LOUISIANA-DOMICILED BANKS AND THRIFTS FINANCIAL REPORT

For the Quarter Ended
December 31, 2008

STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS

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LOUISIANA BANKING INDUSTRY FINANCIAL CONDITION AS OF DECEMBER 31, 2008

During the fourth quarter of 2008, total assets for all Louisiana-domiciled banks increased from $46.65 billion to $48.92 billion, an increase $2.27 billion or by 4.86 percent. During the fourth quarter, all four major earning asset categories increased. Total loans and leases increased from $32.16 billion to $33.03 billion or by 2.71 percent. Total securities increased from $9.08 billion to $9.82 billion or by 8.14 percent. Cash increased from $1.66 billion to $2.06 billion or by 24.34 percent. Federal funds sold increased from $1.10 billion to $1.30 billion or by 18.73 percent. On the liabilities side, total deposits increased from $36.97 billion to $39.02 billion or by 5.56 percent, while borrowed money decreased from $4.52 billion to $4.27 billion or by 5.53 percent.

For Louisiana state-chartered banks, total assets increased by 4.23 percent during the fourth quarter of 2008. For these banks, securities, total loans, and cash increased, while Federal funds sold decreased. On the liabilities side, total deposits increased while borrowed money decreased. For Louisiana-domiciled national banks, total assets increased by 6.29 percent during the fourth quarter of 2008. For these banks, total loans, Federal funds sold, cash, and securities all increased. On the liabilities side, total deposits increased while borrowed money decreased.

The following chart provides selected performance indicators for all commercial banks in the U. S. for the quarter ended December 31, 2008 and for all Louisiana-domiciled banks for the quarters ended December 31, 2008, and September 30, 2008; and for calendar years 2008 and 2007:

	U. S. Banks	All Louisiana-Domiciled Banks			
TRENDS	Quarter Ended 12/31/2008	Quarter Ended 12/31/2008	Quarter Ended 09/30//2008	Year Ended 12/31/2008	Year Ended 12/31/2007
Earnings					
Yield on Earning Assets	5.17%	6.12%↓	6.40%	6.39%↓	7.24%
Cost of Funds	1.77%	1.73%↓	1.88%	1.96%↓	2.63%
Net Interest Margin	3.39%	4.39%↓	4.58%	4.43%↓	4.61%
Loan Loss Provisions to Average Assets	1.94%	0.99%↑	0.61%	0.61%↑	0.17%
Operating Expenses to Average Assets	3.39%	3.31%↓	3.40%	3.29%↓	3.43%
Return on Average Assets	-0.86%	0.62%↓	0.87%	0.92%↓	1.30%
Asset Quality					
Noncurrent Loans to Total Loans	2.91%	2.25%↑	1.95%	2.25%↑	1.20%
Nonperforming Assets to Total Assets	1.82%	1.75%↑	1.55%	1.75%↑	0.92%
Net Charge-offs to Total Loans	1.91%	0.91%↑	0.55%	0.58%↑	0.21%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	7.42%	9.17%↑	8.84%	9.17%↑	8.88%
Earning Assets to Total Assets	88.14%	90.49%↓	90.79%	90.49%↓	91.18%
Loans to Deposits	82.70%	83.44%↓	85.84%	83.44%↑	81.25%

For all Louisiana-domiciled banks, the year-to-date 2008 return on average assets (ROAA) declined by 10 basis points in the fourth quarter and by 38 basis points from 2007. Although decreasing, this ratio is still well above the national average. Although returns are declining, a great majority of banks continues to show solid earnings performance as a result of satisfactory net interest margins and stable and controlled operating expenses. However, provisions for loan losses have continue to increase. Sound capital levels continue to grow with earnings retention, in spite of further asset growth. Asset quality continues to show signs of weakening as the dollar volume and ratio of nonperforming assets continue to increase from the previous quarter and from the same time period last year as shown above. Net charge-offs and net charge-off ratios also increased during the fourth quarter, with both above the level reported in 2007. However, Louisiana-domiciled banks compare very favorably in most categories when compared to all commercial banks in the U.S., as shown in the table above and other pages throughout this report.

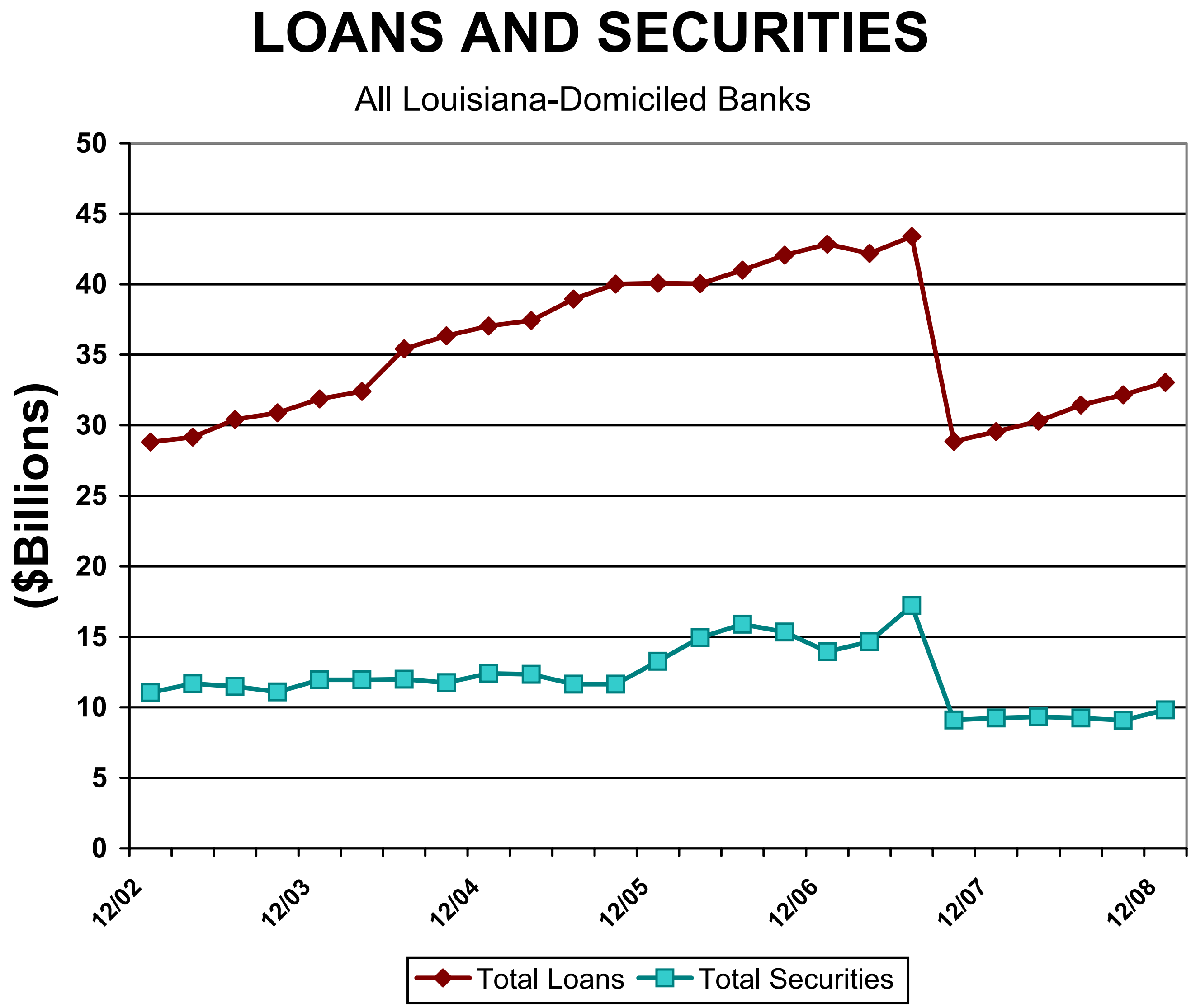

Figure 1

As previously mentioned, total loans and leases increased by 2.71 percent during the fourth quarter of 2008, from $32.16 billion to $33.03 billion or by approximately $0.87 billion. Total loans and leases have increased in 21 of the past 24 quarters with one of the decreases because of the relocation of the headquarters of a large national bank from Louisiana. During the fourth quarter, increases were noted in all categories, except farm loans, in the following order: commercial loans, real estate loans, other loans, and consumer loans. Commercial loans increased from $6.61 billion to $7.14 billion or by $525 million. Real estate loans increased from $21.78 billion to $22.19 billion or by $411 million. Other loans increased from $576 million to $636 million or by $60 million. Consumer loans increased from $2.76 billion to $2.77 billion or by $10 million. Farm loans decreased from $454 million to $319 million or by $135 million.

During the fourth quarter of 2008, Louisiana state-chartered banks experienced growth in the four of the five reported loan categories with the exception of farm loans. Louisiana-domiciled national banks experienced loan growth in three of the five categories with the exception of farm loans and consumer loans.

Figure 1 above shows the trend in total loans and leases and securities since year-end 2002 with the significant decline in mid-2007 caused by the relocation of a large national bank's headquarters from Louisiana in July 2007. Figure 2 on the following page shows the composition in the loan portfolio mix at December 31, 2008.

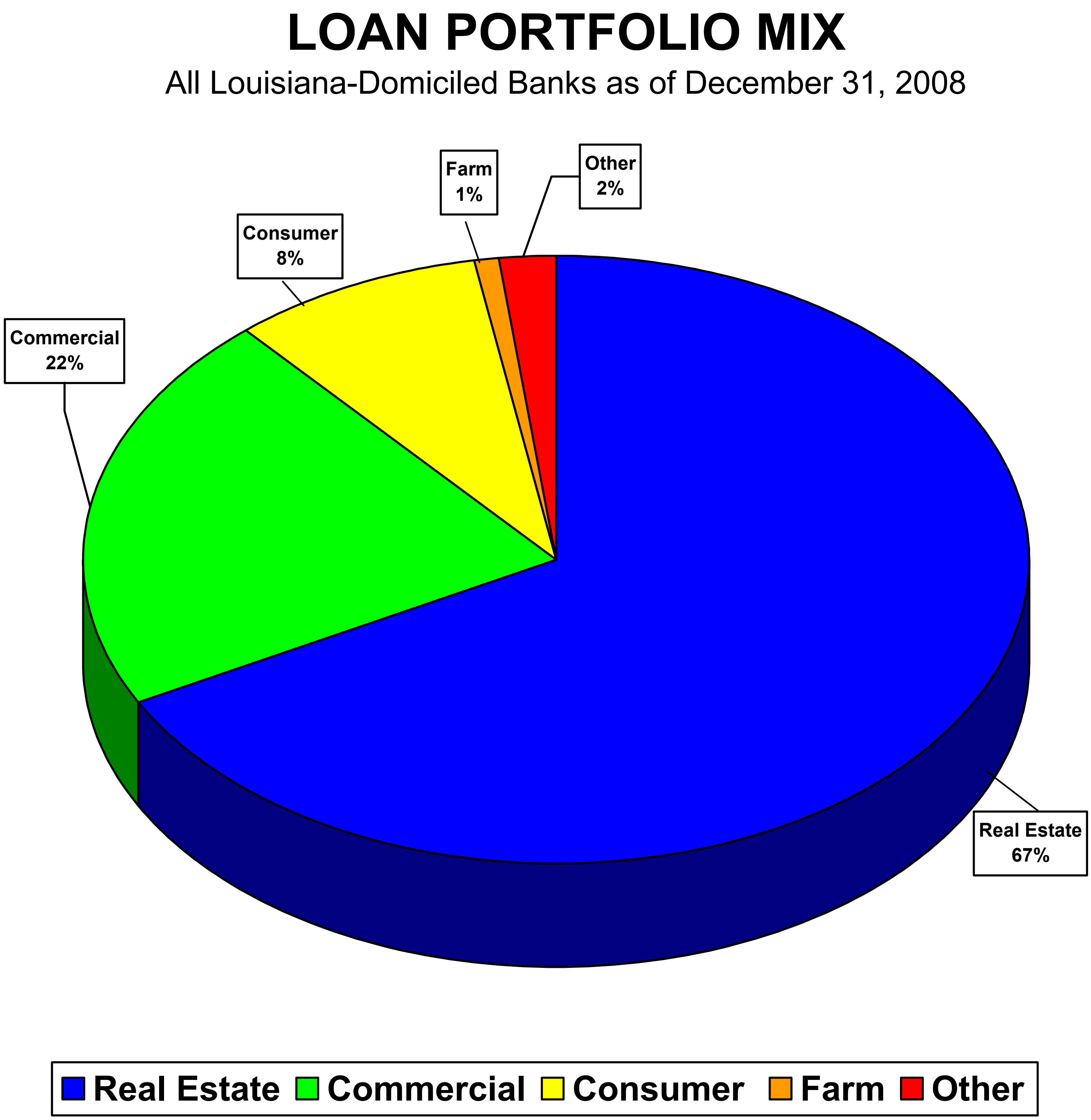

Figure 2

As of December 31, 2008, Louisiana state-chartered banks showed a loan portfolio mix as follows: real estate loans - 70 percent; commercial loans - 16 percent; consumer loans - 11 percent; other loans - 2 percent; and farm loans - 1 percent. As of this same date, for Louisiana-domiciled national banks, the loan portfolio mix is as follows: real estate loans - 61 percent; commercial loans - 33 percent; consumer loans - 4 percent; other loans - 2 percent; and farm loans - 0 percent.

As of December 31, 2008, for all commercial banks in the U.S., the loan portfolio mix is as follows: real estate - 56 percent; commercial loans - 21 percent; consumer loans - 14 percent; other loans - 8 percent; and farm loans - 1 percent.

The ratio of loans to deposits decreased during the fourth quarter of 2008, going from 85.84 percent as of September 30, 2008, to 83.44 percent as of December 31, 2008, as net loans increased at a slower pace than total deposits. Figure 3 below illustrates the aggregate loan-to-deposit ratio trend since year-end 2002.

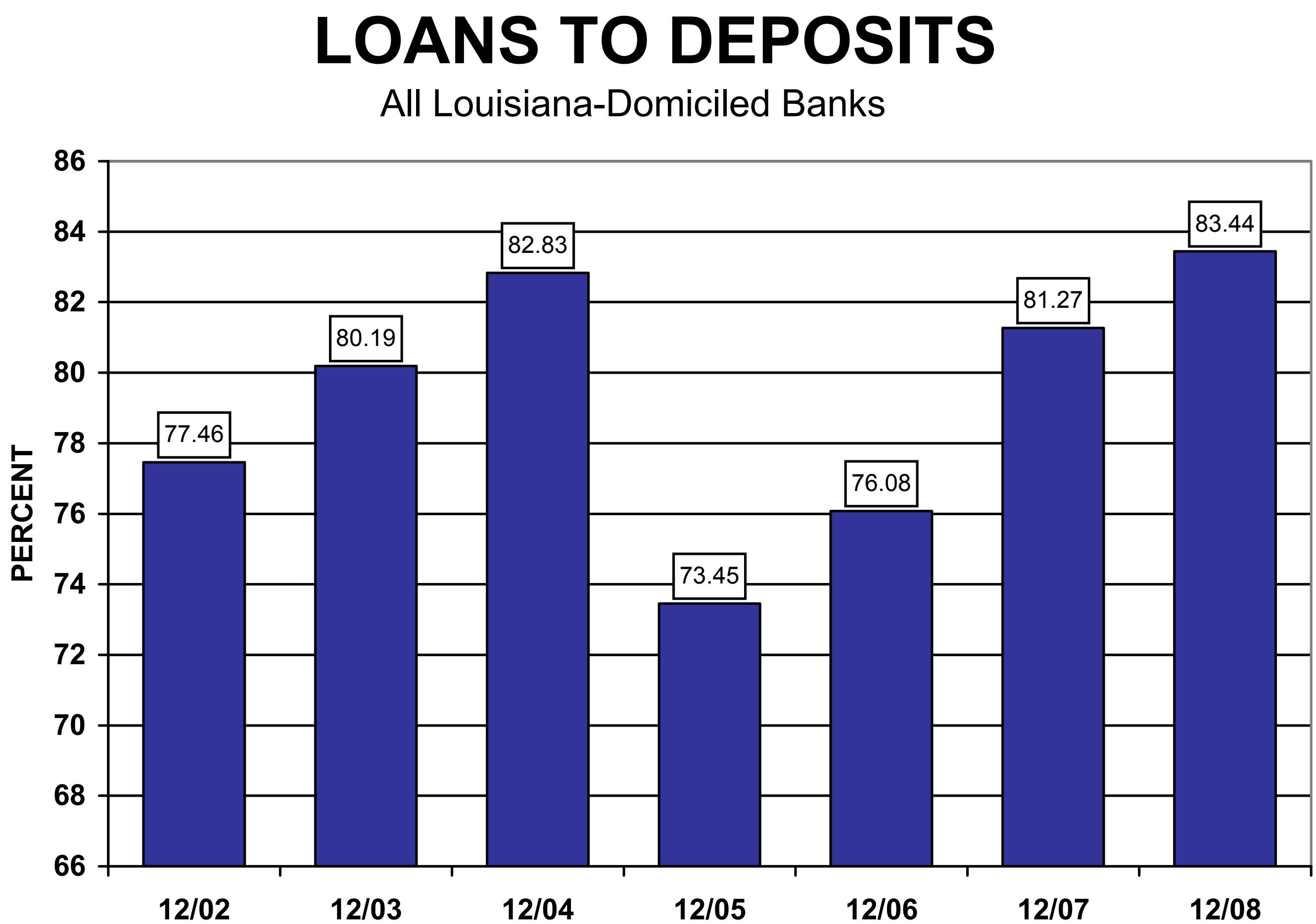

Figure 3

During the fourth quarter of 2008, for Louisiana state-chartered banks, the ratio of loans to deposits decreased from 81.74 percent as of September 30, 2008, to 79.05 percent as of December 31, 2008, as deposits grew at a faster rate than net loans. For Louisiana-domiciled national banks, the ratio also decreased from 95.92 percent as of September 30, 2008, to 94.15 percent as of December 31, 2008, as deposits grew at a faster rate than net loans.

For all commercial banks in the U.S., the ratio of loans to deposits decreased from 87.48 percent as of September 30, 2008, to 82.70 percent as of December 31, 2008. During this time period, net loans declined while deposits increased.

On the liabilities side, total deposits increased from $36.97 billion as of September 30, 2008, to $39.02 billion as of December 31, 2008, or by 5.56 percent, while borrowed money decreased from $4.52 billion as of September 30, 2008, to $4.27 billion as of December 31, 2008, or by 5.53 percent. Core deposits increased from $29.89 billion as of September 30, 2008, to $31.58 billion as of December 31, 2008, or by 5.66 percent. Figure 4 below shows the mix of deposits and borrowed money since year-end 2002.

