LOUISIANA-DOMICILED BANKS AND THRIFTS FINANCIAL REPORT

For the Quarter Ended
June 30, 2016

STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS

Post Office Box 94095
Baton Rouge, Louisiana 70804-9095
(225) 925-4660
www.ofi.la.gov

Jon Bel Edwards
Governor

John Ducrest
Commissioner

FINANCIAL CONDITION OF LOUISIANA-DOMICILED BANKS & THRIFTS AT JUNE 30, 2016

During the second quarter of 2016, total assets for all Louisiana-domiciled banks and thrifts increased from $71.12 billion to $71.31 billion, an increase of $192 million or by 0.27 percent. Total loans and leases increased from $49.48 billion to $50.66 billion or by 2.39 percent. Total securities decreased from $12.71 billion to $12.64 billion or by 0.57 percent. Federal funds sold decreased from $527 million to $450 million or by 14.52 percent. Cash decreased from $4.41 billion to $3.50 billion or by 20.61 percent. During this period, total deposits decreased from $59.25 billion to $58.70 billion or by 0.93 percent, while borrowed money increased from $3.06 billion to $3.69 billion or by 20.38 percent.

For Louisiana state-chartered banks and thrifts, total assets increased by 0.23 percent during the second quarter of 2016. Total loans increased, while securities, Federal funds, and cash decreased. During this period, total deposits decreased, while borrowed money increased. For Louisiana-domiciled federally-chartered banks and thrifts, total assets increased by 0.53 percent during the second quarter of 2016. Total loans increased, while cash, securities, and Federal funds sold decreased. During this period, total deposits decreased, while borrowed money increased.

The following chart provides selected performance ratios for all banks and thrifts in the U. S. for the quarter ended June 30, 2016; and for all Louisiana-domiciled banks and thrifts for the quarters ended June 30 and March 31, 2016, and years ended December 31, 2015, and December 31, 2014. **The overall financial performance of Louisiana-domiciled banks and thrifts continues to compare very favorably with all banks and thrifts in the U.S. based on key metrics.**

	U. S. Banks & Thrifts	**All Louisiana-Domiciled Banks & Thrifts**			
TRENDS	Quarter Ended 06/30/2016	Quarter Ended 06/30/2016	Quarter Ended 03/31/2016	Year Ended 12/31/2015	Year Ended 12/31/2014
Earnings					
Yield on Earning Assets	3.45%	4.43%↑	4.39%	4.43%↓	4.46%
Cost of Funds	0.36%	0.48%↑	0.47%	0.47%↓	0.49%
Net Interest Margin	3.08%	3.95%↑	3.92%	3.96%↓	3.97%
Loan Loss Provisions to Average Assets	0.29%	0.27%↓	0.41%	0.26%↑	0.21%
Operating Expenses to Average Assets	2.56%	3.12%↑	3.06%	3.12%↓	3.15%
Return on Average Assets	1.06%	1.06%↑*	0.91%*	1.02%↑*	1.00%*
Asset Quality					
Noncurrent Loans to Total Loans	1.50%	1.44%↑#*	1.43%	1.21%↑#*	1.13%#*
Nonperforming Assets to Total Assets	0.91%	1.19%↑#*	1.17%	1.04%↑#*	1.03%#*
Net Charge-offs to Total Loans	0.45%	0.36%↑	0.29%	0.22%↑	0.20%
Capital and Liquidity					
Tier 1 Leverage Capital Ratio	9.57%	10.33%↓	10.41%	10.41%↑	10.32%
Earning Assets to Total Assets	91.16%	91.75%↓	91.89%	91.93%↓	91.96%
Loans to Deposits	71.83%	85.15%↑	82.46%	82.26%↑	81.36%

At June 30, 2016 (for all Louisiana-domiciled banks and thrifts), the **year-to-date** return on average assets (ROAA) (**not shown in the chart above**), at 1.02 percent, remained the same from the same time period in 2015 and increased by 8 basis points from the ratio at the end of the first quarter of 2016 (shown in chart above). This ratio is 3 basis points below the national average **year-to-date** ROAA, not shown in the chart above, and the gap between the two declined during the second quarter. Although the state average is slightly below the national average, a vast majority of Louisiana-domiciled banks and thrifts continue to show strong or satisfactory earnings performance, with more than half of them increasing their net income over the same time period of the prior year. Capital levels remain sound, with ratios decreasing slightly during the second quarter of 2016 and by 10 basis points from the same time period in 2015. Although asset quality remains stable, the dollar volume of nonperforming assets increased in the second quarter due to an increase in noncurrent loans. As a result, the ratios of noncurrent loans and nonperforming assets were above the levels from the same time period in 2015. Net charge-offs increased in the second quarter of 2016, and as a result, the year-to-date net charge-off ratio, not shown in the chart above, was 14 basis points higher than the same time period in 2015. However, the ratio was still well below the nationwide average.

Although some nonperforming assets are still covered by loss-sharing agreements with the FDIC that mitigate some of the exposure in these assets, due to acquisitions of failed out-of-state institutions in 2009 and 2010, the coverage under these agreements continues to decline. **Ratios denoted with a # were impacted by the acquisition of failed out-of-state institutions. For ratios denoted with an *, please refer to page 20 for more details.**

