LOUISIANA BANKS AND THRIFTS FINANCIAL REPORT

For the Quarter Ended
December 31, 2007

STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS

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LOUISIANA BANKING INDUSTRY FINANCIAL CONDITION AS OF DECEMBER 31, 2007

During the fourth quarter of 2007, total assets for all banks domiciled in Louisiana increased from $43.08 billion to $44.16 billion, an increase $1.09 billion or by 2.52 percent. During the fourth quarter, three of the four major asset categories increased while the fourth category decreased. Total loans and leases increased from $28.85 billion to $29.55 billion or by 2.42 percent. Total securities increased from $9.10 billion to $9.26 billion or by 1.70 percent. Cash increased from $1.41 billion to $1.57 billion or by 11.29 percent. Federal funds sold decreased from $1.49 billion to $1.40 billion or by 6.08 percent. On the liabilities side, total deposits increased from $35.28 billion to $35.92 billion or by 1.81 percent, while borrowed money increased from $2.92 billion to $3.35 billion or by 14.76 percent.

For Louisiana state-chartered banks, total assets increased by 1.93 percent during the fourth quarter of 2007. For these banks, total loans, cash and Federal funds sold increased, while securities decreased. On the liabilities side, total deposits and borrowed money both increased. For Louisiana-domiciled national banks, total assets increased by 3.81 percent during the fourth quarter of 2007. For these banks, cash, securities, and total loans increased, while Federal funds sold decreased. On the liabilities side, total deposits and borrowed money both increased.

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

	U. S. Banks	**Louisiana-Domiciled Banks**			
TRENDS	Quarter Ended 12/31/2007	Quarter Ended 12/31/2007	Quarter Ended 09/30/2007	Year Ended 12/31/2007	Year Ended 12/31/2006
Earnings					
Yield on Earning Assets	6.82%	7.19%↓	7.40%	7.24%↑	6.84%
Cost of Funds	3.44%	2.62%↓	2.75%	2.63%↑	2.40%
Net Interest Margin	3.38%	4.57%↓	4.65%	4.61%↑	4.43%
Loan Loss Provisions to Average Assets	0.95%	0.32%↑	0.17%	0.17%↑	0.06%
Operating Expenses to Average Assets	3.11%	3.51%↑	3.40%	3.43%↑	3.34%
Return on Average Assets	0.38%	1.14%↓	1.50%	1.32%↑	1.13%
Asset Quality					
Noncurrent Loans to Total Loans	1.30%	1.21%↑	1.03%	1.21%↑	0.76%
Nonperforming Assets to Total Assets	0.85%	0.92%↑	0.76%	0.92%↑	0.51%
Net Charge-offs to Total Loans	0.86%	0.33%↑	0.22%	0.20%↓	0.36%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	7.64%	8.88%↓	9.09%	8.88%↑	8.42%
Earning Assets to Total Assets	88.00%	91.18%↓	91.38%	91.18%↑	86.65%
Loans to Deposits	89.45%	81.27%↑	80.78%	81.27%↑	76.08%

Although decreasing during the fourth quarter, the year-to-date return on average assets (ROAA) for 2007 is strong and increased by 19 basis points above 2006. 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 generally solid asset growth. Although asset quality remains sound, the dollar volume and ratio of nonperforming assets have increased from the previous quarter and from the same time period last year. The dollar volume of net charge-offs increased by 56.91 percent during the fourth quarter, and the ratio of net charge-offs to total loans increased by 11 basis points during the same time period. Overall, Louisiana-domiciled banks compare very favorably when compared to all commercial banks in the U.S., as shown in the table above and on the following pages, where applicable.

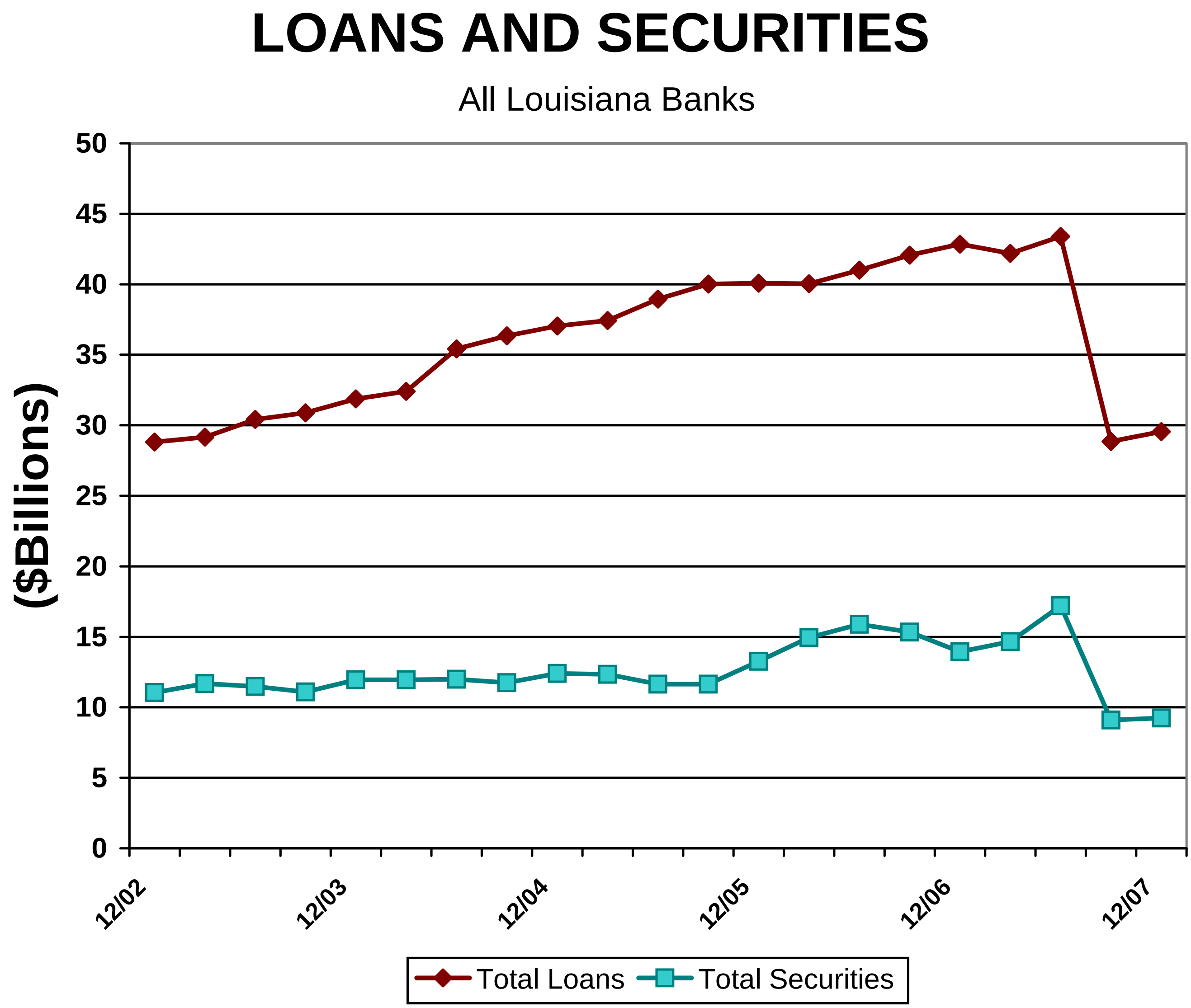

Figure 1

As previously mentioned, total loans and leases increased by 2.42 percent during the fourth quarter of 2007, from $28.85 billion to $29.55 billion or by approximately $699 million. Total loans and leases have increased in 17 of the past 20 quarters. During the fourth quarter, increases were noted in all but one category, farm loans, in the following order: real estate loans, commercial loans, consumer loans, and other loans. Real estate loans increased from $19.47 billion to $20 billion or by $522 million. Commercial loans increased from $5.88 billion to $6.07 billion or by $196 million. Consumer loans increased from $2.53 billion to $2.58 billion or by $48 million. Other loans increased from $578 million to $610 million or by $32 million. Farm loans decreased from $396 million to $297 million or by $99 million.

During the fourth quarter of 2007, state-chartered and Louisiana-domiciled national banks experienced growth in the all categories except farm loans.

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 December 31, 2007.

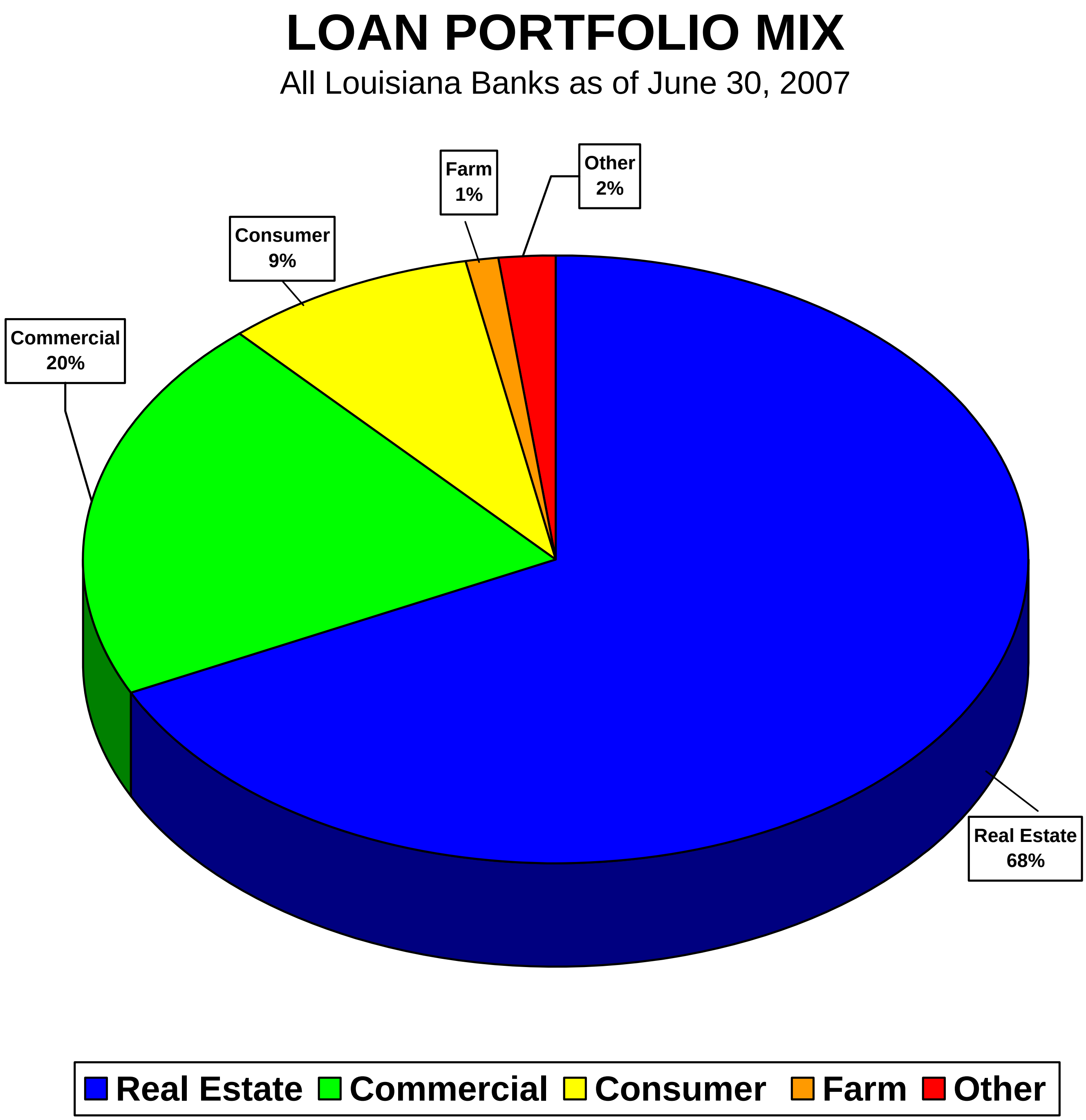

Figure 2

As of December 31, 2007, for Louisiana state-chartered banks, the loan portfolio mix is as follows: real estate loans - 70 percent; commercial loans - 16 percent; consumer loans - 11 percent; farm loans - 1 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 - 63 percent; commercial loans - 31 percent; consumer loans - 4 percent; farm loans - 0 percent; and other loans - 2 percent.

As of December 31, 2007, 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 fourth quarter of 2007, from 80.78 percent as of September 30, 2007, to 81.27 percent as of December 31, 2007, 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.

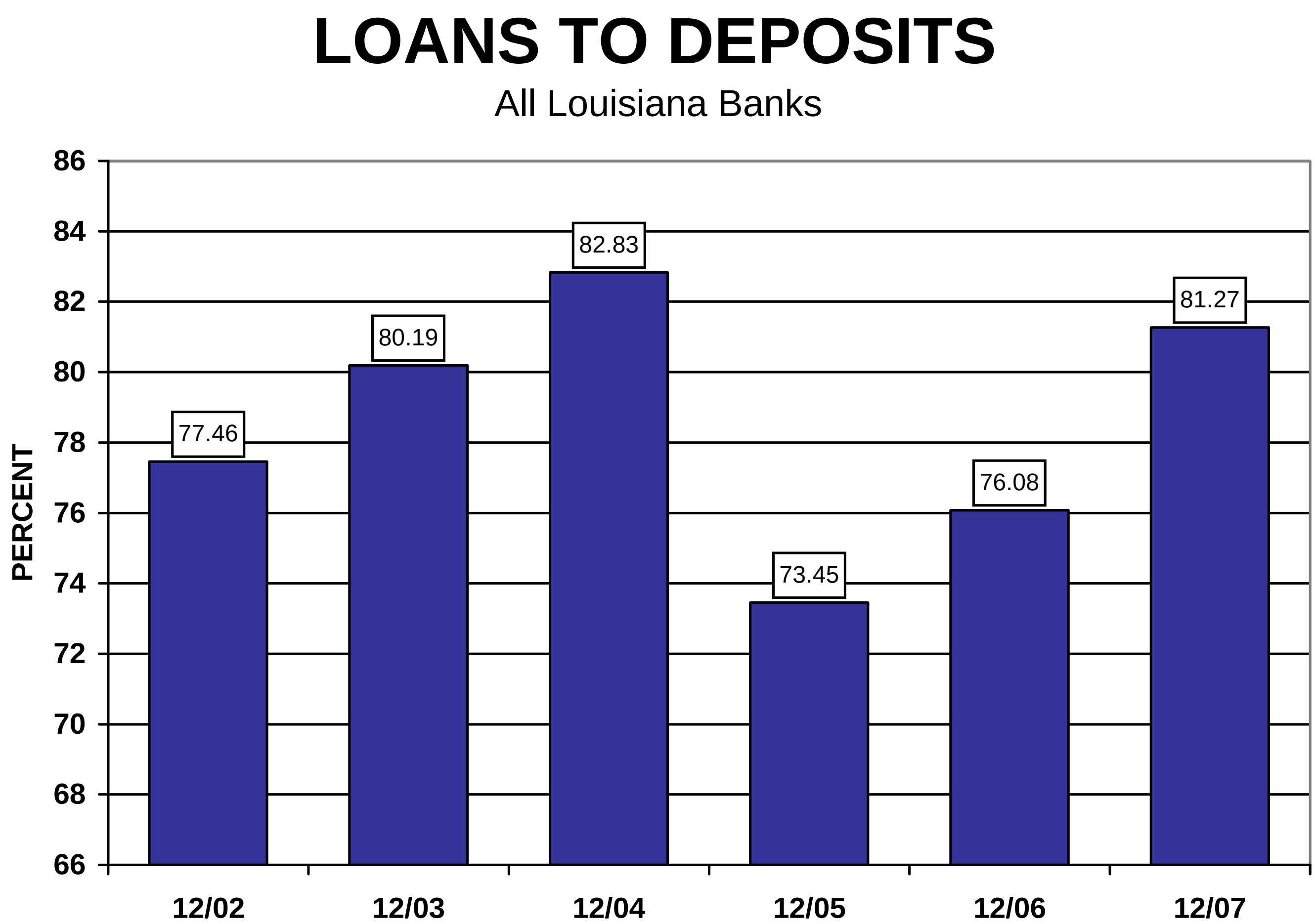

Figure 3

For Louisiana state-chartered banks, the ratio of loans to deposits increased from 78.20 percent as of September 30, 2007, to 78.64 percent as of December 31, 2007, since loans grew at a slightly faster rate than deposits. For Louisiana-domiciled national banks, the ratio grew from 86.59 percent as of September 30, 2007, to 87.17 percent as of December 31, 2007, as loans grew at a slightly faster rate than deposits.

For all commercial banks in the U.S., the ratio of loans to deposits decreased from 89.45 percent as of September 30, 2007, to 81.27 percent as of December 31, 2007, as deposits grew at a faster rate than loans.