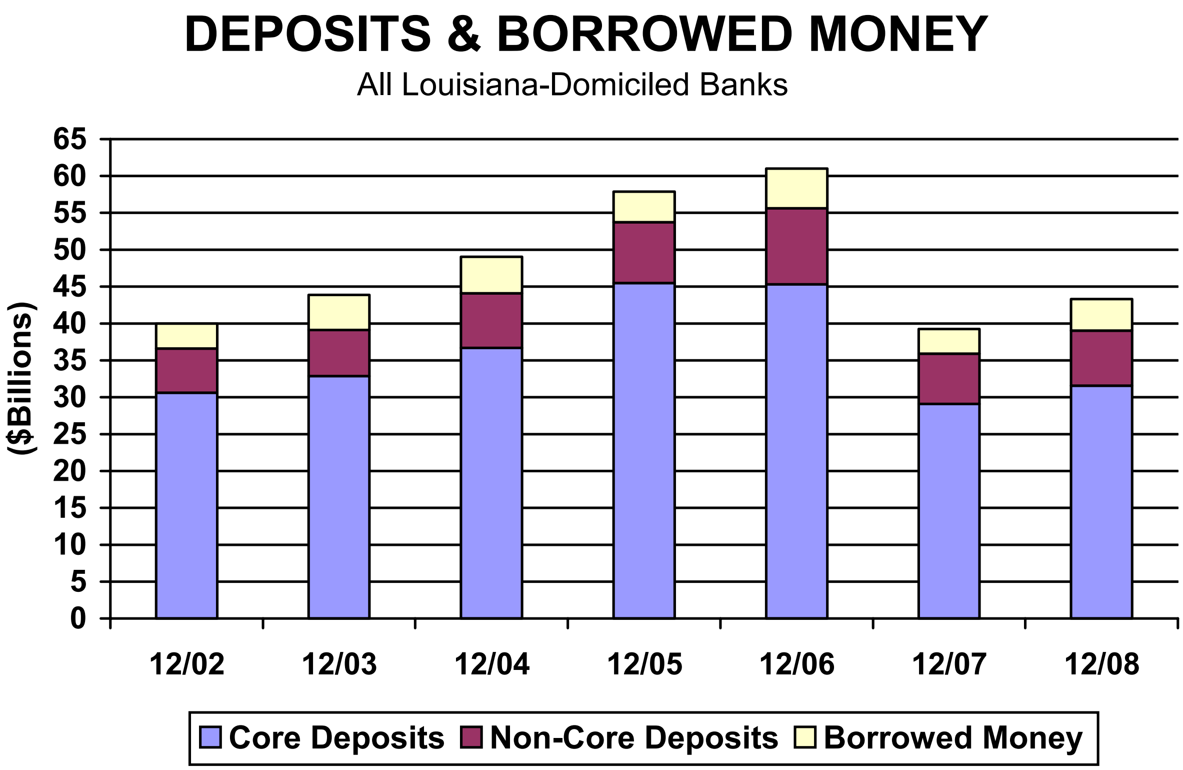

Figure 4

As noted previously, borrowed money decreased during the fourth quarter of 2008. As of December 31, 2008, borrowed money totaled $4.27 billion and consisted of Federal funds purchased totaling $2.46 billion, FHLB advances totaling $1.68 billion, and other borrowings totaling $127 million. As of September 30, 2008, borrowed money totaled $4.52 billion and consisted of Federal funds purchased totaling $2.07 billion, Federal Home Loan Bank (FHLB) advances totaling $2.28 billion, and other borrowings totaling $165 million. Total borrowed money for Louisiana state-chartered banks decreased by $155 million during the fourth quarter with decreases in Federal funds purchased, FHLB advances, and other borrowings. Total borrowed money for Louisiana-domiciled national banks decreased by $95 million during the fourth quarter with decreases in FHLB advances and other borrowings and increases in Federal funds purchased.

Non-core deposits increased during the fourth quarter of 2008. As of December 31, 2008, non-core deposits totaled $7.44 billion and consisted of time deposits of $100,000 or more totaling $7.04 billion and deposits held in foreign offices totaling $397 million. As of September 30, 2008, non-core deposits totaled $7.08 billion and consisted of time deposits of $100,000 or more totaling $6.63 billion and deposits in foreign offices totaling $447 million. During the fourth quarter, non-core deposits in Louisiana state-chartered banks, consisting entirely of time deposits of $100,000 or more, increased by $262 million. During this same time, non-core deposits in Louisiana-domiciled national banks increased by $101 million with a $151 million increase in time deposits of $100,000 or more and a $50 million decrease in deposits held in foreign offices.

Note: The decreases in all three categories at December 31, 2007, shown in the chart above compared to prior years, 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 increased during the fourth quarter of 2008, going from 72.05 percent as of September 30, 2008, to 72.95 percent as of December 31, 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.

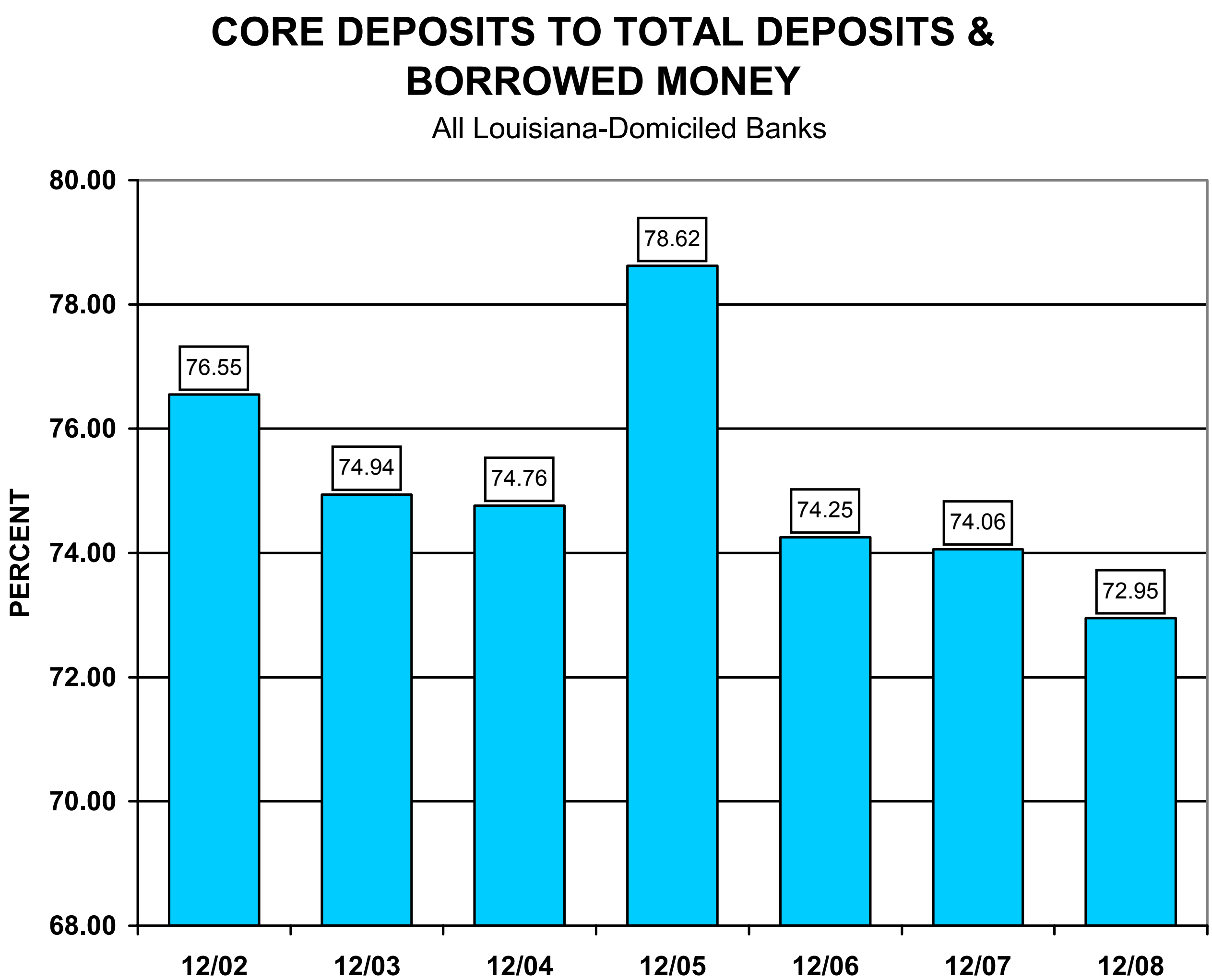

Figure 5

For Louisiana state-chartered banks, the ratio of core deposits to total deposits and borrowed money increased to 73.89 percent as of December 31, 2008, from 73.14 percent as of September 30, 2008. For Louisiana-domiciled national banks, this ratio increased to 70.83 percent as of December 31, 2008, from 69.56 percent as of September 30, 2008.

For all commercial banks in the U.S., the ratio of core deposits to total deposits and borrowed money decreased to 53.74 percent as of December 31, 2008, from 51.30 percent as of September 30, 2008.

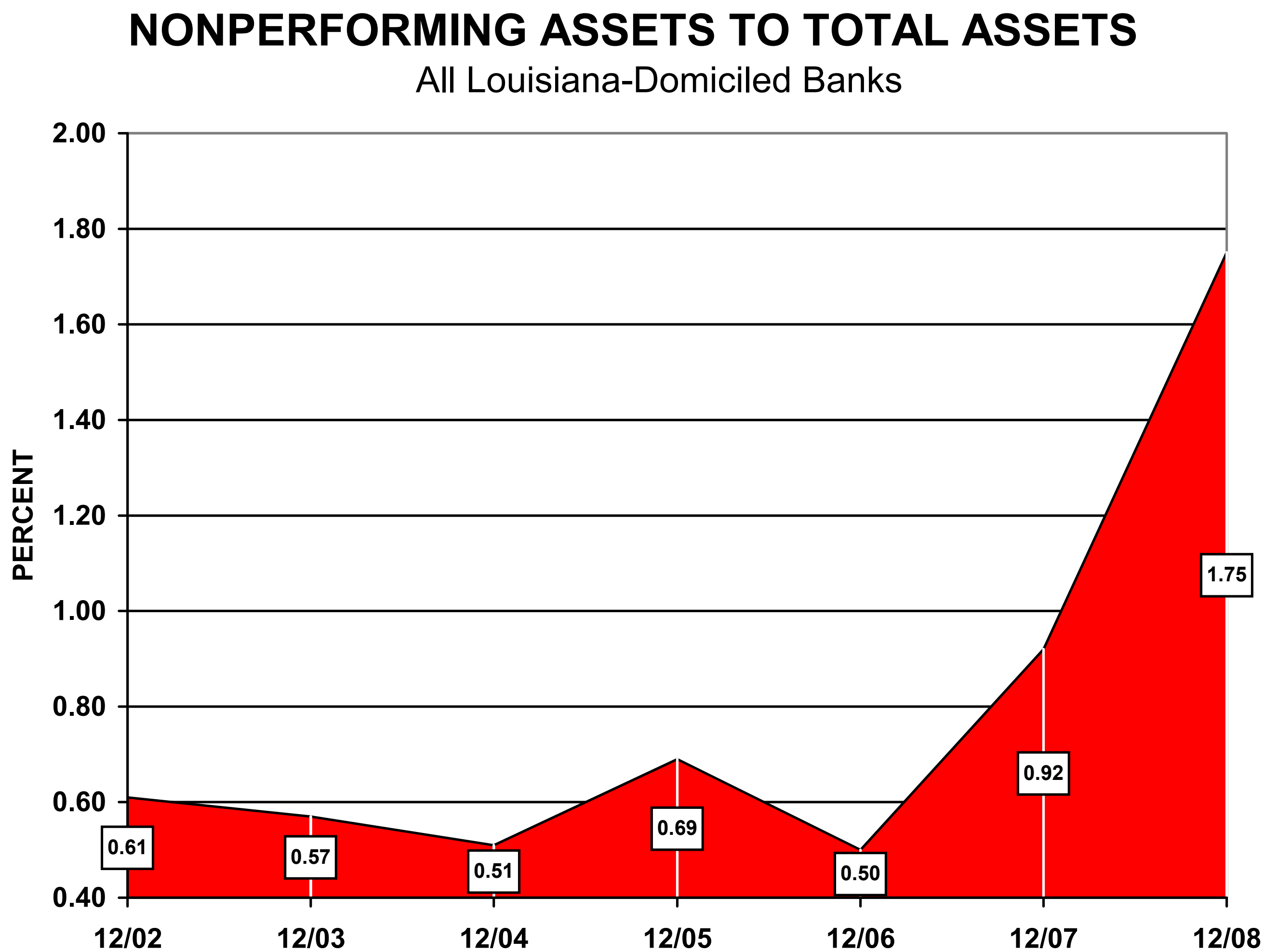

Figure 6

The volume of nonperforming assets (noncurrent loans as defined below plus other real estate owned) increased during the fourth quarter of 2008, from $726 million as of September 30, 2008, to $859 million as of December 31, 2008, or an increase of 18.30 percent. The percentage of nonperforming assets to total assets increased from 1.55 percent at September 30, 2008, to 1.75 percent at December 31, 2008. Figure 6 above illustrates that the ratio of nonperforming assets to total assets from year-end 2002 through year-end end 2008. This ratio has steadily increased since the second quarter of 2007.

The aggregate of noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) increased from $627 million as of September 30, 2008, to $742 million as of December 31, 2008, or by 18.19 percent. The ratio of noncurrent loans to total loans increased from 1.95 percent as of September 30, 2008, to 2.25 percent as of December 31, 2008. Other real estate owned increased from $99 million as of September 30, 2008, to $117 million as of December 31, 2008, or by 19.02 percent.

In the fourth quarter of 2008, noncurrent loans increased from $352 million to $390 million in Louisiana state-chartered banks and from $275 million to $351 million for Louisiana-domiciled national banks. In this same quarter, other real estate owned increased from $67 million to $83 million in Louisiana state-chartered banks and increased from $32 million to $34 million in Louisiana-domiciled national banks. From September 30, 2008, to December 31, 2008, the ratio of nonperforming assets to total assets increased from 1.30 percent to 1.40 percent in Louisiana state-chartered banks and increased from 2.14 percent to 2.52 percent in Louisiana-domiciled national banks. In this same time period, the ratio of noncurrent loans to total loans increased from 1.62 percent to 1.75 percent and from 2.65 percent to 3.23 percent in Louisiana state-chartered banks and Louisiana-domiciled national banks, respectively.

For all commercial banks in the U.S., nonperforming assets increased from September 30, 2008, to December 31, 2008, with both noncurrent loans and other real estate owned increasing. As a result, the ratio of nonperforming assets to total assets increased from 1.47 percent to 1.82 percent, and the ratio of noncurrent loans to total loans increased from 2.26 percent to 2.91 percent.

Figure 7 below illustrates the level of noncurrent loans and other real estate owned for all Louisiana-domiciled banks from year-end 2002 through year-end 2008.

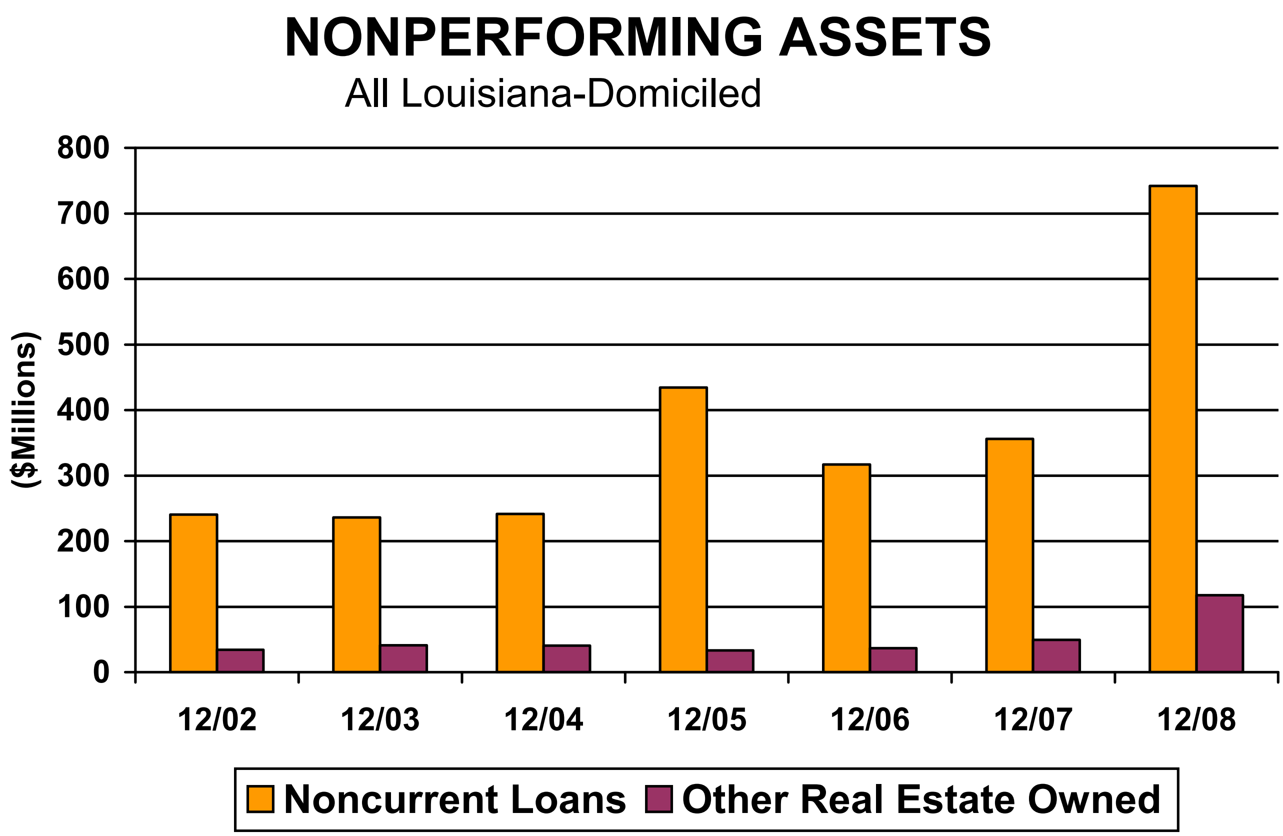

Figure 7

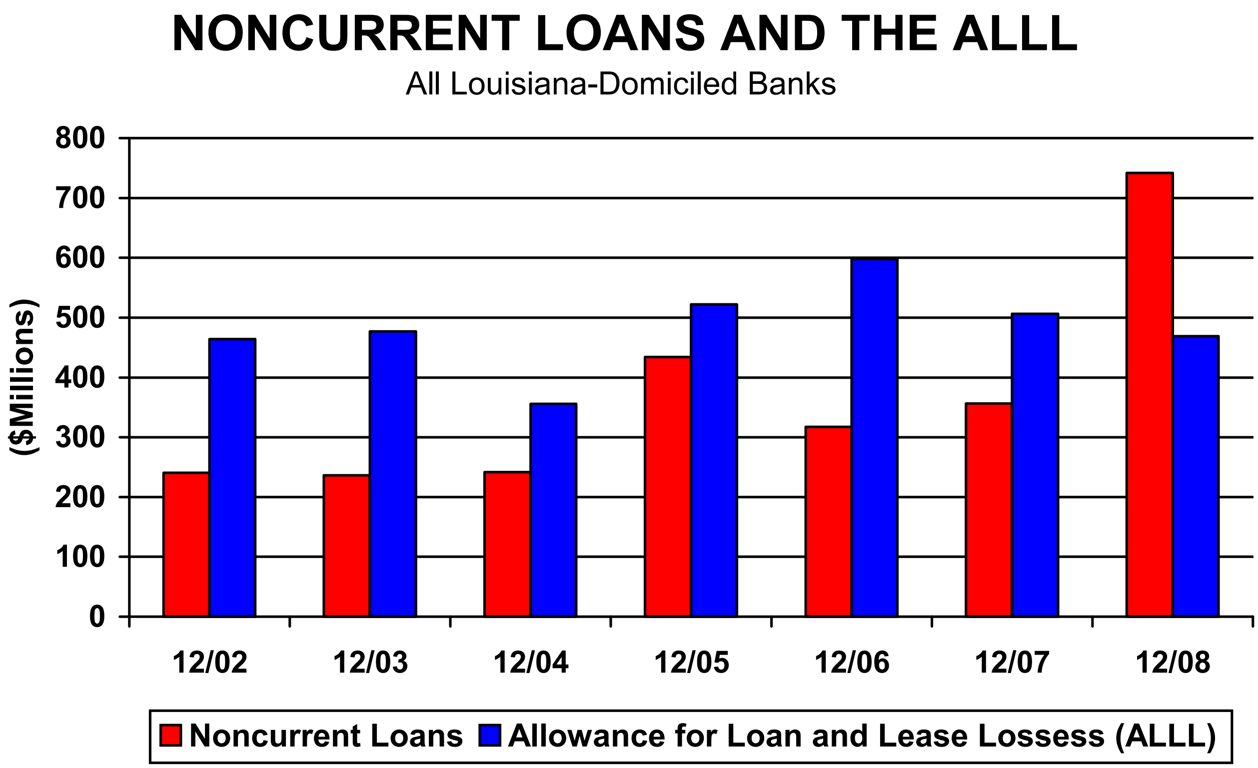

Figure 8

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 all four 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 all four 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 for the last six quarters, from the third quarter of 2007 through the fourth 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 all four quarters of 2008.