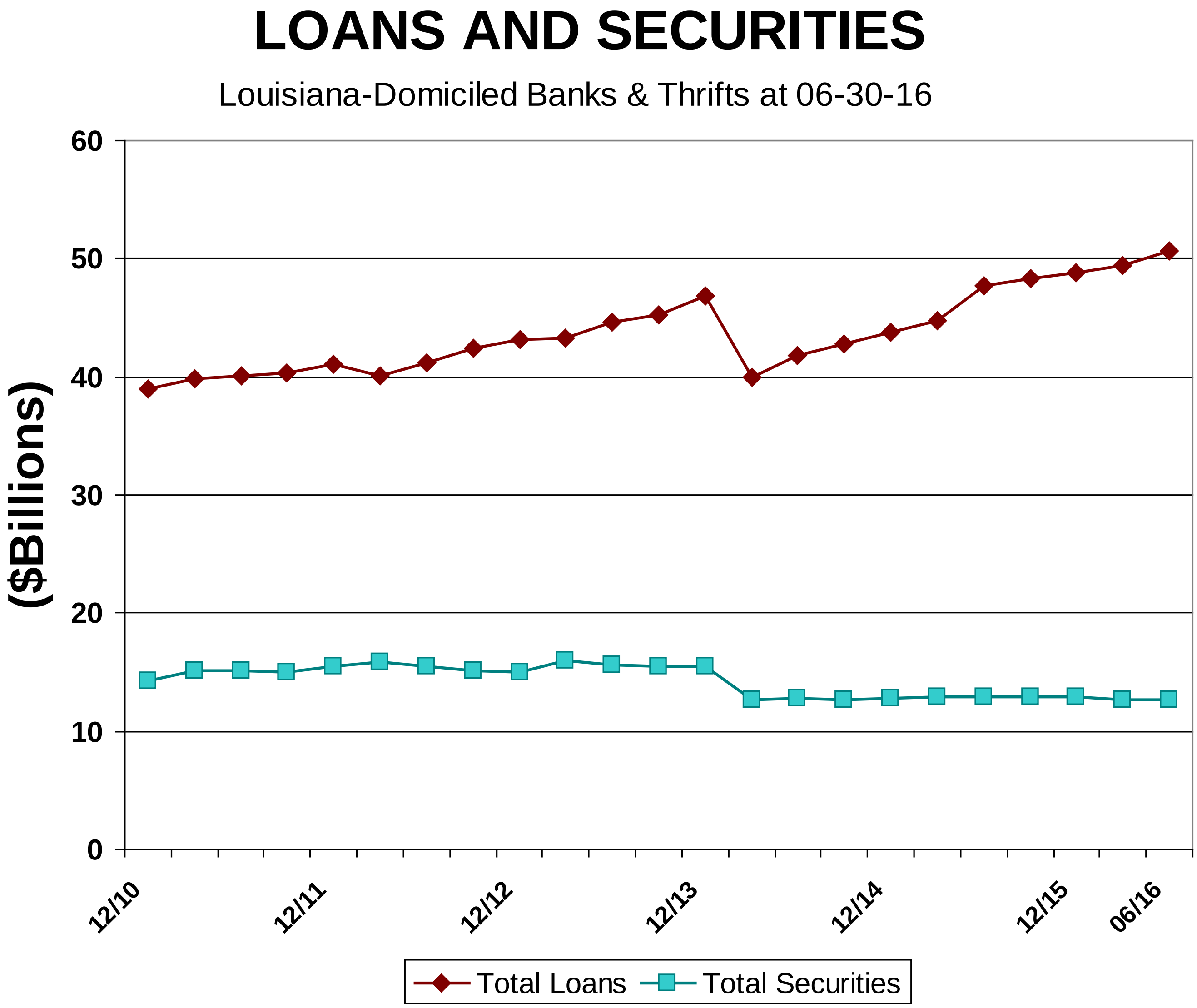

Figure 1

Figure 1 above shows the trend in total loans and leases and securities since year-end 2010. Total loans and leases have increased in 20 of the past 22 quarters (first quarters of 2012 and 2014), with the decrease in the first quarter of 2014 primarily due to the merger of a state-chartered bank with and into its sister bank located in another state. As previously mentioned, total loans and leases increased by 2.39 percent during the second quarter of 2016, from $49.48 billion to $50.66 billion, or by approximately $1.18 billion. During the second quarter of 2016, real estate loans increased from $34.95 billion to $35.56 billion or by approximately $966 million, farm loans increased from $519 million to $699 million or by approximately $180 million, other loans increased from $1.22 billion to $1.26 billion or by approximately $38 million, consumer loans increased from $2.91 billion to $2.92 billion or by approximately $5 million, and commercial loans decreased from $10.24 billion to $10.20 billion or by approximately $38 million.

During the second quarter of 2016, Louisiana state-chartered banks and thrifts experienced growth in total loans and four of the five major reporting categories. During the second quarter, real estate loans, farm loans, other loans, and consumer loans grew from highest to lowest in dollar volume, while commercial loans declined. Louisiana-domiciled federally-chartered banks and thrifts experienced an increase in total loans, with growth in three of the five reporting categories. During the second quarter, real estate loans, farm loans, and commercial loans increased from highest to lowest in dollar volume, while other loans and consumer loans both declined. All banks and thrifts in the U.S. experienced growth in total loans and in all five categories during the second quarter of 2016. From highest to lowest in dollar volume for growth were real estate loans, consumer loans, other loans, commercial loans, and farm loans.

LOAN PORTFOLIO MIX

Louisiana-Domiciled Banks & Thrifts at June 30, 2016

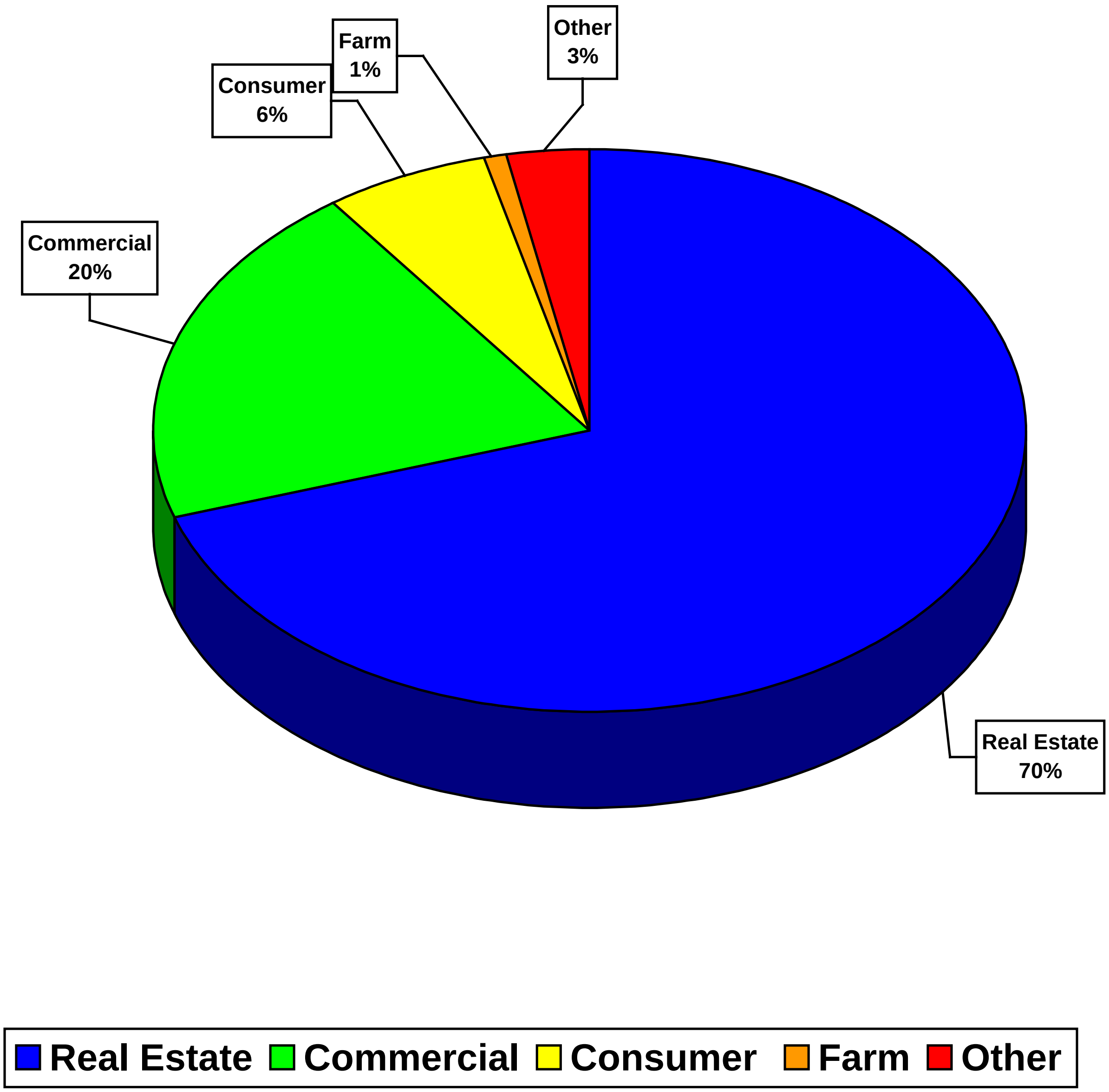

Figure 2

Figure 2 shows the June 30, 2016, loan portfolio mix for all Louisiana-domiciled banks and thrifts. At June 30, 2016, Louisiana state-chartered banks and thrifts showed a loan portfolio mix as follows: real estate loans – 69 percent; commercial loans – 21 percent; consumer loans – 6 percent; other loans – 2 percent; and farm loans – 2 percent. As of this same date, for Louisiana-domiciled federally-chartered banks and thrifts, the loan portfolio mix is as follows: real estate loans – 79 percent; commercial loans – 14 percent; consumer loans – 4 percent; other loans – 3 percent; and farm loans – 0 percent.