On the liabilities side, total deposits increased from $35.28 billion as of September 30, 2007, to $35.92 billion as of December 31, 2007, or by 1.81 percent, while borrowed money increased from $2.92 billion as of September 30, 2007, to $3.35 billion as of December 31, 2007, or by 14.76 percent. Core deposits increased from $28.49 billion as of September 30, 2007, to $29.08 billion as of December 31, 2007, or by 2.10 percent. Figure 4 below shows the mix of deposits and borrowed money since year-end 2002.

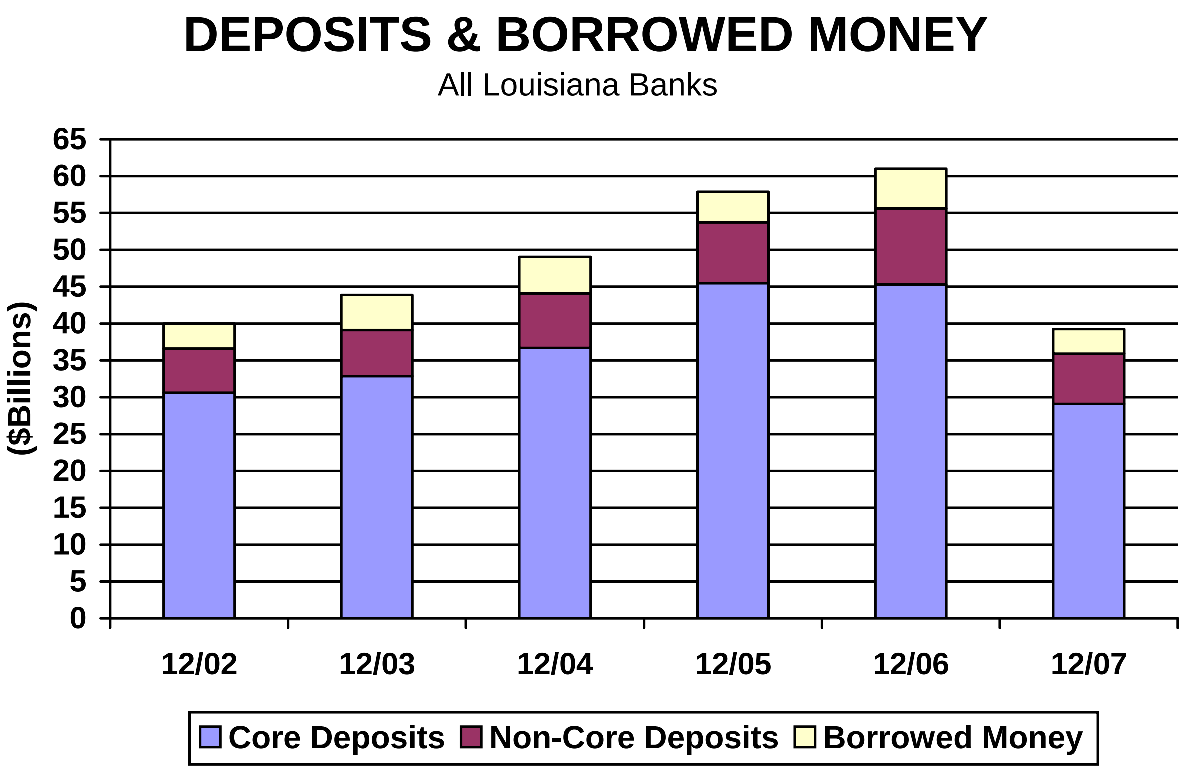

Figure 4

As noted above, borrowed money increased during the fourth quarter of 2007. As of December 31, 2007, borrowed money totaled $3.35 billion and consisted of Federal funds purchased totaling $1.69 billion, Federal Home Loan Bank (FHLB) advances totaling $1.49 billion, and other borrowings totaling $182 million. As of September 30, 2007, borrowed money totaled $2.92 billion and consisted of Federal funds purchased totaling $1.42 billion, FHLB advances totaling $1.33 billion, and other borrowings totaling $177 million. Total borrowed money for Louisiana state-chartered banks increased by $90 million during the fourth quarter with increases in FHLB advances and other borrowings and a decline in Federal funds purchased. Total borrowed money for Louisiana-domiciled national banks increased by $341 million during the fourth quarter with increases in Federal funds purchased and FHLB advances and a slight decrease in other borrowings.

Non-core deposits increased during the fourth quarter of 2007. As of December 31, 2007, non-core deposits totaled $6.84 billion and consisted of time deposits of $100,000 or more totaling $6.13 billion and deposits held in foreign offices totaling $705 million. As of September 30, 2007, non-core deposits totaled $6.79 billion and consisted of time deposits of $100,000 or more totaling $6.16 billion and deposits in foreign offices totaling $634 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 $8 million. During this same time, non-core deposits in Louisiana-domiciled national banks increased by $32 million with a $39 million decrease in time deposits of $100,000 or more and a $71 million increase in deposits held in foreign offices.

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

The ratio of core deposits to total deposits and borrowed money decreased during the second quarter of 2007, going from 74.57 percent as of September 30, 2007, to 74.06 percent as of December 31, 2007. This ratio has generally fluctuated between approximately 74 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.

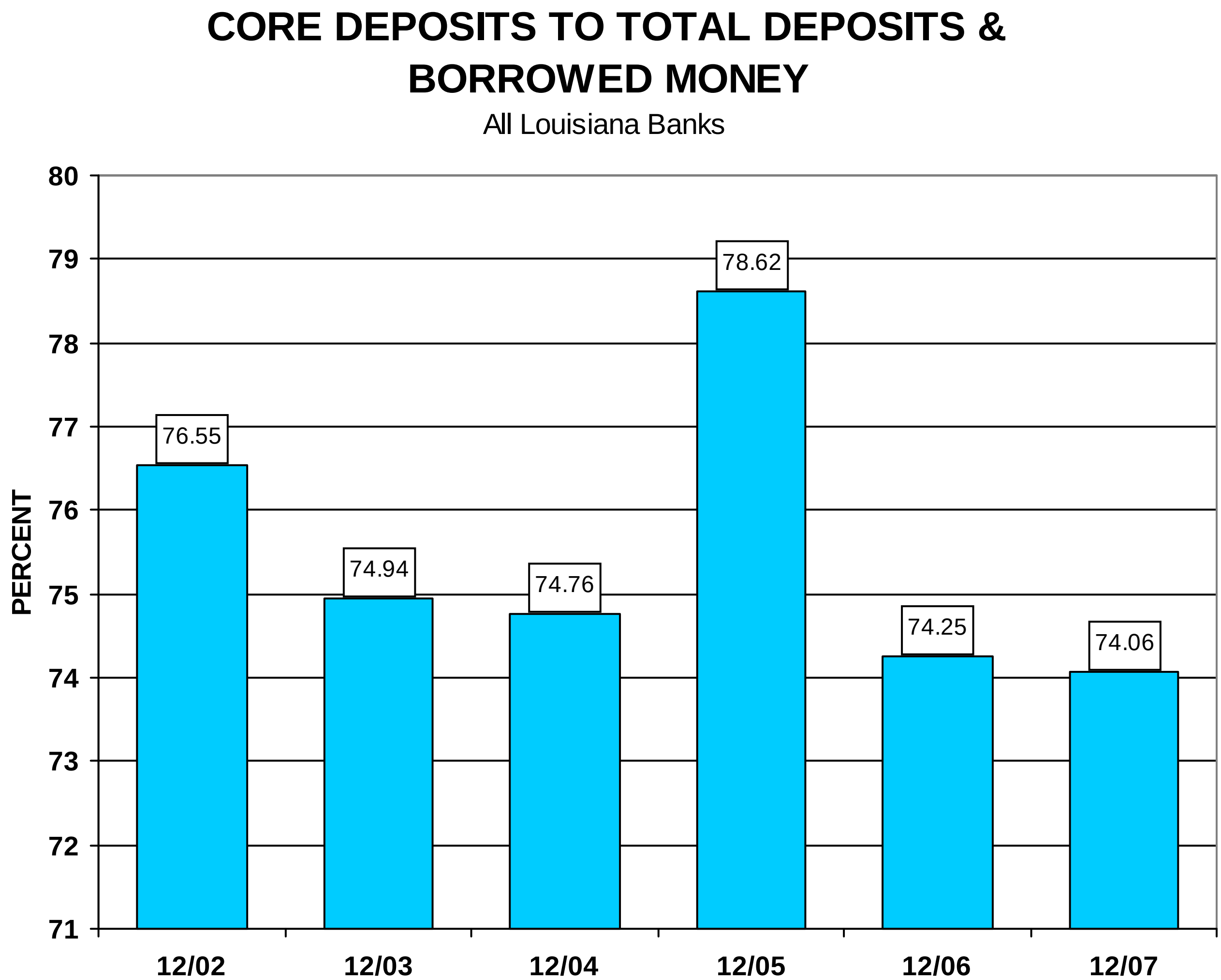

Figure 5

For Louisiana state-chartered banks, the ratio of core deposits to total deposits and borrowed money increased slightly to 74.88 percent as of December 31, 2007, from 74.76 percent as of September 30, 2007. For Louisiana-domiciled national banks, this ratio decreased to 72.28 percent as of December 31, 2007, from 74.14 percent as of September 30, 2007.

For all commercial banks in the U.S., the ratio of core deposits to total deposits and borrowed money decreased from 51.89 percent as of September 30, 2007, to 51.80 percent as of December 31, 2007.

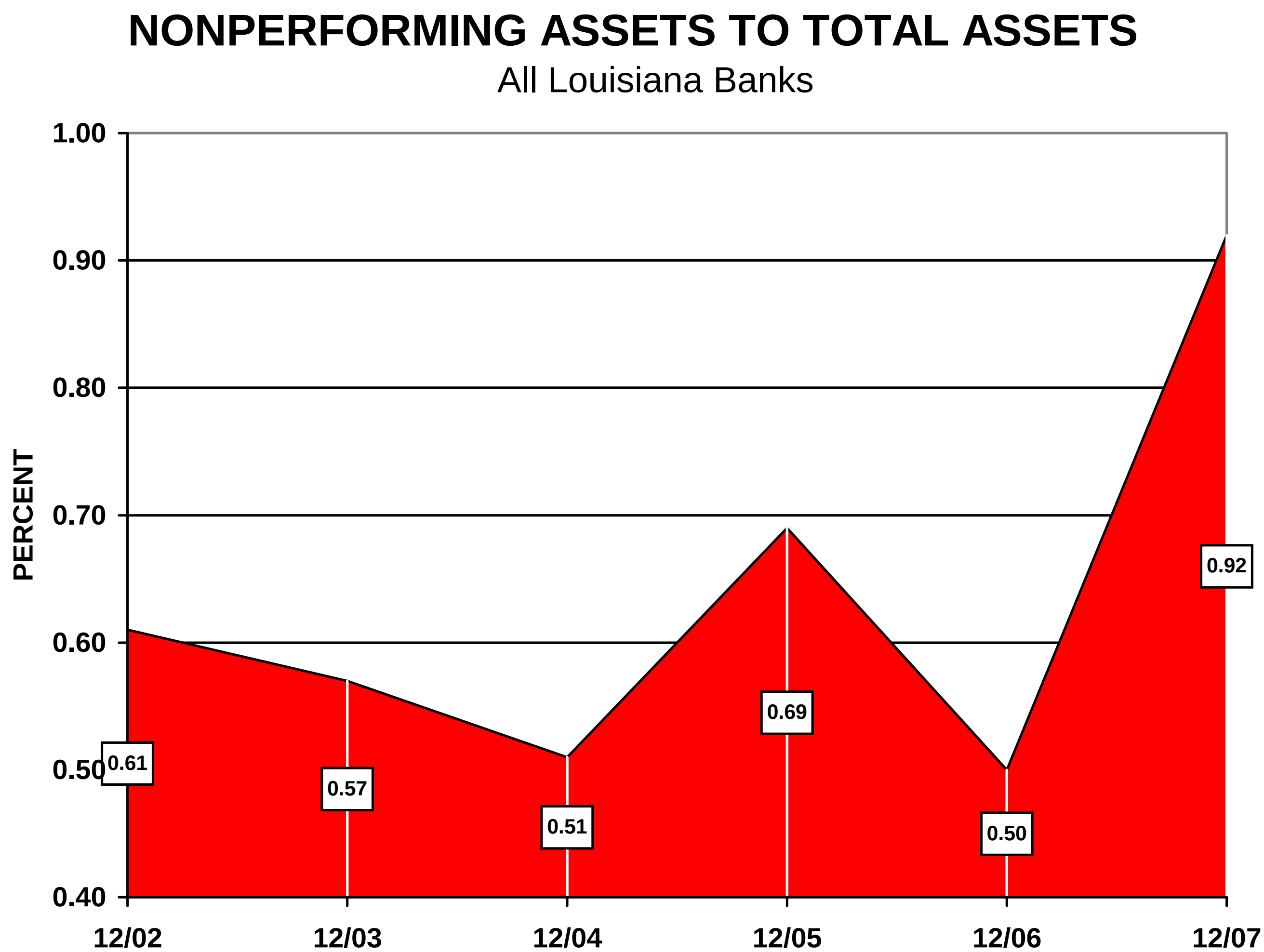

Figure 6

The volume of nonperforming assets (noncurrent loans as defined below plus other real estate owned) increased significantly during the fourth quarter of 2007, from $327 million as of September 30, 2007, to $406 million as of December 31, 2007, or an increase of 23.96 percent. The percentage of nonperforming assets to total assets increased from 0.76 percent at September 30, 2007, to 0.92 percent at December 31, 2007. Figure 6 above illustrates that the ratio of nonperforming assets to total assets declined from 2002 through 2004, spiked upward in 2005, declined in 2006 through the second quarter of 2007, and increased in the last two quarters as noted.

The aggregate of noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) increased from $297 million as of September 30, 2007, to $356 million as of December 31, 2007, or by 20.01 percent. The ratio of noncurrent loans to total loans increased from 1.03 percent as of September 30, 2007, to 1.21 percent as of December 31, 2007. Other real estate owned increased from $30 million as of September 30, 2007, to $49 million as of December 31, 2007, or by 62.56 percent. In a year's time, noncurrent loans have increased by $124 million, or by 53.41 percent, when you exclude those reported by the large national bank that moved its headquarters from Louisiana in July 2007.

The dollar amounts for December 31, 2006, on nonperforming assets and noncurrent loans include those reported by a large national bank that moved its headquarters from Louisiana in July 2007, which would reflect increases in nonperforming assets and noncurrent loans of $44 million, or by 12.26 percent, and $31 million, or by 9.68 percent, respectively, in a year's time. However, if you deduct these items from the December 31, 2006, totals, in a year's time, nonperforming assets and noncurrent loans would have increased by $150 million, or 58.47 percent, and by $124 million, or 53.41 percent, respectively. As of December 31, 2006, the ratios of nonperforming assets to total assets and noncurrent loans to total loans would have been 0.63 percent and 0.88 percent, respectively.

In the fourth quarter of 2007, noncurrent loans increased from $191 million to $212 million in Louisiana state-chartered banks and from $106 million to $145 million for Louisiana-domiciled national banks. In this same quarter, other real estate owned increased from $26 million to $43 million in Louisiana state-chartered banks and increased from $5 million to $7 million in Louisiana-domiciled national banks. From September 30, 2007, to December 31, 2007, the ratio of nonperforming assets to total assets increased from 0.73 percent to 0.84 percent in Louisiana state-chartered banks and increased from 0.81 percent to 1.07 percent in Louisiana-domiciled national banks. In this same time period, the ratio of noncurrent loans to total loans increased from 0.99 percent to 1.07 percent and from 1.12 percent to 1.48 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, 2007, to December 31, 2007, with both noncurrent loans and other real estate owned increasing. As a result, the ratio of nonperforming assets to total assets increased from 0.67 percent to 0.85 percent, and the ratio of noncurrent loans to total loans increased from 1.02 percent to 1.30 percent.

Net charge-offs recognized in the fourth quarter of 2007 totaled $24 million, an increase from the $15 million in net charge-offs recognized in the third quarter of 2007. The annualized net charge-off ratio for the quarter ending December 31, 2007, increased to 0.33 percent, from 0.22 percent for the quarter ending September 30, 2007. However, the year-to-date (YTD) ratio of net charge-offs to total loans increased modestly from 0.16 percent as of September 30, 2007, to 0.20 percent as of December 31, 2007. For the year 2007, net charge-offs declined to $56 million, as compared to $150 million for the calendar year 2006, with the 2006 YTD 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 these, net charge-offs in 2006 would have totaled $89 million with an adjusted net-charge-off ratio of 0.44 percent.

