

# LOUISIANA-DOMICILED BANKS AND THRIFTS FINANCIAL REPORT

For the Quarter Ended  
**December 31, 2009**



## STATE OF LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS

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*Governor*

**John Ducrest**  
*Commissioner of  
Financial Institutions*

## FINANCIAL CONDITION OF LA-DOMICILED BANKS & THRIFTS AS OF DECEMBER 31, 2009

During the fourth quarter of 2009, total assets for all Louisiana-domiciled banks and thrifts increased from \$56.26 billion to \$60.41 billion, an increase of \$4.15 billion or by 7.37 percent. During the fourth quarter, three of the four major asset categories increased. Total loans and leases increased from \$37.97 billion to \$39.29 billion or by 3.48 percent. Total securities increased from \$11.16 billion to \$12.30 billion or by 5.94 percent. Cash increased from \$2.68 billion to \$3.02 billion or by 12.39 percent. Federal funds sold decreased from \$1.31 billion to \$1.11 billion or by 15.24 percent. On the liabilities side, total deposits increased from \$45.12 billion to \$48.97 billion or by 8.53 percent, while borrowed money increased from \$4.28 billion to \$4.29 billion or by 0.07 percent.

For Louisiana state-chartered banks and thrifts, total assets increased by 10.38 percent during the fourth quarter of 2009, with increases in total loans, securities, Federal funds sold, and cash. On the liabilities side, total deposits and borrowed money increased. For Louisiana-domiciled federally-chartered banks and thrifts, total assets increased by 1.40 percent during the fourth quarter of 2009, with increases in cash, securities, and Federal funds sold, and a decrease in total loans. On the liabilities side, total deposits increased, and borrowed money decreased.

The following chart provides selected performance indicators for all 8,012 banks and thrifts in the U. S. for the quarter ended December 31, 2009; and for all 158 Louisiana-domiciled banks and thrifts for the quarters ended December 31, 2009, and September 30, 2009; and for calendar years 2009 and 2008:

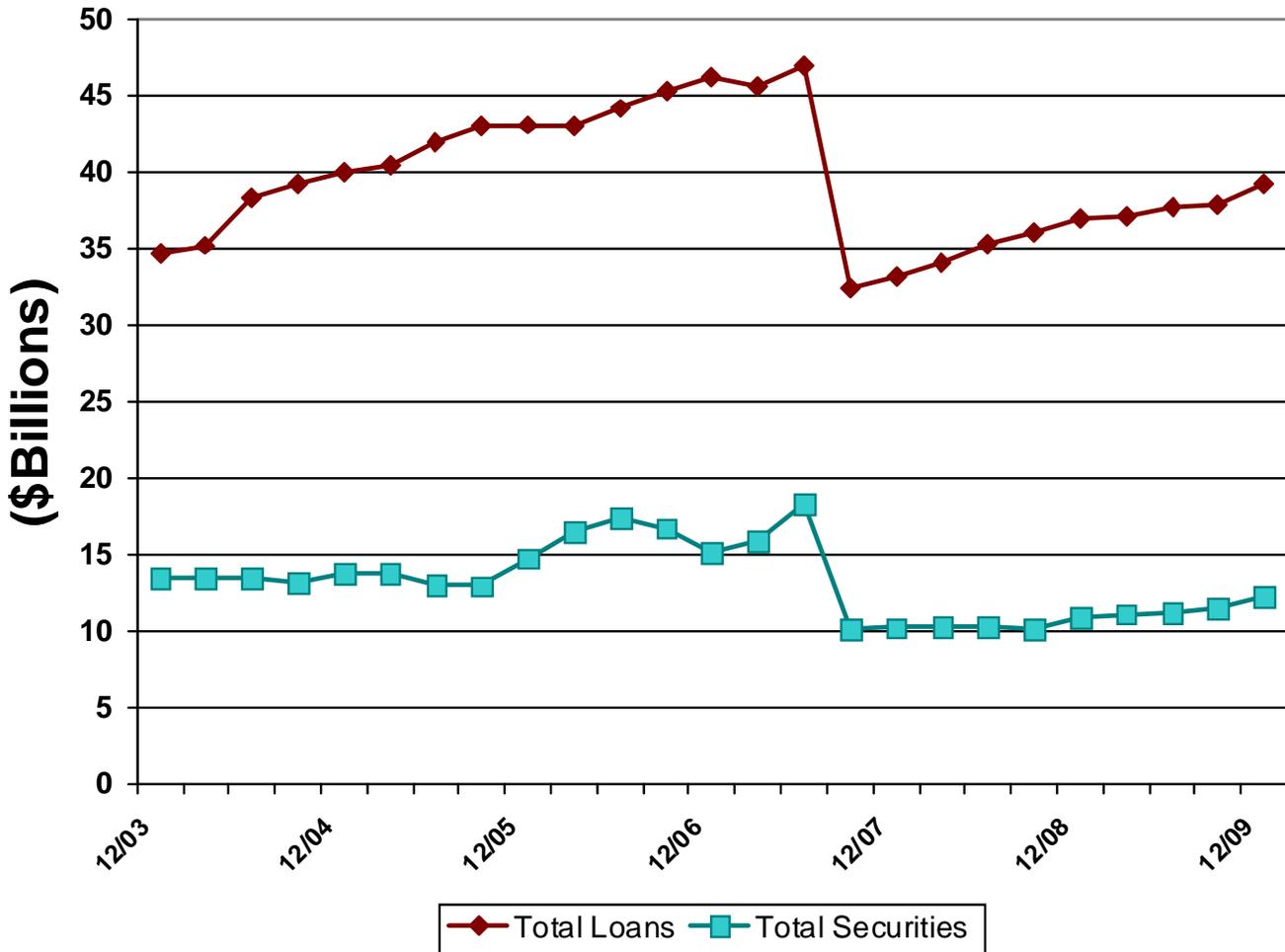
TRENDS	U. S. Banks & Thrifts	All Louisiana-Domiciled Banks & Thrifts			
	Quarter Ended 12/31/2009	Quarter Ended 12/31/2009	Quarter Ended 09/30/2009	Year Ended 12/31/2009	Year Ended 12/31/2008
<b>Earnings</b>					
Yield on Earning Assets	4.60%	5.53% ↓	5.62%	5.57% ↓	6.37%
Cost of Funds	1.11%	1.30% ↓	1.39%	1.42% ↓	2.04%
Net Interest Margin	3.49%	4.23% ↔	4.23%	4.15% ↓	4.33%
Loan Loss Provisions to Average Assets	1.86%	0.76% ↓	0.99%	0.85% ↑	0.58%
Operating Expenses to Average Assets	2.99%	3.34% ↑	3.31%	3.28% ↑	3.25%
Return on Average Assets	0.03%	1.31% ↑	0.74%	0.78% ↓	0.88%
<b>Asset Quality</b>					
Noncurrent Loans to Total Loans	5.37%	4.78% ↑ #	2.67% #	4.78% ↑	2.08%
Nonperforming Assets to Total Assets	3.32%	3.62% ↑ #	2.23% #	3.62% ↑	1.64%
Net Charge-offs to Total Loans	2.89%	1.21% ↑	1.14%	1.00% ↑	0.53%
<b>Capital and Liquidity</b>					
Tier 1 Leverage Capital Ratio	8.65%	9.74% ↑	9.63%	9.74% ↑	9.60%
Earning Assets to Total Assets	87.77%	89.16% ↓	91.19%	89.16% ↓	91.01%
Loans to Deposits	76.50%	79.00% ↓	82.79%	79.00% ↓	84.49%

For all Louisiana-domiciled banks and thrifts, the **year-to-date** 2009 return on average assets (ROAA) increased by 18 basis points during the fourth quarter; however, the ratio declined by 10 basis points from the same time period in 2008 as shown in the table above. Although decreasing, this ratio, at 0.78 percent, is still well above the national average **year-to-date** ROAA of 0.09 percent. Although returns are declining, a majority of Louisiana-domiciled banks and thrifts continue to show satisfactory earnings performance as a result of favorable net interest margins and stable and controlled operating expenses. However, provisions for loan losses continue to increase. Capital levels remain sound and grew at a slightly faster rate than average assets through earnings retention and sales of additional capital. 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. Net charge-offs increased during the fourth quarter, and the year-end 2009 ratio is well above the level reported in 2008. However, Louisiana-domiciled banks and thrifts compare very favorably in most categories when compared to all banks and thrifts in the U.S.

A majority of the increase in nonperforming assets and noncurrent loans during the third and fourth quarters of 2009 is primarily attributable to the acquisition of failed institutions. A significant portion of these acquired assets are subject to loss-sharing agreements with the FDIC. **The ratios denoted with a # were impacted by these acquisitions.**

