.28 percent for the quarter ending June 30, 2008, from 0.24 percent for the quarter ending March 31, 2008. The year-to-date ROAA also increased to 0.26 percent as of June 30, 2008, from 0.24 percent as of March 31, 2008. However, earnings remain weak as the year-to-date ROAA for the last several years, except 2005, ranged from 0.50 to 0.75 percent.

For Louisiana-domiciled Federal thrifts, earnings are fair. Net income in the second quarter of 2008 decreased from the first quarter primarily because of an increase in non-interest expenses and securities losses. As a result, the quarterly annualized ROAA decreased to 0.54 percent for the quarter ending June 30, 2008, from 0.60 percent for the quarter ending March 31, 2008. The year-to-date ROAA showed a smaller decline, to 0.66 percent as of June 30, 2008, from 0.78 percent as of March 31, 2008. For these thrifts, the ROAA has ranged from 0.60 percent to 0.80 percent for the last several years.

All thrifts in the U.S. reported a net loss for the second quarter of 2008 compared to net income reported for the first quarter because of decreased noninterest income, increased loan loss provisions, and losses on sale of securities. The annualized ROA was -1.11percent for the quarter ending June 30, 2008, down from 0.00 percent for the quarter ending March 31, 2008. Year-to-date ROA declined to -0.55 percent as of June 30, 2008, from 0.00 percent as of March 31, 2008. These thrifts reported a year-to-date ROAA of 0.13 percent and 0.99 percent for the 2007 and 2006 years, respectively, and were 1.15 percent or higher for the two prior years.

Operating expenses increased in total and in all three reported categories during the second quarter of 2008, going from 2.90 percent of average assets to 3.24 percent of average assets. The industry showed a net loss on securities of $2.38 million during the second quarter of 2008, compared to a net gain on securities of $383 thousand during the first quarter of 2008. Net gains on the sale of securities totaled $663 thousand and $94 thousand for the calendar years 2007 and 2006, respectively.

The ratio of operating expenses to average assets for the second quarter of 2008 at Louisiana state-chartered thrifts increased slightly to 3.04 percent from 3.02 percent as non-interest expense increased in total, although two of the three non-interest expense categories decreased. Louisiana state-chartered thrifts reported a net loss on securities of $9 thousand and a net gain on securities of $39 thousand for the second and first quarter, respectively, and reported no gains or losses on the sale of securities for the calendar year 2007, and gains on sale of securities of $13 thousand for the calendar year 2006.

The ratio of operating expenses to average for the second quarter of 2008 at Louisiana-domiciled Federal thrifts increased to 3.33 percent from 2.85 percent as all three reported expense categories increased during the second quarter. Louisiana-domiciled Federal thrifts reported net losses on securities of $2.37 million and $344 thousand in the second and first quarters, respectively, and net gains on the sales of securities of $663 thousand and $81 thousand for the calendar years 2007 and 2006, respectively.

For all thrifts in the U.S., the ratio of operating expenses to average assets increased during the second quarter to 2.63 percent to 2.81 percent with quarterly increases in all three non-interest expense categories and losses on securities. All thrifts in the U.S. reported net losses on securities of $465 million in the second quarter of 2008 and net gains on securities of $548 million for the first quarters of 2008, and net losses on securities of $750 million for the calendar year 2007, and net gains on securities of $3.36 billion for the calendar year 2006.