From September 30, 2007, to December 31, 2007, quarterly net charge-offs increased from $12 million to $19 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 0.39 percent, while the year-to-date net charge-off ratio increased from 0.19 percent to 0.24 percent. Net charge-offs totaled $45 million and $69 million for the calendar years 2007 and 2006, respectively, with the 2006 YTD net charge-off ratio of 0.42 percent.

From September 30, 2007, to December 31, 2007, quarterly net charge-offs increased from $4 million to $5 million for Louisiana-domiciled national banks. These banks saw the annualized net charge-off ratio increase from 0.15 percent to 0.22 percent, while the YTD ratio increased slightly from 0.09 percent to 0.12 percent. Net charge-offs totaled $11 million and $20 million for the calendar years 2007 and 2006, respectively, exclusive of the large national bank that moved its headquarters from Louisiana in July 2007, with the adjusted 2006 YTD net charge-off ratio at 0.22 percent.

From September 30, 2007, to December 31, 2007, commercial banks in the U.S. reported an increase in quarterly net charge-offs from $9.13 billion to $13.94 billion. The quarterly net charge-off ratio increased from 0.58 percent for the quarter ending September 30, 2007, to 0.86 percent for the quarter ending December 31, 2007. The year-to-date net charge-off ratio for these banks increased from 0.53 percent as of September 30, 2007, to 0.61 percent as of December 31, 2007. These banks reported net charge-offs of $37.93 billion and

$23.49 billion for the calendar years 2007 and 2006, respectively, with a year-to-date net charge-off ratio of 0.41 percent for 2006.

Loan loss reserves increased to $356 million as of December 31, 2007, from $347 million as of September 30, 2007, and the ratio of loan loss reserves to total loans remained at 1.20 percent as of September 30, 2007, and December 31, 2007. Loan loss reserves have increased by $16 million in a year's time, from $340 million at December 31, 2006, when excluding the loan loss reserve reported as of that same date by the large national bank that moved its headquarters from Louisiana in July 2007. Since year-end 2002, this ratio has 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; and 1.22 percent as of December 31, 2006.

Loan loss provisions totaled $35 million during the fourth quarter of 2007, or 0.32 percent of average assets, as compared to $18 million during the third quarter of 2007, or 0.17 percent of average assets. Loan loss provisions totaled $71 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 December 31, 2007, loan loss reserves totaled $248 million for Louisiana state-chartered banks, an increase from $244 million as of September 30, 2007. With an increase in loans, the ratio of loan loss reserves to total loans decreased minimally from 1.26 percent as of September 30, 2007, to 1.25 percent as of December 31, 2007. Loan loss provisions in the fourth quarter totaled $25 million, an increase from $8 million in the third quarter. For the calendar years 2007 and 2006, loan loss provisions totaled $52 million and $39 million, respectively, compared to loan loss provisions of $117 million for calendar year 2005.

As of December 31, 2007, loan loss reserves totaled $108 million for Louisiana-domiciled national banks, an increase from $103 million as of September 30, 2007. The ratio of loan loss reserves to total loans increased slightly from 1.09 percent as of September 30, 2007, to 1.11 percent as of December 31, 2007. Loan loss provisions for the fourth quarter total $10 million, essentially the same level as the third quarter of 2007 for Louisiana-domiciled national banks. For the calendar years 2007 and 2006, loan loss provisions totaled $20 million and $2 million for Louisiana-domiciled national banks, respectively. As above, the loan loss provisions recognized in 2006 would total $4 million, excluding those recognized by the large national bank that moved its headquarters from Louisiana in July 2007. Loan loss provisions in 2005 totaled $55 million and $44 million, respectively, with this bank included and excluded, respectively.

For all commercial banks in the U.S., loan loss reserves increased from $76.58 billion as of September 30, 2007, to $88.52 billion as of December 31, 2007. The ratio of loan loss reserves to total loans increased from 1.20 percent as of September 30, 2007, to 1.34 percent as of December 31, 2007. Loan loss provisions totaled $25.93 billion for the fourth quarter of 2007, compared to $12.99 billion for the third quarter of 2007. For the calendar years 2007 and 2006, all commercial banks in the U.S. recognized loan loss provisions totaling $56.65 billion and $25.58 billion, respectively.

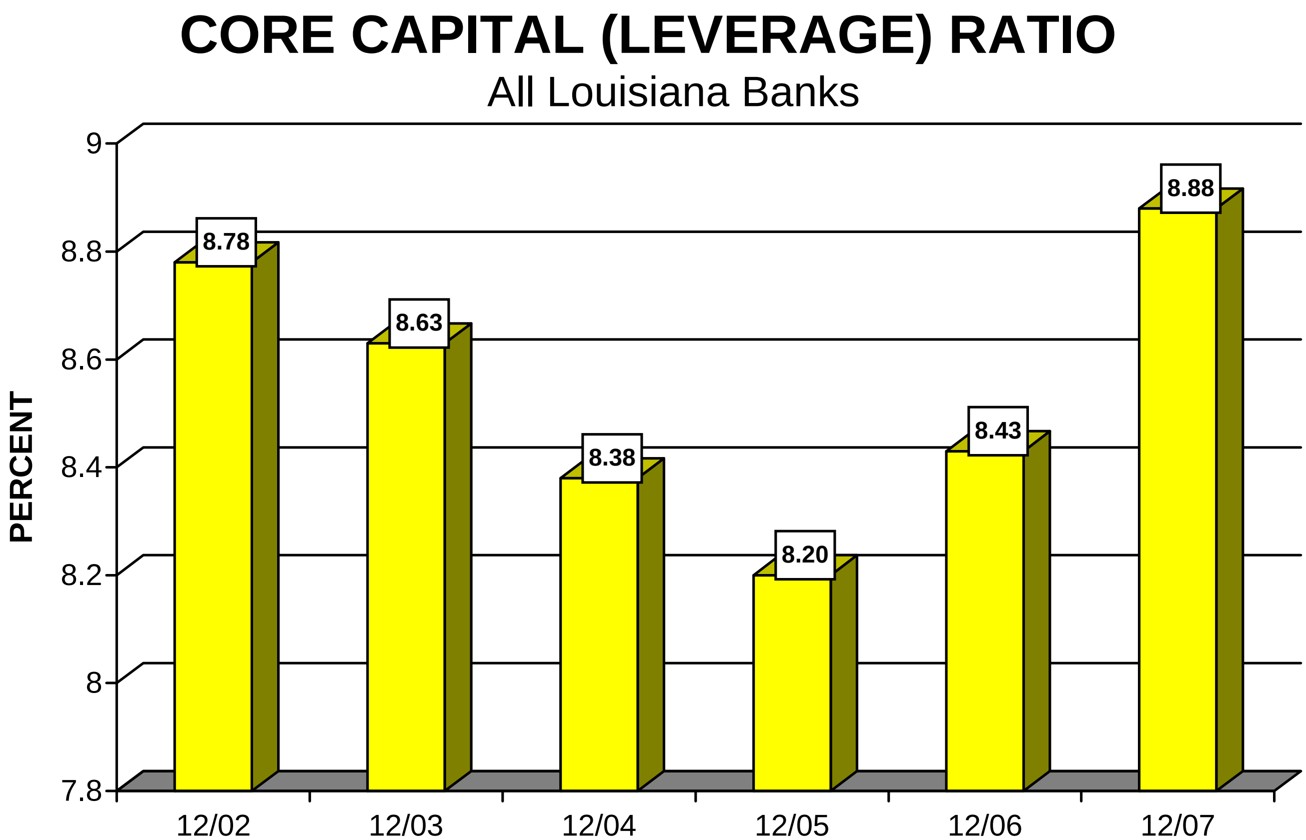

Figure 7

Tier 1 (core) capital decreased from $3.82 billion as of September 30, 2007, to $3.79 billion as of December 31, 2007. The Core capital (leverage) ratio decreased from 9.09 percent as of September 30, 2007, to 8.88 percent as of December 31, 2007, as quarter-end average assets grew during the fourth quarter of 2007 while Tier 1 (core) capital declined. The Core capital (leverage) ratio for September 30, 2007, was the highest for any quarter since year-end 2002, and the Core capital (leverage) ratio for December 31, 2007 was the highest reported at a year-end in the last 10 years.

During the fourth quarter of 2007, Tier 1 (core) capital increased by $11 million in Louisiana state-chartered banks. However, the Core capital (leverage) ratio decreased from 9.37 percent to 9.24 percent as quarter-end average assets grew at a faster pace than Tier 1 (core) capital. 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 2007, Tier 1 (core) capital decreased by $42 million in Louisiana-domiciled national banks. With this decrease and an increase in quarter-end average assets, the Core capital (leverage) ratio declined from 8.47 percent to 8.10 percent. Dividends paid by national banks during the fourth quarter increased by $80 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 declined from 7.80 percent as of September 30, 2007, to 7.64 percent as of December 31, 2007, 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 2007 declined by more than $6 billion over the level paid during the third quarter.

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

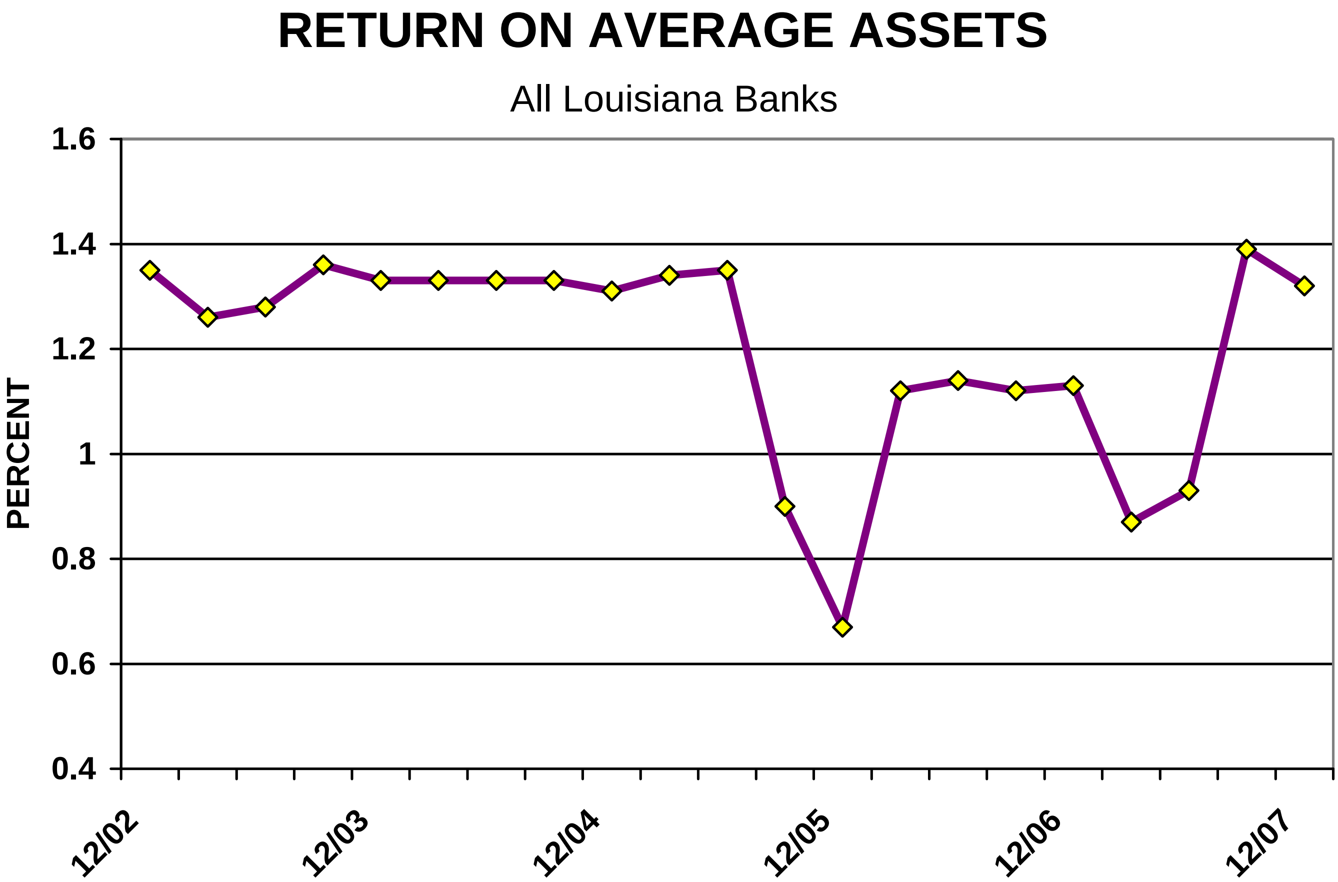

Figure 8

Earnings for the fourth quarter of 2007 were satisfactory, decreasing from the previous quarter with fourth quarter net income totaling $125 million, or a return on average assets of 1.14 percent annualized, as compared to $159 million, or a return on assets of 1.50 percent annualized, for the previous quarter. A quarterly increase in loan loss provisions and non-interest expense and a decline in non-interest income contributed to the decrease in net income during the fourth quarter of 2007. Figure 8 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 slightly to 1.32 percent as of December 31, 2007, from 1.39 percent as of September 30, 2007. Nine Louisiana banks showed net operating losses for the fourth quarter, including one de novo bank opened within the last 30 months. Five Louisiana banks also reported year-to-date net operating losses, including two de novo banks opened within the last 30 months.

As of December 31, 2007, there are 45 Louisiana state-chartered and 4 Louisiana-domiciled national banks that have elected tax treatment as a Subchapter S corporation, or approximately 36 percent, of the 136 Louisiana-domiciled banks. For all commercial banks in the U.S., approximately 32 percent have elected tax treatment as a Subchapter S corporation.

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

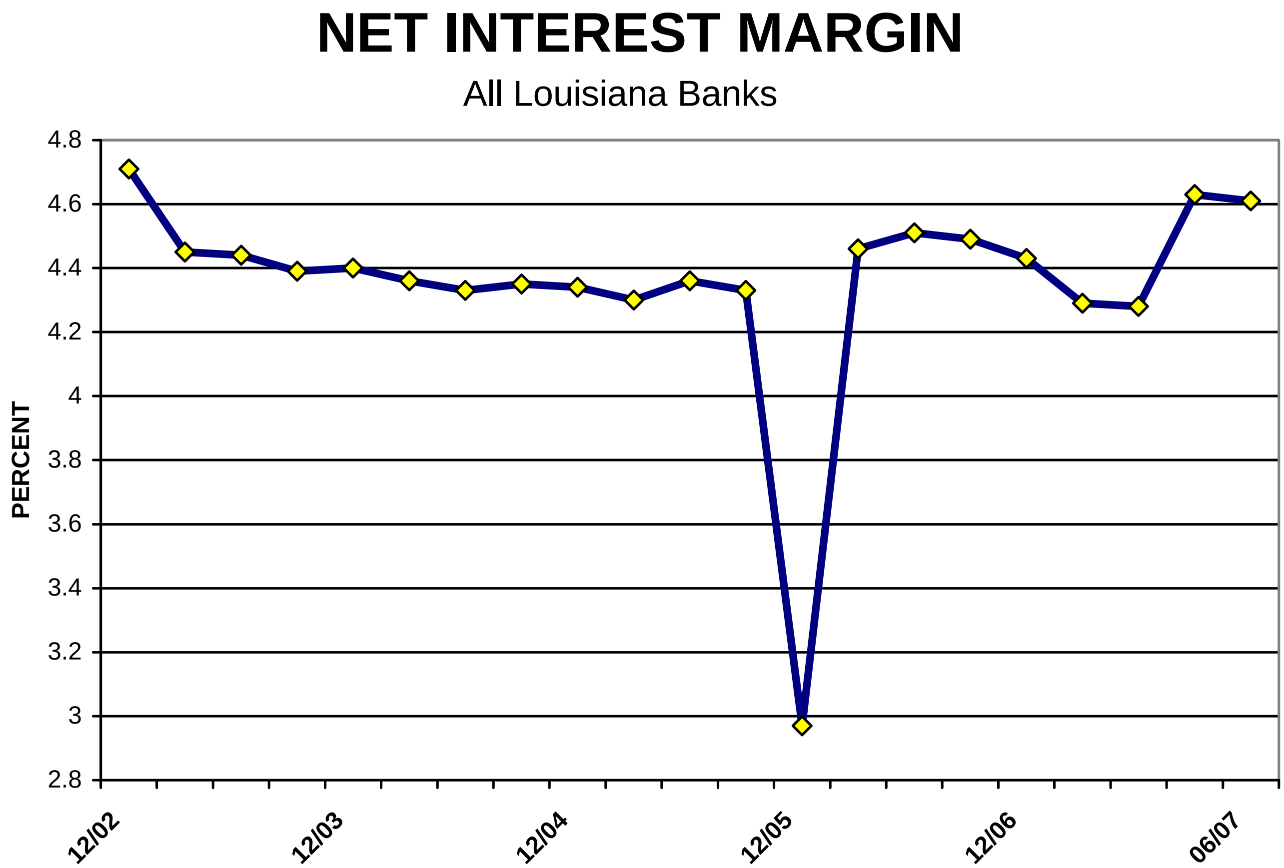

Figure 9

The net interest margin for all Louisiana-domiciled banks decreased from 4.65 percent to 4.57 percent during the fourth quarter of 2007. The aggregate yield on earning assets decreased from 7.40 percent to 7.19 percent, while the cost of funds decreased from 2.75 percent to 2.62 percent.