# LOANS AND SECURITIES

## Louisiana-Domiciled Banks & Thrifts



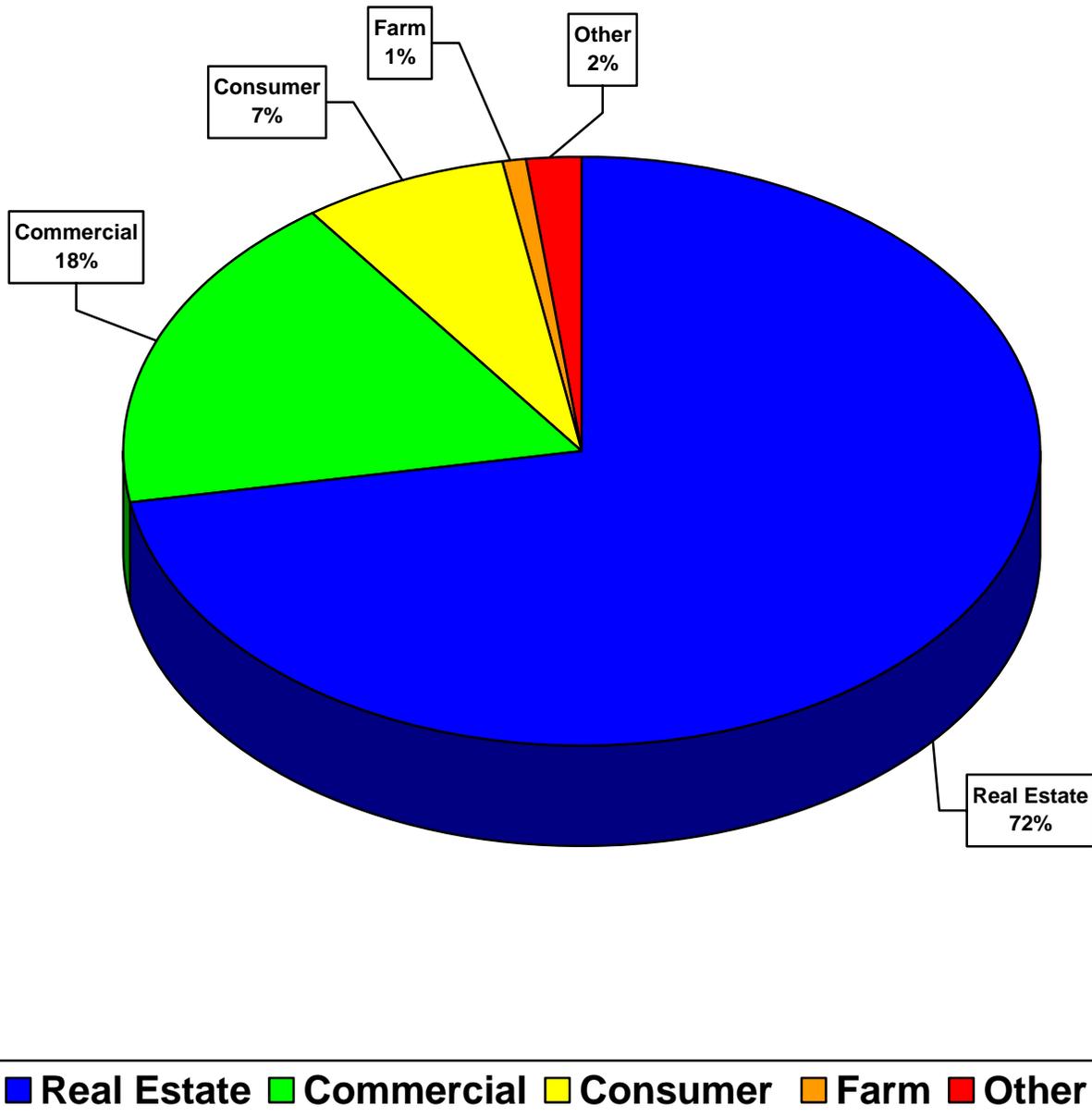
**Figure 1**

Figure 1 above shows the trend in total loans and leases and securities since year-end 2003 with the significant decline in mid-2007 caused by the relocation of a large national bank's headquarters from Louisiana in July 2007. As previously mentioned, total loans and leases increased by 3.48 percent during the fourth quarter of 2009, from \$37.97 billion to \$39.29 billion or by approximately \$1.32 billion. Total loans and leases have increased in 21 of the past 24 quarters with one of the decreases occurring because of the relocation of the headquarters of a large national bank from Louisiana. **Without the failed bank acquisitions, total loans and leases would decrease in the third and fourth quarters by approximately \$117 million and \$55 million, respectively.** During the fourth quarter, real estate loans and other loans increased, while farm loans, consumer loans, and commercial loans decreased, both noted by largest to smallest dollar amount. Real estate loans increased from \$26.79 billion to \$28.40 billion or by \$1.61 billion. Other loans increased from \$670 million to \$722 million or by \$52 million. Farm loans decreased from \$472 million to \$331 million or by \$141 million. Consumer loans decreased from \$3.00 billion to \$2.90 billion or by approximately \$103 million. Commercial loans decreased from \$7.05 billion to \$6.96 billion or by approximately \$91 million.

During the fourth quarter of 2009, Louisiana state-chartered banks and thrifts experienced growth and decline in the same loan categories as above and in the same dollar order. **Without the failed bank acquisitions, total loans would still increase in the third quarter by approximately \$224 million but would decrease in the fourth quarter by approximately \$907 thousand.** Louisiana-domiciled federally-chartered banks and thrifts experienced loan declines in real estate loans, farm loans, consumer loans, and commercial loans, in that dollar order, with only other loans increasing. All banks and thrifts in the U.S. experienced loan declines in real estate loans, commercial loans, other loans, and farm loans, in that dollar order, with only consumer loans increasing.

# LOAN PORTFOLIO MIX

## Louisiana-Domiciled Banks & Thrifts as of December 31, 2009



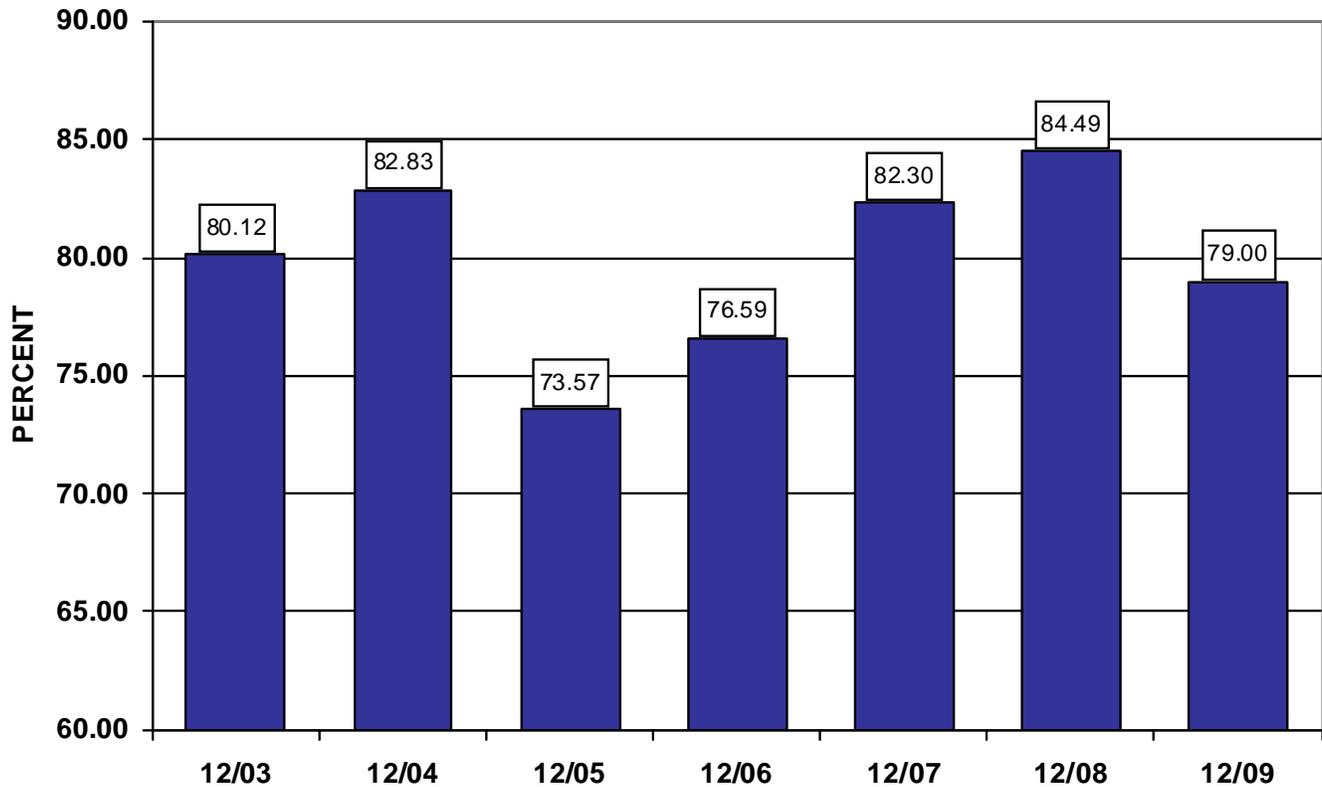
**Figure 2**

Figure 2 shows the composition in the December 31, 2009, loan portfolio mix for all Louisiana-domiciled banks and thrifts. As of December 31, 2009, Louisiana state-chartered banks and thrifts showed a loan portfolio mix as follows: real estate loans - 74 percent; commercial loans - 14 percent; consumer loans - 9 percent; other loans - 2 percent; and farm loans - 1 percent. As of this same date, for Louisiana-domiciled federally-chartered banks and thrifts, the loan portfolio mix is as follows: real estate loans - 69 percent; commercial loans - 25 percent; consumer loans - 4 percent; other loans - 2 percent; and farm loans - 0 percent.

As of December 31, 2009, for all banks and thrifts in the U.S., the loan portfolio mix is as follows: real estate - 61 percent; commercial loans - 17 percent; consumer loans - 14 percent; other loans - 7 percent; and farm loans - 1 percent.

# LOANS TO DEPOSITS

Louisiana-Domiciled Banks & Thrifts



**Figure 3**

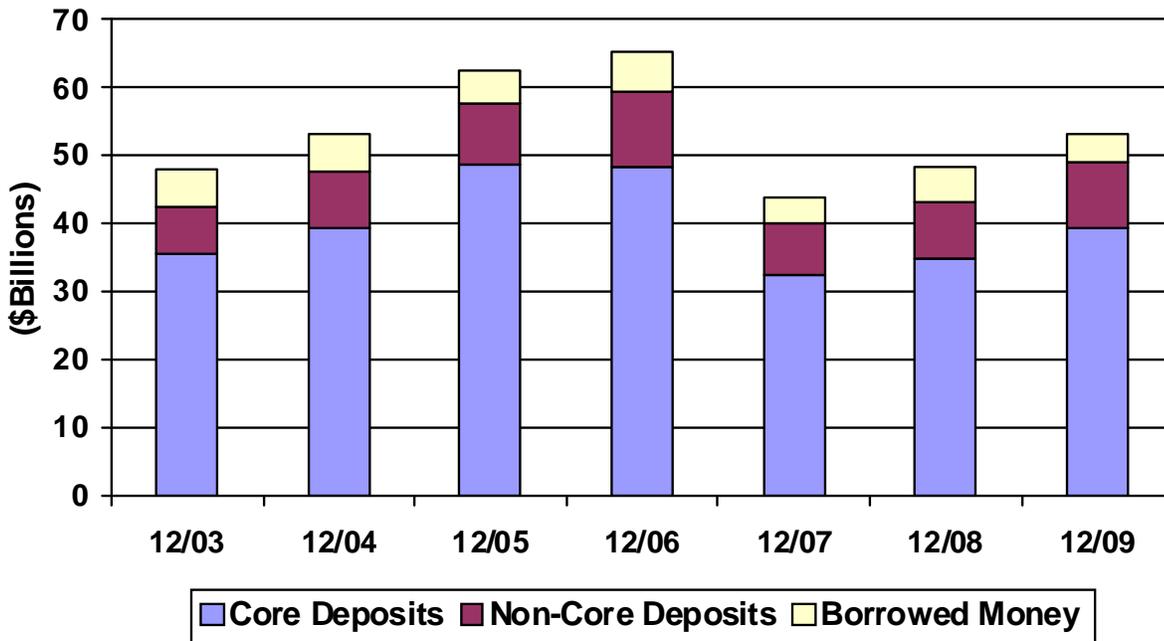
Figure 3 above illustrates the aggregate loan-to-deposit ratio trend since year-end 2003. The ratio of loans to deposits decreased during the fourth quarter of 2009, going from 82.79 percent as of September 30, 2009, to 79.00 percent as of December 31, 2009, as total deposits increased at a faster rate than net loans.