ALL LOUISIANA THRIFTS

Consolidation Since December 31, 2002

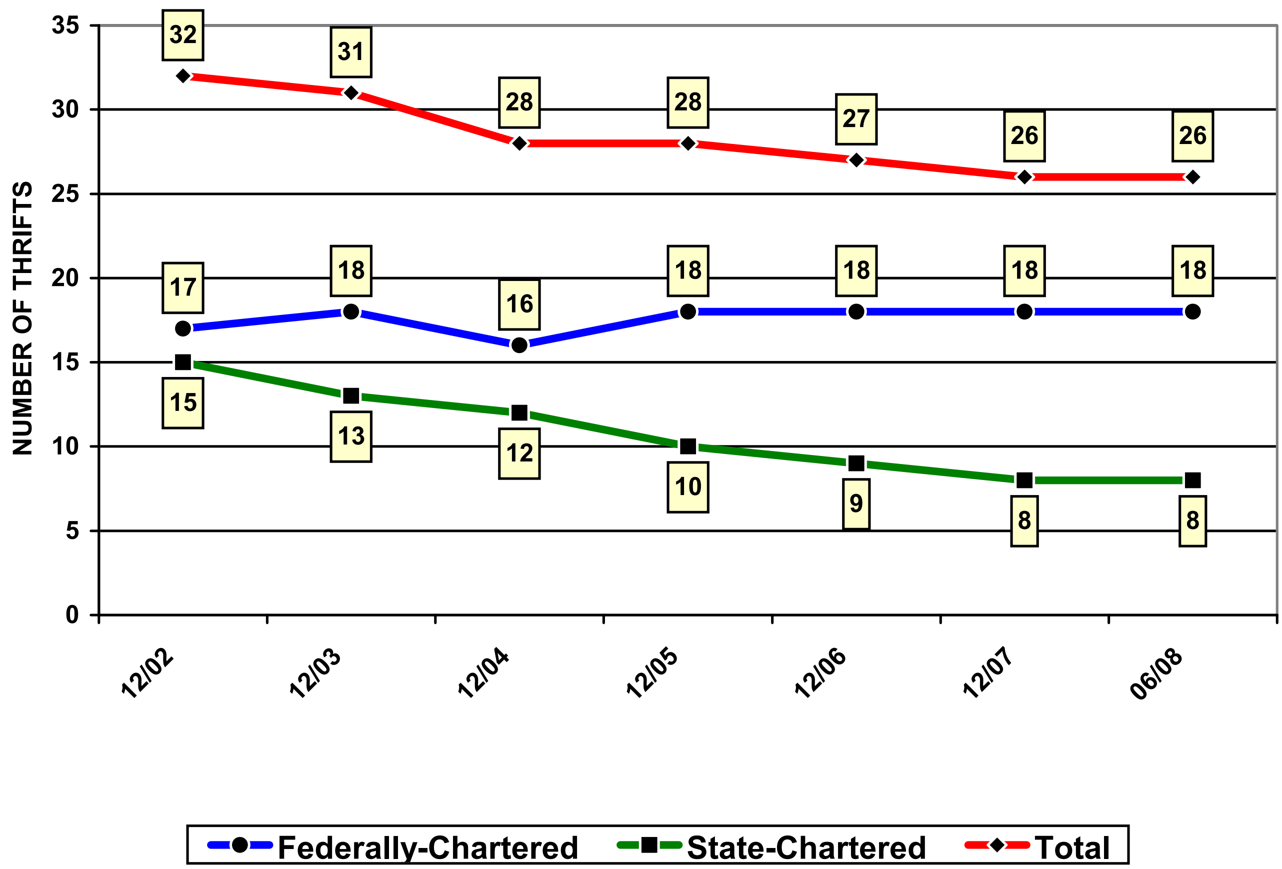

Figure 27

MERGERS AND ACQUISITIONS FOR THE QUARTER ENDED JUNE 30, 2008

No mergers occurred during the second quarter of 2008. As illustrated in Figure 27 above, since December 31, 2002, the total number of Louisiana-domiciled thrifts has decreased from 32 to 26, or by 18.75 percent. In the first quarter of 2008, a Louisiana-domiciled bank holding company, which owns a Louisiana state-chartered bank subsidiary, acquired a Louisiana-domiciled federal thrift and maintained the charter as a separate subsidiary at that time.