During the fourth quarter of 2007, the net interest margin for Louisiana state-chartered banks decreased from 4.54 percent to 4.50 percent while the net interest margin for Louisiana-domiciled national banks decreased from 4.17 percent to 4.12 percent. The yield on earning assets for Louisiana state-chartered banks and Louisiana-domiciled national banks decreased from 7.49 percent to 7.32 percent and from 7.20 percent to 6.90 percent, respectively. The cost of funds for Louisiana state-chartered banks and Louisiana-domiciled national banks decreased from 2.95 percent to 2.82 percent and from 2.33 percent to 2.17 percent, respectively.

For all commercial banks in the U.S., the net interest margin decreased from 3.45 percent to 3.38 percent during the fourth quarter of 2007. During the same time frame, the yield on earning assets decreased from 6.98 percent to 6.82 percent, while the cost of funds also decreased from 3.53 percent to 3.44 percent.

As noted on page 11 above, 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. For Louisiana state-chartered banks, earnings remain sound; however, 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, the annualized quarterly ROAA decreased from 1.39 percent for the quarter ending September 30, 2007, to 1.14 percent for the quarter ending December 31, 2007. The year-to-date ROAA showed a smaller decrease from 1.35 percent as of September 30, 2007, to 1.29 percent as of December 31, 2007.

For Louisiana-domiciled national banks, earnings also remain sound; however, quarterly net income decreased from the third quarter to the fourth quarter primarily because of a decrease in non-interest income. As a result, the annualized quarterly ROAA decreased from 1.73 percent for the quarter ending September 30, 2007, to 1.15 percent for the quarter ending December 31, 2007. The year-to-date ROAA showed a smaller decrease from 1.47 percent as of September 30, 2007, to 1.38 percent as of December 31, 2007.

For all commercial banks in the U.S., the fourth quarter's annualized ROA declined substantially to 0.38 percent from 1.04 percent for the third quarter. Net income for the fourth quarter declined substantially because of increased loan loss provisions and non-interest expense and decreased non-interest income. The year-to-date ROA for 2007 fell to 0.95 percent at December 31, 2007, from 1.17 percent as of September 30, 2007.

Operating expenses increased in total and in all three reported categories during the fourth quarter of 2007, going from 3.40 percent of average assets to 3.51 percent of average assets. The industry reported net gains on the sale of securities of $433 thousand during the fourth quarter of 2007, compared to a net gain of $13 thousand during the third quarter of 2007. Louisiana-domiciled banks reported net losses on sales of securities of $1.35 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 ratio of operating expenses to average assets at Louisiana state-chartered banks was below the third quarter and slightly higher than the fourth quarter ratios shown above and increased during the fourth quarter. The ratio for Louisiana-domiciled national banks was above the third quarter and below the fourth quarter ratios shown above and 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 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 2.94 percent to 3.11 percent.

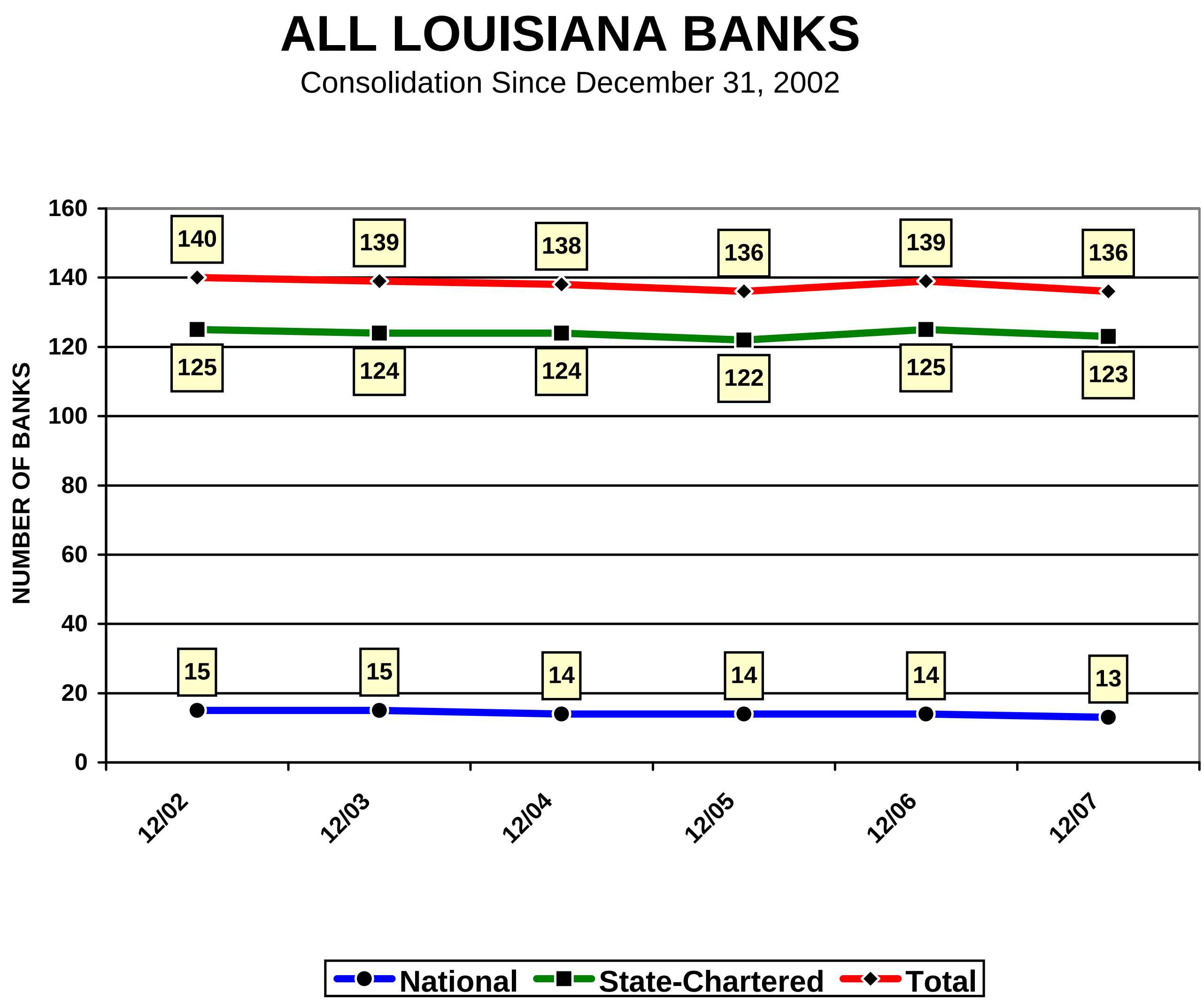

Figure 10

MERGERS AND ACQUISITIONS FOR THE QUARTER ENDED DECEMBER 31, 2007

The fourth quarter of 2007 was active for mergers and proposed mergers and acquisitions. During this time, one Louisiana state-chartered bank merged into another Louisiana state-chartered bank, and the other Louisiana state-chartered bank merged into a Louisiana state-chartered savings bank (thrift). Two Louisiana state-chartered banks have announced merger plans with one to be acquired by a Louisiana state-chartered bank and the other to be acquired by a Louisiana-domiciled federal thrift. A holding company of a Louisiana state-chartered bank announced plans to acquire two other Louisiana state-chartered banks, with the banks remaining separate entities at the present time. This became effective January 1, 2008. A second holding company of a Louisiana state-chartered bank announced plans to acquire a Louisiana-domiciled federal thrift, with the thrift remaining a stand-alone entity, and anticipated closing of the transaction before the first quarter of 2008 ends.

As of December 31, 2007, there were 136 commercial banks in Louisiana, which included 123 state-chartered banks. These Louisiana state-chartered banks held assets totaling $30.08 billion, or 68.10 percent of the Louisiana banking industry's $44.16 billion in total assets. As Figure 10 above illustrates, since December 31, 2002, the total number of Louisiana-domiciled banks has decreased from 140 to 136, or by 2.86 percent. No new banks have been chartered in Louisiana since the four state-chartered banks that opened for business from November 2005 to June 2006, and one of these banks merged into another institution in the fourth quarter of 2007. However, one new bank as in organization as of December 31, 2007.

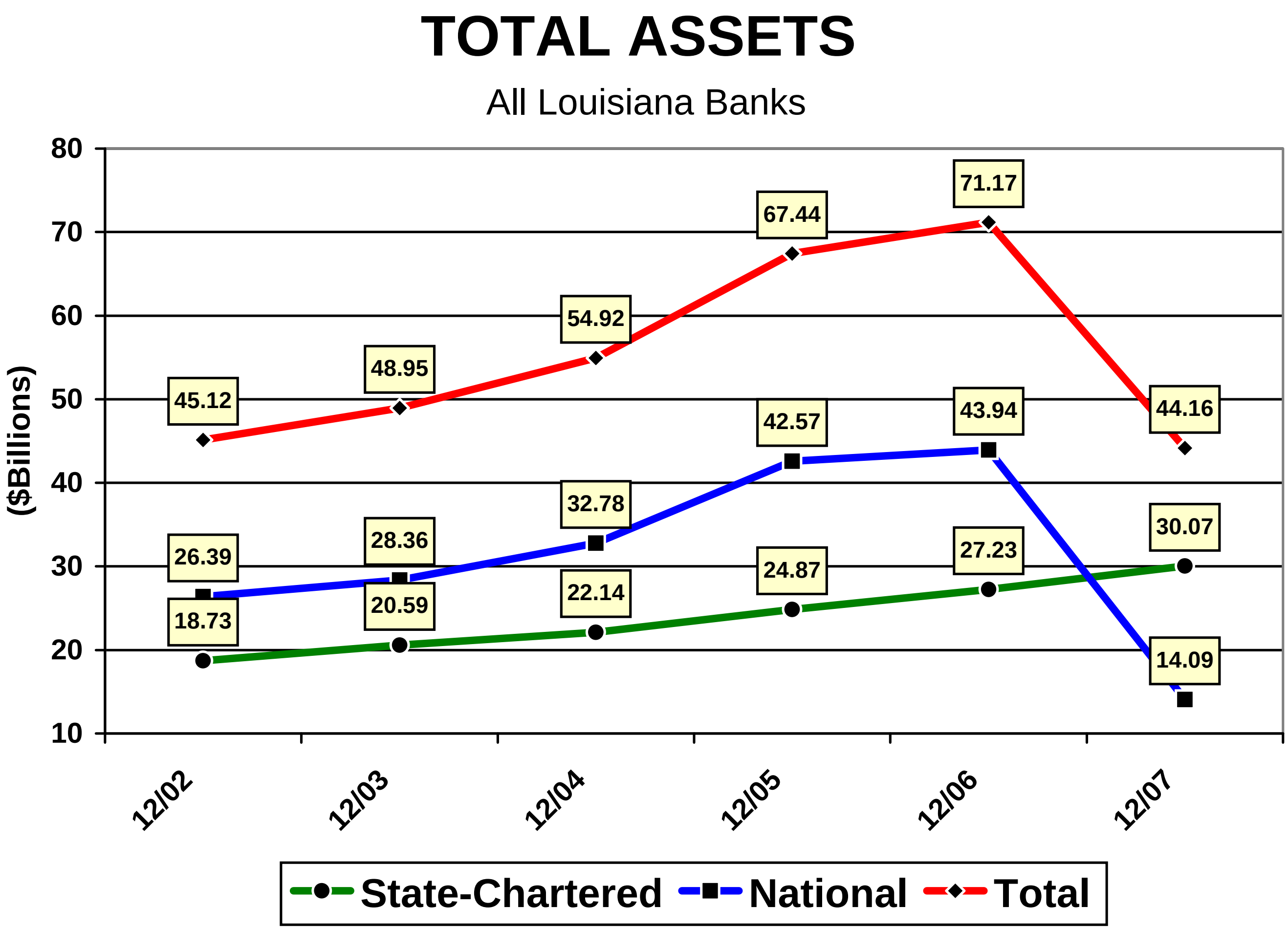

Figure 11

Total assets increased from $43.08 billion as of September 30, 2007, to $44.16 billion as of December 31, 2007, or by 2.52 percent. Figure 11 above reflects the trend in total assets for state-chartered banks, national banks, and all banks in Louisiana for each year-end since 2002. 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.

As of December 31, 2007, one out-of-state bank holding company from Mississippi owns a Louisiana-domiciled bank subsidiary with total assets of $2.52 billion, or 5.71 percent of the total assets for all Louisiana-domiciled banks, with the subsidiary also a Louisiana state-chartered bank. Three Louisiana bank holding companies, which own Louisiana state-chartered banks, also own a state-chartered bank and a federal thrift, both in Arkansas, and a state-chartered bank in Mississippi, with total assets of $30 million, $1.32 billion and $76 million, respectively, as of December 31, 2007. Two Louisiana bank holding companies, which own Louisiana-domiciled national banks, also own national banks in Alabama, Mississippi, and Texas, with total assets of $462 million as of December 31, 2007.

BANK SUMMARY AS OF DECEMBER 31, 2007

The overall financial condition of Louisiana-domiciled banks remains sound at the present time. The fourth quarter of 2007 was characterized by increases in total assets and total deposits, and a slight decline in Tier 1 (core) capital. During the fourth 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 shrinking slightly and quarterly average assets growing, the Core capital (leverage) ratio decreased; however, capital ratios remain well above minimum regulatory requirements. During the fourth quarter of 2007, the dollar volume of nonperforming assets increased for the first time since the fourth quarter of 2005, and caused the ratio of nonperforming assets to total assets to increase. 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 December 31, 2007, the breakdown of **all** Louisiana-domiciled banks by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	46	34	$2,818,888	6
Assets $100 Million to $300 Million	60	44	10,050,142	23
Assets $300 Million to $500 Million	13	10	4,820,929	11
Assets $500 Million to $1 Billion	14	10	9,377,407	21
Assets $1 Billion to $10 Billion	2	1	6,090,222	14
Assets > $10 Billion	1	1	11,006,523	25
TOTAL ASSETS	136	100	$44,164,111	100

- As of December 31, 2007, the breakdown of Louisiana **state-chartered banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	44	36	$2,732,697	9
Assets $100 Million to $300 Million	53	43	8,806,637	29
Assets $300 Million to $500 Million	12	10	4,519,612	15
Assets $500 Million to $1 Billion	12	10	7,927,543	27
Assets $1 Billion to $10 Billion	2	1	6,090,222	20
TOTAL ASSETS	123	100	$30,076,711	100

- As of December 31, 2007, the breakdown of Louisiana-domiciled **national banks** by asset size is as follows:

Asset Size	# of Banks	%	Total Assets *	%
Assets < $100 Million	2	15	$86,191	1
Assets $100 Million to $300 Million	7	54	1,243,505	9
Assets $300 Million to $500 Million	1	8	301,317	2
Assets $500 Million to $1 Billion	2	15	1,449,864	10
Assets > $10 Billion	1	8	11,006,523	78
TOTAL ASSETS	13	100	$14,087,400	100

* Thousands

LOUISIANA THRIFT INDUSTRY FINANCIAL CONDITION AS OF DECEMBER 31, 2007

During the fourth quarter of 2007, total assets in Louisiana-domiciled thrifts increased from $5.19 billion as of September 30, 2007, to $5.37 billion as of December 31, 2007, an increase of $172 million or by 3.32 percent. During the fourth quarter of 2007, three major asset categories increased while the other category decreased. Total loans and leases increased from $3.55 billion to $3.72 billion, an increase of 4.92 percent. Federal funds sold increased from $4.52 million to $24.76 million, an increase of 66.29 percent. Cash increased from $267 million to $306 million, an increase of 14.33 percent. Securities decreased from $1.12 billion to $1.03 billion, a decrease of 7.87 percent. On the liabilities side, total deposits increased from $3.93 billion to $4.03 billion or by 2.59 percent, while total borrowings increased from $525 million to $587 million or by 11.76 percent.