During the fourth quarter of 2009, for Louisiana state-chartered banks and thrifts, the ratio of loans to deposits decreased from 78.49 percent as of September 30, 2009, to 74.57 percent as of December 31, 2009, as total deposits increased at a faster rate than net loans. For Louisiana-domiciled federally-chartered banks and thrifts, the ratio decreased from 92.13 percent as of September 30, 2009, to 89.44 percent as of December 31, 2009, as deposits increased while net loans decreased.

For all banks and thrifts in the U.S., the ratio of loans to deposits decreased from 79.05 percent as of September 30, 2009, to 76.50 percent as of December 31, 2009, as deposits increased while net loans decreased.

# DEPOSITS & BORROWED MONEY

All Louisiana-Domiciled Banks & Thrifts



**Figure 4**

Figure 4 shows the mix of deposits and borrowed money since year-end 2003. On the liabilities side, total deposits increased from \$45.12 billion as of September 30, 2009, to \$48.97 billion as of December 31, 2009, or by 8.53 percent, while borrowed money increased slightly from \$4.28 billion as of September 30, 2009, to \$4.29 billion as of December 31, 2009, or by 0.07 percent. Core deposits increased from \$36.20 billion as of September 30, 2009, to \$39.34 billion as of December 31, 2009, or by 8.68 percent.

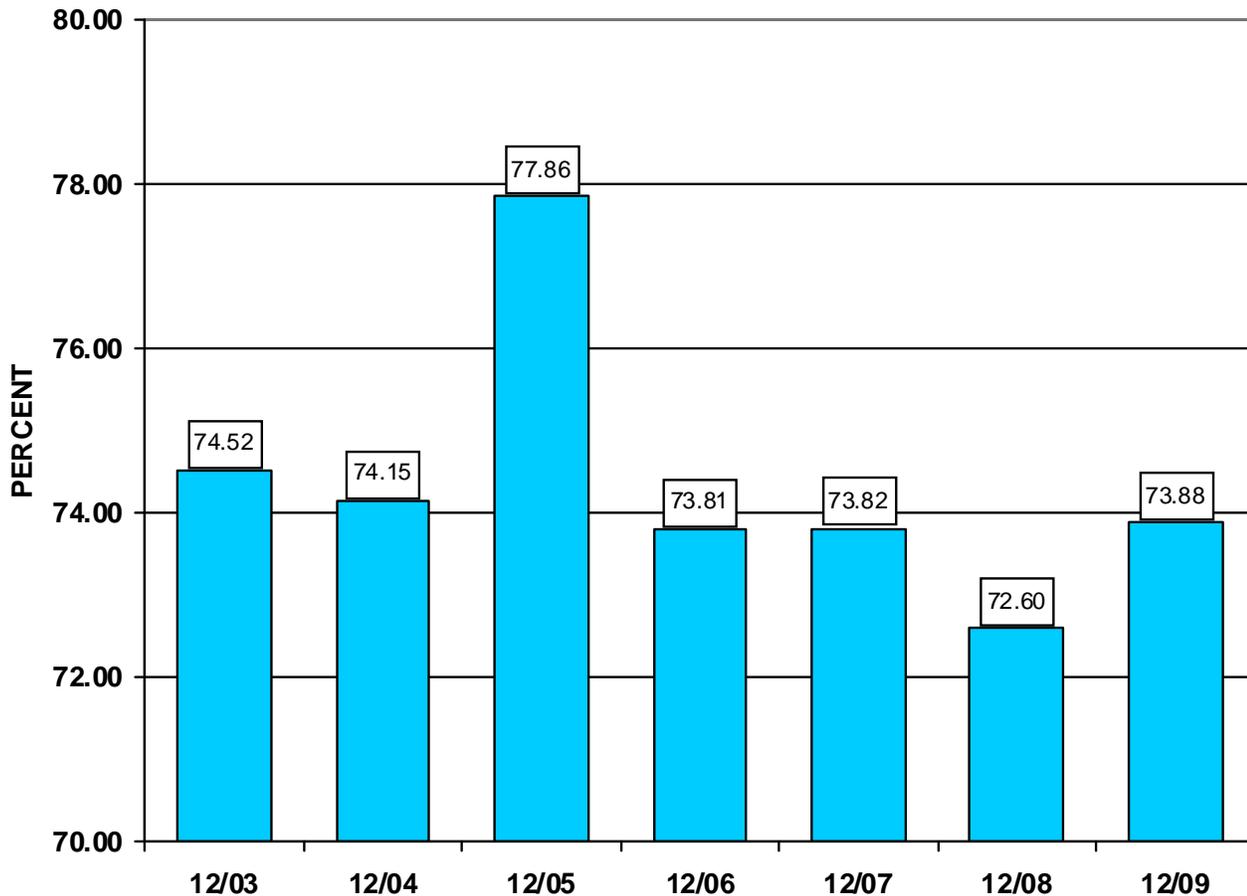
As noted previously, borrowed money increased slightly during the fourth quarter of 2009. As of December 31, 2009, borrowed money totaled \$4.29 billion and consisted of Federal funds purchased totaling \$1.62 billion, Federal Home Loan Bank (FHLB) advances totaling \$2.34 billion, and other borrowings totaling \$331 million. As of September 30, 2009, borrowed money totaled \$4.28 billion and consisted of Federal funds purchased totaling \$1.85 billion, FHLB advances totaling \$2.34 billion, and other borrowings totaling \$90 million. Total borrowed money for Louisiana state-chartered banks and thrifts increased by \$132 million during the fourth quarter with increases in FHLB advances and other borrowings and a decrease in Federal funds purchased. Total borrowed money for Louisiana-domiciled federally-chartered banks and thrifts decreased by \$129 million during the fourth quarter with an increase in other borrowings and a decrease in Federal funds purchased and FHLB advances.

Non-core deposits increased during the fourth quarter of 2009. As of December 31, 2009, non-core deposits totaled \$9.63 billion and consisted of time deposits of \$100,000 or more totaling \$9.48 billion and deposits held in foreign offices totaling \$151 million. As of September 30, 2009, non-core deposits totaled \$8.92 billion and consisted of time deposits of \$100,000 or more totaling \$8.75 billion and deposits in foreign offices totaling \$172 million. During the fourth quarter, non-core deposits in Louisiana state-chartered banks and thrifts, consisting entirely of time deposits of \$100,000 or more, increased by \$786 million. During this same time, non-core deposits in Louisiana-domiciled federally-chartered banks and thrifts decreased by \$82 million with a \$62 million decrease in time deposits of \$100,000 or more and a \$20 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.

## CORE DEPOSITS TO TOTAL DEPOSITS & BORROWED MONEY

Louisiana-Domiciled Banks & Thrifts



**Figure 5**

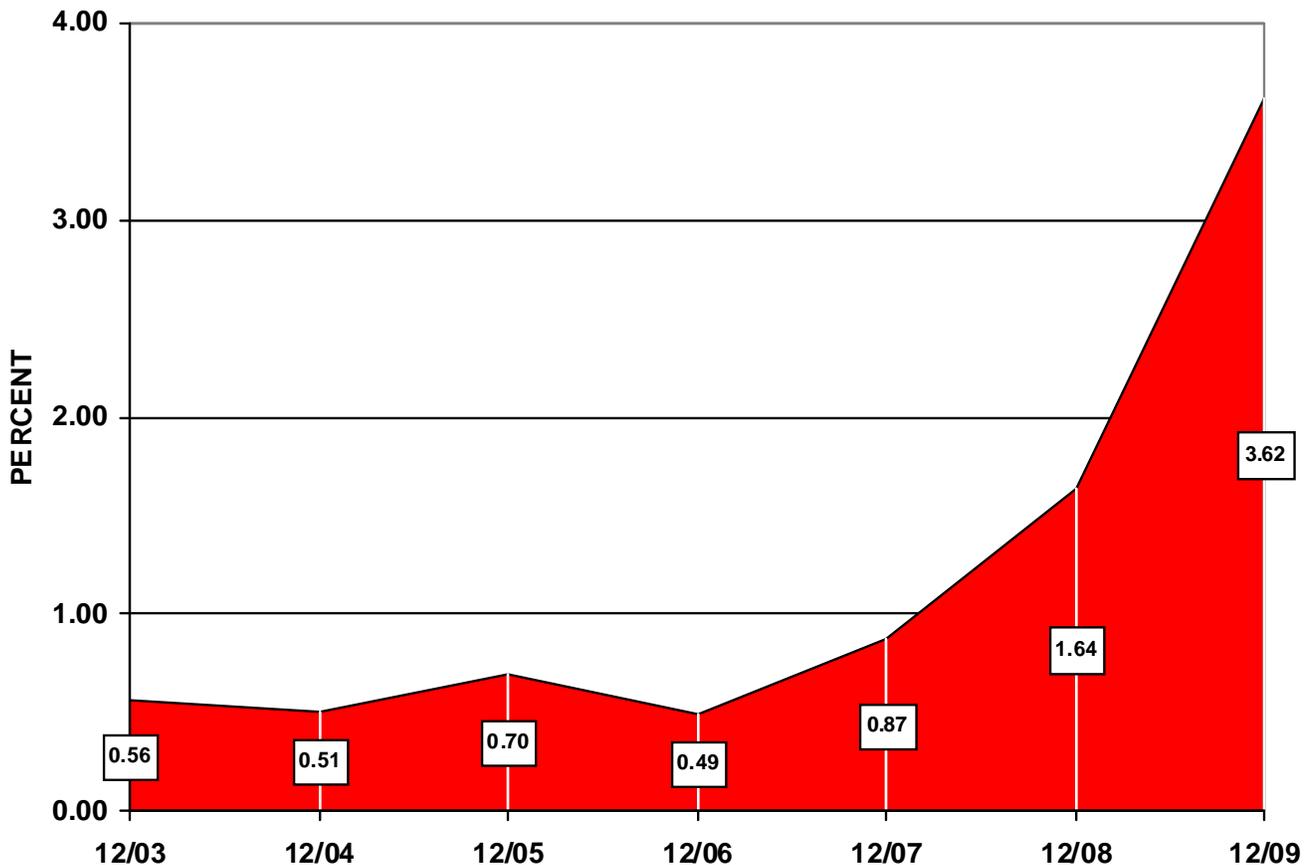
Figure 5 illustrates the trend in the core deposits to total deposits and borrowed money ratio since year-end 2003. The ratio of core deposits to total deposits and borrowed money increased during the fourth quarter of 2009, going from 73.27 percent as of September 30, 2009, to 73.88 percent as of December 31, 2009. This ratio has generally fluctuated between approximately 72 and 78 percent in the last 24 quarters although it fell below 72 percent in the second quarter of 2007.