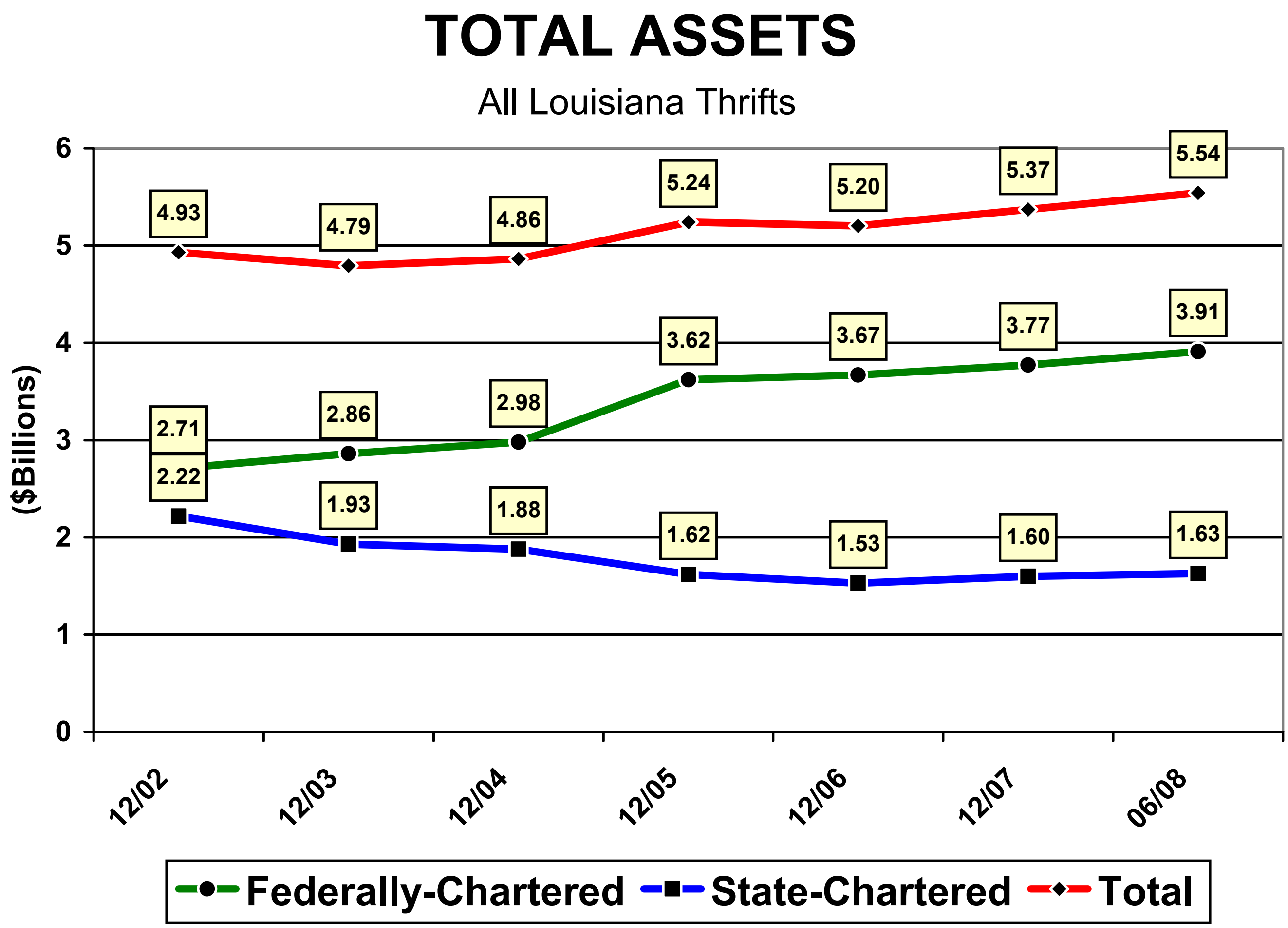

Figure 28

Total assets increased from $5.48 billion as of March 31, 2008, to $5.54 billion as of June 30, 2008, or by 1.13 percent. Figure 28 above reflects the trend in total assets for Louisiana state-chartered banks, Louisiana-domiciled federal thrifts, and all Louisiana-domiciled thrifts in Louisiana for each year-end since 2002. Despite industry concentration, total assets in Louisiana-domiciled thrift have grown for 14 of the past 20 quarters.

As noted on page 17 of this report, a Louisiana-domiciled bank holding company, which owns a Louisiana state-chartered bank, also owns a federally-chartered thrift domiciled in Arkansas with total assets of $1.60 billion.

THRIFT SUMMARY AS OF JUNE 30, 2008

The overall financial condition of Louisiana-domiciled thrifts remains sound at the present time, primarily because of strong capital ratios. The second quarter of 20087 brought a minimal increase in total assets, total deposits, and a slight decline in Tier 1 (core) capital. Borrowed money, primarily FHLB advances, increased at a faster rate than total deposits, although the quarter also brought a moderate increase in core deposits. Earnings are fair and declined as non-interest expenses and loan loss provisions increased. The Core capital (leverage) and Risk-Based capital ratios declined during the second quarter but remain well above regulatory minimums. During the second quarter, nonperforming assets increased slightly but remain at a manageable level. Net loan charge-offs increased from the prior quarter and remain minimal as a percent of total loans.