For Louisiana state-chartered thrifts, total assets increased by 4.51 percent during the fourth quarter of 2007. For these thrifts, total loans, cash, and Federal funds sold increased, while 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 2.83 percent during the fourth quarter of 2007. For these thrifts, total loans and securities increased, while cash and Federal funds sold 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, 2007 and for all thrifts domiciled in Louisiana for the quarters ended December 31, 2007, and September 30, 2007; and for calendar years 2007 and 2006:

	U.S. Thrifts	**Louisiana-Domiciled Thrifts**			
TRENDS	Quarter Ended 12/31/2007	Quarter Ended 12/31/2007	Quarter Ended 09/30/2007	Year Ended 12/31/2007	Year Ended 12/31/2006
Earnings					
Yield on Earning Assets	6.58%	6.51%↑	6.38%	6.40%↑	6.03%
Cost of Funds	3.72%	3.11%↑	3.03%	3.04%↑	2.61%
Net Interest Margin	2.86%	3.40%↑	3.35%	3.36%↓	3.42%
Loan Loss Provisions to Average Assets	1.13%	-0.32%↓	0.06%	-0.06%↓	-0.01%
Operating Expenses to Average Assets	3.68%	3.16%↑	2.84%	2.91%↑	2.64%
Return on Average Assets	-1.00%	0.71%↑	0.62%	0.64%↓	0.80%
Asset Quality					
Noncurrent Loans to Total Loans	1.86%	0.60%↑	0.56%	0.60%↑	0.47%
Nonperforming Assets to Total Assets	1.45%	0.46%↑	0.44%	0.46%↑	0.34%
Net Charge-offs to Total Loans	0.68%	0.01%↓	0.05%	0.04%↑	-0.05%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	9.99%	13.19%↓	13.51%	13.19%↑	12.91%
Earning Assets to Total Assets	91.53%	92.93%↓	93.15%	92.93%↓	93.16%
Loans to Deposits	114.61%	91.65%↑	89.48%	91.65%↑	83.74%

The year-to-date ROAA for 2007 is considered satisfactory and increased slightly during the fourth quarter, primarily because of negative loan loss provisions. A shrinking net interest margin and higher non-interest expenses contributed to a 16 basis point decline in this ratio from 2006; however, the 2007 year-to-date ROAA for Louisiana-domiciled thrifts is twice that of the ROAA for all thrifts in the U.S. Although declining in the fourth quarter, capital ratios remain sound with the Core Capital (leverage) ratio increasing from 2006. Although asset quality remains sound, the dollar volume and percentage of nonperforming assets have increased in the fourth quarter and over the same time period a year ago. The dollar volume of net charge-offs decreased significantly during the fourth quarter; however, the thrifts reported net charge-offs for 2007 when they reported net recoveries for 2006. Overall, Louisiana-domiciled thrifts compare favorably with the averages for all thrifts in the U.S. as shown in the table above and on the following pages where applicable.

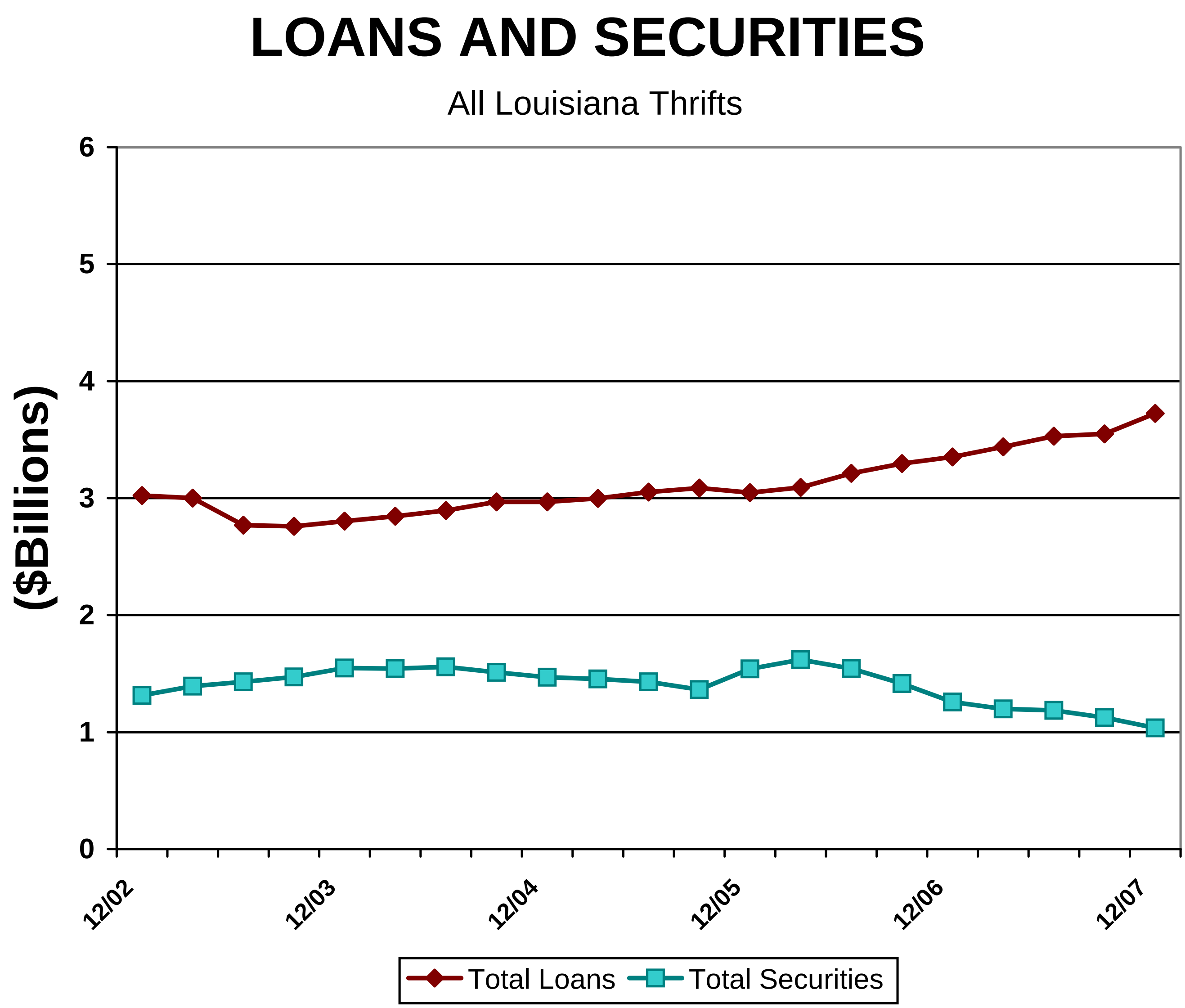

Figure 12

As previously mentioned, total loans and leases increased by 4.92 percent during the fourth quarter of 2007, from $3.55 billion to $3.72 billion or by approximately $175 million. Total loans and leases have increased in 15 of the past 20 quarters. During the fourth quarter, increases were noted in real estate loans, commercial loans, and other loans, in that order, and decreases were noted in consumer loans and farm loans. Real estate loans increased from $3.24 billion to $3.42 billion or by $176 million. Commercial loans increased from $107 million to $121 million or by $14 million. Other loans increased from $1.35 million to $1.84 million or by $488 thousand. Consumer loans decreased from $198 million to $182 million or by $16 million. Farm loans decreased from $975 thousand to $862 thousand or by $113 thousand.

During the fourth quarter of 2007, Louisiana state-chartered thrifts saw growth in four of the five categories, with farm loans declining. In this same time period, Louisiana-domiciled Federal thrifts, which do not report a farm loan category, saw growth in three of the four categories, with a decline in consumer loans.

Figure 12 above and Figure 13 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, 2007, respectively.

LOAN PORTFOLIO MIX

All Louisiana Thrifts as of December 31, 2007

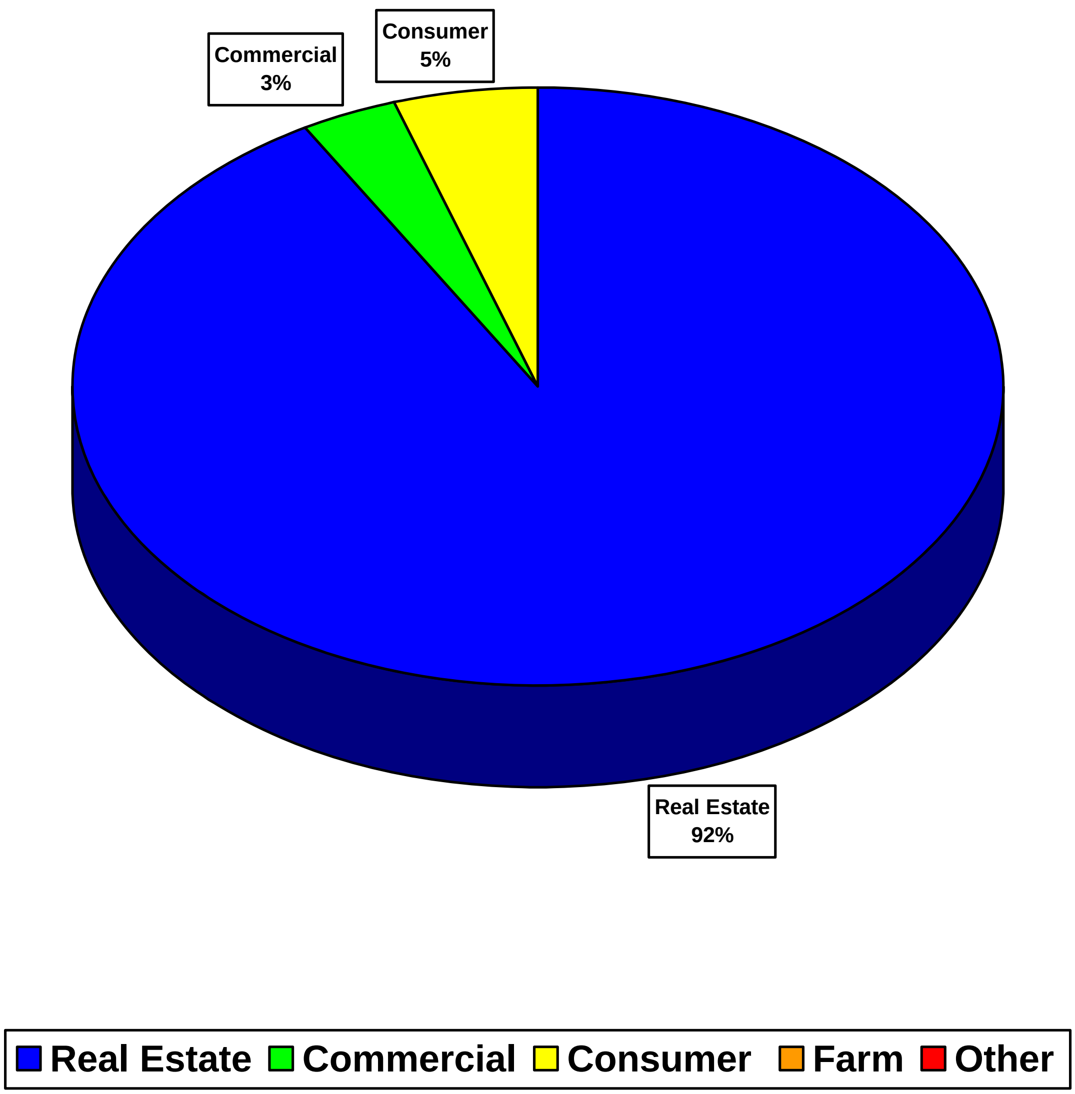

Figure 13

As of December 31, 2007, 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, 2007, mix is as follows: real estate loans - 93 percent; consumer loans - 4 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 December 31, 2007, mix is as follows: real estate loans - 91 percent; consumer loans - 5 percent; and commercial loans - 4%. These thrifts do not report farm loans and other loans represent less than o.05 percent of the loan portfolio.

As of December 31, 2007, all U.S. thrifts report the following loan portfolio mix: real estate loans - 86 percent; consumer loans - 8 percent; and commercial loans - 6 percent. The other two categories represent less than 0.35 percent of the loan portfolio.

The ratio of loans to deposits increased during the fourth quarter of 2007, from 89.48 percent as of September 30, 2007, to 91.65 percent as of December 31, 2007, as total loans increased at a faster pace than total deposits. Figure 15 below illustrates the aggregate loan-to-deposit ratio trend since year-end 2002.

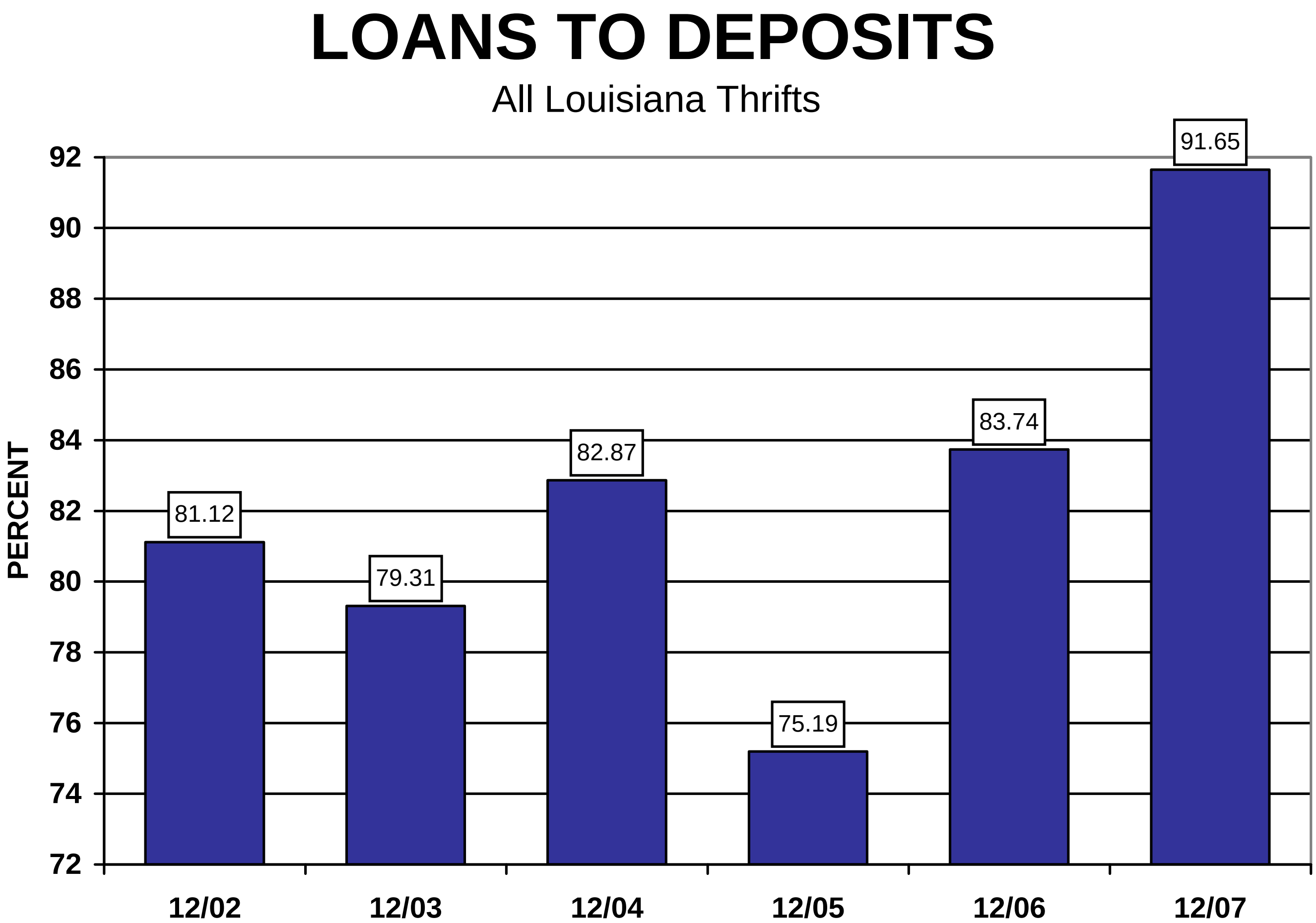

Figure 14

For Louisiana state-chartered thrifts, the ratio of loans to deposits increased from 74.87 percent as of September 30, 2007, to 79.38 percent as of December 31, 2007, as loans grew at a faster rate than deposits. For Louisiana-domiciled Federal thrifts, the ratio grew from 96.16 percent as of September 30, 2007, to 97.37 percent as of December 31, 2007, as loans grew at a faster rate than deposits.

For all thrifts in the U.S., the ratio of loans to deposits increased from 112.20 percent as of September 30, 2007, to 114.61 percent as of December 31, 2007, as deposits shrunk at a faster rate than loans.

During the fourth quarter of 2007, on the liabilities side, total deposits in Louisiana-domiciled thrifts increased from $3.93 billion to $4.03 billion, an increase of 2.59 percent. Borrowed money increased from $525 million to $587 million, an increase of 11.76 percent. Core deposits grew from $3.23 billion to $3.31 billion, an increase of 2.52 percent. Figure 15 below shows the mix of deposits and borrowed money since year-end 2002.