For Louisiana state-chartered banks and thrifts, the ratio of core deposits to total deposits and borrowed money increased slightly to 73.23 percent as of December 31, 2009, from 73.09 percent as of September 30, 2009. For Louisiana-domiciled federally-chartered banks and thrifts, this ratio increased to 75.32 percent as of December 31, 2009, from 73.63 percent as of September 30, 2009.

For all banks and thrifts in the U.S., the ratio of core deposits to total deposits and borrowed money increased to 61.07 percent as of December 31, 2009, from 58.78 percent as of September 30, 2009.

# NONPERFORMING ASSETS TO TOTAL ASSETS

Louisiana-Domiciled Banks & Thrifts



**Figure 6**

Figure 6 above illustrates that the ratio of nonperforming assets to total assets for year-ends from 2003 through 2009. This ratio has steadily increased between 10 and 30 basis points from the second quarter of 2007 through the third quarter of 2009 with a more significant increase of 139 basis points in the fourth quarter of 2009. However, as noted earlier on page 1, a substantial portion of the increase in nonperforming assets resulted from the acquisition of out of state failed institutions by a Louisiana state-chartered bank in the third and fourth quarters of 2009. Excluding these acquired assets, the ratio of nonperforming assets to total assets would show only a modest increase of four and ten basis points in the third and fourth quarters of 2009, respectively, and a less severe upturn of only 54 basis points from year-end 2008.

The volume of nonperforming assets (noncurrent loans as defined below plus other real estate owned (OREO)) increased during the fourth quarter of 2009, from \$1.25 billion as of September 30, 2009, to \$2.18 billion as of December 31, 2009, or an increase of 74.31 percent. Nonperforming assets associated with the failed institution acquisitions total \$97 million and \$949 million as of September 30, 2009, and December 31, 2009, respectively. Excluding these assets, the volume of nonperforming assets increases from \$1.16 billion as of September 30, 2009, to \$1.24 billion as of December 31, 2009, or by 6.83%. The ratio of nonperforming assets to total assets increased from 2.23 percent at September 30, 2009, to 3.62 percent at December 31, 2009. Excluding these acquired assets, the ratios are estimated at approximately 2.08 percent as of September 30, 2009, and 2.18 percent as of December 31, 2009.

Aggregate noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) increased from \$1.01 billion as of September 30, 2009, to \$1.88 billion as of December 31, 2009, or by 85.30 percent. Excluding the loans acquired from the failed institution, aggregate noncurrent loans increase from \$927 million as of September 30, 2009, to \$989

million as of December 31, 2009, or by 6.68 percent. The ratio of noncurrent loans to gross loans increased from 2.67 percent as of September 30, 2009, to 4.78 percent as of December 31, 2009. Excluding acquired assets, the estimated ratio of noncurrent loans to gross loans is approximately 2.46 percent as of September 30, 2009, and 2.63 percent as of December 31, 2009. Other real estate owned increased from \$239 million as of September 30, 2009, to \$306 million as of December 31, 2009, or by 27.73 percent. Excluding the other real estate owned that was acquired from the failed institutions, other real estate owned only increases from \$230 million as of September 30, 2009, to \$247 million as of December 31, 2009, or by 7.46 percent.

Figure 7 below illustrates the level of noncurrent loans and other real estate owned for all Louisiana-domiciled banks from year-end 2003 through the current quarter-end. **Adjusted noncurrent loans and adjusted OREO in Figure 7 below are net of the assets acquired from the failed institutions.** In the fourth quarter of 2009, noncurrent loans and other real estate increased from \$517 million to \$1.36 billion and from \$167 million to \$222 million, respectively, in Louisiana state-chartered banks and thrifts. Excluding the assets acquired from the failed institutions, noncurrent loans and other real estate would increase from \$430 million and \$157 million, respectively, to \$471 million and \$163 million. From September 30, 2009, to December 31, 2009, the ratios of nonperforming assets to total assets and noncurrent loans to gross loans for Louisiana state-chartered banks and thrifts increased from 1.83 percent to 3.84 percent and from 2.10 percent to 5.24 percent, respectively. Excluding the assets associated with the failed institution acquisitions, the ratios of nonperforming assets to total assets and noncurrent loans to gross loans would increase from approximately 1.59 percent to 1.69 percent and from approximately 1.77 percent to 1.94 percent, respectively.

In this same quarter, noncurrent loans and other real estate increased from \$497 million to \$517 million and from \$72 million to \$84 million, respectively, in Louisiana-domiciled federally-chartered banks and thrifts. From September 30, 2009, to December 31, 2009, the ratios of nonperforming assets to total assets and noncurrent loans to gross loans for Louisiana-domiciled federally-chartered banks and thrifts increased from 3.01 percent to 3.13 percent and from 3.72 percent to 3.88 percent, respectively.

For all commercial banks and thrifts in the U.S., nonperforming assets increased from September 30, 2009, to December 31, 2009, with both noncurrent loans and other real estate owned increasing. As a result, the ratio of nonperforming assets to total assets increased from 3.08 percent to 3.32 percent, and the ratio of noncurrent loans to total loans increased from 4.95 percent to 5.37 percent.

## NONPERFORMING ASSETS

### Louisiana-Domiciled Banks & Thrifts

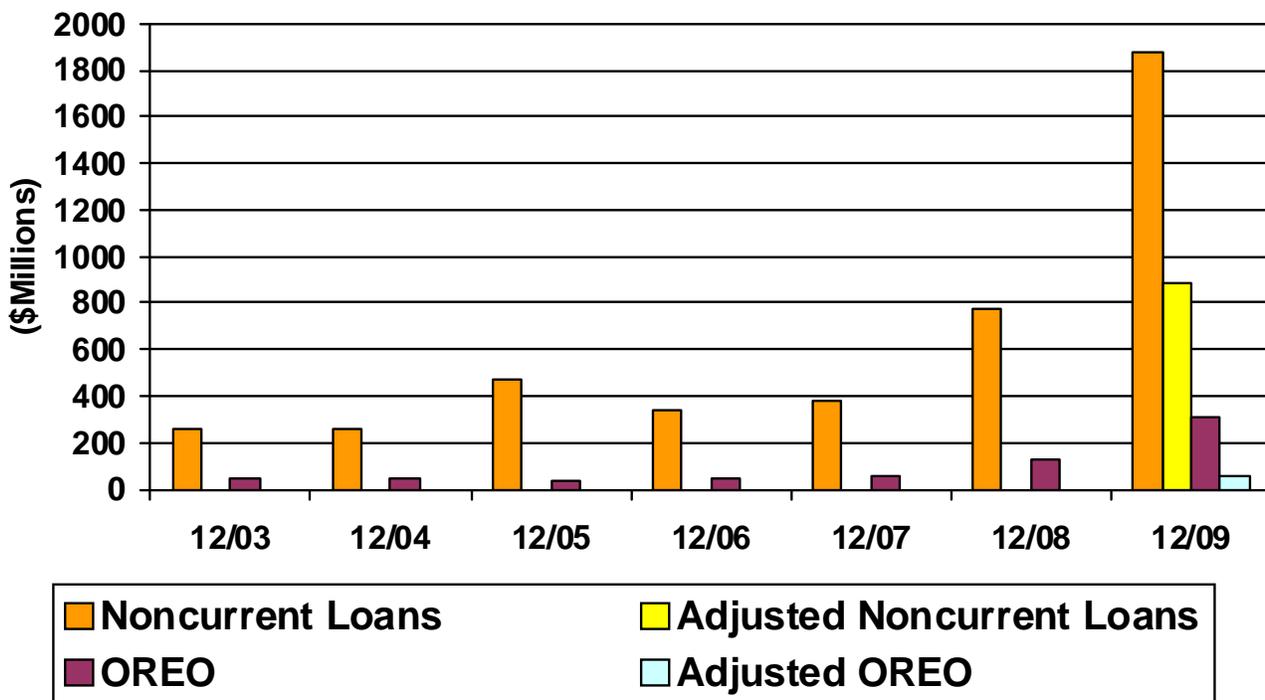
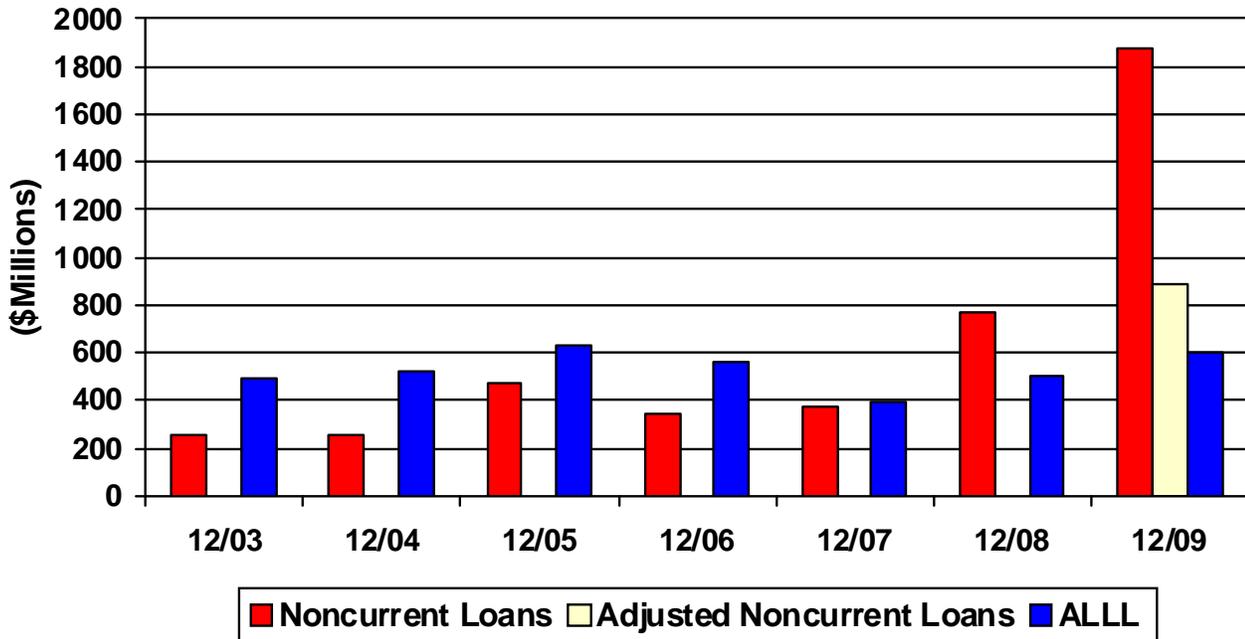


Figure 7

# NONCURRENT LOANS AND THE ALLL

Louisiana-Domiciled Banks & Thrifts



**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 2003 through year-end 2009. **Adjusted noncurrent loans are net of the loans acquired from the failed institutions.** For each quarter-end from year-end 2003 through year-end 2007, the level maintained in the ALLL exceeded the level of noncurrent loans; however, in the eight quarters since, the level of noncurrent loans exceeded the level of the ALLL.