At June 30, 2016, for all banks and thrifts in the U.S., the loan portfolio mix is as follows: real estate loans – 49 percent; commercial loans – 21 percent; consumer loans – 17 percent; other loans – 12 percent; and farm loans – 1 percent.

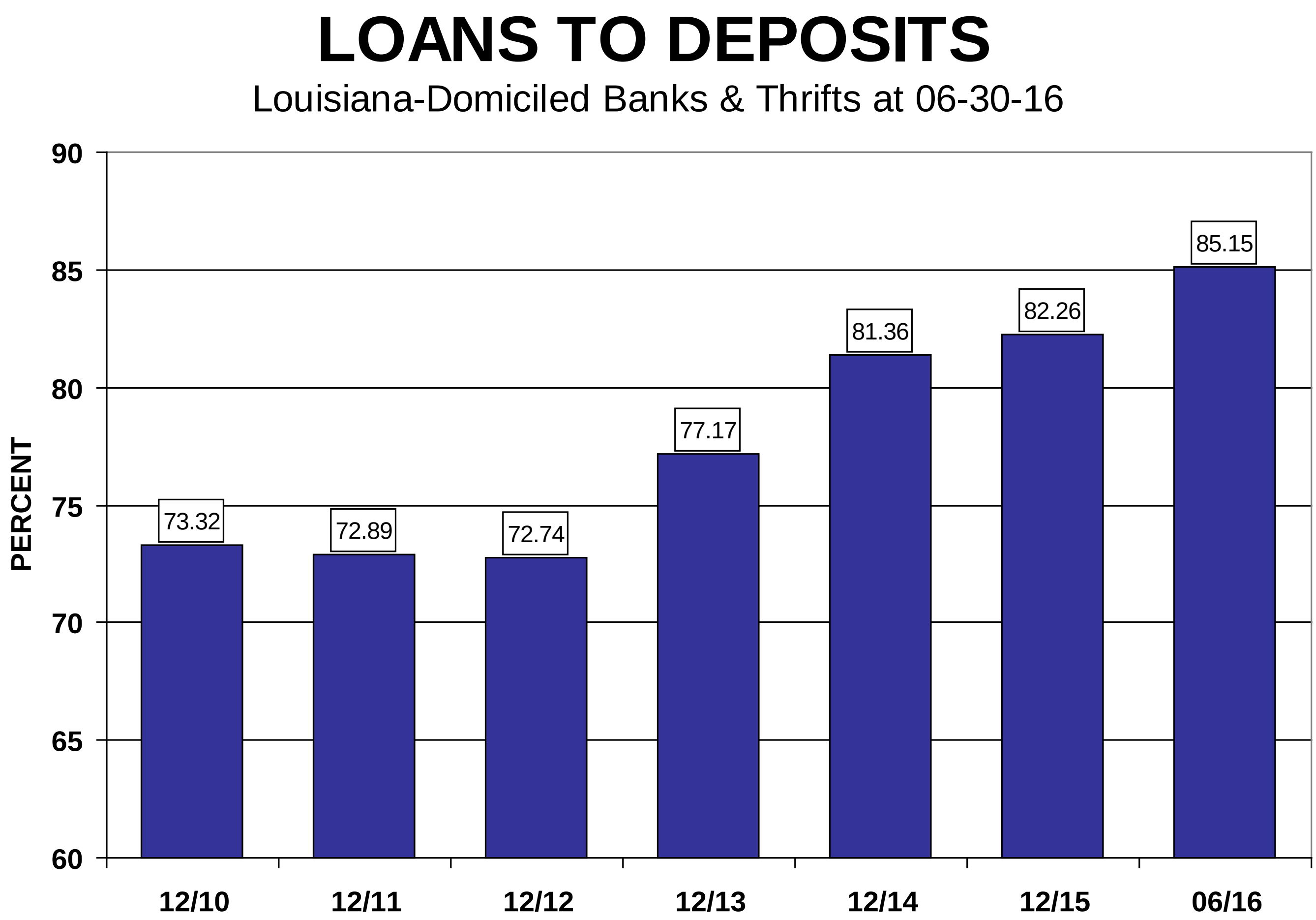

Figure 3

Figure 3 above illustrates the aggregate year-end loan-to-deposit ratio trend since year-end 2010. The ratio of net loans to deposits increased during the second quarter of 2016, from 82.46 percent as of March 31, 2016, to 85.15 percent as of June 30, 2016, as net loans increased and deposits declined.

For Louisiana state-chartered banks and thrifts, the ratio of net loans to deposits increased from 81.71 percent as of March 31, 2016, to 84.42 percent as of June 30, 2016, as net loans increased and deposits declined. For Louisiana-domiciled federally-chartered banks and thrifts, the ratio of net loans to deposits increased from 87.78 percent as of March 31, 2016, to 90.35 percent as of June 30, 2016, as net loans increased and deposits declined.

For all banks and thrifts in the U.S., the ratio of net loans to deposits increased from 70.95 percent as of March 31, 2016, to 71.83 percent as of June 30, 2016, as net loans increased at a faster pace than deposits.