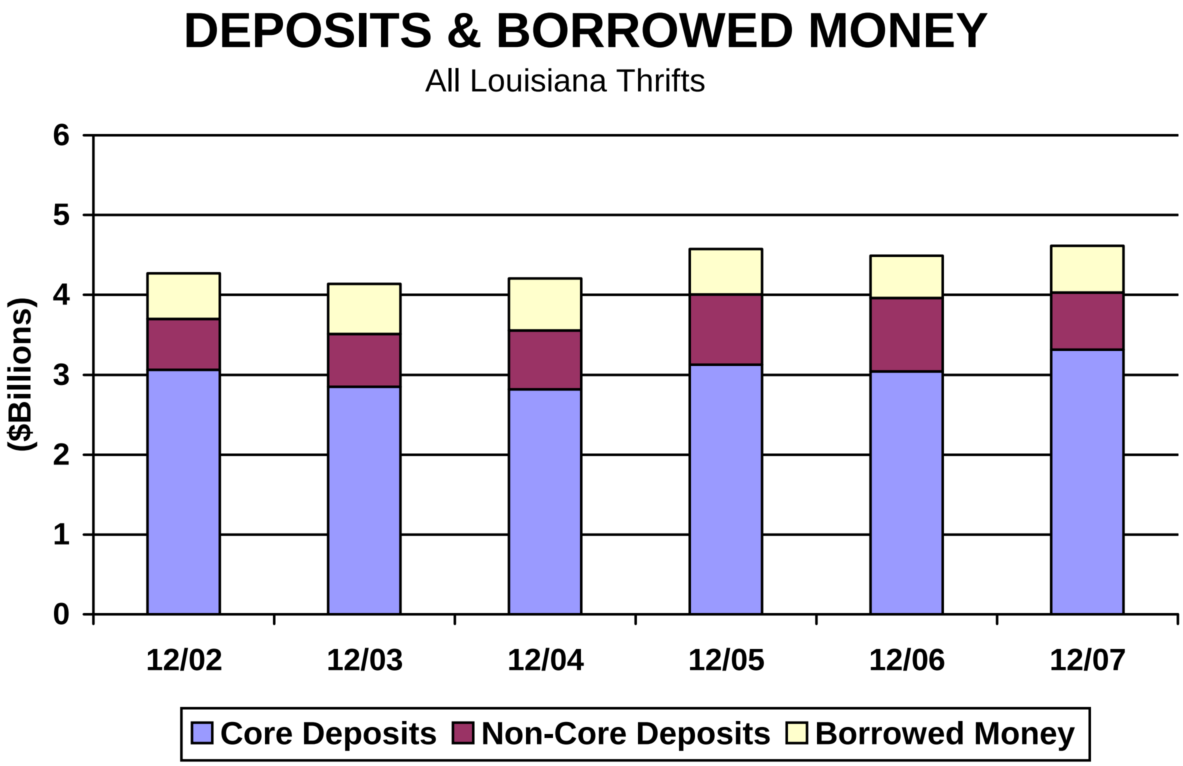

Figure 15

As noted above, borrowed money increased during the fourth quarter of 2007. As of December 31, 2007, borrowed money totaled $587 million and consisted of Federal Home Loan Bank (FHLB) advances totaling $568 million, Federal funds purchased totaling $13.78 million, and other borrowings totaling $5.18 million. As of September 30, 2007, borrowed money totaled $525 million and consisted of FHLB advances totaling $520 million and other borrowings totaling $5.22 million. Total borrowed money for Louisiana state-chartered thrifts increased by $13.20 million during the fourth quarter with increases in FHLB advances and Federal funds purchased with no other borrowings reported for either quarter. Total borrowed money for Louisiana-domiciled Federal thrifts increased by $48.57 million during the fourth quarter with increases in FHLB advances and Federal funds purchased and a slight decrease in other borrowings.

Non-core deposits increased during the fourth quarter of 2007. As of December 31, 2007, non-core deposits totaled $714 million and consisted entirely of time deposits of $100,000 or more. As of September 30, 2007, non-core deposits totaled $694 million and also consisted 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, increased by $14.37 million and $5.80 million, respectively.

The ratio of core deposits to total deposits and borrowed money decreased during the fourth quarter of 2007, going from 72.61 percent as of September 30, 2007, to 71.81 percent as of December 31, 2007. Figure 16 below illustrates the trend in the core deposits to total deposits and borrowed money ratio since year-end 2002.

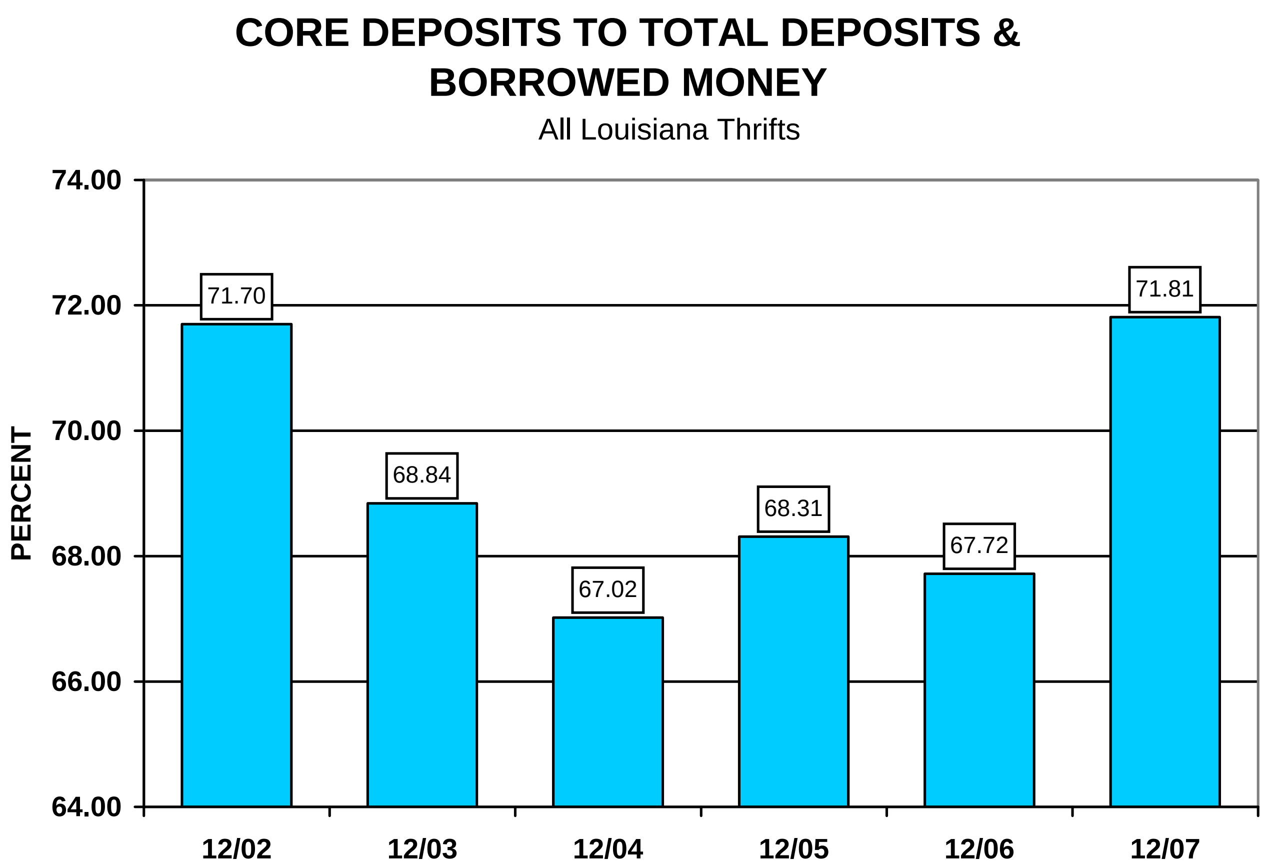

Figure 16

For Louisiana state-chartered thrifts, the ratio of core deposits to total deposits and borrowed money decreased to 79.44 percent as of December 31, 2007, from 80.59 percent as of September 30, 2007. For Louisiana-domiciled Federal thrifts, this ratio decreased to 68.69 percent as of December 31, 2007, from 69.40 percent as of September 30, 2007.

For all thrifts in the U.S., the ratio of core deposits to total deposits and borrowed money decreased from 59.09 percent as of September 30, 2007, to 57.86 percent as of December 31, 2007.

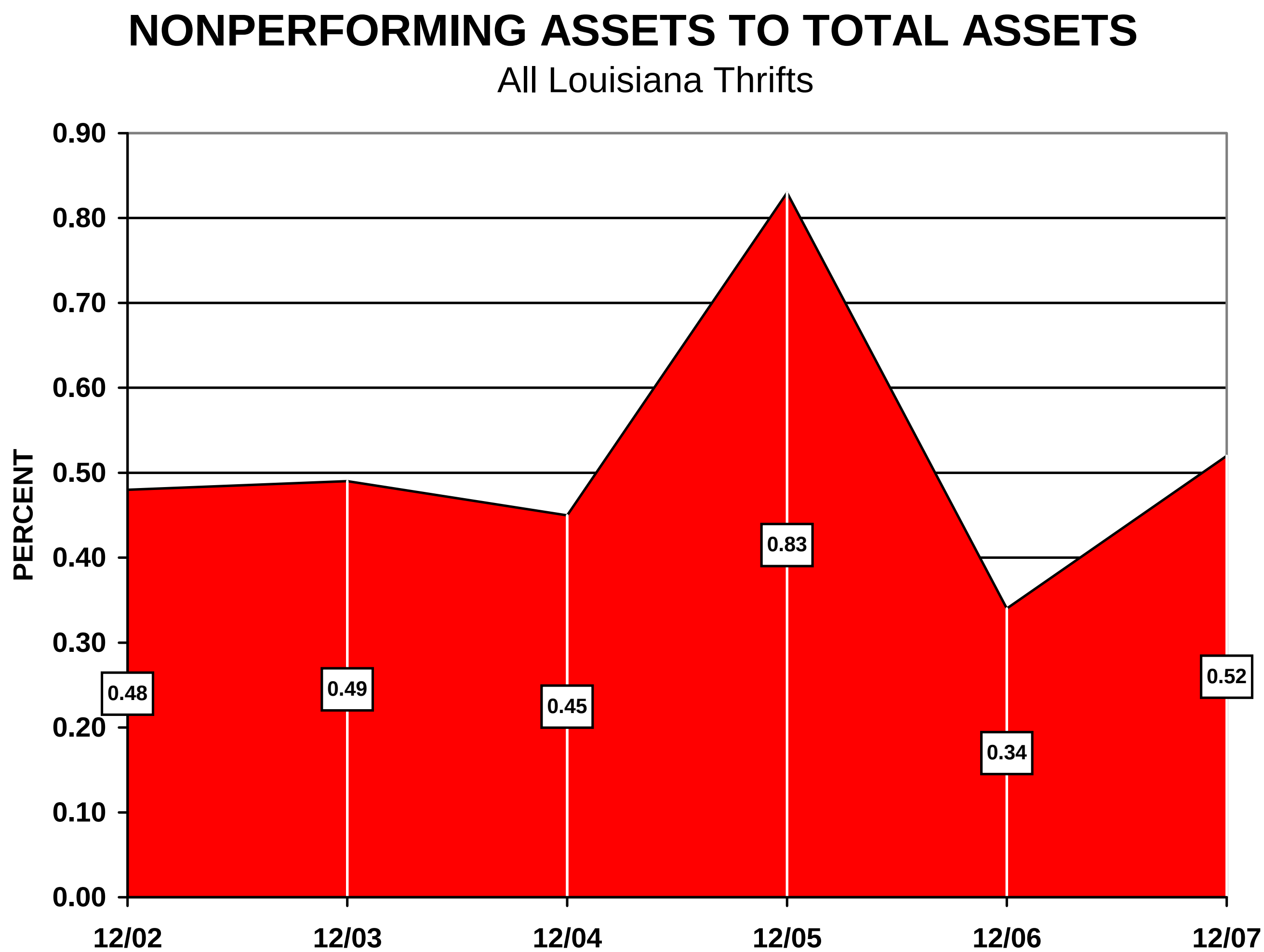

Figure 17

The volume of nonperforming assets increased during the second quarter of 2007, from $25.62 million as of September 30, 2007, to $27.88 million as of December 31, 2007, or an increase of 8.85 percent. The percentage of nonperforming assets to total assets increased slightly from 0.44 percent at September 30, 2007, to 0.46 percent at December 31, 2007. Figure 17 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 increased at year-end 2007 to essentially the same levels of three of the five previous years.

The aggregate of noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) increased from $19.77 million as of September 30, 2007, to $22.49 million as of December 31, 2007, or by 13.77 percent. The ratio of noncurrent loans to total loans increased from 0.56 percent as of September 30, 2007, to 0.60 percent as of December 31, 2007. Other real estate owned decreased from $5.85 million as of September 30, 2007, to $5.40 million as of December 31, 2007, or by 7.76 percent.

In the fourth quarter of 2007, nonperforming loans increased from $3.26 million to $5.30 million in Louisiana state-chartered thrifts and increased from $16.50 million to $17.18 million for Louisiana-domiciled Federal thrifts. In this same quarter, other real estate owned increased from $21 thousand to $418 thousand in Louisiana state-chartered thrifts and decreased from $5.83 million to $4.98 million in Louisiana-domiciled Federal thrifts. From September 30, 2007, to December 31, 2007, the ratio of nonperforming assets to total assets increased from 0.21 percent to 0.33 percent in Louisiana state-chartered thrifts and decreased nominally from 0.53 percent to 0.53 percent in Louisiana-domiciled Federal thrifts.

For all thrifts in the U.S., nonperforming assets increased from September 30, 2007, to December 31, 2007, 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 1.06 percent to 1.45 percent, and the ratio of noncurrent loans to total loans increased from 1.34 percent to 1.86 percent.

Net charge-offs recognized in the fourth quarter of 2007 totaled $79 thousand, a decrease from the $1.22 million in net charge-offs recognized in the third quarter of 2007. As a result, the quarterly net charge-off ratio decreased to 0.01 percent for the quarter ending December 31, 2007, from 0.14 percent for the quarter ending September 30, 2007. The year-to-date ratio of net charge-offs to total loans for the 2007 year decreased minimally from 0.05 percent as of September 30, 2007, to 0.04 percent as of December 31, 2007. 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 a net charge-off ratio of (0.05) percent.

From September 30, 2007, to December 31, 2007, Louisiana state-chartered thrifts reported quarterly net charge-offs of $119 thousand and net recoveries of $103 thousand, respectively, and the quarterly net charge-off ratio went from 0.05 percent to (0.04) percent. 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, 2007, to December 31, 2007, Louisiana-domiciled Federal thrifts reported quarterly net charge-offs of $1.10 million and $182 thousand, respectively, and the quarterly net charge-off ratio went from 0.17 percent to 0.03 percent. 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, 2007, to December 31, 2007, all thrifts in the U.S. reported an increase in quarterly net charge-offs from $1.71 billion to $2.22 billion. The quarterly net charge-off ratio increased from 0.53 percent for the quarter ending September 30, 2007, to 0.68 percent for the quarter ending December 31, 2007. The year-to-date net charge-off ratio increased from 0.39 percent as of September 30, 2007, to 0.46 percent as of December 31, 2007. These thrifts reported net charge-offs of $5.97 billion and $3.52 billion for the calendar years 2007 and 2006, respectively, with a year-to-date net charge-off ratio of 0.29 percent for 2006.

Loan loss reserves decreased from $36.10 million as of September 30, 2007, to $32.28 million as of December 31, 2007. With this decrease and growth in loans during the fourth quarter, the ratio of loan loss reserves to total loans decreased from 1.02 percent as of September 30, 2007, to 0.87 percent as of December 31, 2007. Since year-end 2002, this ratio has fluctuated but primarily trended downward, as follows: 1.63 percent as of December 31, 2002; 1.52 percent as of December 31, 2003; 1.38 percent as of December 31, 2004; 1.49 percent as of December 31, 2005; and 1.22 percent as of December 31, 2006. Louisiana-domiciled thrifts recognized negative loan loss provisions of $4.62 million, or (0.32) percent of average assets, for the fourth quarter of 2007 versus loan loss provisions of $824 thousand, or 0.06 percent of average assets for the third quarter of 2007. 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 December 31, 2007, loan loss reserves totaled $11.93 million for Louisiana state-chartered thrifts, a decrease from $16.49 million as of September 30, 2007. With this decrease and growth in loans, the ratio of loan loss reserves to total loans decreased from 1.75 percent as of September 30, 2007, to 1.16 percent as of December 31, 2007. These thrifts reported negative loan loss provisions of $5.80 million and $217 thousand for the fourth quarter of 2007 and the third quarter of 2007, 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 December 31, 2007, loan loss reserves totaled $20.34 million for Louisiana-domiciled Federal thrifts, an increase from $20.34 million as of September 30, 2007. With this increase and loan growth, the ratio of loan loss reserves to total loans remained at 0.75 percent as of September 30, 2007, and as of December 31, 2007. Loan loss provisions totaled $967 thousand in the fourth quarter of 2007, an increase from the $821 thousand reported in the third quarter of 2007. 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.