For Louisiana state-chartered banks and thrifts, the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2003 through the first quarter of 2008, while the level of noncurrent loans exceeded the level of noncurrent loans for the seven quarters since then. For Louisiana-domiciled federally-chartered banks and thrifts, the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2003 through the third quarter of 2007, while the level of noncurrent loans exceeded the level of noncurrent loans for the last nine quarters, beginning with the fourth quarter of 2007.

For commercial banks and thrifts throughout the U. S., the level maintained in the ALLL has exceeded the level of noncurrent loans for each quarter from year-end 2003 through the third quarter of 2007 while the level of noncurrent loans exceeded the level of noncurrent loans for the fourth quarter of 2007, all four quarters of 2008, and all four quarters of 2009.

Net charge-offs recognized in the fourth quarter of 2009 totaled \$117 million, an increase from the \$108 million in the third quarter of 2009. The annualized net charge-off ratio for the quarter ending December 31, 2009, increased to 1.21 percent, from 1.14 percent for the quarter ending September 30, 2009. Net charge-offs for the calendar year 2009 totaled \$379 million, with the year-to-date (YTD) ratio of net charge-offs to total loans increased to a lesser extent from 0.93 percent as of September 30, 2009, to 1.00 percent as of December 31, 2009. For the calendar years 2008 and 2007, net charge-offs totaled \$185 million and \$60 million, respectively, with the net charge-off ratios of 0.53 percent and 0.19 percent, respectively.

From September 30, 2009, to December 31, 2009, quarterly net charge-offs increased from \$43 million to \$57 million for Louisiana state-chartered banks and thrifts. For these banks, the annualized net charge-off ratio, based on quarterly charge-offs, increased from 0.70 percent to 0.90 percent. The YTD net charge-off ratio increased from 0.61 percent to 0.69 percent, with net charge-offs for the calendar year 2009 totaling \$166 million. In comparison, net charge-offs totaled \$107 million and \$47 million for the calendar years 2008 and 2007, respectively, with the net charge-off ratios of 0.49 percent and 0.24 percent, respectively. From September 30, 2009, to December 31, 2009, quarterly net charge-offs decreased from \$65 million to \$60 million for Louisiana-domiciled federally-chartered banks and thrifts. These banks and thrifts saw the annualized net charge-off ratio decrease from 1.93 percent to 1.81 percent. The YTD ratio increased slightly from 1.49 percent to 1.57 percent, with net charge-offs for the calendar year 2009 totaling \$213 million. In comparison, net charge-offs totaled \$78 million and \$13 million for the calendar years 2008 and 2007, respectively, with the YTD net charge-off ratios at 0.61 percent and 0.11 percent, respectively.

For Louisiana-domiciled banks and thrifts, loan loss reserves decreased to \$603 million as of December 31, 2009, from \$613 million as of September 30, 2009, and the ratio of loan loss reserves to total loans decreased to 1.54 percent as of December 31, 2009, from 1.61 percent as of September 30, 2009. This year-end ratio is at the highest level since year-end 2003, with the ratios as follows: 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; 1.22 percent as of December 31, 2007; and 1.36 percent as of December 31, 2008.

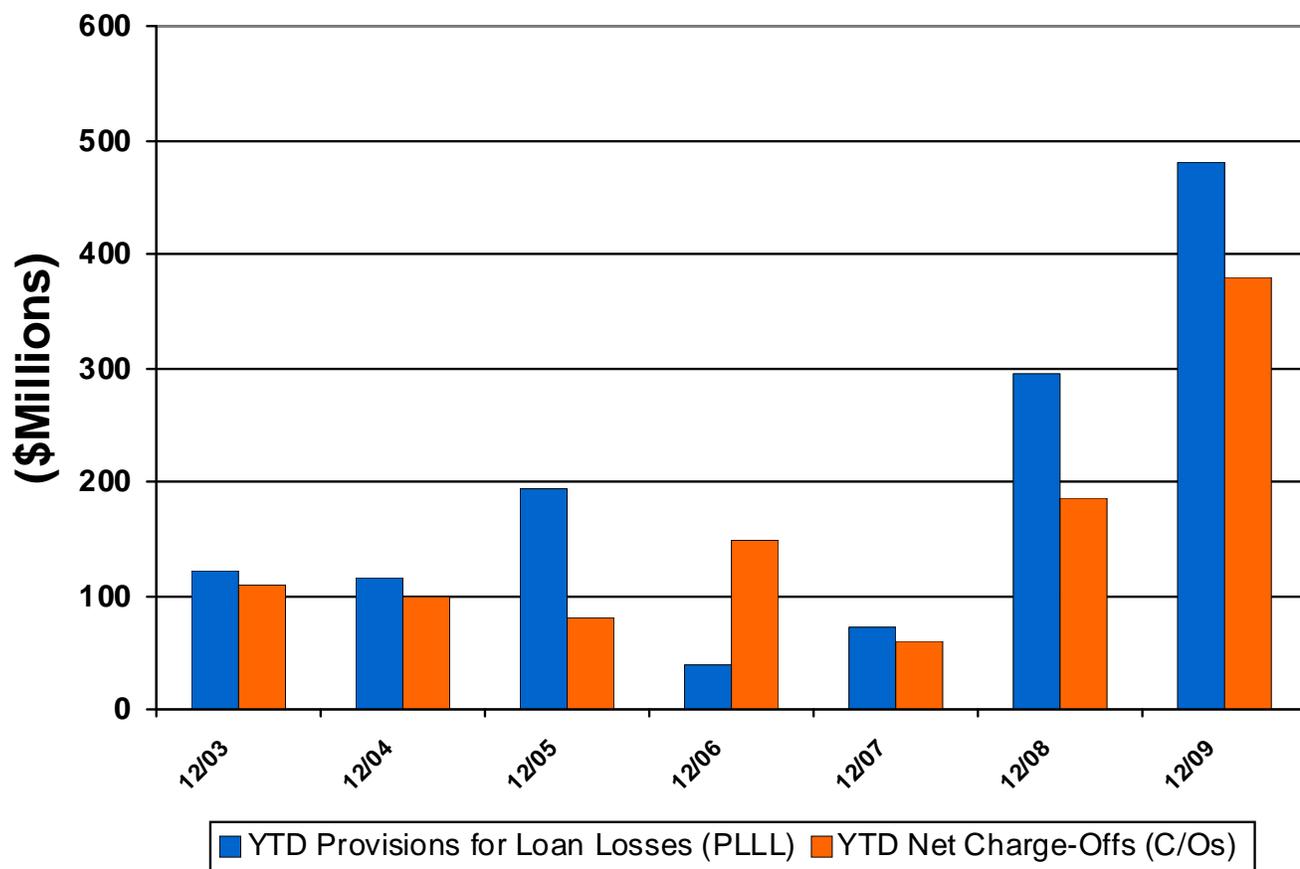
For Louisiana-domiciled banks and thrifts, loan loss provisions totaled \$139 million during the third quarter of 2009, or 0.99 percent of average assets, as compared to \$110 million during the fourth quarter of 2009, or 0.76 percent of average assets. Loan loss provisions totaled \$480 million, \$294 million and \$73 million for calendar years 2009, 2008, and 2007, respectively.

For Louisiana state-chartered banks and thrifts, loan loss reserves totaled \$325 million as of December 31, 2009, an increase from \$322 million as of September 30, 2009. With loans increasing at a higher rate, the ratio of loan loss reserves to total loans decreased to 1.25 percent as of December 31, 2009, from 1.31 percent as of September 30, 2009. Loan loss provisions in the fourth quarter totaled \$62 million, an increase from \$51 million in the third quarter. For the calendar years 2009, 2008, and 2007, loan loss provisions totaled \$198 million, \$140 million, and \$49 million, respectively.

For Louisiana-domiciled federally-chartered banks and thrifts, loan loss reserves totaled \$278 million as of December 31, 2009, a decrease from \$291 million as of September 30, 2009. The ratio of loan loss reserves to total loans decreased to 2.09 percent as of December 31, 2009, from 2.18 percent as of September 30, 2009. Loan loss provisions for the fourth quarter totaled \$47 million, a decrease from \$87 million for the third quarter of 2009. For the calendar years 2009, 2008, and 2007, loan loss provisions totaled \$282 million, \$154 million, and \$24 million, respectively.