Net charge-offs recognized in the fourth quarter of 2008 totaled $73 million, an increase from the $44 million in net charge-offs recognized in the third quarter of 2008. The annualized net charge-off ratio for the quarter ending December 31, 2008, increased to 0.91 percent, from 0.55 percent for the quarter ending September 30, 2008. However, the year-to-date (YTD) ratio of net charge-offs to total loans increased to a lesser extent from 0.45 percent as of September 30, 2008, to 0.58 percent as of December 31, 2008, with net charge-offs for the 2008 calendar year totaling $178 million. 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 September 30, 2008, to December 31, 2008, quarterly net charge-offs increased from $17 million to $53 million for Louisiana state-chartered banks. For these banks, the annualized net charge-off ratio, based on quarterly charge-offs, increased from 0.32 percent to 0.96 percent, while the year-to-date net charge-off ratio increased from 0.32 percent to 0.49 percent, based on net charge-offs for the 2008 calendar year totaling $103 million. 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 September 30, 2008, to December 31, 2008, quarterly net charge-offs decreased from $26 million to $21 million for Louisiana-domiciled national banks. These banks saw the annualized net charge-off ratio decrease from 1.02 percent to 0.81 percent, while the YTD ratio increased from 0.73 percent to 0.73 percent, based on net charge-offs of $76 million for the 2008 calendar year. 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, with 2006 information excluding data from the large bank that moved its headquarters from Louisiana.

From September 30, 2008, to December 31, 2008, commercial banks in the U.S. reported an increase in quarterly net charge-offs from $24.39 billion to $32.93 billion. The quarterly net charge-off ratio increased from 1.43 percent for the quarter ending September 30, 2008, to 1.91 percent for the quarter ending December 31, 2008. The year-to-date net charge-off ratio for these banks increased from 1.20 percent as of September 30, 2008, to 1.31 percent as of December 31, 2008, based on net charge-offs of $87.99 billion for the 2008 calendar year. 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 $469 million as of December 31, 2008, from $427 million as of September 30, 2008, and the ratio of loan loss reserves to total loans increased to 1.42 percent as of December 31, 2008, from 1.33 percent as of September 30, 2008. From year-end 2002 to year-end 2007, the ratio primarily trended downward, with the exception of year-end 2005, 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. The ratio remained steady in the first quarter of 2008 but has steadily increased in the past three quarters to the level shown.

Loan loss provisions totaled $70 million during the third quarter of 2008, or 0.61 percent of average assets, as compared to $117 million during the fourth quarter of 2008, or 0.99 percent of average assets. Loan loss provisions totaled $279 million, $76 million and $41 million for calendar years 2008, 2007, and 2006, respectively. However, if you exclude the information from the large national bank that moved its headquarters from Louisiana in July 2007, loan loss provisions would total $43 million for calendar year 2006.

As of December 31, 2008, loan loss reserves totaled $285 million for Louisiana state-chartered banks, an increase from $271 million as of September 30, 2008. With an increase in loans, the ratio of loan loss reserves to total loans increased minimally to 1.29 percent as of December 31, 2008, from 1.25 percent as of September 30, 2008. Loan loss provisions in the fourth quarter totaled $67 million, an increase from $22 million in the third quarter. For the calendar years 2008, 2007, and 2006, loan loss provisions totaled $135 million, $55 million, and $39 million, respectively.

As of December 31, 2008, loan loss reserves totaled $183 million for Louisiana-domiciled national banks, an increase from $155 million as of September 30, 2008. The ratio of loan loss reserves to total loans increased to 1.69 percent as of December 31, 2008, from 1.49 percent as of September 30, 2008. Loan loss provisions for the fourth quarter totaled $50 million, an increase from $48 million for the third quarter of 2008 for Louisiana-domiciled national banks. For the calendar years 2008, 2007, and 2006, loan loss provisions totaled $144 million, $21 million, and $4 million for Louisiana-domiciled national banks, if you exclude those recognized by the large national bank that moved its headquarters from Louisiana in July 2007 from the 2006 number.

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.

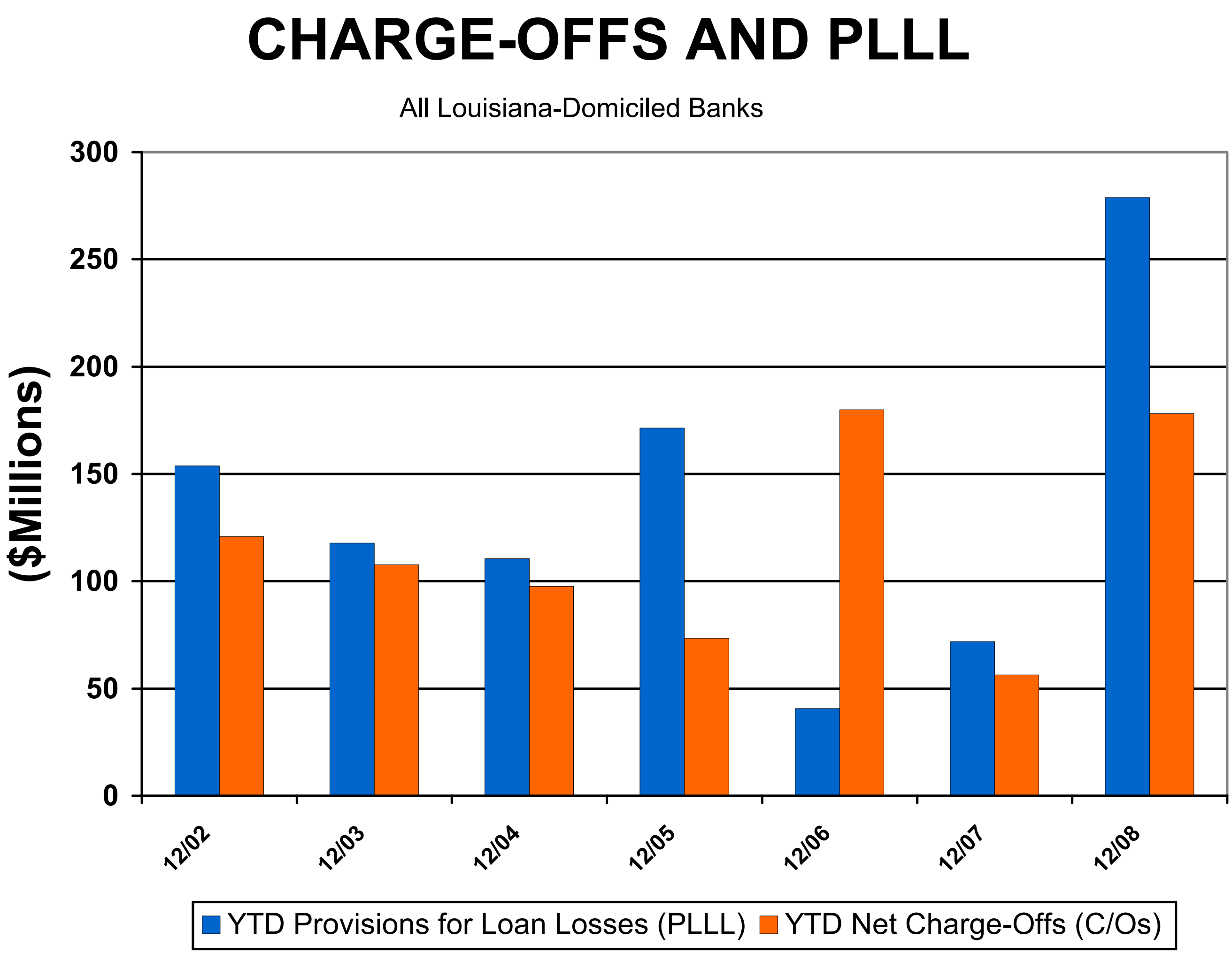

Figure 9

For all commercial banks in the U.S., loan loss reserves increased from $137.20 billion as of September 30, 2008, to $156.15 billion as of December 31, 2008. The ratio of loan loss reserves to total loans increased from 1.98 percent as of September 30, 2008, to 2.28 percent as of December 31, 2008. Loan loss provisions totaled $59.14 billion for the fourth quarter of 2008, compared to $41.29 billion for the third quarter of 2008. For the calendar years 2008, 2007, and 2006, all commercial banks in the U.S. recognized loan loss provisions totaling $151.24 billion, $57.29 billion and $25.59 billion, respectively.

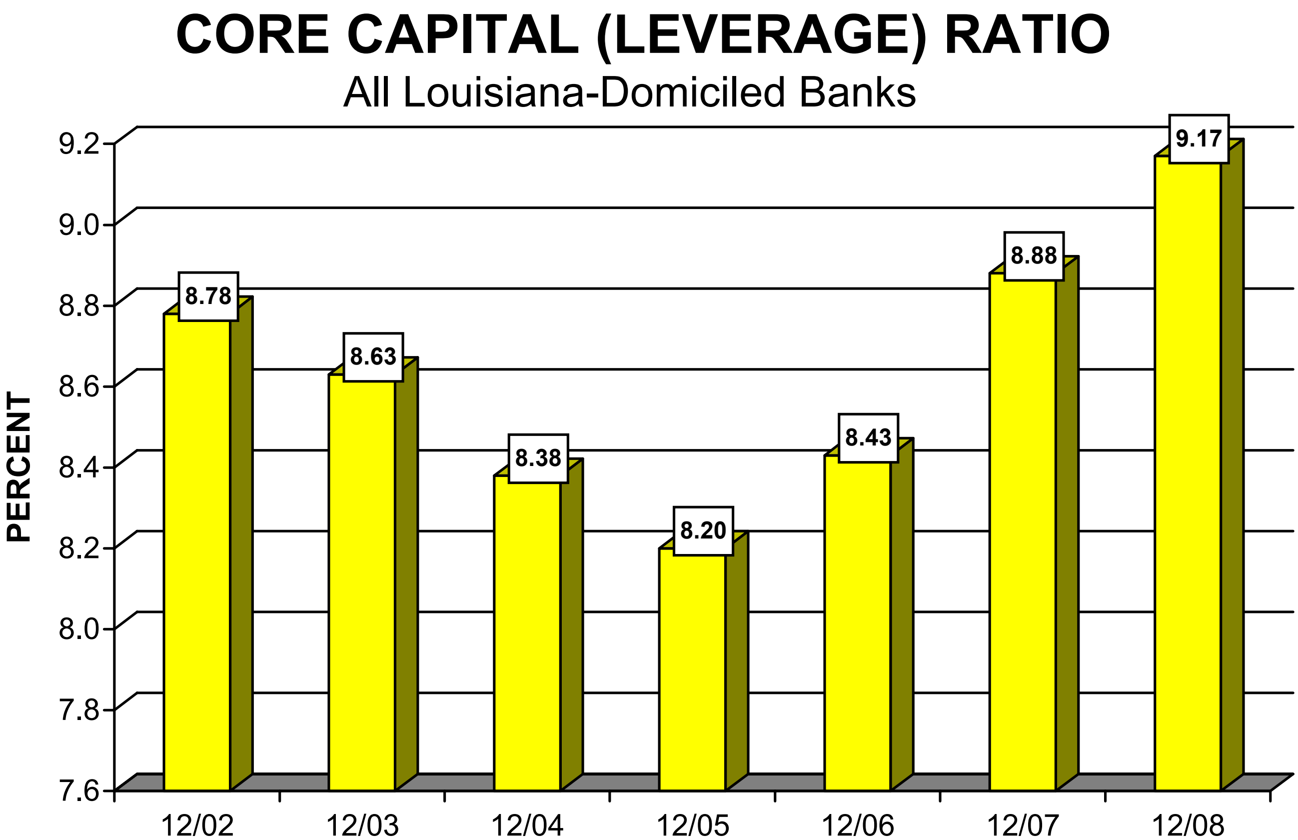

Figure 10

Tier 1 (core) capital increased from $4.03 billion as of September 30, 2008, to $4.28 billion as of December 31, 2008. As a result, the Core capital (leverage) ratio increased from 8.84 percent at September 30, 2008, to 9.17 percent as of December 31, 2008. The December 31, 2008, Core capital (leverage) ratio is at its highest level since year-end 2002 after remaining at essentially the same level for the prior four quarter-ends.

During the fourth quarter of 2008, Tier 1 (core) capital increased by $23 million in Louisiana state-chartered banks. However, with growth in quarter-end average assets, the Core capital (leverage) ratio decreased from 9.26 percent to 9.08 percent. Dividends paid by Louisiana state-chartered banks during the fourth quarter increased by $40 million from the level paid in the third quarter. During the fourth quarter of 2008, Tier 1 (core) capital increased by $227 million in Louisiana-domiciled national banks. With this increase, the Core capital (leverage) ratio increased from 7.89 percent to 9.40 percent. Dividends paid by Louisiana-domiciled national banks during the fourth quarter increased by $27 million from the level paid in the third quarter.

For all commercial banks in the U.S., Tier 1 (core) capital increased during the fourth quarter. However, the Core capital (leverage) ratio decreased from 7.74 percent as of September 30, 2008, to 7.42 percent as of December 31, 2008, as growth in quarter-end average assets outpaced growth in Tier 1 (core) capital. Cash dividends paid by these banks in the fourth quarter of 2008 declined by $2.58 billion over the level paid during the third quarter of 2008.

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

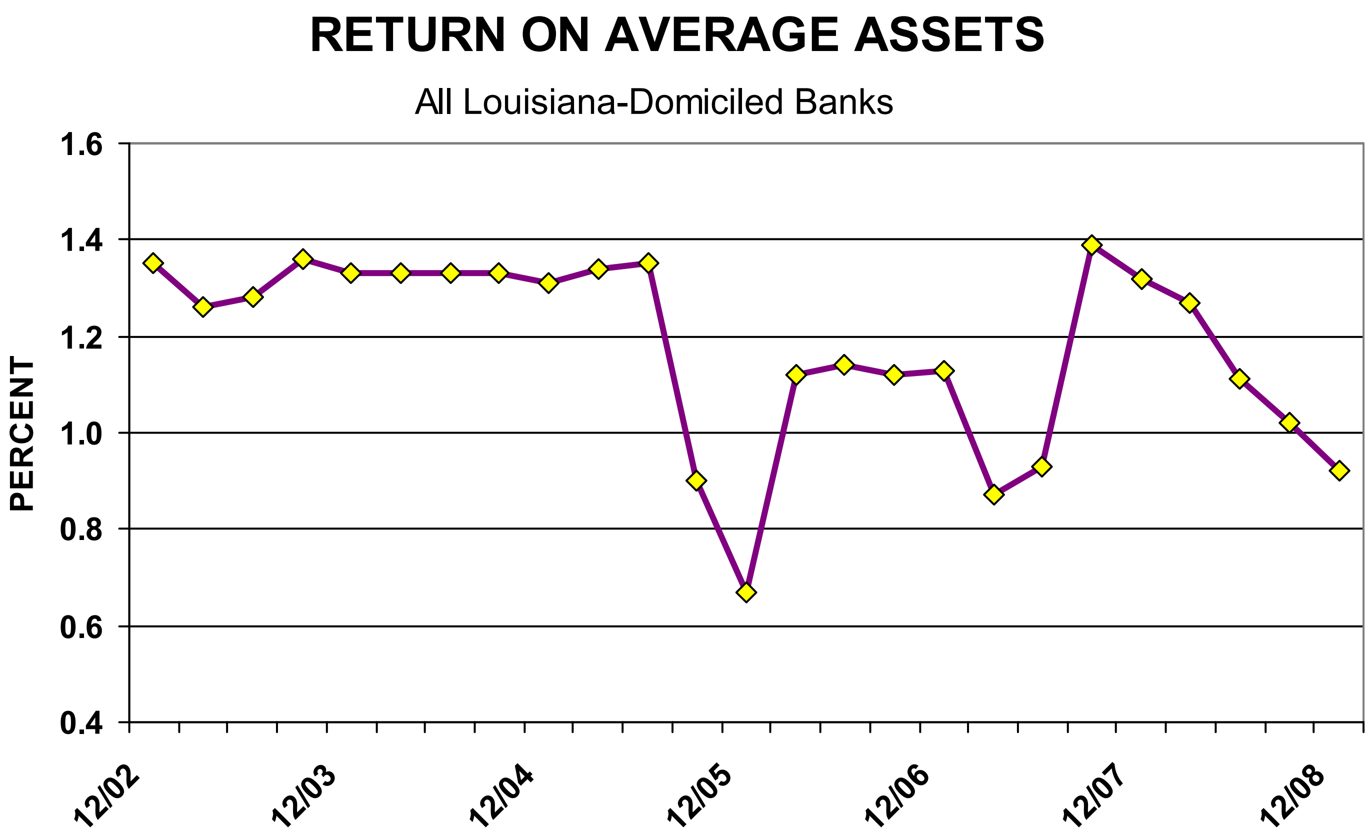

Figure 11

Earnings for the fourth quarter of 2008 decreased from the previous quarter and are fair. Net income in the fourth quarter of 2008 totaled $73.40 million, for a return on average assets (ROAA) of 0.62 percent annualized, as compared to net income for the third quarter of 2008, which totaled $99.96 million, or an ROAA of 0.87 percent annualized. Increased loan loss provisions and non-interest expenses, to a lesser extent, were the primary factors contributing to the decrease in net income during the fourth quarter of 2008. Figure 11 above reflects the annual year-to-date ROAA for all Louisiana banks for every quarter since year-end 2002. The year-to-date ROAA declined to 0.92 percent as of December 31, 2008, from 1.02 percent as of September 30, 2008. For the fourth quarter of 2008, 17 Louisiana banks showed quarterly net operating losses, compared to 9 showing quarterly net losses for the third quarter, with 1 de novo bank, which opened in July 2008, included in both quarters. As of December 31, 2008, six Louisiana banks reported net operating losses for the year 2008, up from five banks reporting year-to-date net operating losses as of September 30, 2008, with both dates including the de novo bank noted above.

In the fourth quarter of 2008, all commercial banks in the U.S. reported a net loss of $26.05 billion, for an ROAA of -0.86 percent annualized, as compared to net income of $8.01 billion, for an ROAA of 0.39 percent annualized, in the third quarter of 2008. Increased loan loss provisions, non-interest expenses, and losses on securities and a decline in non-interest income contributed to the net loss in the fourth quarter. With the fourth quarter loss, the year-to-date ROAA declined from 0.44 percent as of September 30, 2008, to 0.16 percent as of December 31, 2008.

As of December 31, 2008, there are 51 Louisiana state-chartered and 4 Louisiana-domiciled national banks, or approximately 41 percent, of the 134 Louisiana-domiciled banks, as compared to approximately 34 percent of all commercial banks in the U.S, that have elected tax treatment as a Subchapter S corporation.