For all thrifts in the U.S., loan loss reserves increased from $10.37 billion as of September 30, 2007, to $13.19 billion as of December 31, 2007, and the ratio of loan loss reserves to total loans increased from 0.78 percent as of September 30, 2007, to 1.03 percent as of December 31, 2007. Loan loss provisions totaled $5.32 billion for the fourth quarter of 2007, compared to $3.66 billion for the third quarter of 2007. For the calendar years 2007 and 2006, all thrifts in the U.S. recognized loan loss provisions totaling $11.51 billion and $3.96 billion, respectively.

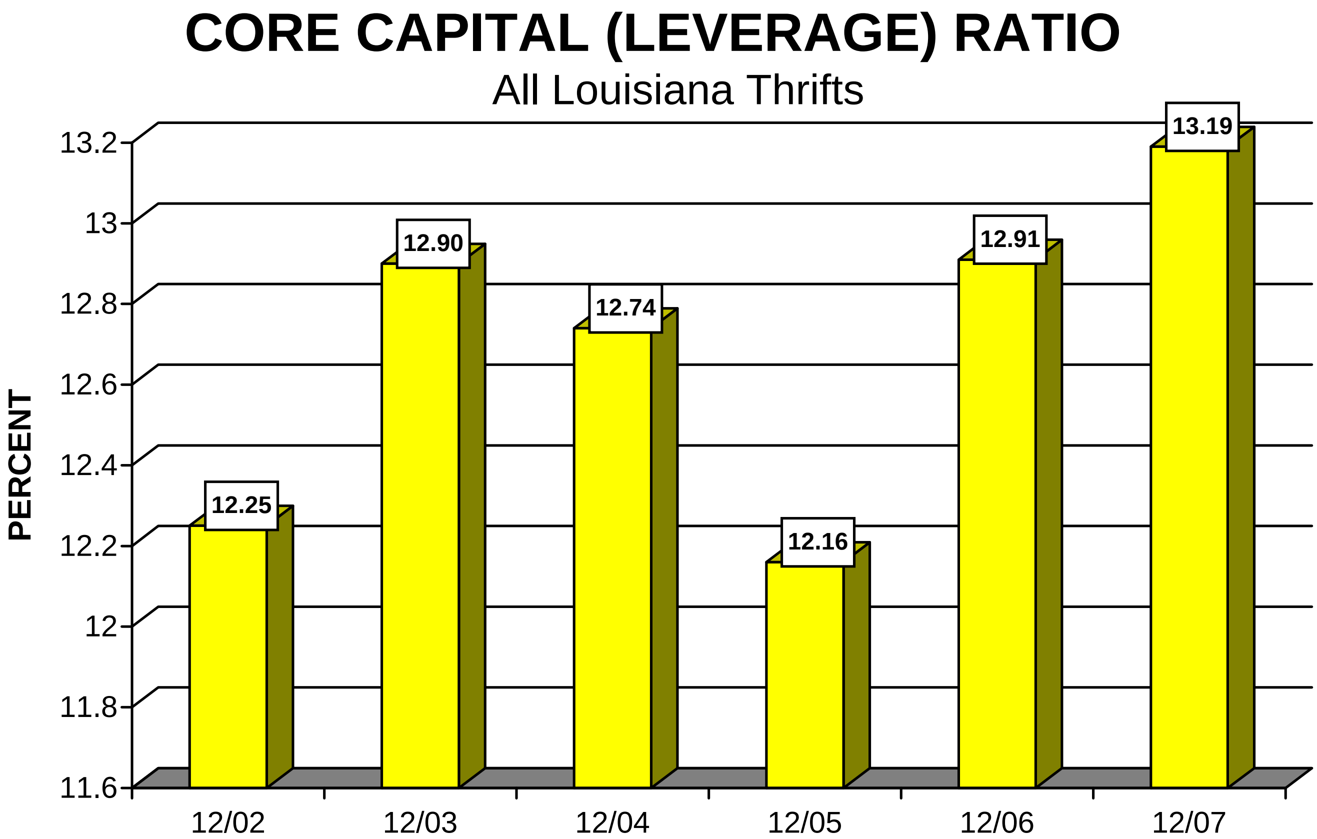

Figure 18

Tier 1 (core) capital increased from $700 million as of September 30, 2007, to $700 million as of December 31, 2007. However, the Core capital (leverage) ratio decreased from 13.51 percent as of September 30, 2007, to 13.19 percent as of December 31, 2007, as quarter-end average assets grew faster than Tier 1 (core) capital during the fourth quarter of 2007.

During the fourth quarter of 2007, Tier 1 (core) capital decreased by $400 thousand in Louisiana state-chartered thrifts. However, the Core capital (leverage) ratio decreased from 16.06 percent to 15.64 percent. Growth in quarter-end average assets and intangible assets, the majority of which are deducted from this ratio, contributed to the decline. There were no dividends paid by these thrifts during the fourth quarter. During the fourth quarter of 2007, Tier 1 (core) capital increased by $729 thousand in Louisiana-domiciled thrifts. However, since quarter-end average assets grew at a faster rate, the Core capital (leverage) ratio declined from 12.45 percent to 12.17 percent. Dividends paid by these thrifts during the fourth quarter increased significantly from the level paid in the third quarter.

For all thrifts in the U.S., Tier 1 (core) capital decreased during the fourth quarter. However, the Core capital (leverage) ratio remained at 9.99 percent as of September 30, 2007, and as of December 31, 2007.

Figure 18 above illustrates the trend in the Tier 1 (core) capital ratio since year-end 2002.

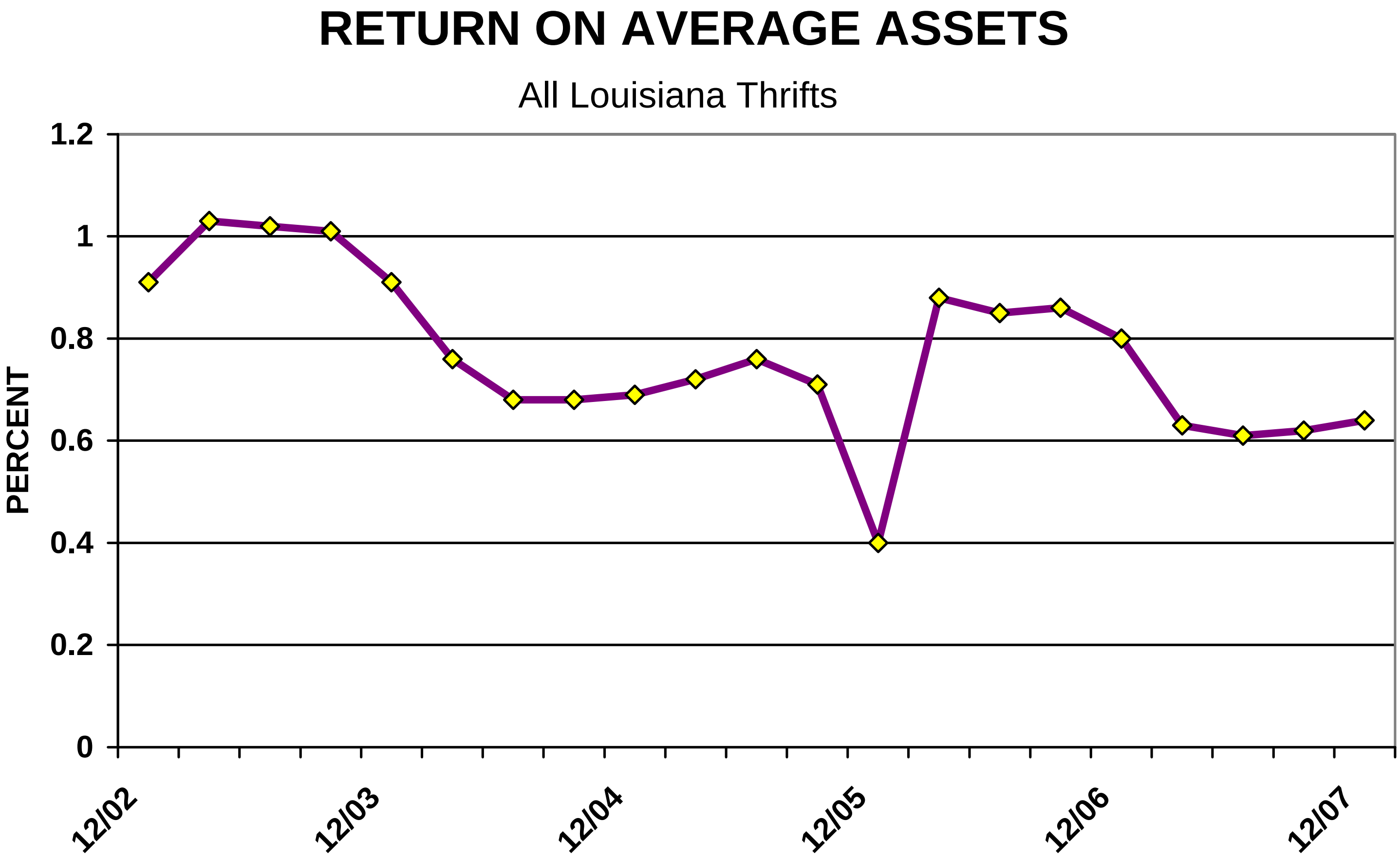

Figure 19

Earnings for the fourth quarter of 2007 increased from the previous quarter and are considered satisfactory with second quarter net income totaling $9.31 million, or a return on average assets of 0.71 percent annualized, as compared to $8.13 million, or a return on assets of 0.63 percent annualized, for the previous quarter. Negative loan loss provisions were the primary reason net income increased during the fourth quarter of 2007. Figure 19 above reflects the annualized year-to-date return on average assets for all Louisiana banks for every quarter since year-end 2002. Three Louisiana-domiciled thrifts showed net operating losses for the fourth quarter, with two of these Louisiana-domiciled thrifts also reporting year-to-date net operating losses.

As of December 31, 2007, 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 20 on the following page reflects the annualized year-to-date net interest margin for all Louisiana banks for every quarter since year-end 2002.

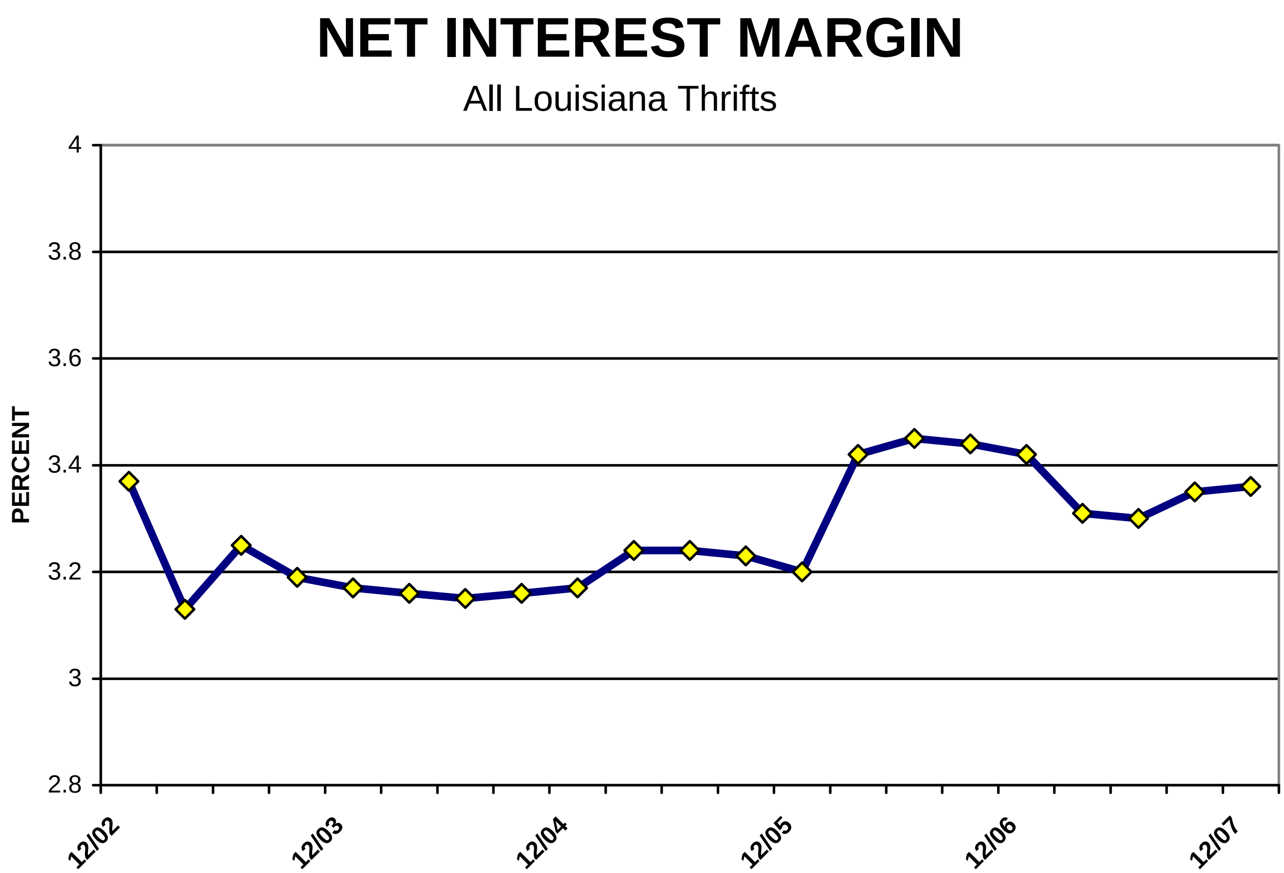

Figure 20

The net interest margin for all Louisiana-domiciled thrifts remained the same at 3.40 percent for the fourth quarter of 2007. The aggregate yield on earning assets increased from 6.38 percent to 6.40 percent, while the cost of funds increased from 3.03 percent to 3.04 percent. During the fourth quarter of 2007, the net interest margin for Louisiana state-chartered thrifts decreased from 3.28 percent to 3.18 percent while the net interest margin for Louisiana-domiciled Federal thrifts increased from 3.45 percent to 3.49 percent. During the same time frame, the yield on earning assets for Louisiana state-chartered and Louisiana-domiciled Federal thrifts decreased and remained the same, respectively, from 6.39 percent to 6.31 percent and at 6.59 percent, while the cost of funds for Louisiana state-chartered and Louisiana-domiciled Federal thrifts increased and decreased, respectively, from 3.11 percent to 3.13 percent and from 3.14 percent to 3.10 percent.

For all thrifts in the U.S., the net interest margin decreased slightly from 2.91 percent to 2.86 percent in the fourth quarter of 2007. During the same time frame, the yield on earning assets decreased from 6.78 percent to 6.58 percent, while the cost of funds also decreased from 3.88 percent to 3.72 percent.

As noted on page 27 above, quarterly net income and the annualized quarterly ROAA for all Louisiana-domiciled thrifts increased from the third to the fourth quarter, as well as the year-to-date ROAA. However, year-to-date earnings for Louisiana-domiciled thrifts are considered fair when compared to prior years.

For Louisiana state-chartered thrifts, net income in the fourth quarter of 2007 increased from the third quarter primarily because negative loan loss provisions easily offset increases in non-interest expenses. As a result, the quarterly annualized ROAA increased from 0.33 percent for the quarter ending September 30, 2007, to 0.96 percent for the quarter ending December 31, 2007. The year-to-date ROAA also increased from 0.33 percent as of September 30, 2007, to 0.49 percent as of December 31, 2007; however, earnings are weaker as the year-to-date ROAA for the last several years, except 2005, was at in the range of 0.70 to 0.80 percent.

For Louisiana-domiciled Federal thrifts, earnings remain satisfactory. However, net income in the fourth quarter was less than net income in the third quarter primarily because of an increase in non-interest expenses. As a result, the quarterly annualized ROAA decreased from 0.75 percent for the quarter ending September 30, 2007, to 0.60 percent for the quarter ending December 31, 2007. The year-to-date ROAA showed a smaller decline, going from 0.74 percent as of September 30, 2007, to 0.71 percent as of December 31, 2007. For these thrifts, year-to-date net income and ROAA reflected a small decline from 2006 to 2007.

All thrifts in the U.S. reported a net loss for the fourth quarter of 2007 compared to net income reported for the third quarter because of increases in loan loss provisions, non-interest expense, and losses on sale of securities. The annualized ROA was -1.00 percent for the quarter ending December 31, 2007, down from 0.29 percent for the quarter ending September 30, 2007. Year-to-date ROA declined from 0.76 percent as of September 30, 2007, to 0.32 percent as of December 31, 2007. The year-to-date ROAA for these thrifts was 0.99 percent as of December 31, 2006, and exceeded 1.15 percent for the four prior years.