# CHARGE-OFFS AND PLLL

Louisiana-Domiciled Banks & Thrifts



**Figure 9**

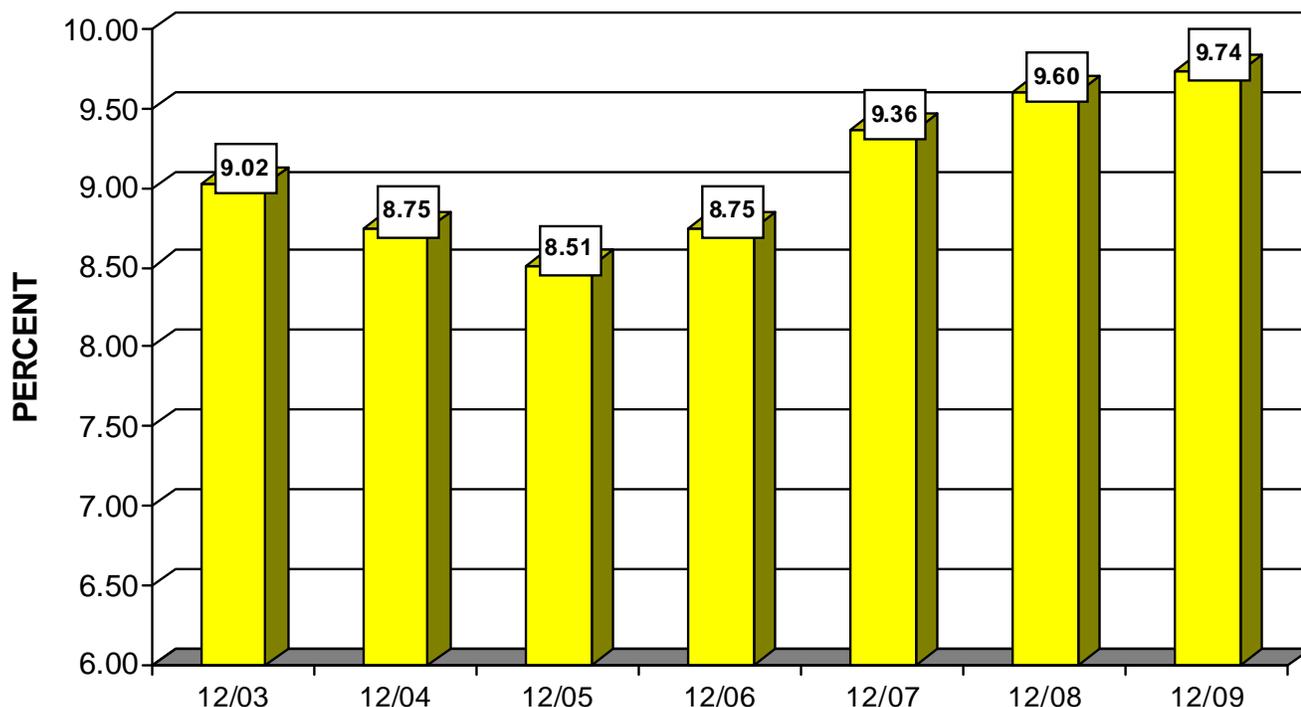
Figure 9 above illustrates the level of year-to-date net charge-offs and provisions for loan and lease losses (PLLL) for all Louisiana-domiciled banks and thrifts from year-end 2003 through the current year-end. This chart shows that PLLL have exceeded net charge-offs for each year, with the exception of 2006, for Louisiana-domiciled banks and thrifts. However, the excess PLLL in 2005 was more than enough to cover the deficiency in 2006.

From September 30, 2009, to December 31, 2009, banks and thrifts in the U.S. reported an increase in quarterly net charge-offs from \$50.91 billion to \$52.98 billion. The quarterly net charge-off ratio increased from 2.72 percent for the quarter ending September 30, 2009, to 2.89 percent for the quarter ending December 31. Net charge-offs totaled \$186.82 billion for the calendar year 2009, and the YTD net charge-off ratio for these banks increased from 2.38 percent as of September 30, 2009, to 2.49 percent as of December 31, 2009. These banks and thrifts reported net charge-offs of \$100.36 billion and \$44.11 billion for the calendar years 2008 and 2007, respectively, with net charge-off ratios for 2008 and 2007 at 1.29 percent and 0.59 percent, respectively.

For all banks and thrifts in the U.S., loan loss reserves increased from \$220.50 billion as of September 30, 2009, to \$227.48 billion as of December 31, 2009. The ratio of loan loss reserves to total loans increased from 2.97 percent as of September 30, 2009, to 3.12 percent as of December 31, 2009. Loan loss provisions totaled \$62.84 billion for the third quarter of 2009, compared to \$61.10 billion for the fourth quarter of 2009. For the calendar years 2009, 2008, and 2007, all banks and thrifts in the U.S. recognized loan loss provisions totaling \$247.68 billion, \$176.20 billion, and \$69.25 billion, respectively.

# CORE CAPITAL (LEVERAGE) RATIO

## Louisiana-Domiciled Banks & Thrifts



**Figure 10**

Figure 10 above illustrates the trend in the Tier 1 (core) capital ratio since year-end 2003 for all Louisiana-domiciled banks and thrifts. Tier 1 (core) capital increased from \$5.31 billion as of September 30, 2009, to \$5.62 billion as of December 31, 2009. As a result of this growth and smaller growth in quarterly average assets, the Core capital (leverage) ratio increased from 9.63 percent at September 30, 2009, to 9.74 percent as of December 31, 2009.

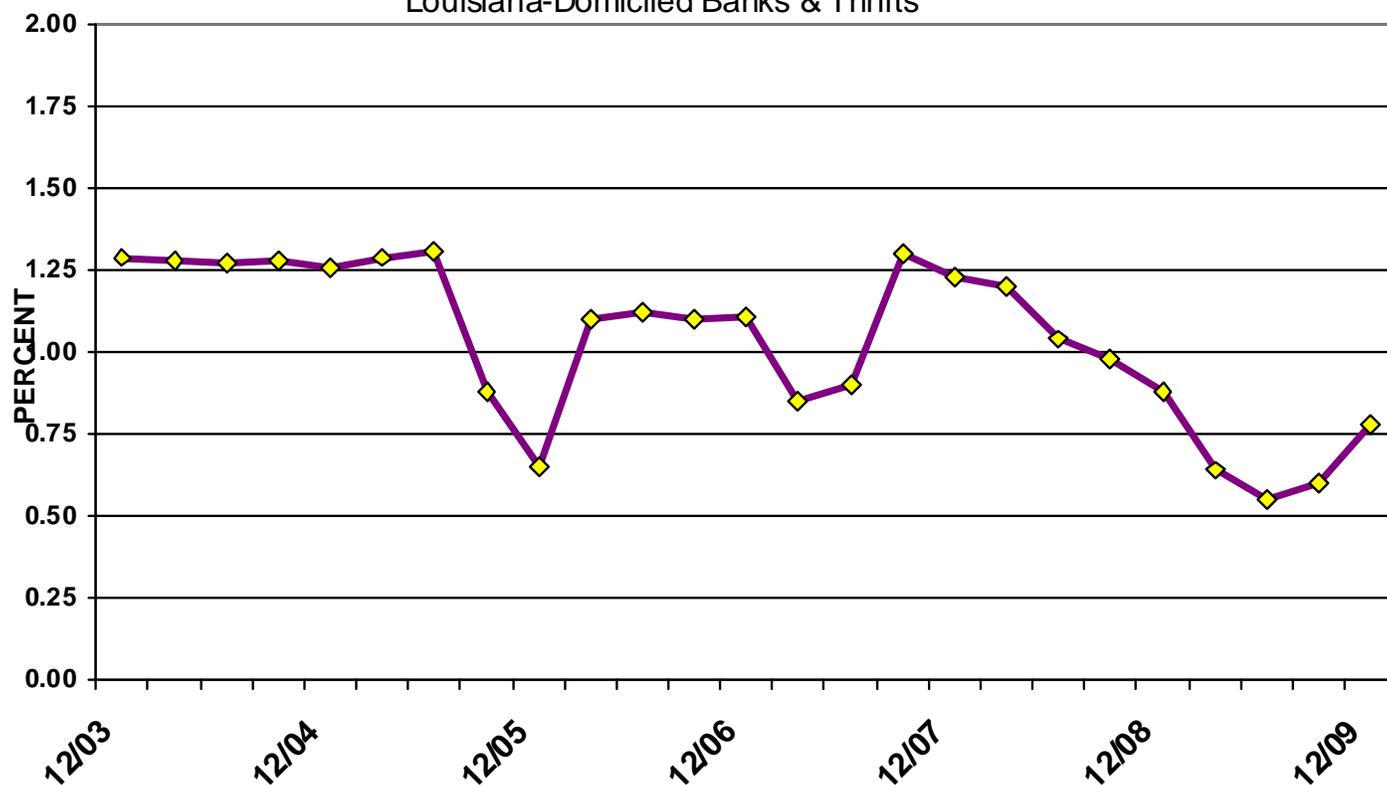
During the fourth quarter of 2009, Tier 1 (core) capital increased by \$280 million in Louisiana state-chartered banks and thrifts. With the capital growth exceeding growth in quarter-end average assets, the Core capital (leverage) ratio increased from 9.51 percent to 9.60 percent. Dividends paid by Louisiana state-chartered banks and thrifts during the fourth quarter increased by \$33 million from the level paid in the third quarter. During the fourth quarter of 2009, Tier 1 (core) capital increased by \$28 million in Louisiana-domiciled federally-chartered banks and thrifts. With the increase in Tier 1 (core) capital exceeding growth in quarterly average assets, the Core capital (leverage) ratio increased from 9.87 percent to 10.04 percent. Dividends paid by Louisiana-domiciled federally-chartered banks and thrifts during the fourth quarter increased by \$1 million from the level paid in the third quarter.

For all banks and thrifts in the U.S., Tier 1 (core) capital increased during the fourth quarter of 2009. With the increase in Tier 1 (core) capital and a decrease in quarterly average assets, the Core capital (leverage) ratio increased from 8.54 percent as of September 30, 2009, to 8.65 percent as of December 31, 2009. Cash dividends paid by these banks and thrifts in the fourth quarter of 2009 declined by \$6.35 billion over the level paid during the third quarter of 2009.

As of December 31, 2009, there are 54 Louisiana state-chartered and 6 Louisiana-domiciled federally-chartered banks and thrifts, or approximately 38 percent, of the 158 Louisiana-domiciled banks and thrifts, as compared to approximately 31 percent of all banks and thrifts in the U.S., that have elected tax treatment as a Subchapter S corporation.