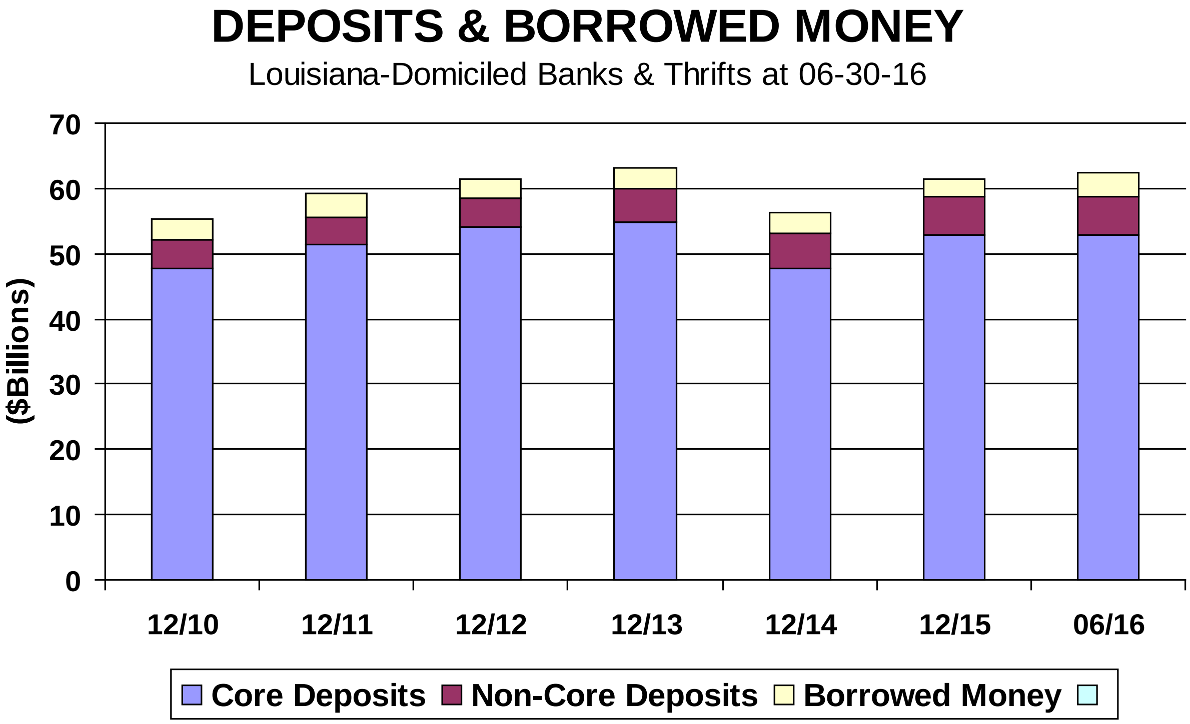

Figure 4

Figure 4 shows the mix of deposits and borrowed money since year-end 2010. Regarding liabilities, total deposits decreased from $59.25 billion as of March 31, 2016, to $58.70 billion as of June 30, 2016, or by 0.93 percent, while borrowed money increased from $3.06 billion as of March 31, 2016, to $3.69 billion as of June 30, 2016, or by 20.38 percent. During the second quarter of 2016, total deposits decreased at both Louisiana state-chartered banks and thrifts and Louisiana-domiciled federally-chartered banks and thrifts. Core deposits also decreased during the second quarter, from $53.46 billion as of March 31, 2016, to $52.92 billion as of June 30, 2016, or by 1.02 percent. During the second quarter of 2016, core deposits decreased at both Louisiana state-chartered banks and thrifts and Louisiana-domiciled federally-chartered banks and thrifts.

As noted previously, borrowed money increased during the second quarter of 2016. At March 31, 2016, borrowed money totaled $3.06 billion and consisted of Federal funds purchased totaling $918 million, Federal Home Loan Bank (FHLB) advances totaling $2.03 billion, and other borrowings totaling $110 million. At June 30, 2016, borrowed money totaled $3.69 billion and consisted of Federal funds purchased totaling $994 million, FHLB advances totaling $2.58 billion, and other borrowings totaling $114 million. Total borrowed money for Louisiana state-chartered banks and thrifts increased by $502 million during the second quarter with an increase in FHLB advances and other borrowed money and a decline in Federal funds purchased. Total borrowed money for Louisiana-domiciled federally-chartered banks and thrifts increased by $122 million during the second quarter with increases in Federal funds purchased and FHLB advances, and a decline in other borrowings.

Non-core deposits also decreased slightly during the second quarter of 2016, although the rounded amounts remained the same. At March 31, 2016, non-core deposits totaled $5.78 billion and consisted of time deposits of $250,000 or more totaling $3.23 billion and brokered deposits under $250,000 totaling $2.55 billion. At June 30, 2016, non-core deposits totaled $5.78 billion and consisted of time deposits of $250,000 or more totaling $3.27 billion and brokered deposits under $250,000 totaling $2.51 billion. During the second quarter, non-core deposits in Louisiana state-chartered banks and thrifts increased by $9 million, with an increase of $59 million in time deposits of $250,000 or more and a decrease of $50 million in brokered deposits under $250,000. During this same period, non-core deposits in Louisiana-domiciled federally-chartered banks and thrifts decreased by $13 million, with a decrease of $25 million in time deposits of $250,000 or more and an increase of $12 million in brokered deposits under $250,000.

During the second quarter of 2016, all banks and thrifts in the U.S. experienced an increase in total deposits, with both core deposits and non-core deposits also increasing. Time deposits over $250,000 saw the biggest increase, followed by brokered deposits of $250,000 and deposits in foreign offices. Borrowed money increased during the second quarter, as FHLB advances and other borrowings increased, while Federal funds purchased declined.

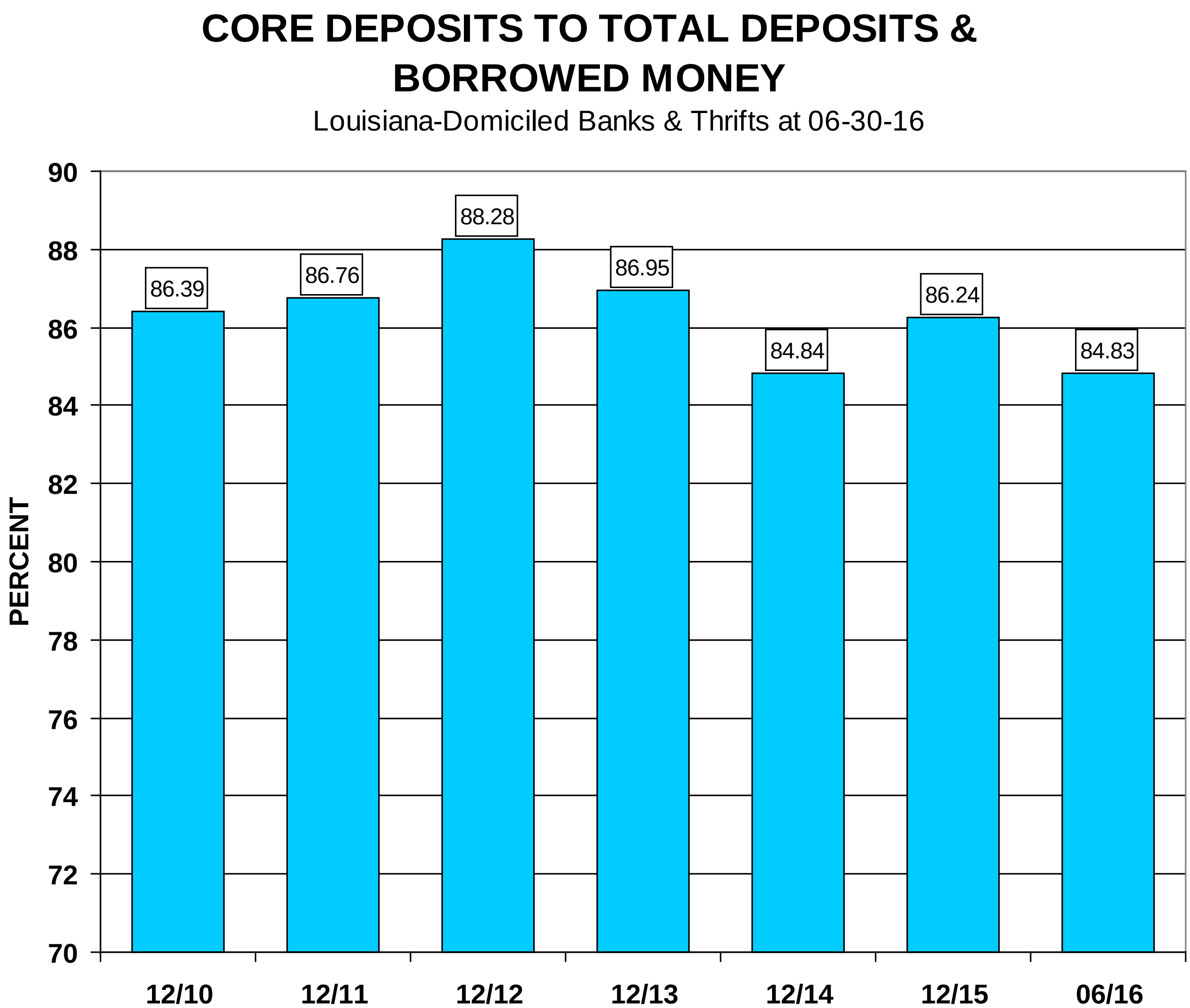

Figure 5

Figure 5 illustrates the trend in the core deposits to total deposits and borrowed money ratio since year-end 2010 and reflect the change in the definition of core deposits based on the increase in the FDIC insurance limit to $250,000 (see note on page 20). The ratio of core deposits to total deposits and borrowed money decreased during the second quarter of 2016, going from 85.80 percent at March 31, 2016, to 84.83 percent at June 30, 2016.