Operating expenses increased in total and in all three reported categories during the fourth quarter of 2007, going from 2.84 percent of average assets to 3.16 percent of average assets. The industry showed a net gain on the sale of securities of $248 thousand during the fourth quarter of 2007, compared to a net gain of $184 thousand during the third quarter of 2007, and 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 fourth quarter of 2007 at Louisiana state-chartered thrifts increased from 2.75 percent to 3.28 percent with quarterly increases in all three non-interest expense categories and reporting of a quarterly net loss on sale of securities. Louisiana state-chartered thrifts reported a net gain on sale of securities of $1 thousand and a net loss on sale of securities of $1 thousand for the third and fourth 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 fourth quarter of 2007 at Louisiana-domiciled Federal thrifts increased from 2.87 percent to 3.11 percent as three reported expense categories increased for the quarter. Louisiana-domiciled Federal thrifts reported net gains on the sale of securities of $183 thousand and $249 thousand in the third and fourth 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 fourth quarter from 2.64 percent to 3.68 percent with quarterly increases in all three non-interest expense categories and losses on sale of securities. All thrifts in the U.S. reported net losses of $2.48 billion and $125 million for the third and fourth quarters of 2007, respectively, and net losses on the sale of securities of $750 million for the calendar year 2007, and net gains on the sale of securities of $3.36 billion for the calendar year 2006.

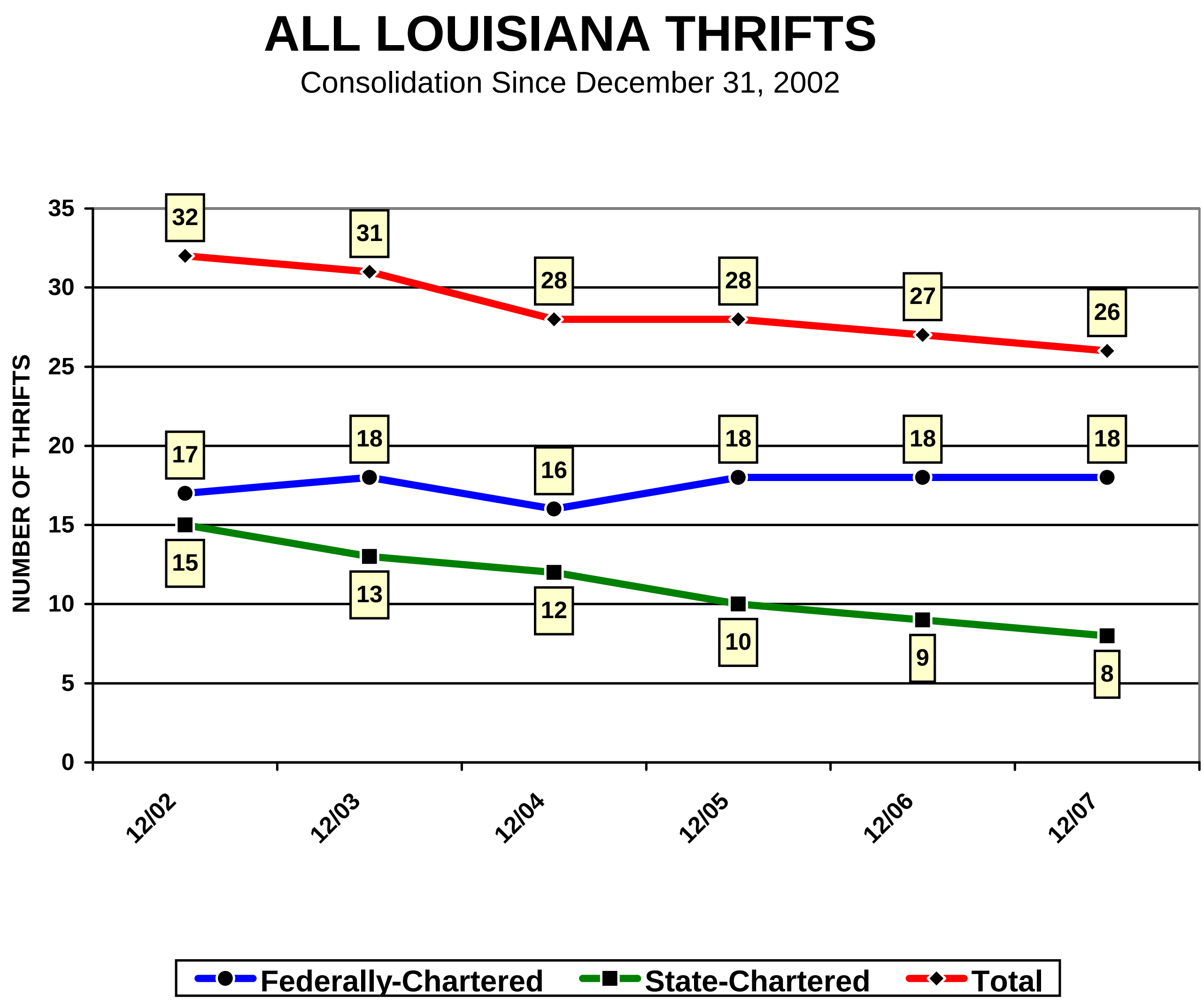

Figure 21

MERGERS AND ACQUISITIONS FOR THE QUARTER ENDED JUNE 30, 2007

One merger transaction took place during the fourth quarter of 2007, as a Louisiana state-chartered thrift acquired a Louisiana state-chartered bank with total assets of approximately $55.98 million.

As illustrated in Figure 21 above, since December 31, 2002, the total number of Louisiana-domiciled thrifts has decreased from 32 to 26, or by 18.75 percent. The decrease in Louisiana state-chartered thrifts from 2006 to 2006 occurred as a Louisiana state-chartered thrift converted to a Louisiana-domiciled Federal thrift in the second quarter of 2007. However, the number of Louisiana-domiciled Federal thrifts did not increase with this conversion as another Louisiana-domiciled Federal thrift was acquired by a Louisiana state-chartered bank in the third quarter of 2007.

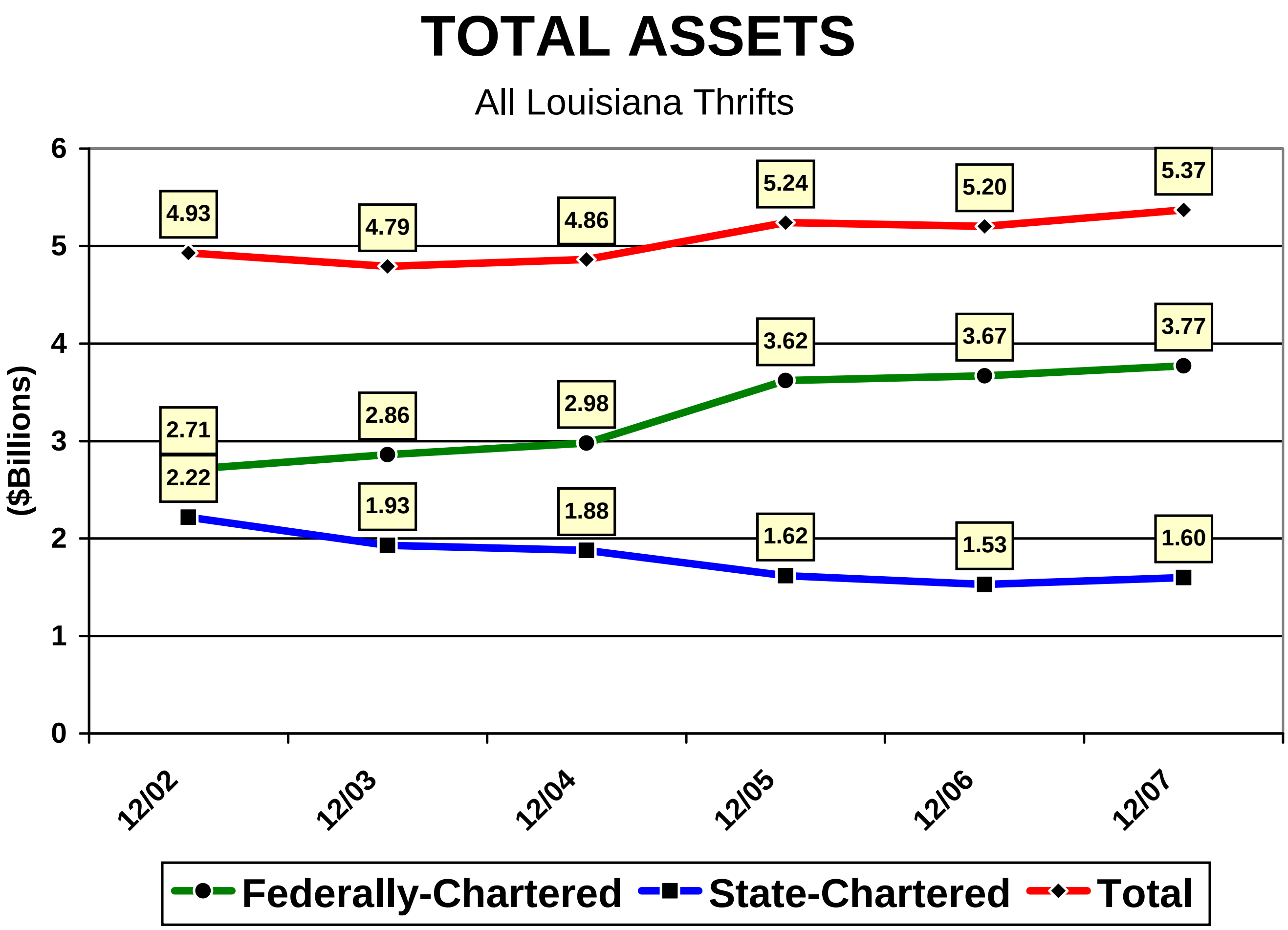

Figure 22

Total assets increased from $5.19 billion as of September 30, 2007, to $5.37 billion as of December 31, 2007, or by 3.32 percent. Figure 22 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 15 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 $1.32 billion.

THRIFT SUMMARY AS OF JUNE 30, 2007

The overall financial condition of Louisiana-domiciled thrifts remains sound at the present time, primarily because of strong capital ratios. The fourth quarter of 2007 brought a modest increase in total assets, total deposits, and 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 increased and offset higher negative loan loss provisions. The Core capital (leverage) and Risk-Based capital ratios declined during the fourth quarter but remain well above regulatory minimums. During the fourth quarter, nonperforming assets increased in total but remain at a manageable level. Net loan charge-offs decreased from the prior quarter and remain nominal as a percent of total loans.

THRIFT LAGNIAPPE

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

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	10	38	$539,561	10
Assets $100 Million to $300 Million	11	42	1,834,553	34
Assets $300 Million to $500 Million	2	8	798,830	15
Assets $500 Million to $1 Billion	3	12	2,194,477	41
TOTAL ASSETS	26	100	$5,367,421	100

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

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	4	50	$201,049	13
Assets $100 Million to $300 Million	3	37	503,329	31
Assets $300 Million to $500 Million	0	0	-0-	0
Assets $500 Million to $1 Billion	1	12	895,488	56
TOTAL ASSETS	8	100	$1,599,866	100

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

Asset Size	# of Thrifts	%	Total Assets *	%
Assets < $100 Million	6	33	$338,512	9
Assets $100 Million to $300 Million	8	45	1,331,224	35
Assets $300 Million to $500 Million	2	11	798,830	21
Assets $500 Million to $1 Billion	2	11	1,298,989	35
TOTAL ASSETS	18	100	$3,767,555	100

* Thousands

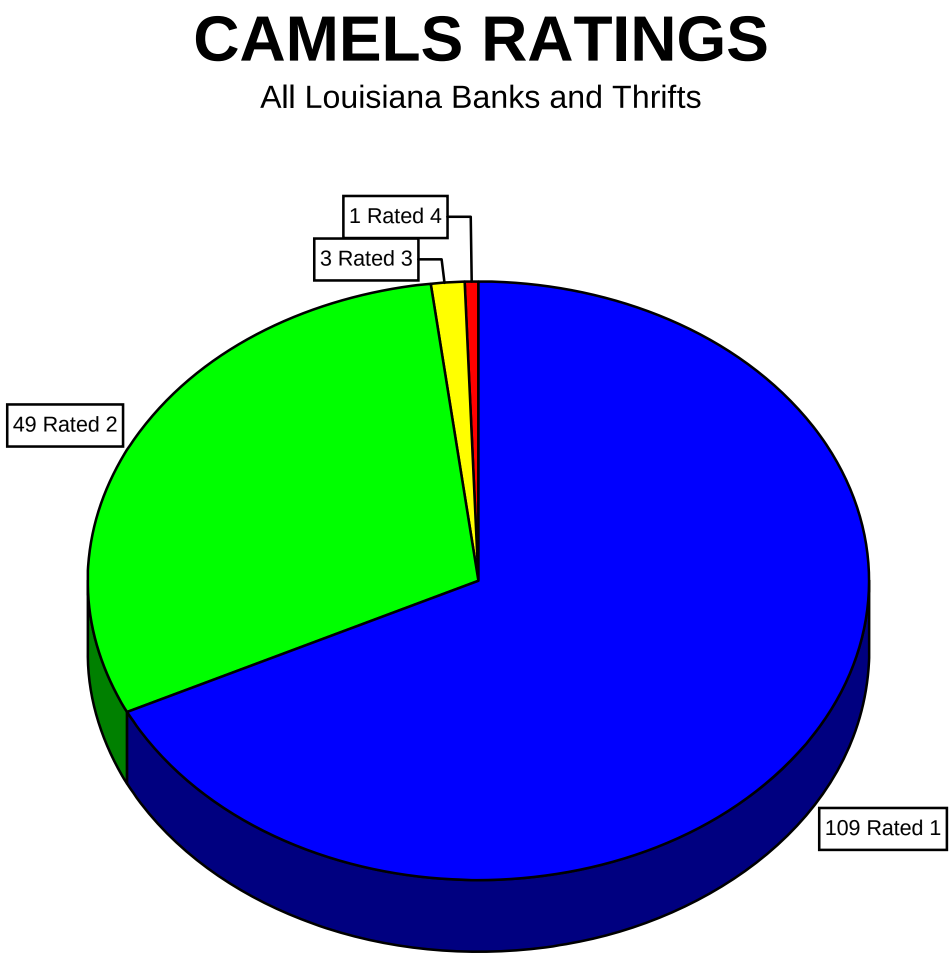

Figure 23

(Note: The above chart includes ratings for all 136 banks and 26 thrifts domiciled in Louisiana.)

Figure 23 above illustrates that, based on the CAMELS rating scale used by state and federal regulators, the financial condition of the Louisiana banking industry remains sound (see final page of this report for the rating definitions).

CRA RATINGS

All Louisiana Banks and Thrifts

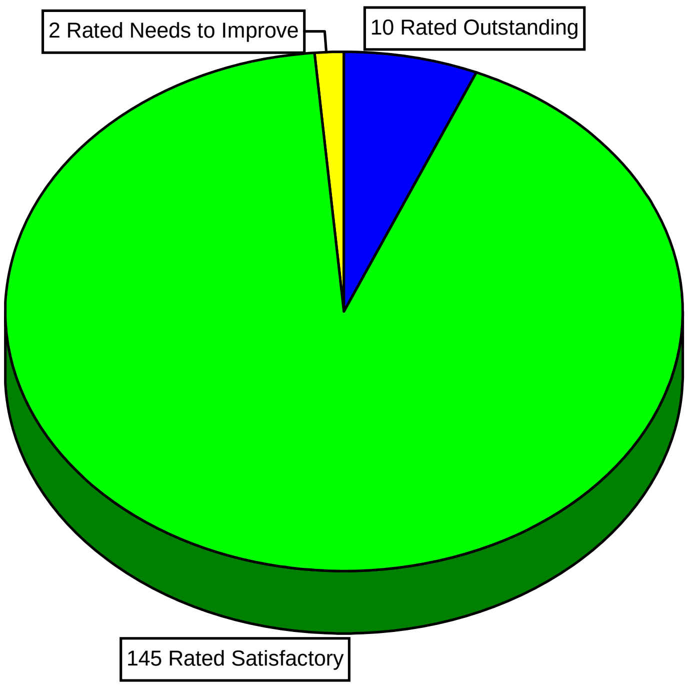

Figure 24

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

As Figure 24 above demonstrates, Louisiana-domiciled banks and thrifts continue to work aggressively to meet the requirements of the Community Reinvestment Act. Of the 157 banks and thrifts assigned a CRA rating, all but two of the Louisiana banks and thrifts were rated Satisfactory or better at their last CRA examination. Only two banks and thrifts are assigned a "Needs to Improve" CRA rating, with these ratings assigned in the second quarter of 2006 and 2007, respectively. No other CRA ratings changed significantly during 2007.

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.