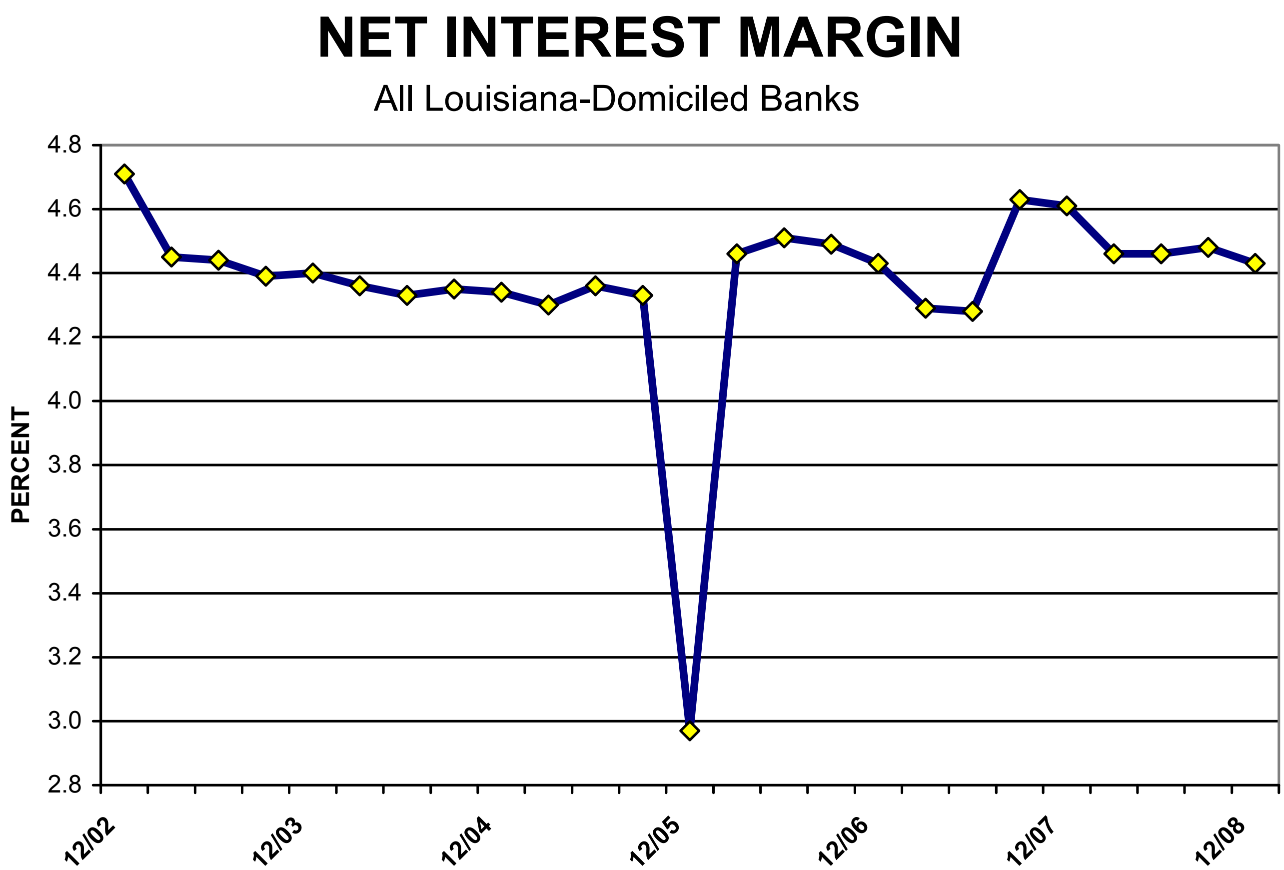

Figure 12

Figure 12 above reflects the annualized year-to-date net interest margin for all Louisiana banks for every quarter since year-end 2002. The net interest margin for all Louisiana-domiciled banks declined from 4.52 percent during the third quarter to 4.39 percent during the fourth quarter of 2008. The aggregate yield on earning assets decreased from 6.40 percent to 6.12 percent, while the cost of funds decreased from 1.88 percent to 1.72 percent.

During the fourth quarter of 2008, the net interest margin for Louisiana state-chartered banks decreased from 4.50 percent to 4.33 percent while the net interest margin for Louisiana-domiciled national banks decreased nominally from 4.57 percent to 4.55 percent. The yield on earning assets for Louisiana state-chartered banks and Louisiana-domiciled national banks decreased from 6.64 percent to 6.30 percent and from 5.86 percent to 5.69 percent, respectively. The cost of funds for Louisiana state-chartered banks and Louisiana-domiciled national banks decreased from 2.14 percent to 1.97 percent and from 1.29 percent to 1.14 percent, respectively.

For all commercial banks in the U.S., the net interest margin decreased minimally from 3.40 percent to 3.39 percent during the fourth quarter of 2008. During the same time frame, the yield on earning assets decreased from 5.58 percent to 5.17 percent, while the cost of funds also decreased from 2.18 percent to 1.77 percent.

As noted on page 13, quarterly net income, the annualized quarterly ROAA, and year-to-date ROAA for all Louisiana-domiciled banks decreased from the third to the fourth quarter, resulting in fair earnings for the fourth quarter and satisfactory earnings for the year. For Louisiana state-chartered banks, earnings for 2008 remained sound but quarterly earnings were only satisfactory. Quarterly net income decreased from the third to the fourth quarter, primarily because of increases in loan loss provisions and non-interest expenses. As a result of this and an increase in quarterly average assets, the annualized quarterly ROAA decreased from 1.11 percent for the quarter ending September 30, 2008, to 0.72 percent for the quarter ending December 31, 2008. The year-to-date ROAA decreased from 1.17 percent as of September 30, 2008, to 1.05 percent as of December 31, 2008.

For Louisiana-domiciled national banks, earnings for 2008 were fair while quarterly earnings were less than satisfactory. Quarterly net income increased from the third quarter to the fourth quarter because of a decrease in non-interest expense. With the increase in net income and growth in quarterly average assets, the annualized quarterly ROAA increased from 0.33 percent for the quarter ending September 30, 2008, to 0.38 percent for the quarter ending December 31, 2008. However, the year-to-date ROAA decreased from 0.70 percent as of September 30, 2008, to 0.61 percent as of December 31, 2008.

For all commercial banks in the U.S., earnings for 2008 were very weak while quarterly earnings were deficient. The fourth quarter's annualized ROAA declined substantially to -0.86 percent from 0.27 percent for the third quarter. Net income for the fourth quarter declined because of increased loan loss provisions, non-interest expense, and losses on sales of securities. The year-to-date ROAA for 2008 also fell to 0.16 percent at December 31, 2008, from 0.44 percent as of September 30, 2008.

Although operating expenses increased, only one of the three reported categories increased during the fourth quarter of 2008. Because of growth in average assets, the ratio decreased from 3.40 percent of average assets to 3.31 percent of average assets. The industry reported net gains on the sale of securities of $3.51 million during the fourth quarter of 2008, compared to net losses of $10.64 million during the third quarter of 2008. Louisiana-domiciled banks reported net gains on securities of $629 thousand for the 2008 year versus net losses on sales of securities of $9.40 million and $7.45 million for calendar years 2007 and 2006, respectively, with the latter excluding net gains reported by the large national bank that moved its headquarters from Louisiana in July 2007. The decline in the value of Fannie Mae and Freddie Mac stock during the third and fourth quarter had a minimal impact on Louisiana-domiciled banks as a whole since holdings of this stock was limited.

The ratios of operating expenses to average assets at Louisiana state-chartered banks were below the third quarter and fourth quarter ratios shown above with the ratio decreasing during the fourth quarter. The ratios for Louisiana-domiciled national banks were above the third quarter and fourth quarter ratios shown above but decreased during the fourth 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 gains of $422 thousand for calendar year 2008 and net losses of $8.43 million and $7.48 million for calendar years 2007 and 2006, respectively. Louisiana-domiciled national banks reported a net gain of $207 thousand for calendar year 2008, a net loss of $973 thousand for calendar year 2007, and net gain of $33 thousand for calendar year 2006, with 2006 excluding gains reported by the large national bank that moved its headquarters from Louisiana in July 2007.

For all commercial banks in the U.S., the ratio of operating expenses to average assets increased during the fourth quarter from 3.06 percent to 3.59 percent. These banks reported net losses on securities of $6.57 billion and $7.85 billion in the third and fourth quarters of 2008, respectively, with net losses of $14.06 billion for calendar year 2008. For calendar years 2007 and 2006, these banks reported net losses of $641 million and $1.39 billion, respectively. The increases in the FDIC's regular insurance premium assessments will likely begin to impact all insured institutions beginning with the first quarter of 2009.

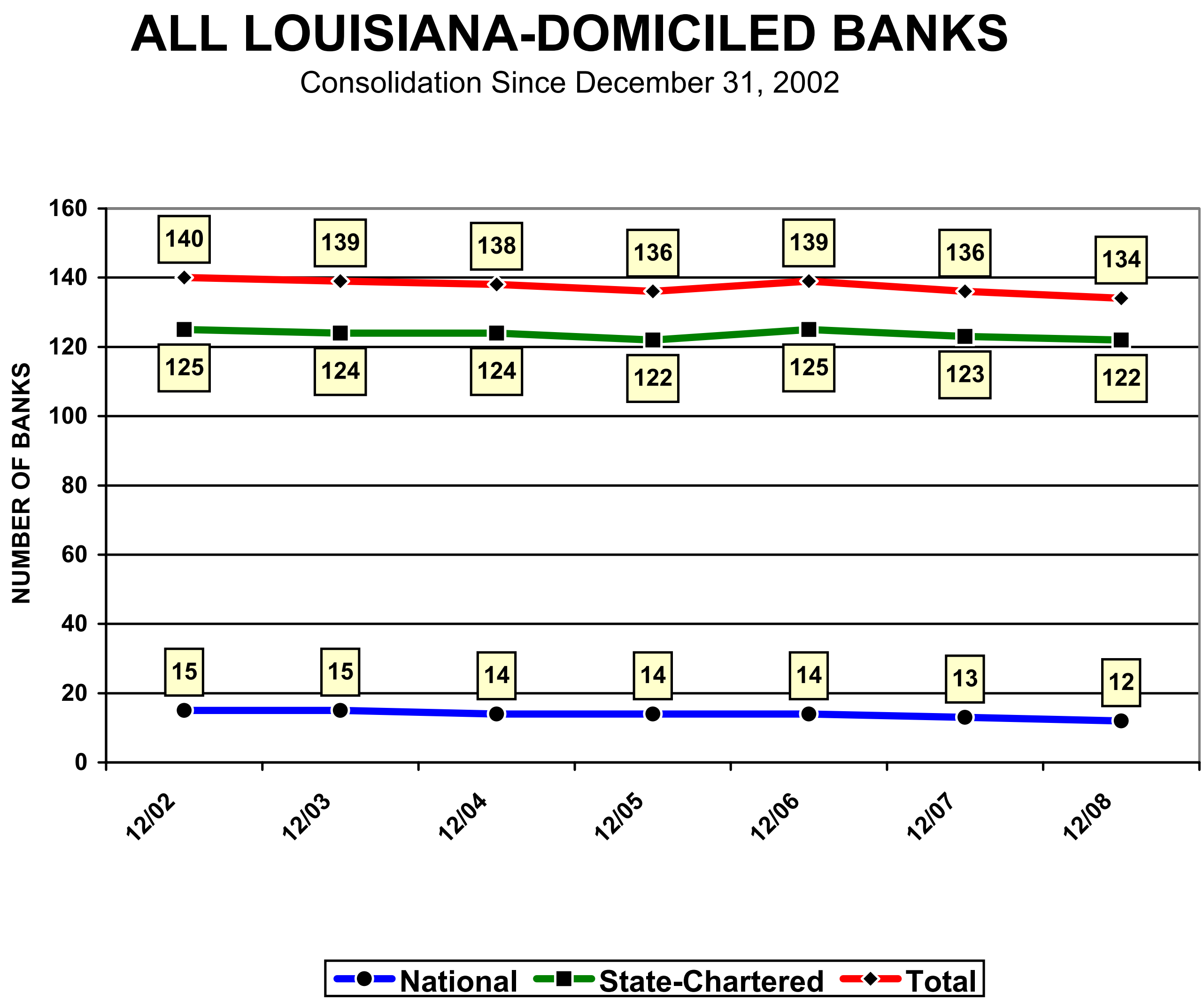

Figure 13

MERGERS AND ACQUISITIONS FOR THE QUARTER ENDED DECEMBER 31, 2008

The fourth quarter of 2008 saw limited merger activity. In the fourth quarter, two Louisiana state-chartered banks merged although both banks were already owned by the same parent holding company. In addition, a Louisiana-domiciled national bank finalized its acquisition of another Louisiana-domiciled national bank previously announced.

As of December 31, 2008, there were 134 commercial banks domiciled in Louisiana. This included 122 state-chartered banks, which represents 91 percent of the total Louisiana-domiciled banks. As Figure 13 above illustrates, since December 31, 2002, the total number of Louisiana-domiciled banks has decreased from 140 to 134, or by 4.29 percent. Effective July 1, 2008, a de novo state-chartered bank began operations in Louisiana.

The number of commercial banks in the U.S. declined from 7,146 as of September 30, 2008, to 7,085 as of December 31, 2008, or by 61 banks during the fourth quarter. The majority of this reduction occurred because of merger and consolidation. During the fourth quarter of 2008, 9 banks failed with the FDIC named as receiver, compared to 6 banks failing with the FDIC named as receiver in the third quarter of 2008. During the fourth quarter of 2008, 14 de novo banks were opened, compared to 19 de novo banks opened during the third quarter of 2008.

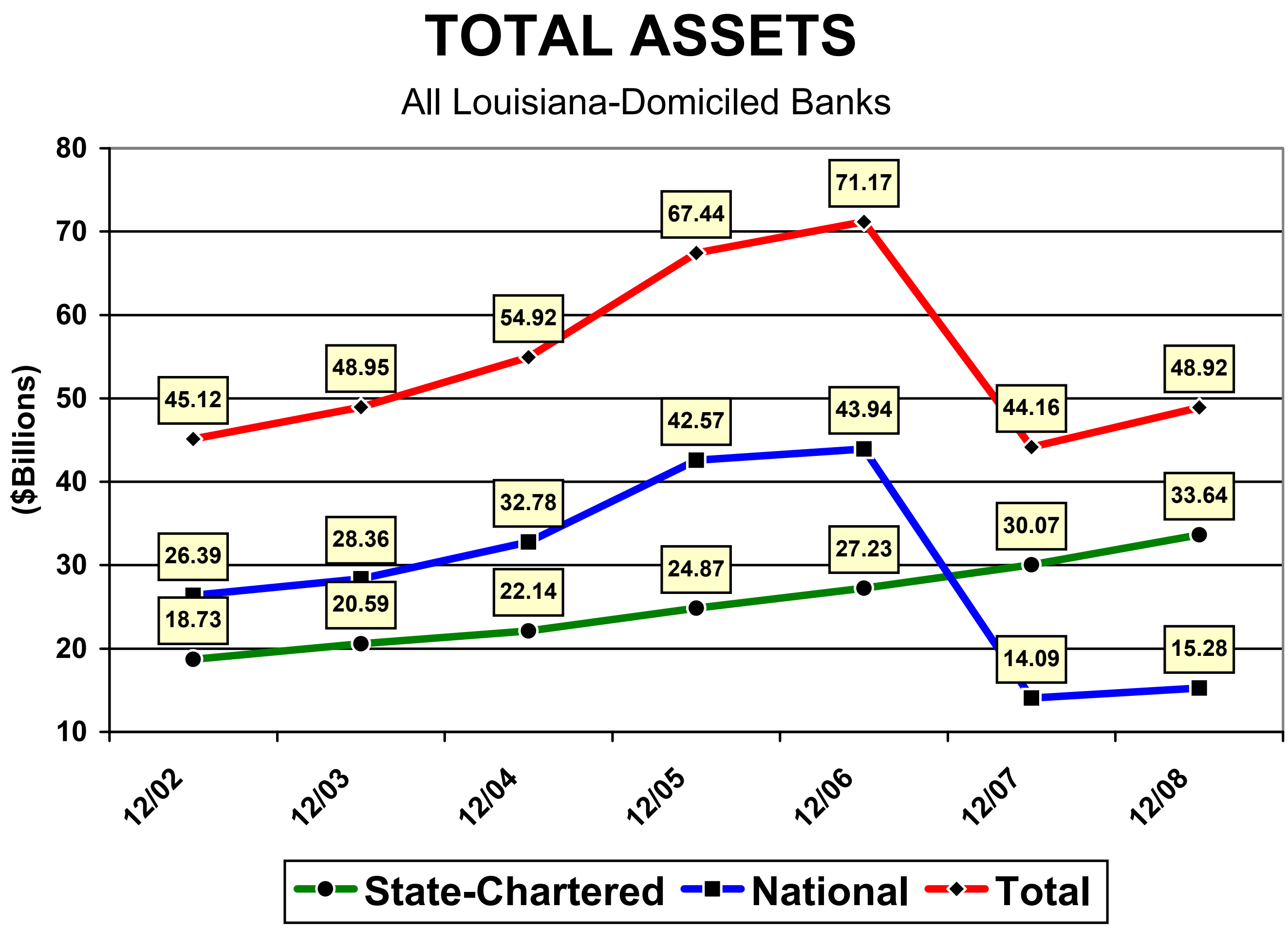

Figure 14

Total assets for all Louisiana-domiciled banks increased from $46.65 billion as of September 30, 2008, to $48.92 billion as of December 31, 2008, or by 4.86 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 21 of the past 24 quarters, despite some industry consolidation since year-end 2002 and a large national bank moving its headquarters out of Louisiana in July 2007, which caused total assets for all banks and national banks to drop from the second quarter to the third quarter of 2007.

As of December 31, 2008, Louisiana state-chartered banks held assets totaling $33.64 billion, or 68.76 percent of the Louisiana banking industry's $48.92 billion in total assets. One out-of-state bank holding company from Mississippi owns a Louisiana-domiciled bank subsidiary with total assets of $3.02 billion, or 6.17 percent of the total assets for all Louisiana-domiciled banks, with the subsidiary being a Louisiana state-chartered bank. Three Louisiana-domiciled bank holding companies, which also own Louisiana state-chartered banks, own a state-chartered bank and a federal thrift, both in Arkansas, and a state-chartered bank in Texas, with total assets of $28.89 million, $1.51 billion, and $72.21 million, respectively, as of December 31, 2008. One Louisiana-domiciled bank holding company, which owns a Louisiana-domiciled national bank, also owns national banks in Alabama, Arkansas, and Mississippi, with total assets of $613.91 million as of December 31, 2008.

Total assets for all commercial banks in the U.S. increased from $12.05 trillion as of September 30, 2008, to $12.31 trillion as of December 31, 2008, even though the number of banks declined.

BANK SUMMARY AS OF DECEMBER 31, 2008

The overall financial condition of Louisiana-domiciled banks remains sound at the present time. The fourth quarter of 2008 saw increases in total assets, total deposits, and Tier 1 (core) capital. During the fourth quarter, core deposits as a percent of total deposits and borrowed money increased slightly from the prior quarter. Earnings decreased from the previous quarter but were satisfactory despite increased loan loss provisions. With Tier 1 (core) capital increasing at a faster rate than quarterly average assets, the Core capital (leverage) ratio increased and remains well above minimum regulatory requirements. During the fourth quarter of 2008, asset quality showed continued signs of deterioration with the dollar volume and ratio of nonperforming assets and net charge-offs increasing. 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 financial industry.

BANK LAGNIAPPE

- As of December 31, 2008, the breakdown of **all** Louisiana-domiciled banks by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	39	29	$2,376,722	5
Assets $100 Million to $300 Million	63	47	10,788,095	22
Assets $300 Million to $500 Million	14	10.5	5,448,233	11
Assets $500 Million to $1 Billion	14	10.5	9,996,138	21
Assets $1 Billion to $10 Billion	3	2	7,938,940	16
Assets > $10 Billion	1	1	12,368,310	25
TOTAL ASSETS	134	100	$48,916,438	100

- As of December 31, 2008, the breakdown of Louisiana **state-chartered banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	37	30	$2,284,565	7
Assets $100 Million to $300 Million	57	47	9,771,077	29
Assets $300 Million to $500 Million	13	11	5,106,150	15
Assets $500 Million to $1 Billion	12	10	8,532,611	25
Assets $1 Billion to $10 Billion	3	2	7,938,940	24
TOTAL ASSETS	122	100	$33,633,343	100

- As of December 31, 2008, the breakdown of Louisiana-domiciled **national banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	2	17	$92,157	1
Assets $100 Million to $300 Million	6	50	1,017,018	7
Assets $300 Million to $500 Million	1	8	342,083	2
Assets $500 Million to $1 Billion	2	17	1,463,527	9
Assets > $10 Billion	1	8	12,638,310	81
TOTAL ASSETS	12	100	$15,283,095	100

* Thousands

LOUISIANA THRIFT INDUSTRY FINANCIAL CONDITION AS OF DECEMBER 31, 2008

During the fourth quarter of 2008, total assets in Louisiana-domiciled thrifts increased from $5.67 billion as of September 30, 2008, to $5.79 billion as of December 31, 2008, an increase of $118.64 million or by 2.09 percent. During the fourth quarter of 2008, three of the four major asset categories increased while the other category decreased. Total loans and leases increased from $3.95 billion to $4.03 billion, an increase of 2.01 percent. Securities increased from $1.10 billion to $1.15 billion, an increase of 4.42 percent. Federal funds sold increased from $13.15 million to $42.90 million, an increase of 226.13 percent. Cash decreased from $317.23 million to $266.32 million, a decrease of 16.05 percent. On the liabilities side, total deposits increased from $4.16 billion to $4.24 billion or by 1.99 percent, and total borrowings increased from $667.37 million to $727.48 million or by 9.01 percent.