THRIFT LAGNIAPPE

- As of June 30, 2008, the breakdown of all Louisiana-domiciled thrifts by asset size is as follows:

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	10	38	$544,185	10
Assets $100 Million to $300 Million	11	42	1,928,433	35
Assets $300 Million to $500 Million	2	8	818,991	15
Assets $500 Million to $1 Billion	3	12	2,246,545	40
TOTAL ASSETS	26	100	$5,538,154	100

- As of June 30, 2008, the breakdown of Louisiana **state-chartered thrifts** by asset size is as follows:

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	4	50	$207,558	13
Assets $100 Million to $300 Million	3	38	553,900	34
Assets $300 Million to $500 Million	0	0	-0-	0
Assets $500 Million to $1 Billion	1	12	865,173	53
TOTAL ASSETS	8	100	$1,626,631	100

- As of June 30, 2008, the breakdown of Louisiana-domiciled **federally-chartered thrifts** by asset size is as follows:

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	6	33	$336,627	9
Assets $100 Million to $300 Million	8	45	1,374,533	35
Assets $300 Million to $500 Million	2	11	818,991	21
Assets $500 Million to $1 Billion	2	11	1,381,372	35
TOTAL ASSETS	18	100	$3,911,523	100

* Thousands

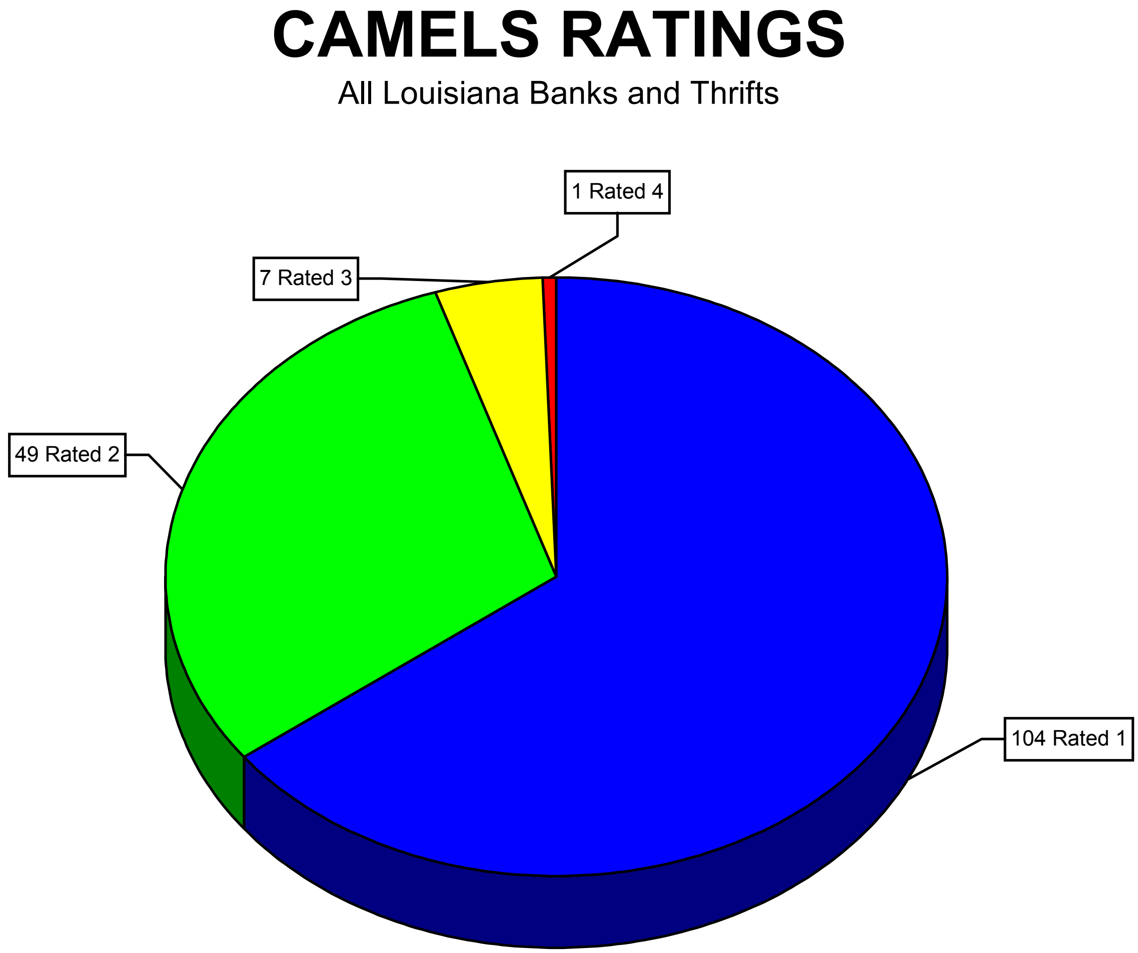

Figure 29

Figure 29 above includes ratings for all 135 banks and 26 thrifts domiciled in Louisiana. This chart 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).

Note: *The ratings reflected within the chart above are as of June 30, 2008, for all state-chartered banks and thrifts and national banks. However, for federal thrifts, the ratings reflected within the chart above are as of September 30, 2007, respectively.*