## RETURN ON AVERAGE ASSETS

Louisiana-Domiciled Banks & Thrifts



**Figure 11**

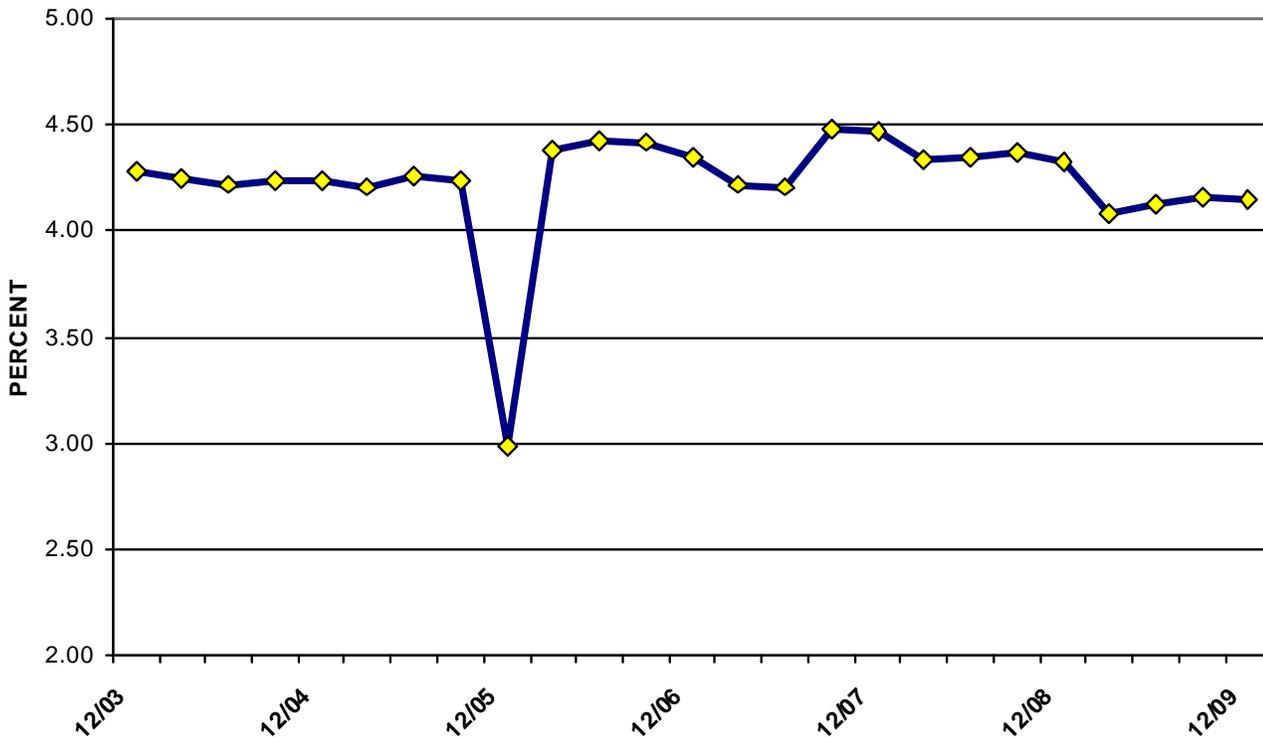
Figure 11 above reflects the annual year-to-date ROAA for all Louisiana banks and thrifts for every quarter since year-end 2003. Earnings for the fourth quarter of 2009 increased from the previous quarter. Net income in the fourth quarter of 2009 totaled \$190.41 million, for a return on average assets (ROAA) of 1.31 percent annualized, as compared to net income for the third quarter of 2009, which totaled \$102.65 million, or an ROAA of 0.74 percent annualized. Increased non-interest income and reduced loan loss provisions were the primary factors contributing to the increase in net income during the fourth quarter of 2009. The year-to-date ROAA increased to 0.78 percent as of December 31, 2009, from 0.60 percent as of September 30, 2009. As of December 31, 2009, 15 Louisiana banks and thrifts reported YTD net operating losses, down from the 17 banks and thrifts reporting YTD net operating losses as of September 30, 2009. As of December 31, 2009, the percentage of unprofitable Louisiana-domiciled bank and thrifts was 9.49 percent while the percentage of unprofitable bank and thrifts in the U.S. was 29.52 percent.

In the fourth quarter of 2009, all banks and thrifts in the U.S. reported net income of \$914 million, for an annualized ROAA of 0.03 percent, as compared to net income of \$2.05 billion, for an annualized ROAA of 0.06 percent, in the third quarter of 2009. Increased non-interest expenses and a decline in net interest income contributed to the decline in net income during the fourth quarter. Although net income declined in the fourth quarter, the YTD ROAA remained at 0.09 percent for September 30, 2009, and December 31, 2009.

Increases in the FDIC's regular insurance premium assessments have impacted non-interest expenses and earnings in 2009 and will likely continue to impact these for the near future. However, since the dollar amount of this item is no longer publicly available, the full impact on non-interest expenses and earnings is not completely known.

# NET INTEREST MARGIN

## Louisiana-Domiciled Banks & Thrifts



**Figure 12**

Figure 12 above reflects the annualized YTD net interest margin for all Louisiana banks and thrifts for every quarter since year-end 2003. The net interest margin for all Louisiana-domiciled banks and thrifts remained at 4.23 percent during the third and fourth quarters of 2009. The aggregate yield on earning assets decreased from 5.62 percent to 5.53 percent, while the cost of funds decreased from 1.39 percent to 1.30 percent.

During the fourth quarter of 2009, the net interest margin for Louisiana state-chartered banks and thrifts decreased nominally from 4.23 percent to 4.22 percent while the net interest margin for Louisiana-domiciled federally-chartered banks and thrifts increased nominally from 4.22 percent to 4.24 percent. The yield on earning assets decreased from 5.79 percent to 5.69 percent for Louisiana state-chartered banks and thrifts while it decreased from 5.29 percent to 5.19 percent for Louisiana-domiciled federally-chartered banks and thrifts. The cost of funds for Louisiana state-chartered banks and thrifts and for Louisiana-domiciled federally-chartered banks and thrifts both decreased from 1.56 percent to 1.47 percent and from 1.07 percent to 0.95 percent, respectively.

For all banks and thrifts in the U.S., the net interest margin decreased nominally from 3.51 percent to 3.49 percent during the fourth quarter of 2009. During the same time frame, the yield on earning assets decreased from 4.73 percent to 4.60 percent, while the cost of funds also decreased from 1.22 percent to 1.11 percent.

# INDUSTRY CONSOLIDATION

All Louisiana-Domiciled Banks and Thrifts

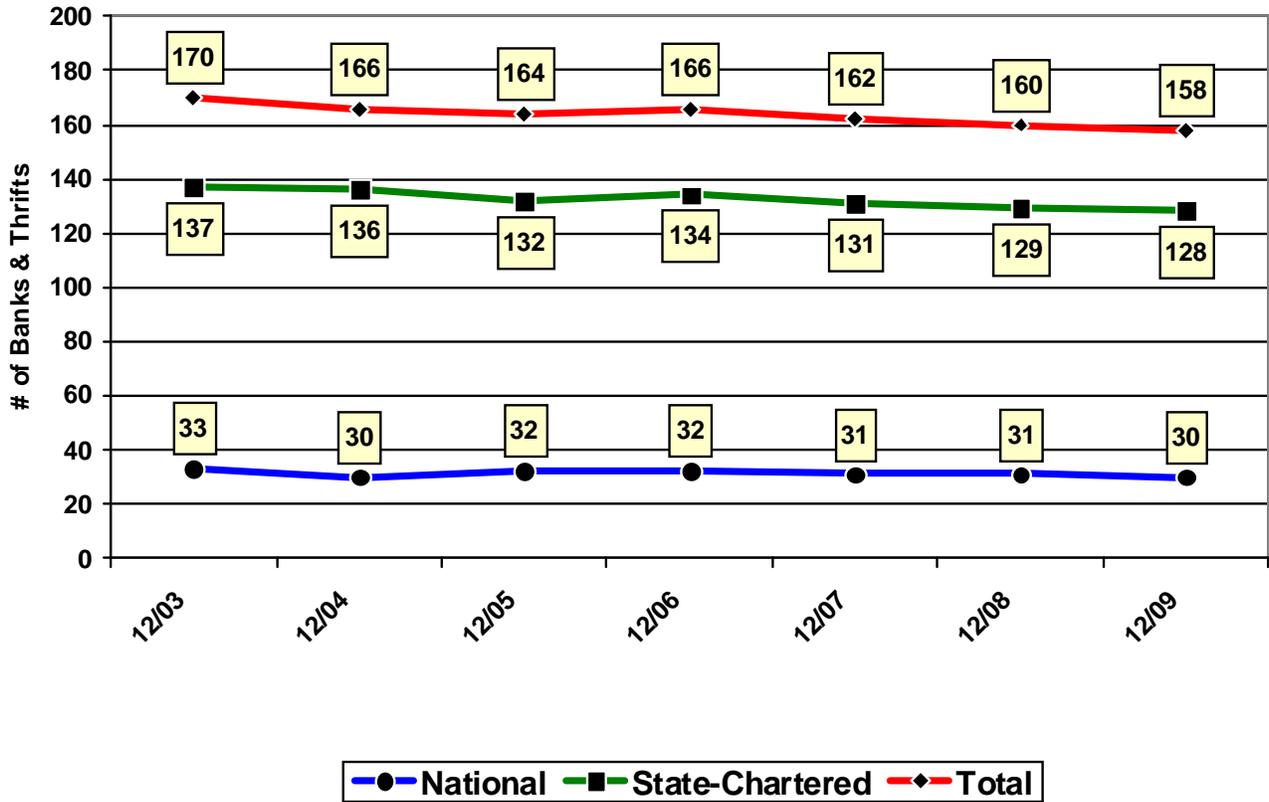


Figure 13

## MERGERS AND ACQUISITIONS

Figure 13 above reflects the number of Louisiana-domiciled bank and thrifts for each year-end since 2003 through year-end 2009. The third and fourth quarter of 2009 saw no merger activity. However, as of this writing, the number of Louisiana-domiciled banks and thrifts has declined to 156. Louisiana experienced its first bank failure since December 2002, and one state-chartered bank merged into another state-chartered bank.

As of December 31, 2009, there were 158 banks and thrifts domiciled in Louisiana. This included 128 state-chartered banks and thrifts, which represents 81 percent of the total Louisiana-domiciled banks and thrifts. As Figure 13 above illustrates, since December 31, 2003, the total number of Louisiana-domiciled banks and thrifts has decreased from 170 to 158, or by 7.06 percent.

The number of banks and thrifts in the U.S. declined from 8,099 as of September 30, 2009, to 8,012 as of December 31, 2009, or by 87 institutions during the second quarter. During the fourth quarter of 2009, 45 banks and thrifts failed with the FDIC named as receiver, compared to 50 failures in the third quarter of 2009. During the fourth quarter of 2009, 3 de novo institutions were opened, the same number that opened during the third quarter of 2008.