For Louisiana state-chartered thrifts, total assets decreased by 11.53 percent during the fourth quarter of 2008. For these thrifts, Federal funds sold increased, while cash, securities, and total loans decreased. On the liabilities side, these thrifts also saw a decrease in total deposits and borrowings. These declines occurred primarily because a former state-chartered thrift converted to a Federal charter in the fourth quarter of 2008. For Louisiana-domiciled federal thrifts, total assets increased by 7.92 percent during the fourth 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 December 31, 2008 and for all thrifts domiciled in Louisiana for the quarters ended December 31, 2008, and September 30, 2008; and for calendar years 2008 and 2007:

	U.S. Thrifts	**Louisiana-Domiciled Thrifts**			
TRENDS	Quarter Ended 12/31/2008	Quarter Ended 12/31/2008	Quarter Ended 09/30/2008	Year Ended 12/31/2008	Year Ended 12/31/2007
Earnings					
Yield on Earning Assets	5.52%	6.13%↓	6.30%	6.26%↓	6.40%
Cost of Funds	2.56%	2.41%↓	2.60%	2.68%↓	3.04%
Net Interest Margin	2.96%	3.72%↑	3.70%	3.59%↑	3.36%
Loan Loss Provisions to Average Assets	2.71%	0.49%↑	0.14%	0.20%↑	-0.06%
Operating Expenses to Average Assets	2.65%	2.97%↑	2.91%	2.99%↑	2.91%
Return on Average Assets	-1.52%	0.47%↓	0.73%	0.57%↓	0.65%
Asset Quality					
Noncurrent Loans to Total Loans	3.10%	0.90%↑	0.71%	0.90%↑	0.60%
Nonperforming Assets to Total Assets	2.38%	0.75%↑	0.58%	0.75%↑	0.46%
Net Charge-offs to Total Loans	1.95%	0.19%↑	0.06%	0.10%↑	0.04%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	8.10%	13.72%↑	12.63%	13.72%↑	13.19%
Earning Assets to Total Assets	90.34%	92.39%↓	92.54%	92.39%↓	92.93%
Loans to Deposits	106.79%	94.24%↑	94.16%	94.24%↑	91.65%

The year-to-date ROAA for 2008 is considered fair and declined slightly during the fourth quarter, primarily because of higher operating expenses and securities losses. However, the 2008 year-to-date ROAA for Louisiana-domiciled thrifts, which was down slightly from 2007, compares favorably to the negative ROAA reported for all thrifts in the U.S. Capital ratios remain sound and increased during the fourth quarter. Asset quality remains sound; however, the dollar volume and percentage of nonperforming assets have increased in the fourth quarter and over the same time period a year ago. Although the dollar volume of net charge-offs increased during the fourth quarter, net charge-offs remain minimal as a percent of loans. Louisiana-domiciled thrifts compare very favorably in most categories with all thrifts in the U.S. as shown in the table above and other pages throughout this report.

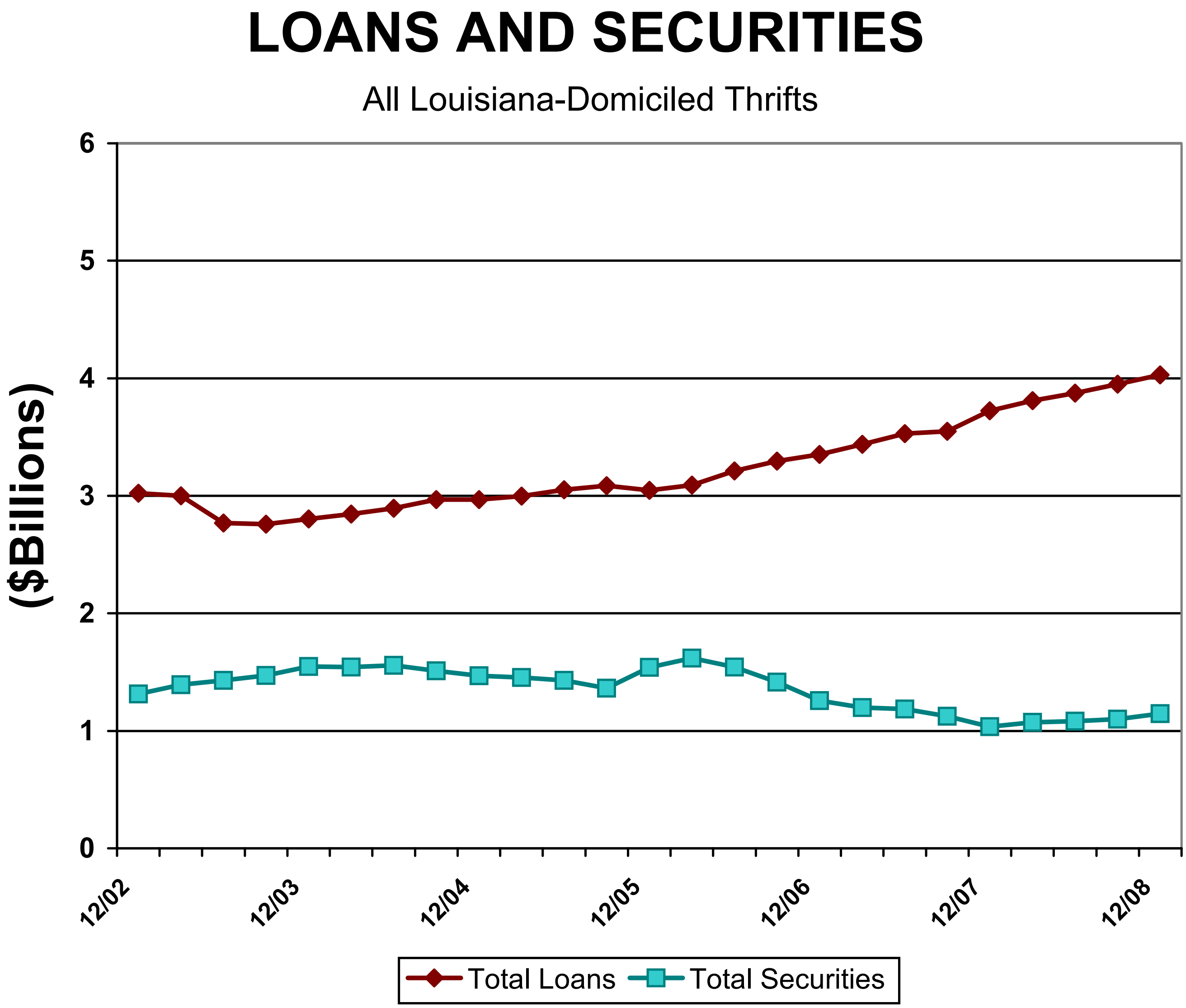

Figure 15

As previously mentioned, total loans and leases increased by 2.01 percent during the fourth quarter of 2008, from $3.95 billion to $4.03 billion or by approximately $80 million. Total loans and leases have increased in 19 of the past 24 quarters. During the fourth quarter, increases were noted in real estate loans, consumer loans, and other loans, in that order, and decreases were noted in commercial loans and farm loans. Real estate loans increased from $3.61 billion to $3.69 billion or by $79 million. Consumer loans increased from $194 million to $199 million or by $5 million. Other loans increased from $1.31 million to $1.84 million or by $529 thousand. Commercial loans decreased from $138 million to $134 million or by $4 million. Farm loans decreased from $756 thousand to $627 thousand or by $129 thousand.

During the fourth quarter of 2008, Louisiana state-chartered thrifts saw growth in only two of the five categories, with real estate loans, commercial loans, and farm loans declining. In this same time period, Louisiana-domiciled Federal thrifts, which do not report a farm loan category, saw growth in all four categories.

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 December 31, 2008, respectively.

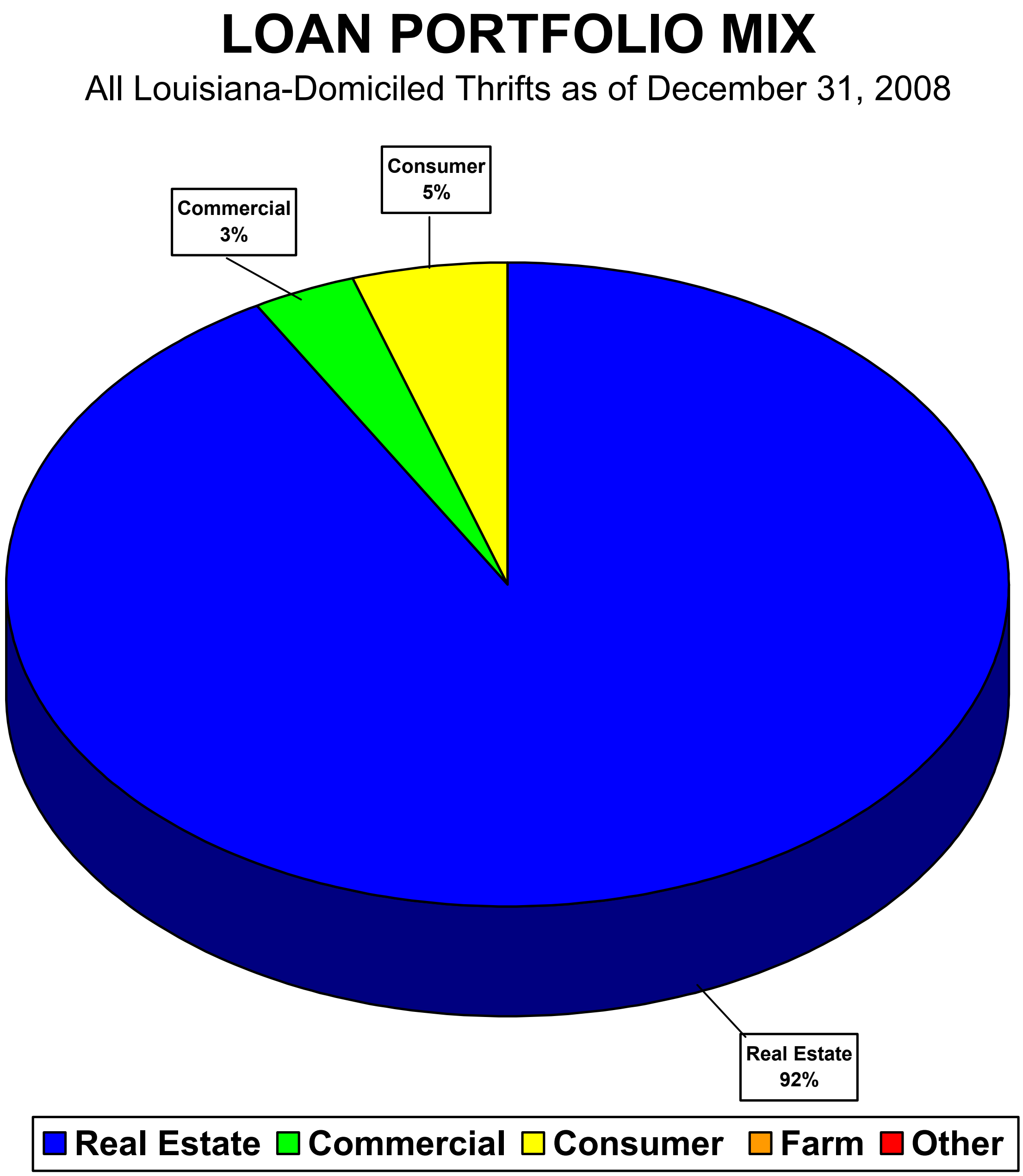

Figure 16

As of December 31, 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 December 31, 2008, mix is as follows: real estate loans - 93 percent; consumer loans - 5 percent; and commercial loans - 2 percent. Farm loans and other loans represent less than 0.15 percent of the loan portfolio. For Louisiana-domiciled Federal thrifts, the loan portfolio, as of December 31, 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 0.05 percent of the loan portfolio.

As of December 31, 2008, all U.S. thrifts report the following loan portfolio mix: real estate loans - 83 percent; consumer loans - 9 percent; and commercial loans - 8 percent. The other two categories represent less than 0.40 percent of the loan portfolio.

The ratio of loans to deposits increased nominally during the fourth quarter of 2008, from 94.16 percent as of September 30, 2008, to 94.20 percent as of December 31, 2008, as total loans increased slightly faster than total deposits. Figure 17 below illustrates the aggregate loan-to-deposit ratio trend since year-end 2002.

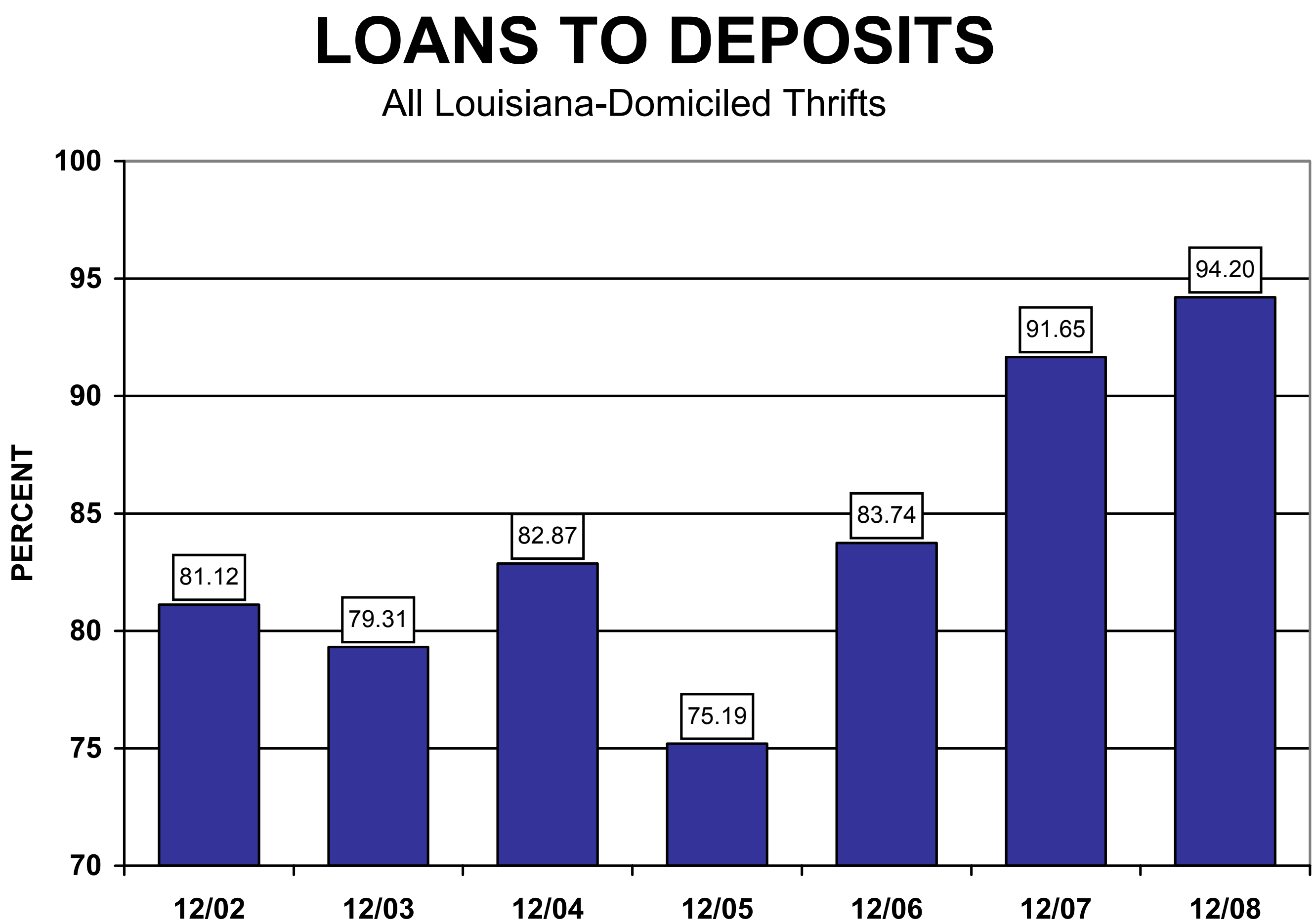

Figure 17

For Louisiana state-chartered thrifts, the ratio of loans to deposits decreased from 87.55 percent as of September 30, 2008, to 85.93 percent as of December 31, 2008, as loans declined at a faster rate than deposits. For Louisiana-domiciled Federal thrifts, the ratio increased from 97.23 percent as of September 30, 2008, to 97.45 percent as of December 31, 2008, as loans grew slightly faster than deposits.

For all thrifts in the U.S., the ratio of loans to deposits decreased from 108.38 percent as of September 30, 2008, to 106.78 percent as of December 31, 2008, as loans shrunk at a faster rate than deposits.

During the second quarter of 2008, on the liabilities side, total deposits in Louisiana-domiciled thrifts increased from $4.16 billion to $4.24 billion, an increase of 1.99 percent. Borrowed money increased from $667 million to $727 million, an increase of 9.01 percent. Core deposits grew from $3.41 billion to $3.46 billion, an increase of 1.60 percent. Figure 18 below shows the mix of deposits and borrowed money since year-end 2002.

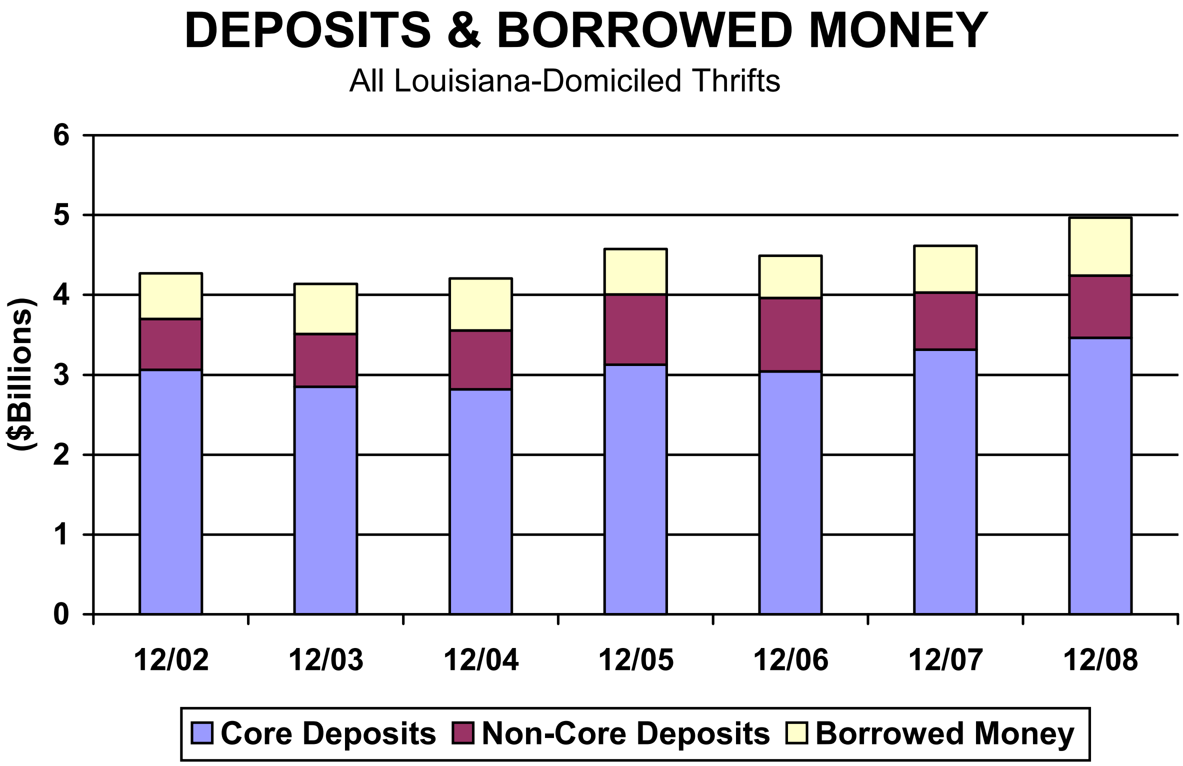

Figure 18

As noted above, borrowed money increased during the fourth quarter of 2008. As of December 31, 2008, borrowed money totaled $727 million and consisted of Federal Home Loan Bank (FHLB) advances totaling $696 million, Federal funds purchased totaling $26 million, and other borrowings totaling $5 million. As of September 30, 2008, borrowed money totaled $667 million and consisted of FHLB advances totaling $636 million, Federal funds purchased totaling $26 million, and other borrowings totaling $5 million. Total borrowed money for Louisiana state-chartered thrifts decreased by $45 million during the fourth quarter with decreases in FHLB advances and Federal funds purchased and no other borrowings reported for either quarter. Total borrowed money for Louisiana-domiciled Federal thrifts increased by $105 million during the fourth quarter with increases in FHLB advances, Federal funds purchased remaining the same, and a slight decrease in other borrowings.