For Louisiana state-chartered banks and thrifts, the ratio of core deposits to total deposits and borrowed money decreased from 85.90 percent as of March 31, 2016, to 84.97 percent as of June 30, 2016. For Louisiana-domiciled federally-chartered banks and thrifts, this ratio decreased from 85.19 percent as of March 31, 2016, to 83.90 percent as of June 30, 2016.

For all banks and thrifts in the U.S., the ratio of core deposits to total deposits and borrowed money decreased from 71.78 percent at March 31, 2016, to 71.41 percent at June 30, 2016.

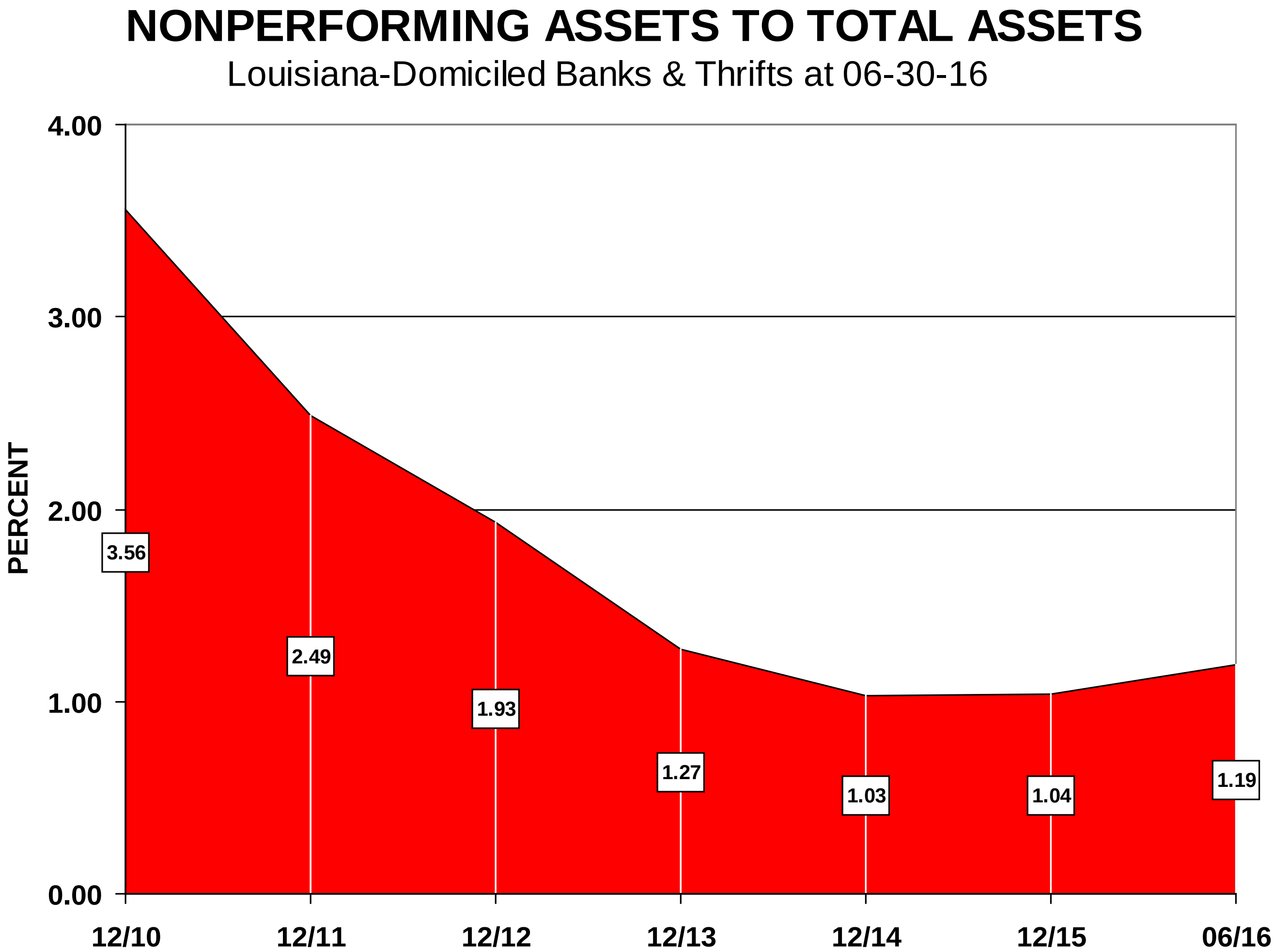

Figure 6

Figure 6 above illustrates the ratio of nonperforming assets to total assets since year-end 2010. From year-end 2010, the ratio, which included assets acquired from out-of-state failed banks, has generally trended downward, with the exception of five quarters, consisting of the first quarter of 2012, the first quarter of 2015, the third quarter of 2015, and the first two quarters of 2016. The increase in the ratio during the first quarter of 2012 was due to a decline in total assets, and the increases in the first and third quarter of 2015 resulted from nonperforming assets increasing at a slightly higher rate than total assets. The ratio increased by 13 and 2 basis points, respectively, in the first and second quarters of 2016, as nonperforming assets, primarily noncurrent loans, have increased at a faster rate than total assets. The level of nonperforming assets, excluding those from the failed out-of-state institutions, declined in all four quarters of 2011, increased in the first quarter of 2012. In the second quarter of 2012, the level declined below the level at year-end 2011 and continued to steadily decline through the first quarter of 2014. Starting with the second quarter of 2014 through the second of 2016, the level of these assets increased, with the only exception occurring in the third quarter of 2014. While the dollar volume of nonperforming assets associated with all the acquisitions of out-of-state failed institutions was available, the dollar volume of total assets was not available. Therefore, the estimated change in the ratio of nonperforming assets to total assets from December 31, 2010, forward, adjusted for these specific assets, was not available.

The volume of nonperforming assets (noncurrent loans as defined below <u>plus</u> other real estate owned (OREO)) increased during the second quarter of 2016, going from $827 million at March 31, 2016, to $849 million at June 30, 2016, an increase of $21 million or 2.57 percent. With the increase, the ratio of nonperforming assets to total assets increased from 1.17 percent at March 31, 2016, to 1.19 percent as of June 30, 2016. Nonperforming assets associated with the acquisition of failed out-of-state institutions totaled $32 million and $37 million at March 31, 2016, and June 30, 2016, respectively. Excluding these assets, the volume of nonperforming assets would increase from $795 million at March 31, 2016, to $812 million at June 30, 2016, an increase of $17 million or by 2.09 percent.