# TOTAL ASSETS

All Louisiana-Domiciled Banks & Thrifts

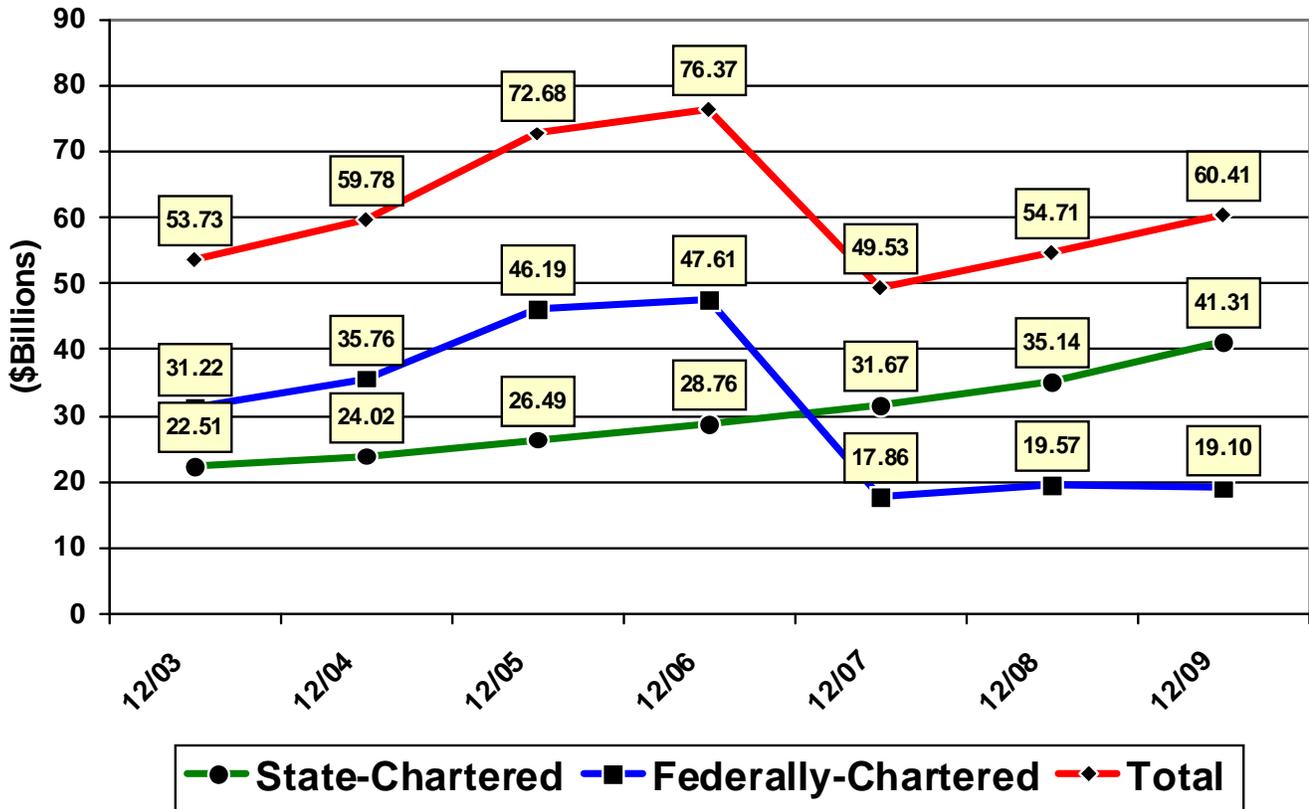


Figure 14

Figure 14 above reflects the trend in total assets for state-chartered banks and thrifts, Louisiana-domiciled federally-chartered banks and thrifts, and all Louisiana-domiciled banks and thrifts for each year-end since 2003. Total assets for all Louisiana-domiciled banks and thrifts increased from \$56.26 billion as of September 30, 2009, to \$60.41 billion as of December 31, 2009, or by 7.37 percent. **Without the acquisitions in the third and fourth quarter, total assets for all Louisiana-domiciled institutions would have increased from \$55.65 billion as of September 30, 2009, to \$56.62 billion as of December 31, 2009.** Total assets in Louisiana-domiciled banks and thrifts have grown for 22 of the past 24 quarters, despite some industry consolidation since year-end 2003. The biggest drop occurred when a large national bank moved its headquarters out of Louisiana in July 2007, which caused total assets for all banks and thrifts and federally-chartered banks and thrifts to drop from the second quarter to the third quarter of 2007.

As of December 31, 2009, Louisiana state-chartered banks and thrifts held assets totaling \$41.31 billion, or 68.38 percent of the Louisiana banking industry's \$60.41 billion in total assets. **Without the acquisitions, Louisiana state-chartered banks and thrifts would have total assets of \$37.52 billion as of December 31, 2009.** One out-of-state bank holding company from Mississippi owns a Louisiana-domiciled bank subsidiary, which is a Louisiana state-chartered bank, with total assets of \$2.90 billion, or 4.80 percent of the total assets for all Louisiana-domiciled banks and thrifts. Three Louisiana-domiciled bank holding companies, which own Louisiana state-chartered banks, own a federal thrift and a state-chartered bank, both in Arkansas, and a state-chartered bank in Texas, with total assets of \$1.53 billion, \$34.91 million, and \$183.34 million, respectively, as of December 31, 2009. 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 \$763.54 million as of December 31, 2009.

Total assets for all banks and thrifts in the U.S. decreased from \$13.25 trillion as of September 30, 2009, to \$13.11 trillion as of December 31, 2009, and the number of banks and thrifts declined as noted previously.

## BANK AND THRIFT SUMMARY AS OF DECEMBER 31, 2009

While some slippage is noted, the overall financial condition of Louisiana-domiciled banks and thrifts remains sound. The fourth quarter of 2009 saw moderate 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 for the fourth quarter increased, up from the previous quarter primarily because of increased non-interest income and reduced loan loss provisions. With Tier 1 (core) capital increasing slightly faster than quarterly average assets, the Core capital (leverage) ratio increased slightly, and all capital ratios remain well above minimum regulatory requirements. During the fourth quarter of 2009, asset quality showed continued signs of deterioration with the dollar volume and ratio of nonperforming assets and net charge-offs increasing. However, as noted previously, a majority of the increase is associated with acquisitions of failed institutions by a state-chartered bank, with a significant portion of the assets covered by loss-sharing agreements with the FDIC. 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 12/31/2009, the breakdown of **all Louisiana-domiciled banks & thrifts** by asset size is as follows:

Asset Size	# of B & T's	%	Total Assets *	%
Assets < \$100 Million	43	27	\$2,640,080	4
Assets \$100 Million to \$300 Million	75	48	13,150,885	22
Assets \$300 Million to \$500 Million	18	11	6,875,329	11
Assets \$500 Million to \$1 Billion	18	11	13,666,860	23
Assets \$1 Billion to \$10 Billion	3	2	12,196,978	20
Assets > \$10 Billion	1	1	11,877,069	20
<b>TOTAL ASSETS</b>	<b>158</b>	<b>100</b>	<b>\$60,407,201</b>	<b>100</b>

➤ As of 12/31/2009, the breakdown of Louisiana **state-chartered banks & thrifts** by asset size is as follows:

Asset Size	# of B & T's	%	Total Assets *	%
Assets < \$100 Million	35	27	\$2,120,615	5
Assets \$100 Million to \$300 Million	62	49	10,753,616	26
Assets \$300 Million to \$500 Million	14	11	5,449,521	13
Assets \$500 Million to \$1 Billion	14	11	10,785,499	26
Assets \$1 Billion to \$10 Billion	3	2	12,196,978	30
<b>TOTAL ASSETS</b>	<b>128</b>	<b>100</b>	<b>\$41,306,229</b>	<b>100</b>

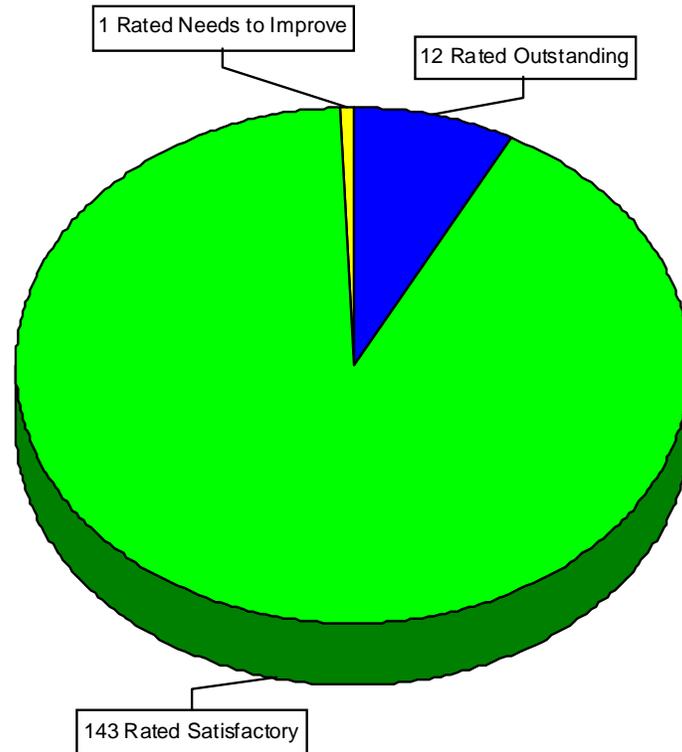
➤ As of 12/31/2009, the breakdown of Louisiana-domiciled **federally-chartered banks & thrifts** by asset size is as follows:

Asset Size	# of B & T's	%	Total Assets *	%
Assets < \$100 Million	8	27	\$519,465	3
Assets \$100 Million to \$300 Million	13	44	2,397,269	13
Assets \$300 Million to \$500 Million	4	13	1,425,808	7
Assets \$500 Million to \$1 Billion	4	13	2,881,361	15
Assets > \$10 Billion	1	3	11,877,069	62
<b>TOTAL ASSETS</b>	<b>30</b>	<b>100</b>	<b>\$19,100,972</b>	<b>100</b>

\* Thousands

# CRA RATINGS

All Louisiana-Domiciled Banks and Thrifts



**Figure 15**

(Note: This chart does not include a bankers' bank since CRA ratings are not applicable, and one de novo bank that is not yet rated, and reflects all ratings issued through June 30, 2009.)

As Figure 15 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 an "Outstanding" rating, was assigned a "Satisfactory" CRA rating in the fourth quarter of 2009.

*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 are calculated using the dollar amounts rounded to the nearest thousandth, as reported by the bank in their quarterly financial reports (Call Reports).*