Non-core deposits increased during the fourth quarter of 2008. As of December 31, 2008, non-core deposits totaled $779 million, consisting entirely of time deposits of $100,000 or more. As of September 30, 2008, non-core deposits totaled $751 million, also consisting entirely of time deposits of $100,000 or more. During the fourth quarter, non-core deposits in Louisiana state-chartered thrifts and Louisiana-domiciled Federal thrifts, consisting entirely of time deposits of $100,000 or more, decreased by $21 million and increased by $49 million, respectively.

The ratio of core deposits to total deposits and borrowed money decreased during the fourth quarter of 2008, going from 70.62 percent as of September 30, 2008, to 69.69 percent as of December 31, 2008. Figure 19 below illustrates the trend in the core deposits to total deposits and borrowed money ratio since year-end 2002.

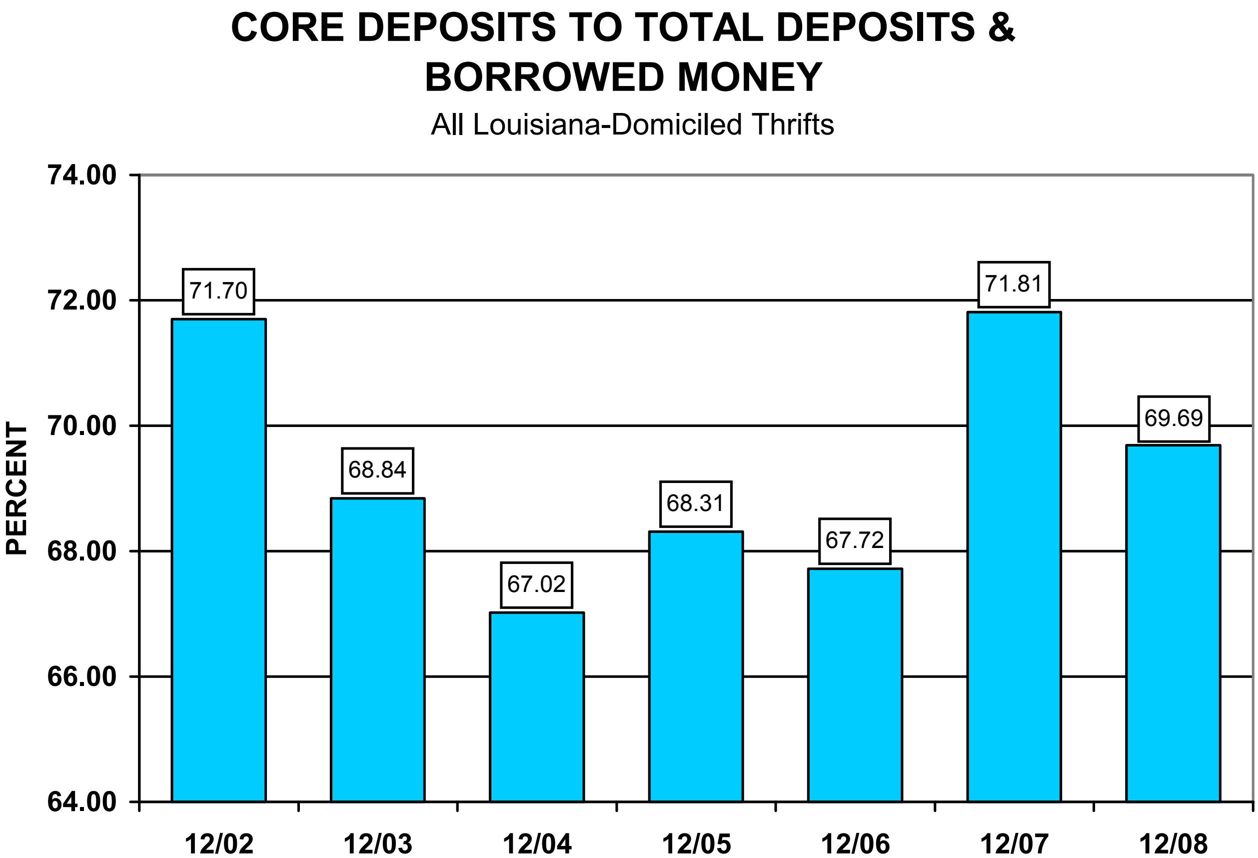

Figure 19

For Louisiana state-chartered thrifts, the ratio of core deposits to total deposits and borrowed money increased from 75.70 percent as of September 30, 2008, to 77.67 percent as of December 31, 2008. For Louisiana-domiciled Federal thrifts, this ratio remained the same at 68.46 percent as of September 30, 2008, to 66.95 percent as of December 31, 2008.

For all thrifts in the U.S., the ratio of core deposits to total deposits and borrowed money declined slightly from 59.82 percent as of September 30, 2008, to 59.60 percent as of December 31, 2008.

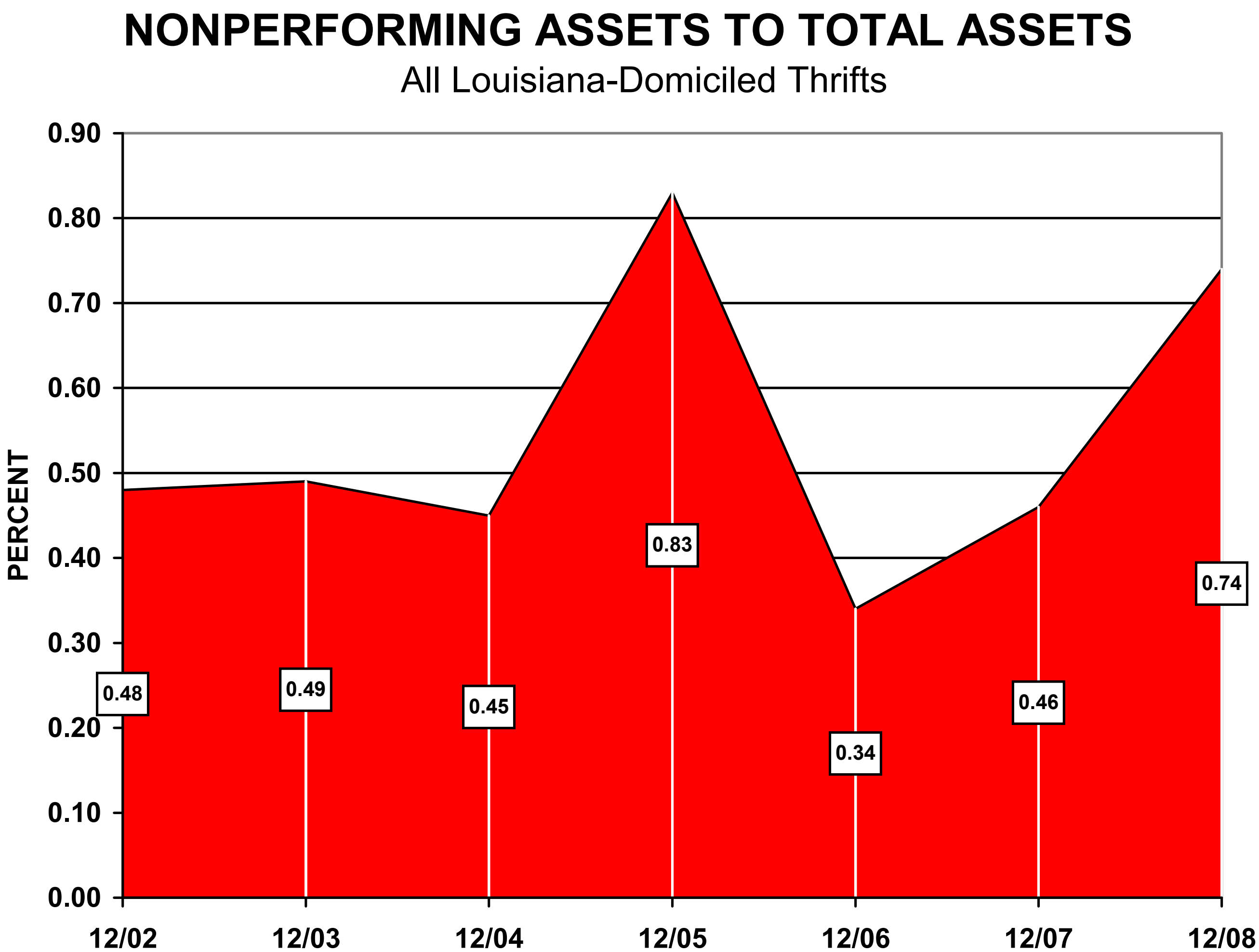

Figure 20

The volume of nonperforming assets increased during the fourth quarter of 2008, from $36.13 million as of September 30, 2008, to $45.96 million as of December 31, 2008, or an increase of 27.21 percent. The percentage of nonperforming assets to total assets increased from 0.58 percent at September 30, 2008, to 0.74 percent at December 31, 2008. Figure 20 above illustrates that the ratio of nonperforming assets to total assets from year-end 2002 to year-end 2008, and it shows the level remained at essentially the same from year-end 2002 through year-end 2004, spiked significantly upward at year-end 2005, fell below all previous levels at year-end 2006, increased at year-end 2007 to levels similar to three of the five previous year-ends, and has again spiked upward at year-end 2008. On a quarterly basis, the level has steadily increased since year-end 2006 but remains below the level reported at year-end 2005.

The aggregate of noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) increased from $28.20 million as of September 30, 2008, to $35.07 million as of December 31, 2008, or by 24.37 percent. The ratio of noncurrent loans to total loans increased from 0.71 percent as of September 30, 2008, to 0.87 percent as of December 31, 2008. Other real estate owned increased from $7.93 million as of September 30, 2008, to $10.89 million as of December 31, 2008, or by 37.32 percent. Over the past twelve months, noncurrent loans increased by $12.58 million, or 55.95 percent, and other real estate owned increased by $5.49 million, or 101.78 percent.

In the fourth quarter of 2008, noncurrent loans increased from $6.06 million to $6.23 million in Louisiana state-chartered thrifts and from $22.14 million to $28.84 million for Louisiana-domiciled Federal thrifts. In this same quarter, other real estate owned increased from $3.01 million to $3.26 million in Louisiana state-chartered thrifts and from $4.92 million to $7.63 million in Louisiana-domiciled Federal thrifts. From September 30, 2008, to December 31, 2008, the ratio of nonperforming assets to total assets increased from 0.51 percent to 0.59 percent in Louisiana state-chartered thrifts and from 0.61 percent to 0.79 percent in Louisiana-domiciled Federal thrifts. From September 30, 2008, to December 31, 2008, the ratio of noncurrent loans to total loans increased from 0.52 percent to 0.60 percent in Louisiana state-chartered thrifts and from 0.80 percent to 0.96 percent in Louisiana-domiciled Federal thrifts.

For all thrifts in the U.S., nonperforming assets increased from September 30, 2008, to December 31, 2008, with both noncurrent loans and other real estate owned increasing, both by approximately 34 percent during the quarter. As a result, during this time frame, the ratio of nonperforming assets to total assets increased from 2.24 percent to 2.38 percent, and the ratio of noncurrent loans to total loans increased from 2.82 percent to 3.10 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 2008.

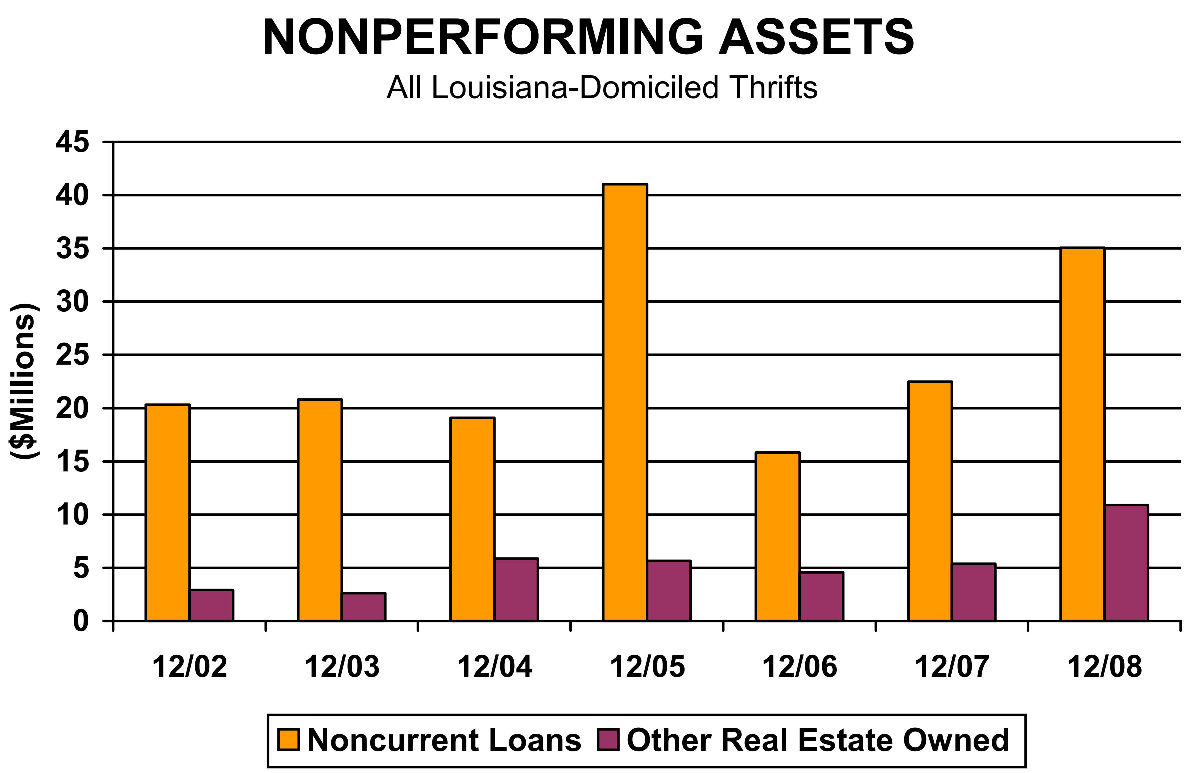

Figure 21

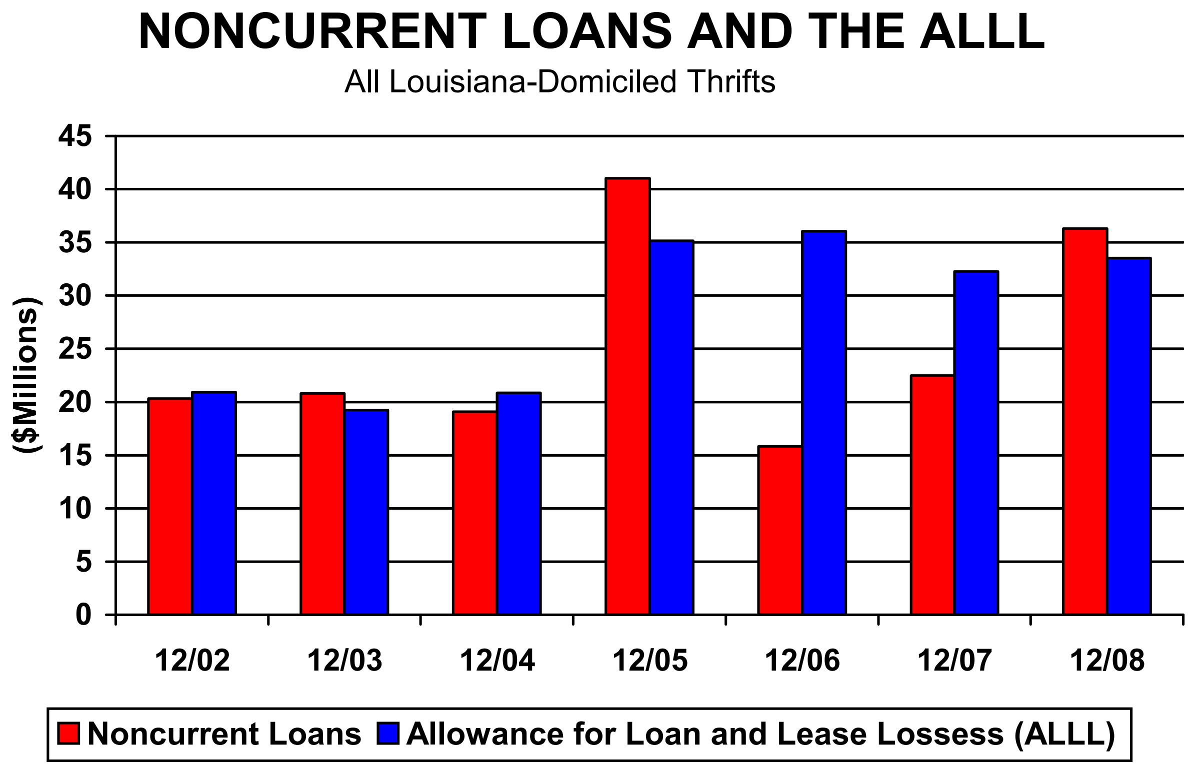

Figure 22

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 year-end 2008. For each quarter-end from year-end 2002 through the current quarter-end, with the exception five quarter-ends, which occurred in the third quarter of 2003 through the first quarter of 2004, the fourth quarter of 2005, and the fourth quarter 0f 2008, 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 year-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 year-end with the exception of seven 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, the fourth quarter of 2005, and the fourth quarter of 2008.

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 for every quarter-end beginning with 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 fourth quarter of 2008 totaled $1.89 million, an increase from the $544 thousand in net charge-offs recognized in the third quarter of 2008. As a result, the quarterly net charge-off ratio increased to 0.19 percent for the quarter ending December 31, 2008, from 0.06 percent for the quarter ending September 30, 2008. The 2008 year-to-date ratio of net charge-offs to total loans increased from 0.06 percent as of September 30, 2008, to 0.10 percent as of December 31, 2008. Net charge-offs totaled $3.73 million for the calendar year 2008. Louisiana-domiciled thrifts reported net charge-offs and net recoveries, respectively, totaling $1.31 million and $1.46 million for calendar years 2007 and 2006, which generated net charge-off ratios of 0.04 percent and (0.05) percent, respectively.

From September 30, 2008, to December 31, 2008, Louisiana state-chartered thrifts reported quarterly net charge-offs of $255 thousand and $793 thousand, respectively, and the quarterly net charge-off ratio went from 0.09 percent to 0.31 percent. The year-to-date net charge-off ratio increased from 0.13 percent to 0.16 percent during this same time period, and net charge-offs totaled $1.53 million for the 2008 year. 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 September 30, 2008, to December 31, 2008, Louisiana-domiciled federal thrifts reported quarterly net charge-offs of $289 thousand and $1.10 million, respectively, and the quarterly net charge-off ratio went from 0.04 percent to 0.0.15 percent. The year-to-date net charge-off ratio increased from 0.04 percent to 0.08 percent in this same time period, and net charge-offs totaled $2.22 million for the 2008 year. 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 September 30, 2008, to December 31, 2008, all thrifts in the U.S. reported an increase in quarterly net charge-offs from $3.52 billion to $5.05 billion. The quarterly net charge-off ratio increased from 1.34 percent for the quarter ending September 30, 2008, to 1.96 percent for the quarter ending December 31, 2008. The year-to-date net charge-off ratio increased from 1.02 percent as of September 30, 2008, to 1.13 percent as of December 31, 2008, and net charge-offs totaled $11.47 billion for the 2008 year. 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 $33.44 million as of September 30, 2008, to $33.54 million as of December 31, 2008. With this increase and growth in loans during the fourth quarter, the ratio of loan loss reserves to total loans decreased slightly from 0.85 percent as of September 30, 2008, to 0.83 percent as of December 31, 2008. Since year-end 2002, this ratio has 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 $7.09 million in the fourth quarter of 2008 versus loan loss provisions of $1.90 million in the third quarter of 2008. Loan loss provisions totaled $11.11 million for the 2008 year, compared to loan loss provisions of negative $3.24 million and negative $492 thousand for calendar years 2007 and 2006, respectively.