Aggregate noncurrent loans (loans past due 90 days or more and accruing interest plus nonaccrual loans) increased from $708 million at March 31, 2016, to $729 million at June 30, 2016, an increase of $21 million or by 2.96 percent. With this increase, the ratio of noncurrent loans to gross loans increased nominally from 1.43 percent at March 31, 2016, to 1.44 percent at June 30, 2016. Excluding the loans acquired from the out-of-state failed institutions, aggregate noncurrent loans increased from $678 million at March 31, 2016, to $695 million at June 30, 2016, an increase of $17 million or by 2.48 percent. Although the dollar volume of noncurrent loans acquired from the out-of-state failed institutions was available, the dollar volume of gross loans was not available. Therefore, an adjusted ratio of noncurrent loans to gross loans for March 31, 2016, and June 30, 2016, was not available. OREO increased minimally from $119.0 million as of March 31, 2016, to $119.3 million as of June 30, 2016, an increase of $324 thousand or by 0.27 percent. Excluding the OREO that was acquired from the out-of-state failed institutions, OREO decreased minimally, going from $116.9 million at March 31, 2016, to $116.7 million at June 30, 2016, a decrease of $263 thousand or by 0.22 percent.

Figure 7 below illustrates the level of noncurrent loans and OREO for all Louisiana-domiciled banks and thrifts at each year-end since the 2010 period. A**djusted noncurrent loans and adjusted OREO in Figure 7 below are net of the assets obtained from the failed out-of-state institutions acquired in 2009 and 2010.**

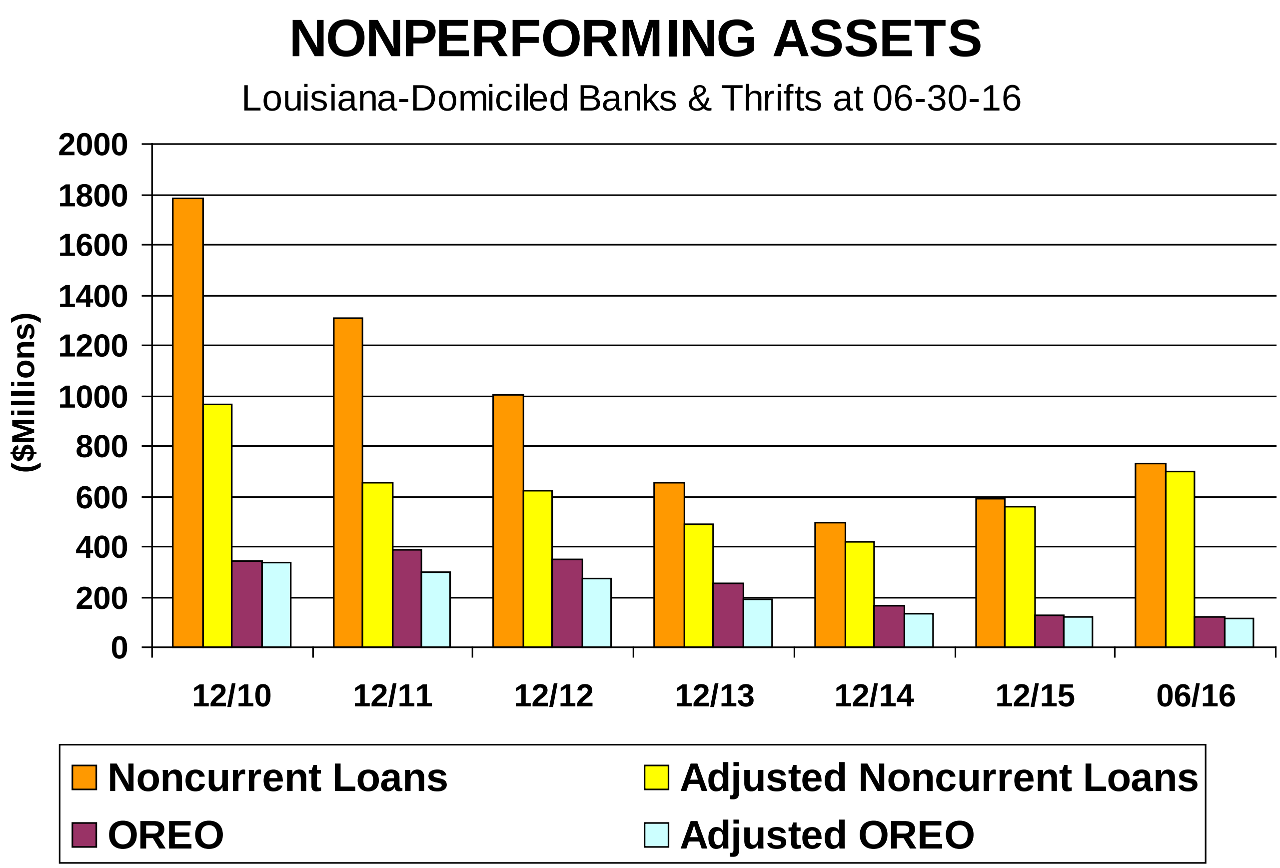

Figure 7

In the second quarter of 2016, for Louisiana state-chartered banks and thrifts, noncurrent loans increased from $591 million to $606 million, and OREO increased from $101 million to $104 million. For Louisiana state-chartered banks and thrifts from March 31, 2016, to June 30, 2016, the ratio of nonperforming assets to total assets increased from 1.12 percent to 1.15 percent, while the ratio of noncurrent loans to gross loans remained the same at 1.38 percent. Excluding the assets acquired from the out-of-state failed institutions, noncurrent loans would still increase from $561 million to $572 million, and OREO would still increase from $99 million to $102 million. As noted previously, assets and gross loans acquired from the out-of-state failed institutions were unavailable. Therefore, it is unknown whether the adjusted ratios would have increased, declined, or stayed the same in both quarters, since gross loans and total assets associated with the out-of-state failed institutions were not available.

In the second quarter, for Louisiana-domiciled federally-chartered banks and thrifts, noncurrent loans increased from $117 million to $123 million, and OREO decreased from $18 million to $15 million. From March 31, 2016, to June 30, 2016, the ratios of nonperforming assets to total assets and noncurrent loans to gross loans for Louisiana-domiciled federally-chartered banks and thrifts increased from 1.45 percent to 1.47 percent and from 1.79 percent to 1.85 percent, respectively. For all commercial banks and thrifts in the U.S., nonperforming assets decreased from March 31, 2016, to June 30, 2016, as both noncurrent loans and OREO decreased. As a result, the ratio of nonperforming assets to total assets decreased from 0.96 percent to 0.91 percent, and the ratio of noncurrent loans to total loans decreased from 1.58 percent to 1.50 percent.