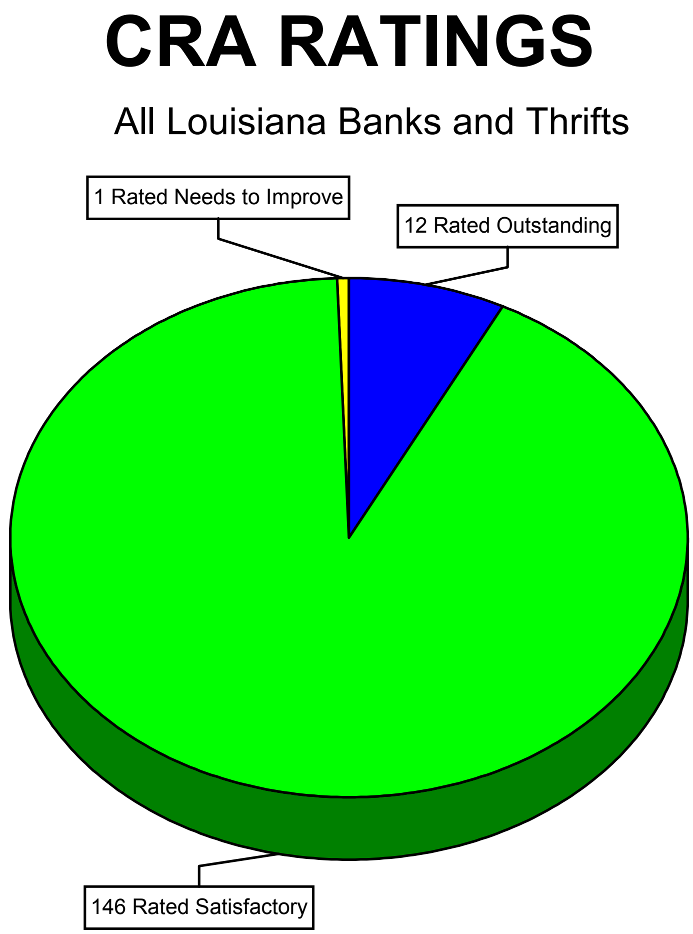

Figure 30

(Note: This chart does not include a bankers' bank since CRA ratings are not applicable, and one de novo bank that is not yet rated, and reflects all ratings issued through June 30, 2008.)

As Figure 30 above demonstrates, Louisiana-domiciled banks and thrifts continue to work aggressively to meet the requirements of the Community Reinvestment Act. Of the 159 banks and thrifts assigned a CRA rating, all but one of the Louisiana banks and thrifts were rated Satisfactory or better at their last CRA examination. Only one bank is assigned a "Needs to Improve" CRA rating, with this rating assigned in the second quarter of 2007. One bank, previously assigned a "Needs to Improve" CRA rating, was upgraded to a "Satisfactory" rating, and another bank, previously assigned a "Satisfactory" rating, was assigned an "Outstanding" CRA rating in 2008. In addition, two de novo banks, not previously rated, were assigned "Outstanding" and "Satisfactory" CRA ratings, respectively.

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. This information was deemed reliable at the time it was obtained; however, the banks and thrifts amend their reports at times, which may result in differences in information contained herein.

While dollar amounts within this report may use billions initially, then millions, then thousands, depending on the reported amount, all percentage changes noted within this report are calculated using the dollar amounts rounded to the nearest thousandth, as reported by the bank in their quarterly financial reports.

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.