As of December 31, 2008, loan loss reserves totaled $8.20 million for Louisiana state-chartered thrifts, a decrease from $11.27 million as of September 30, 2008. With this decrease and a decline in loans, the ratio of loan loss reserves to total loans decreased to 0.79 percent as of December 31, 2008, from 0.97 percent as of September 30, 2008. These thrifts reported loan loss provisions of $753 thousand and $212 thousand for the third and fourth quarters of 2008, respectively. For the calendar year 2008, loans loss provisions totaled $1.19 million, compared to loan loss provisions of negative $5.80 million and negative $1.85 million, respectively, for calendar years 2007 and 2006.

As of December 31, 2008, loan loss reserves totaled $25.34 million for Louisiana-domiciled federal thrifts, an increase from $22.18 million as of September 30, 2008. With this increase and loan growth, the ratio of loan loss reserves to total loans increased slightly to 0.85 percent as December 31, 2008, from 0.80 percent as of September 30, 2008. Loan loss provisions totaled $6.88 million in the fourth quarter of 2008, an increase from the $1.15 million in the third quarter of 2008. For the calendar year 2008, Louisiana-domiciled Federal thrifts reported loan loss provisions $9.92 million, compared to loan loss provisions of $2.56 million and $1.36 million, respectively, for calendar years 2007 and 2006.

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.

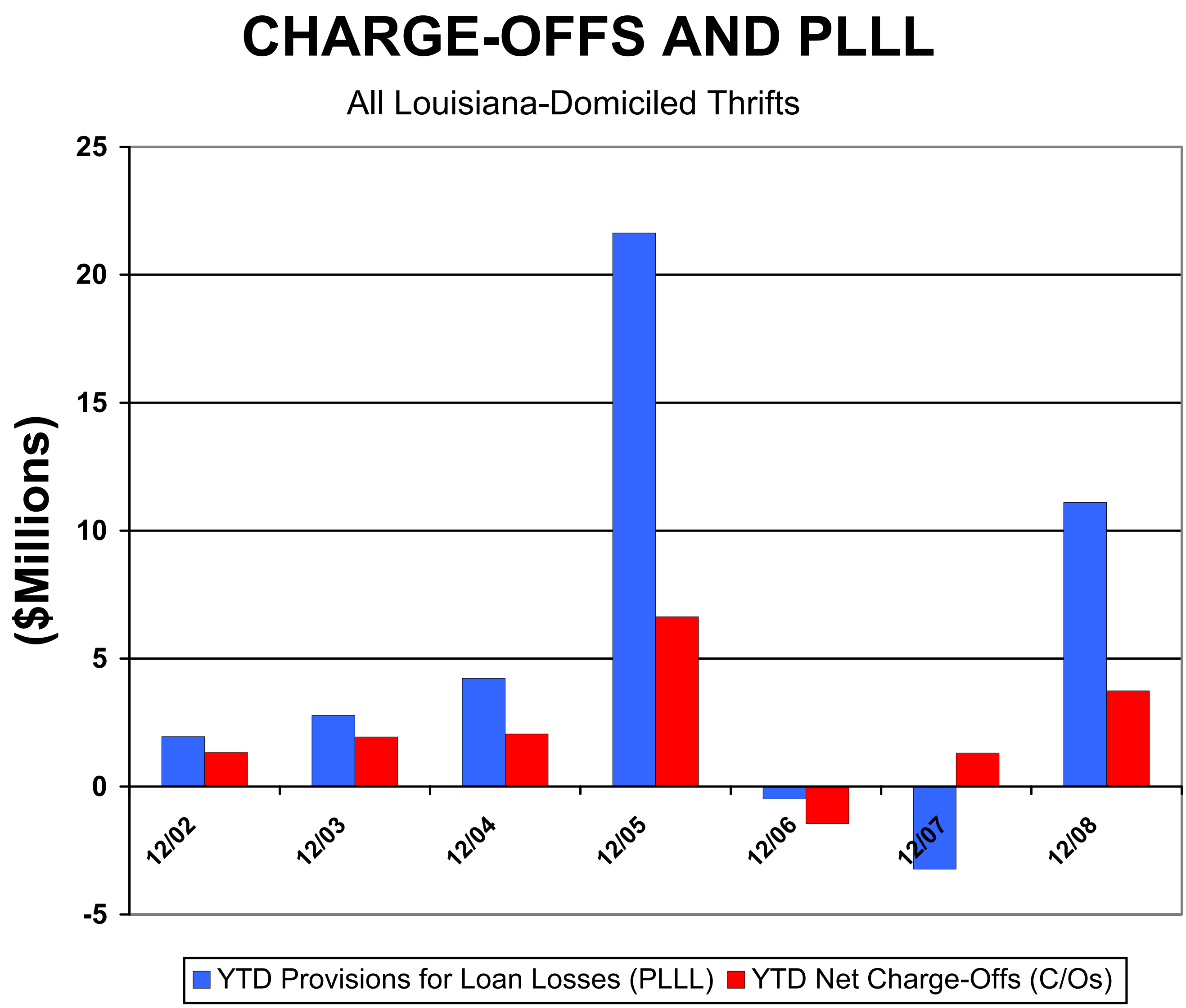

Figure 23

For all thrifts in the U.S., loan loss reserves decreased from $19.33 billion as of September 30, 2008, to $17.01 billion as of December 31, 2008, and the ratio of loan loss reserves to total loans decreased from 1.84 percent as of September 30, 2008, to 1.64 percent as of September 30, 2008. Loan loss provisions totaled $10.29 billion for the fourth quarter of 2008, compared to $9.75 billion for the third quarter of 2008. For calendar year 2008, all thrifts in the U.S. recognized loan loss provisions totaling $23.12 billion, compared to loan loss provisions totaling $11.88 billion and $3.96 billion, respectively, for calendar years 2007 and 2006.

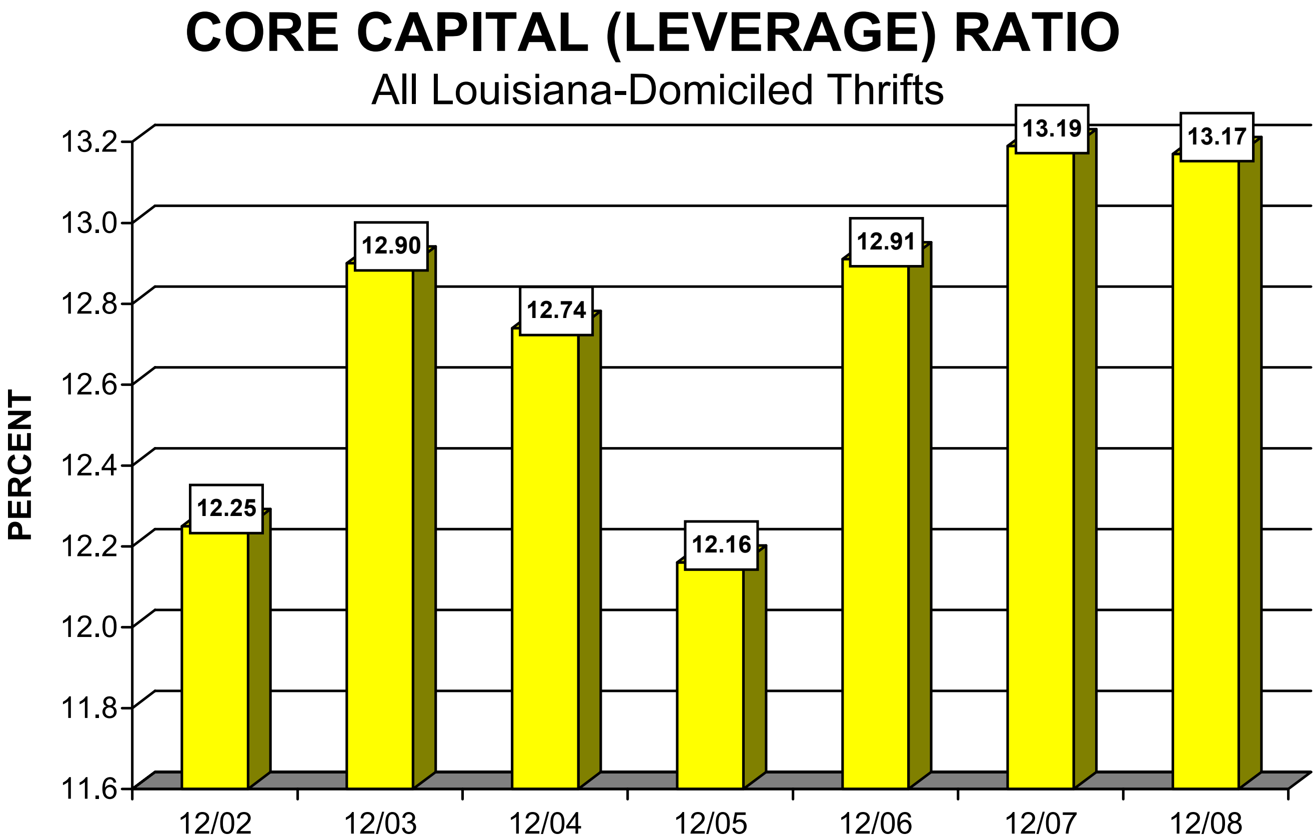

Figure 24

Tier 1 (core) capital increased from $713.35 million as of September 30, 2008, to $758.44 million as of December 31, 2008. This increase offset an increase in quarter-end average assets; therefore, the Core capital (leverage) ratio increased from 12.63 percent as of September 30, 2008, to 13.17 percent as of December 31, 2008.

During the fourth quarter of 2008, Tier 1 (core) capital decreased by $25.84 million in Louisiana state-chartered thrifts. As a result of this decrease and a decline in quarter-end average assets, the Core capital (leverage) ratio increased from 14.52 percent to 14.70 percent. These thrifts paid no dividends during the third or fourth quarters. During the fourth quarter of 2008, Tier 1 (core) capital increased by $70.90 million in Louisiana-domiciled federal thrifts. Although quarter-end average assets also grew, the Core capital (leverage) ratio increased from 11.83 percent to 12.64 percent. Dividends paid by these thrifts during the fourth quarter were significantly higher than the level paid in the third quarter.

For all thrifts in the U.S., Tier 1 (core) capital decreased during the fourth quarter. With this decline and a decline in quarter-end average assets, the Core capital (leverage) ratio decreased from 8.33 percent as of September 30, 2008, and to 8.09 percent as of December 31, 2008.

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

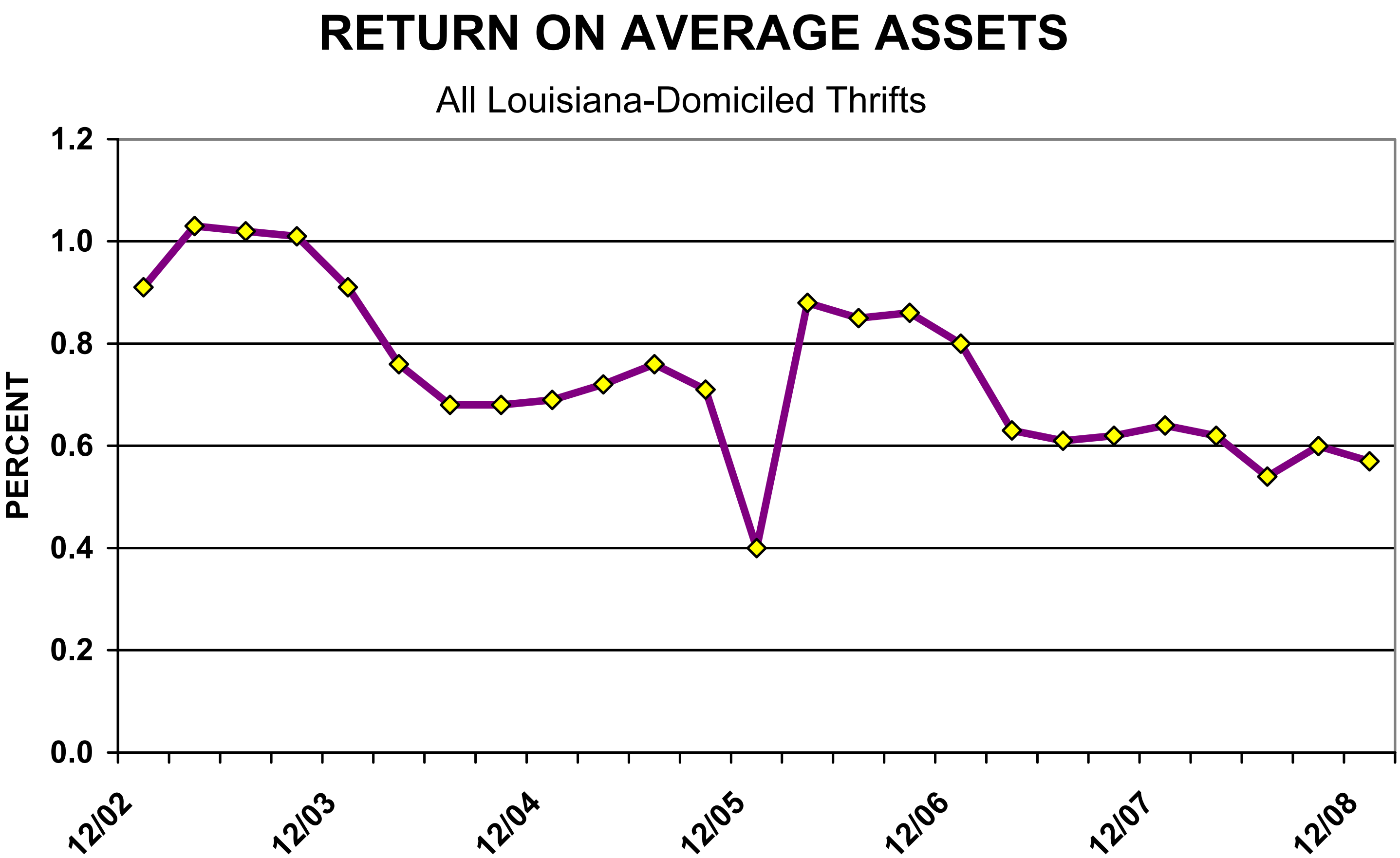

Figure 25

Earnings for the fourth quarter of 2008 decreased from the previous quarter and are considered fair with second quarter net income totaling $6.71 million, or a return on average assets of 0.47 percent annualized, as compared to $10.29 million, or a return on assets of 0.73 percent annualized, for the third quarter of 2008. Increased loan loss provisions and noninterest expenses were the primary reasons net income declined during the fourth quarter of 2008. Figure 25 above reflects the annualized year-to-date return on average assets for all Louisiana-domiciled thrifts for every quarter since year-end 2002. Six Louisiana-domiciled thrifts showed net operating losses for the fourth quarter, with four reporting net operating losses for the calendar year 2008.

During the fourth quarter of 2008, all thrifts in the U.S. reported a net loss of $6.06 billion, or an annualized ROA of -1.60 percent, compared to a net loss of $7.03 billion, or an annualized ROA of -1.85 percent, during the third quarter of 2008. Decreases in non-interest expenses and securities losses helped offset increased loan loss provisions and reduce the level of losses for the quarter.

As of December 31, 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-domiciled thrifts for every quarter since year-end 2002.

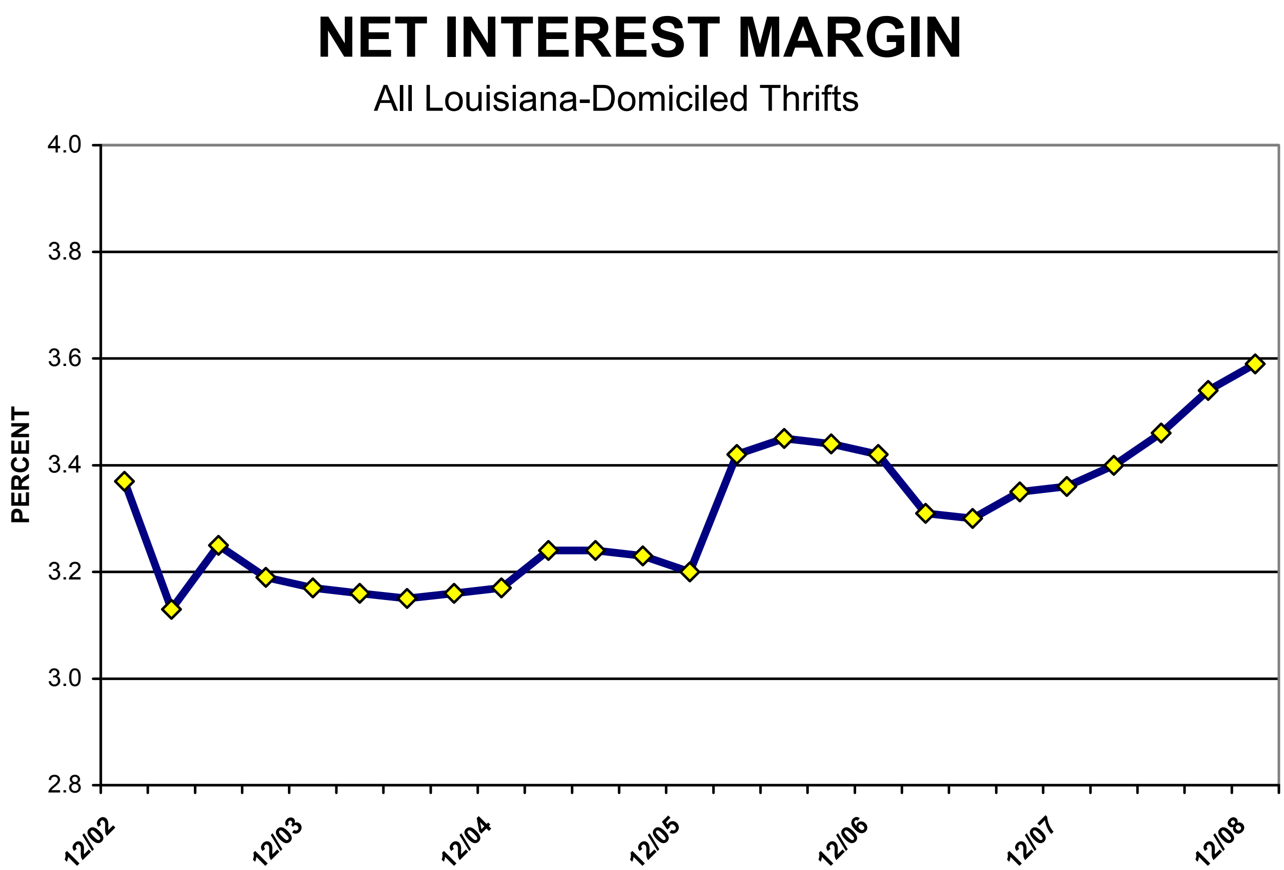

Figure 26

The net interest margin for all Louisiana-domiciled thrifts increased nominally from 3.70 percent to 3.72 percent in the fourth quarter of 2008. The aggregate yield on earning assets decreased from 6.30 percent to 6.13 percent, while the cost of funds decreased from 2.60 percent to 2.42 percent. During the fourth quarter of 2008, the net interest margin for Louisiana state-chartered thrifts declined nominally from 3.56 percent to 3.55 percent while the net interest margin for Louisiana-domiciled Federal thrifts increased nominally from 3.76 percent to 3.78 percent. During the same time frame, the yield on earning assets for Louisiana state-chartered and Louisiana-domiciled Federal thrifts both decreased, respectively, from 6.19 percent to 5.90 percent and from 6.35 percent to 6.21 percent, while the cost of funds for Louisiana state-chartered and Louisiana-domiciled Federal thrifts also both decreased, respectively, from 2.63 percent to 2.36 percent and from 2.59 percent to 2.44 percent.

For all thrifts in the U.S., the net interest margin decreased from 3.17 percent to 2.96 percent in the fourth quarter of 2008. During the same time frame, the yield on earning assets decreased from 6.00 percent to 5.52 percent, while the cost of funds also decreased from 2.83 percent to 2.56 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 third to the fourth 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 three of the past four years, with only year-end 2005 showing a lower ROAA.