Beginning with the March 31, 2010, Call and Thrift Financial Reports, banks and thrifts began reporting the carrying amount of assets covered by FDIC loss-sharing agreements. Both reports contain information for the following category of assets: covered loans, other real estate owned, debt securities, and other assets. At June 30, 2016, Louisiana-domiciled banks and thrifts reported the carrying amount of loans and OREO covered by FDIC loss-sharing agreements at $215 million and $3 million, respectively, for a total of $218 million. The total carrying amount of these assets represented 0.43 percent of gross loans plus OREO and 0.30 percent of total assets. At March 31, 2016, Louisiana-domiciled banks and thrifts reported the carrying amount of loans and OREO covered by FDIC loss-sharing agreements at $224 million and $2 million, respectively, for a total of $26 million. The total carrying amount of these assets represented 0.46 percent of gross loans plus OREO and 0.32 percent of total assets reported as of this date.

At June 30, 2016, noncurrent loans covered by the FDIC loss-share agreements totaled $36 million, or 5.64 percent of the total noncurrent loans, compared to $31 million, or 7.00 percent of total noncurrent loans, at March 31, 2016. At June 30, 2016, OREO covered by these loss-sharing agreements totaled $3 million, or 9.35 percent of total OREO, compared to $2 million, or 11.15 percent of total OREO, at March 31, 2016.

Beginning with the March 31, 2011, Call and Thrift Financial Reports, banks and thrifts also began reporting the portion of loans and OREO protected by these loss-sharing agreements, which is the amount recoverable from the FDIC on the assets covered by the loss-sharing agreements. At June 30, 2016, the portion of noncurrent loans protected by these loss-sharing agreements totaled $31 million, or 4.24 percent of total noncurrent loans, compared to $27 million, or 3.83 percent of total noncurrent loans, at March 31, 2016. At June 30, 2016, the portion of OREO protected by these loss-sharing agreements totaled $2 million, or 1.83 percent of total OREO, compared to $2 million, or 1.41 percent of total OREO, at March 31, 2016.

For all commercial banks and thrifts in the U.S., the carrying amounts of loans and OREO covered by loss-sharing agreements both declined, representing 0.19 percent and 0.22 percent of gross loans and OREO, respectively, at June 30, 2016, and March 31, 2016. With the carrying of amounts of debt securities and other assets covered by loss-sharing agreements increasing and declining, respectively, the ratio of covered assets to total assets declined to 0.10 percent at June 30, 2016, from 0.12 percent at March 31, 2016.

For all commercial banks and thrifts in the U.S., at June 30, 2016, covered noncurrent loans represented 1.10 percent of total noncurrent loans, compared to 1.17 percent at March 31, 2016. At June 30, 2016, covered OREO represented 3.02 percent of total OREO, compared to 3.37 percent at March 31, 2016. At June 30, 2016, protected noncurrent loans represented 0.92 percent of total noncurrent loans, compared to 0.98 percent at March 31, 2016. At June 30, 2016, protected OREO represented 2.28 percent of total OREO, compared to 2.63 percent at March 31, 2016.

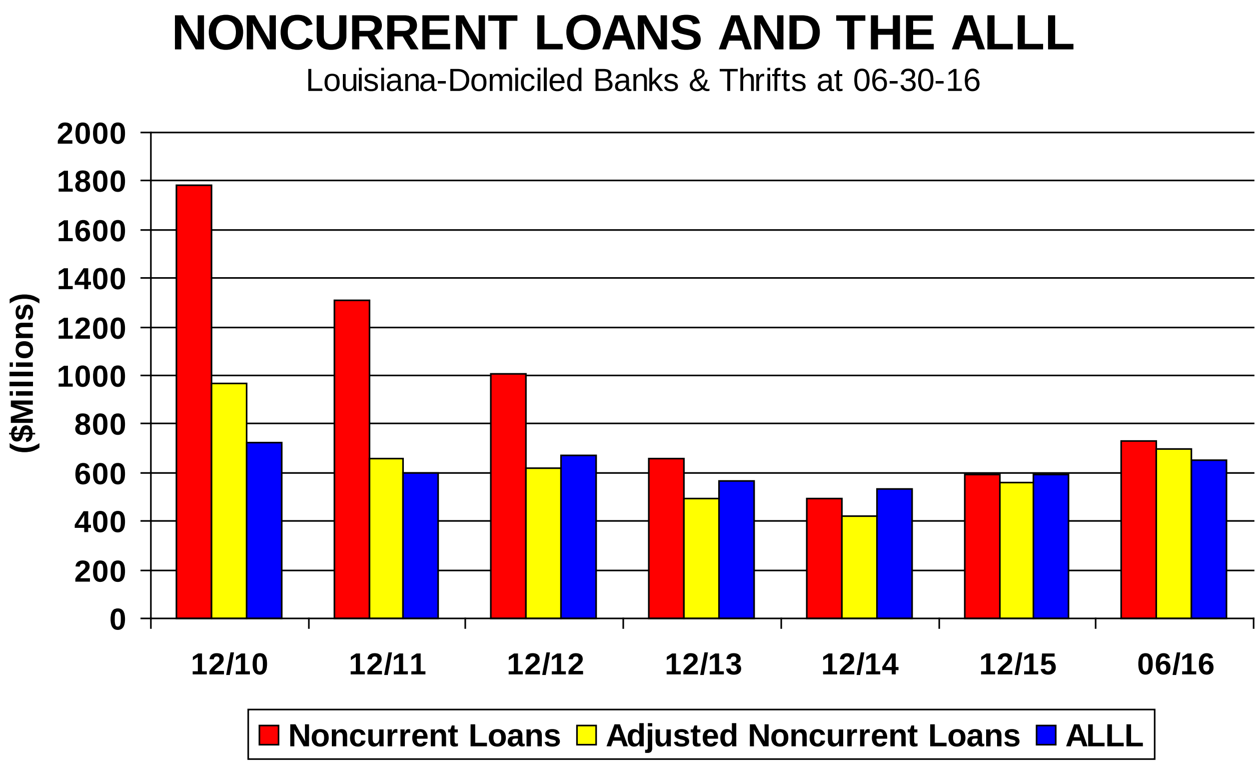

Figure 8

Figure 8 above illustrates the level of the ALLL for Louisiana-domiciled banks and thrifts as compared to the level of noncurrent loans (those loans 90 days or more past due and still accruing interest or on nonaccrual status) since year-end 2010. **Adjusted noncurrent loans are net of those loans acquired from the out-of-state failed institutions in 2009 and 2010.** Institutions are expected to continually review the level of the ALLL to noncurrent loans to ensure that the more severely delinquent loans do not cause the ALLL to fall below the level needed to cover risks in the remainder of the loan portfolio. For the 23 quarters from year-end 2010 through June 30, 2016, noncurrent loans exceeded the ALLL for 17 quarters, the ALLL exceeded noncurrent loans for 5 quarters, and noncurrent loans and the ALLL were essentially the same for 1 quarter.

For Louisiana state-chartered banks and thrifts, in the 23 quarters from year-end 2010 through June 30, 2016, noncurrent loans exceeded the ALLL for 16 quarters, while the ALLL exceeded noncurrent loans for the remaining 7 quarters. For Louisiana-domiciled federally-chartered banks and thrifts, in the 23 quarters from year-end 2010 through June 30, 2016, noncurrent loans exceeded the ALLL for 21 quarters, while the ALLL exceeded noncurrent loans for the remaining 2 quarters.

For all banks and thrifts in the U. S., the level of noncurrent loans exceeded the level of the ALLL for the 23 quarters from year-end 2010 through June 30, 2016.