For Louisiana state-chartered thrifts, fourth quarter earnings were fair. Net income for the fourth quarter of 2008 increased from the third quarter primarily because of a reduction in noninterest expense and loan loss provisions. As a result, the quarterly annualized ROAA increased to 0.55 percent for the quarter ending December 31, 2008, from 0.36 percent for the quarter ending September 30, 2008. Although the year-to-date ROAA increased to 0.36 percent as of December 31, 2008, from 0.28 percent as of September 30, 2008, annual earnings remain weak as the year-to-date ROAA for these thrifts in the previous four years, except 2005, ranged from 0.50 to 0.75 percent.

For Louisiana-domiciled federal thrifts, fourth-quarter earnings were weak. Net income for the fourth quarter of 2008 decreased from the third quarter primarily because of an increase in loan loss provisions and non-interest expenses. As a result, the quarterly annualized ROAA decreased to 0.44 percent for the quarter ending December 31, 2008, from 0.89 percent for the quarter ending September 30, 2008. Annual earnings are fair as the year-to-date ROAA showed a smaller decline, to 0.64 percent as of December 31, 2008, from 0.74 percent as of September 30, 2008, as annual income increased but at a slower rate than average assets. For these thrifts, the ROAA for the 2008 year is at the low end of the range from 0.60 to 0.80 percent for the prior four years.

All thrifts in the U.S. reported a lower net loss for the fourth quarter compared to the net loss reported for the third quarter because of decreased noninterest income and lower losses on sale of securities. The annualized ROA was -1.60 percent for the quarter ending December 31, 2008, down from -1.85 percent for the quarter ending September 30, 2008. However, year-to-date ROAA declined to -0.57 percent as of December 31, 2008, from -0.53 percent as of September 30, 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 two of the three reported categories during the fourth quarter of 2008, going from 2.91 percent of average assets to 2.97 percent of average assets. The industry showed gains on securities of $53 thousand and $76 thousand, respectively, during the fourth and third quarter of 2008. For the 2008 calendar year, net losses on securities totaled $1.86 million, compared to gains on securities of $663 thousand and $94 thousand for the calendar years 2007 and 2006, respectively.

The ratio of operating expenses to average assets for the fourth quarter of 2008 at Louisiana state-chartered thrifts increased to 2.92 percent from 2.83 percent, as average assets decreased more than non-interest expenses. Louisiana state-chartered thrifts reported a gain on securities of $31 thousand and a loss on securities of $9 thousand for the fourth and third quarter, respectively. Gains on securities totaled $70 thousand reported for the 2008 year, compared to no gains or losses for the 2007 year, and gains of $13 thousand for the 2006 year.

The ratio of operating expenses to average for the fourth quarter of 2008 at Louisiana-domiciled federal thrifts increased to 2.99 percent from 2.94 percent as all three reported expense categories increased during the fourth quarter at a faster rate than average assets. Louisiana-domiciled federal thrifts reported gains on securities of $22 thousand and $85 thousand for the fourth and third quarters, respectively. Losses on securities totaled $1.93 million for the 2008 year, compared to net gains of $663 thousand and $81 thousand for the 2007 and 2006 years, respectively.

For all thrifts in the U.S., the ratio of operating expenses to average assets decreased during the fourth quarter to 2.65 percent to 3.19 percent with declines in all three non-interest expense categories and losses on securities. All thrifts in the U.S. reported net losses on securities of $1.30 billion and $287 million, respectively, for the fourth and third quarters of 2008. Losses on securities totaled $929 million for the 2008 year, compared to losses of $730 million for the 2007 year, and gains of $3.36 billion for the 2006 year.

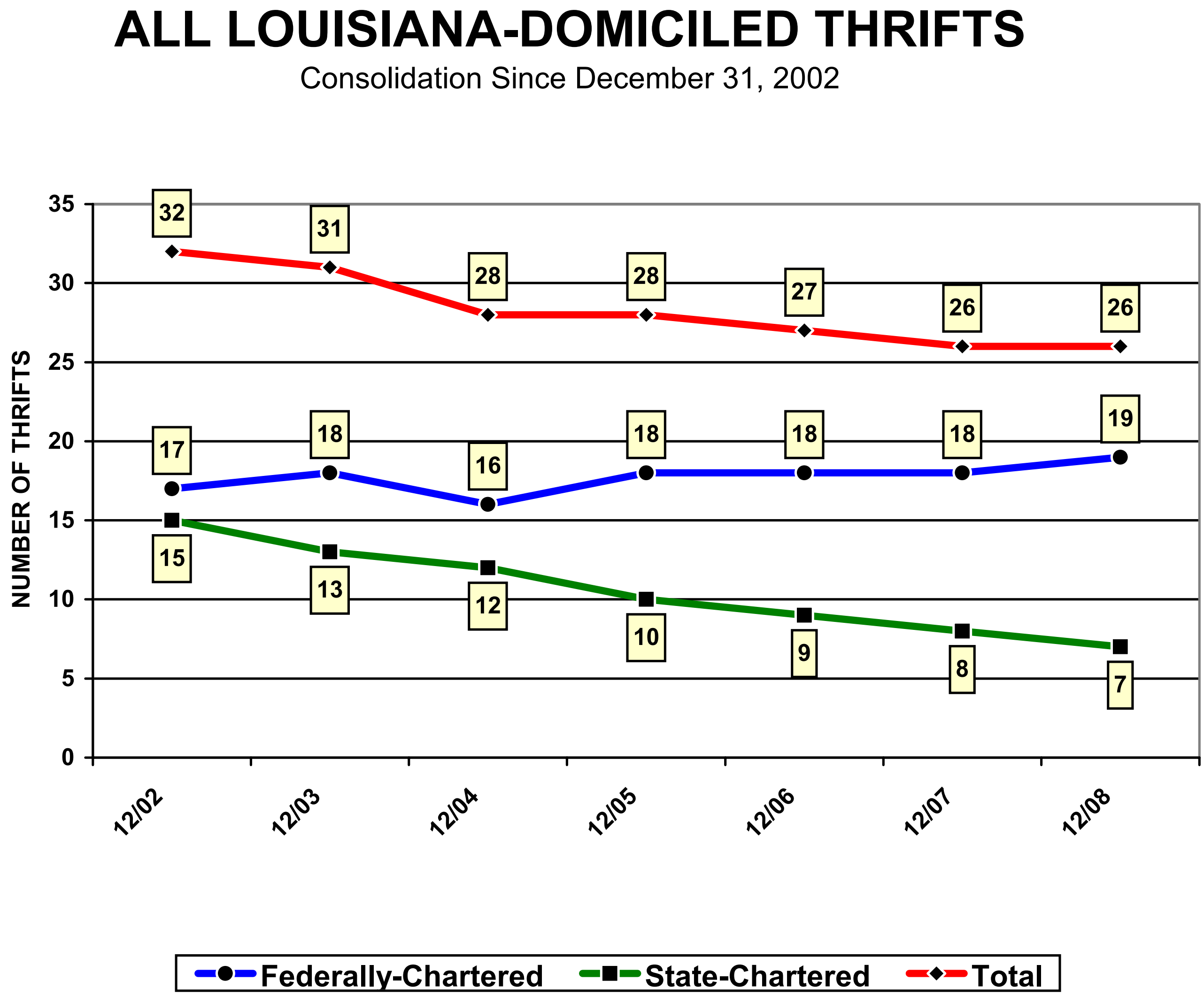

Figure 27

MERGERS AND ACQUISITIONS FOR THE QUARTER ENDED DECEMBER 31, 2008

No mergers occurred during the fourth quarter of 2008. However, as noted previously, a former state-chartered thrift converted to a Federal charter during the fourth 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. Although the number of thrifts domiciled in Louisiana has remained the same beginning with the third quarter of 2007, a merger of a Louisiana-domiciled Federal thrift merged into a Louisiana state-chartered bank during the first quarter of 2009 will reduce the number going forward.

The number of thrifts in the U.S. declined from 1,238 as of September 30, 2008, to 1,220 as of December 31, 2008, or a total of 18 thrifts. The majority of this reduction occurred because of merger and consolidation. During the fourth quarter of 2008, 3 thrifts failed with the FDIC named as receiver, compared to 3 thrifts failing with the FDIC named as receiver in the third quarter of 2008. During the third and fourth quarters of 2008, a de novo thrift was opened in each quarter.

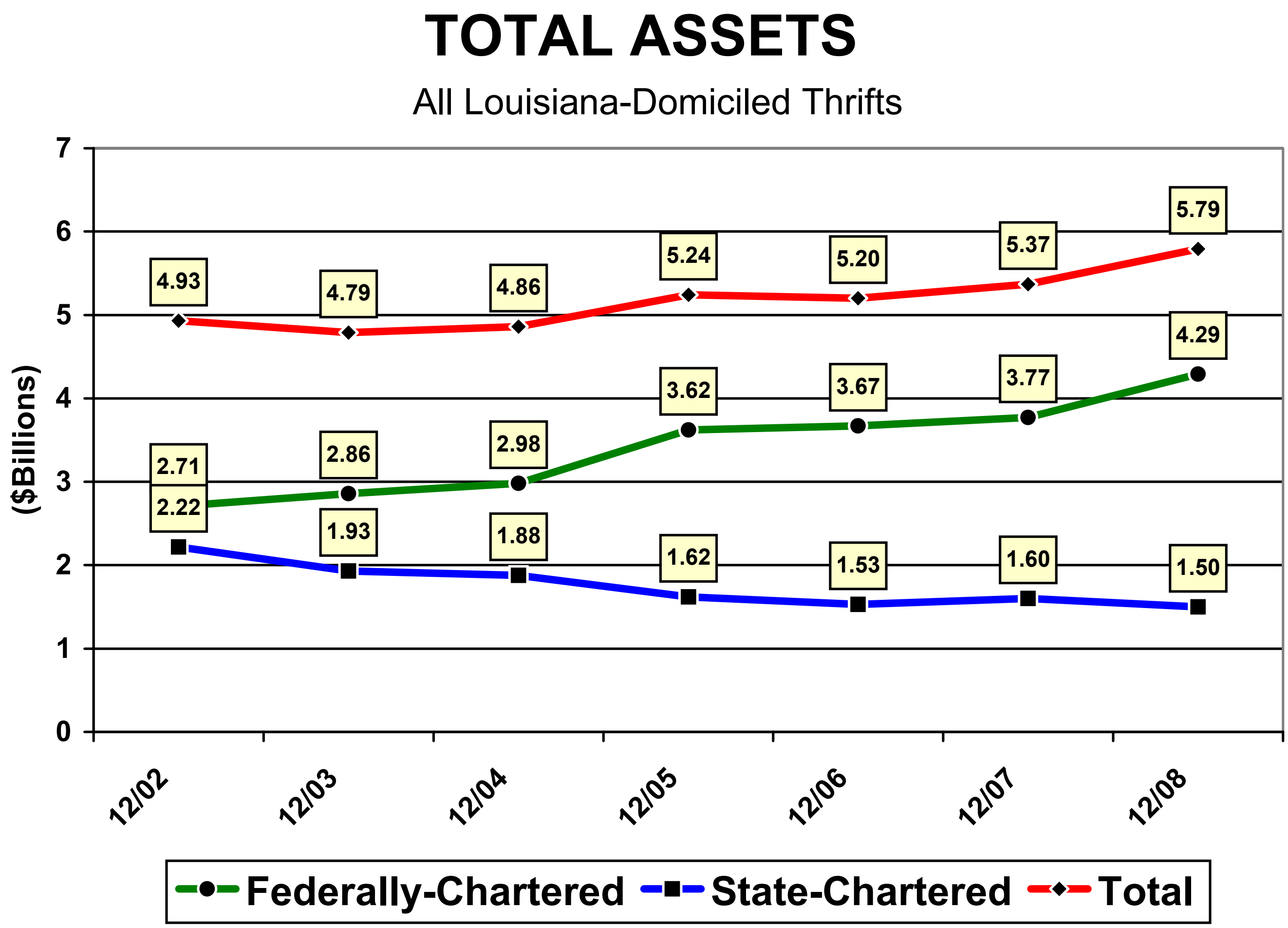

Figure 28

Total assets increased from $5.67 billion as of September 30, 2008, to $5.79 billion as of December 31, 2008, or by 2.09 percent. Figure 28 above reflects the trend in total assets for Louisiana state-chartered thrifts, Louisiana-domiciled federal thrifts, and all Louisiana-domiciled thrifts in Louisiana for each year-end since 2002. Despite industry concentration since year-end 2002, total assets in Louisiana-domiciled thrifts have grown for 18 of the past 24 quarters.

For all thrifts in the U.S., total assets increased from $1.52 trillion as of September 30, 2008, to $1.53 trillion as of December 31, 2008, despite the reduction in the number of thrifts previously mentioned.

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 $1.51 billion.

THRIFT SUMMARY AS OF DECEMBER 31, 2008

The overall financial condition of Louisiana-domiciled thrifts remains sound at the present time, primarily because of strong capital ratios. The fourth quarter of 2008 saw a minimal increase in total assets and total deposits, and a moderate increase in Tier 1 (core) capital. Borrowed money, primarily FHLB advances, increased at a faster rate than total deposits, and core deposits only saw a modest increase. Earnings remain fair with a slight decline in net income, as an increase in non-interest expenses, loan loss provisions, and securities losses was offset somewhat by an increase in non-interest expense. The Core capital (leverage) and Risk-Based capital ratios increased during the fourth quarter and remain well above regulatory minimums. During the fourth quarter, nonperforming assets increased significantly but still remain at a manageable level. Net loan charge-offs increased substantially from the prior quarter but also remain minimal as a percent of total loans.

THRIFT LAGNIAPPE

- As of December 31, 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	$555,401	10
Assets $100 Million to $300 Million	10	38	1,786,442	31
Assets $300 Million to $500 Million	3	12	1,167,614	20
Assets $500 Million to $1 Billion	3	12	2,278,992	39
TOTAL ASSETS	26	100	$5,788,449	100

- As of December 31, 2008, the breakdown of Louisiana **state-chartered thrifts** by asset size is as follows:

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	4	57	$216,475	14
Assets $100 Million to $300 Million	2	29	408,174	27
Assets $300 Million to $500 Million	0	0	-0-	0
Assets $500 Million to $1 Billion	1	14	878,044	59
TOTAL ASSETS	7	100	$1,502,693	100

- As of December 31, 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	32	$338,926	8
Assets $100 Million to $300 Million	8	42	1,378,268	32
Assets $300 Million to $500 Million	3	16	1,167,614	27
Assets $500 Million to $1 Billion	2	10	1,400,948	33
TOTAL ASSETS	19	100	$4,285,756	100

* Thousands

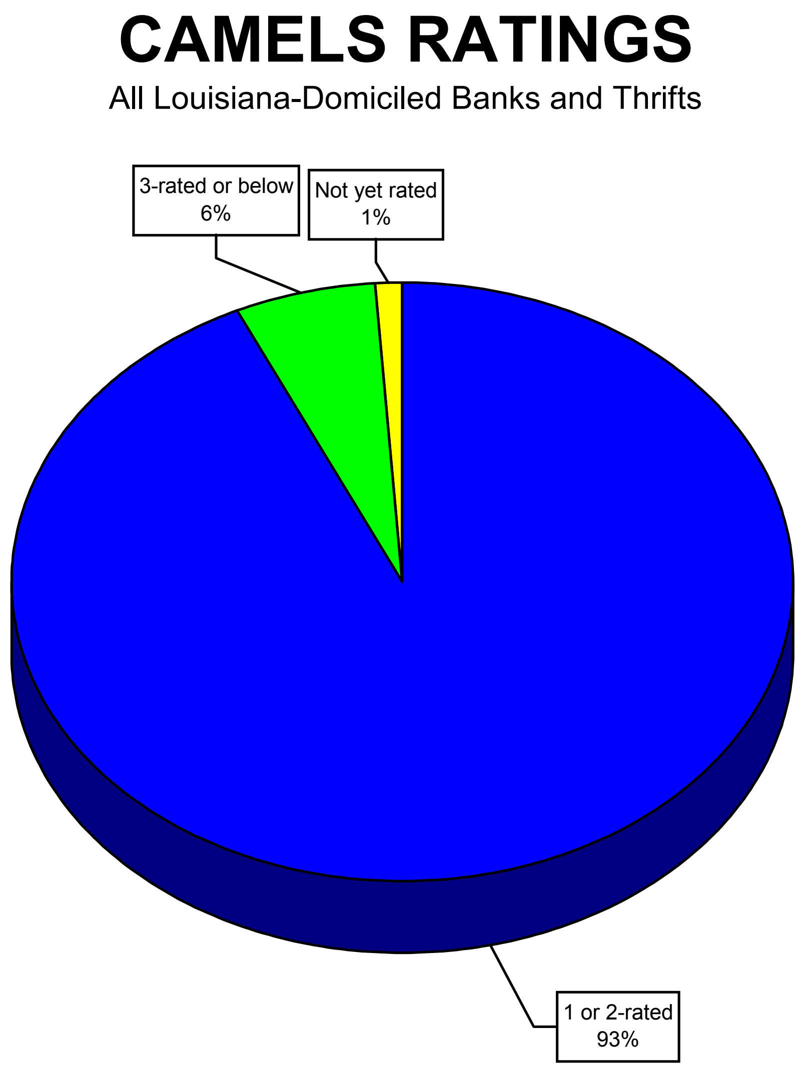

Figure 29

Figure 29 above illustrates the percentages of 1 or 2-rated and 3-rated or below for all 134 banks domiciled in Louisiana, with 1 bank not yet rated, and all 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 Louisiana-domiciled banks and thrifts remains sound (see final page of this report for the rating definitions).

Footnote*: The percentages reflected within the chart above are based on the December 31, 2008, ratings for all Louisiana-domiciled banks and thrifts.*

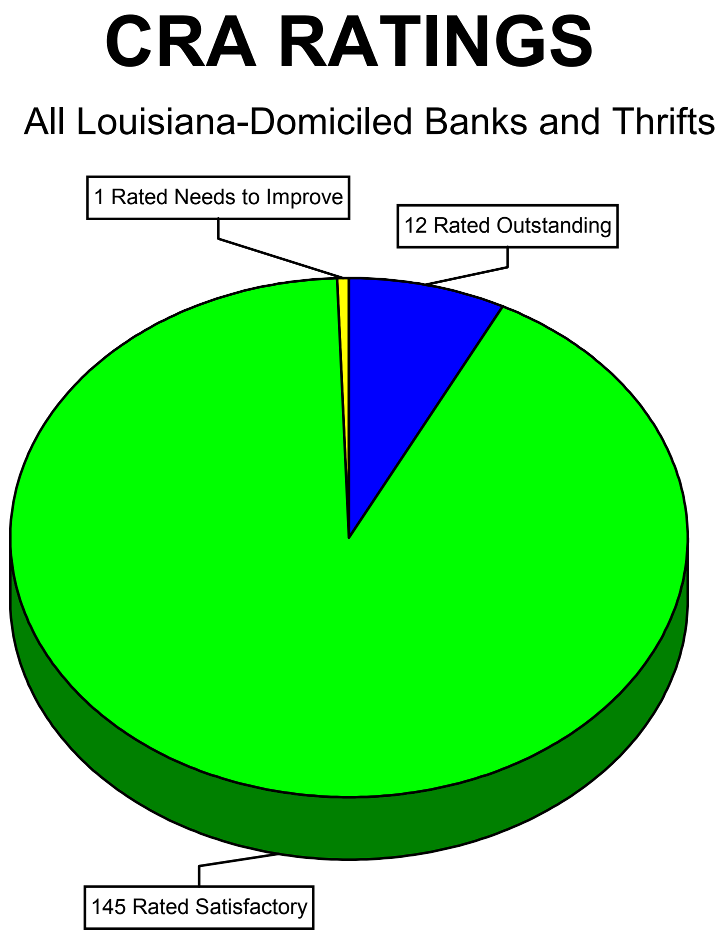

Figure 30

(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 December 31, 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 158 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 "Satisfactory" rating, was assigned an "Outstanding" CRA rating in December 2008. In addition, one de novo bank, not previously rated, was assigned a "Satisfactory" CRA rating.

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.