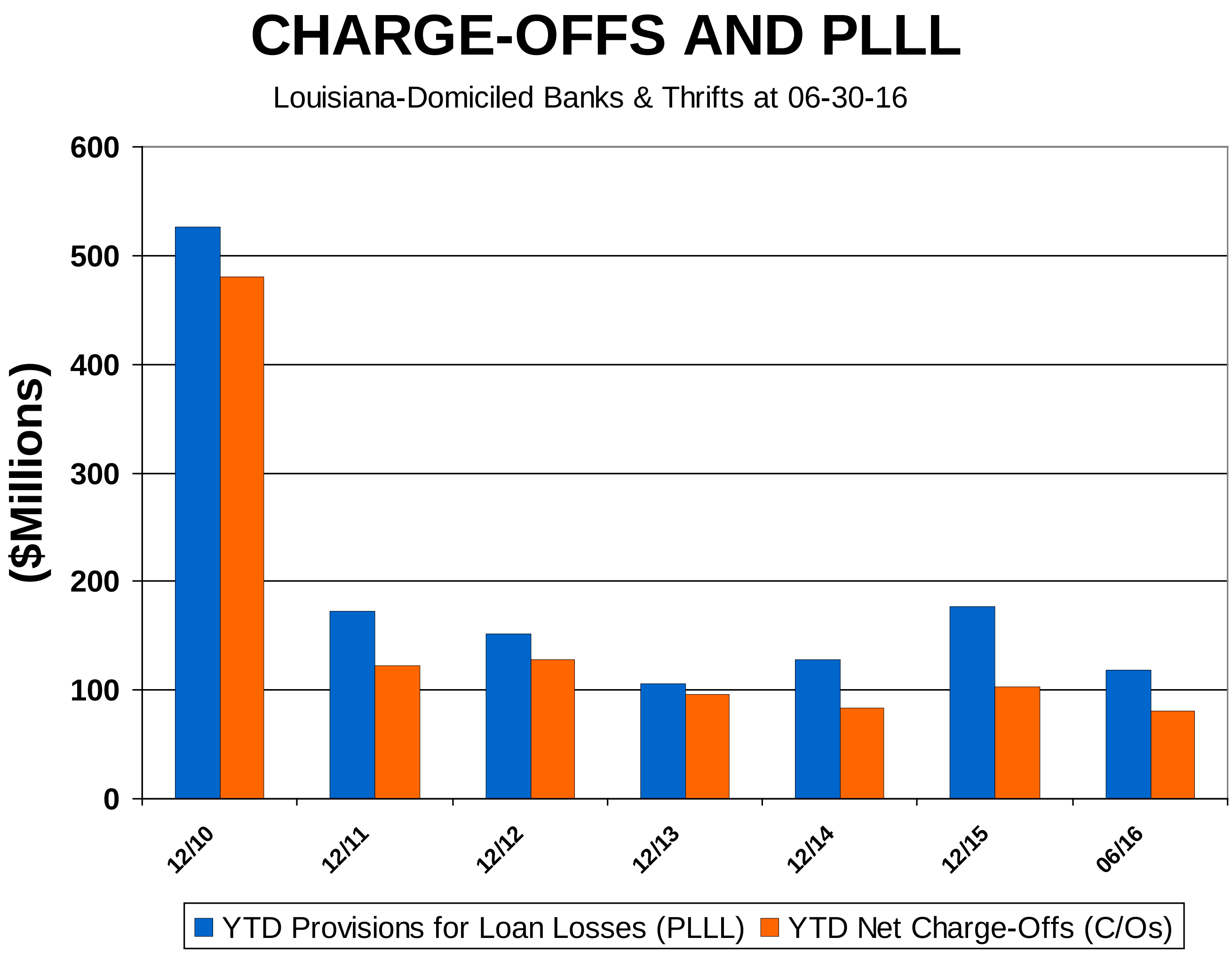

Figure 9

Figure 9 above illustrates the level of year-to-date provisions for loan and lease losses (PLLL) and net charge-offs for all Louisiana-domiciled banks and thrifts since year-end 2010. The chart shows that PLLLs have exceeded net charge-offs for each year-end plus the current quarter-end for Louisiana-domiciled banks and thrifts.

For Louisiana-domiciled banks and thrifts, net charge-offs recognized in the second quarter of 2016 totaled $45 million, an increase from the $36 million in the first quarter of 2016. As a result, the annualized net charge-off ratio for the quarter ending June 30, 2016, based on quarterly charge-offs, increased to 0.36 percent, from 0.29 percent for the quarter ending March 31, 2016. Based on net charge-offs for year-to-date 2016 reported at $81 million, the year-to-date ratio of net charge-offs to total loans increased to 0.33 percent at June 30, 2016, from 0.29 percent at March 31, 2016. For the calendar years 2015, 2014, 2013, and 2012, net charge-offs totaled $104 million, $83 million, $95 million, and $128 million, respectively, with the net charge-off ratios for the year at 0.22 percent, 0.20 percent, 0.21 percent, and 0.31 percent, respectively.

From March 31, 2016, to June 30, 2016, quarterly net charge-offs increased from $34 million to $43 million for Louisiana state-chartered banks and thrifts. For these institutions, the annualized net charge-off ratio, based on quarterly charge-offs, increased from 0.32 percent to 0.39 percent. Based on net charge-offs of $77 million for year-to-date 2016, the year-to-date net charge-off ratio also increased from 0.32 percent at March 31, 2016, to 0.36 percent at June 30, 2016. In comparison, net charge-offs totaled $95 million, $75 million, $84 million, and $115 million for the calendar years 2015, 2014, 2013, and 2012, respectively. For the calendar years 2015, 2014, 2013, and 2012, the net charge-off ratios for the year were 0.24 percent, 0.21 percent, 0.22 percent, and 0.32 percent, respectively.

From March 31, 2016, to June 30, 2016, quarterly net charge-offs remained at approximately $2 million for Louisiana-domiciled federally-chartered banks and thrifts. However, these institutions saw the annualized net charge-off ratio, based on quarterly net charge-offs, increase from 0.11 percent to 0.14 percent. Based on net charge-offs of $4 million for year-to-date 2016, the year-to-date net charge-off ratio increased from 0.11 percent at March 31, 2016, to 0.13 percent at June 30, 2016. In comparison, net charge-offs totaled $9 million, $8 million, $13 million, and $17 million for the calendar years 2015, 2014, 2013, and 2012, respectively. For the calendar years 2015, 2014, 2013, and 2012, the net charge-off ratios for the year were 0.15 percent, 0.14 percent, 0.21 percent, and 0.26 percent, respectively.

For Louisiana-domiciled banks and thrifts, loan loss reserves increased to $649 million at June 30, 2016, from $625 million at March 31, 2016, and the ratio of loan loss reserves to total loans increased to 1.28 percent at June 30, 2016, from 1.26 percent at March 31, 2016. This ratio (loan loss reserves to total loans), for each year-end since 2010, is as follows: 1.85 percent as of December 31, 2010; 1.44 percent as of December 31, 2011; 1.55 as of December 31, 2012; 1.21 percent as of December 31, 2013; 1.23 percent as of December 31, 2014; and 1.21 percent as of December 31, 2015.

For Louisiana-domiciled banks and thrifts, loan loss provisions totaled $72 million during the first quarter of 2016, or 0.41 percent of average assets, as compared to $47 million during the second quarter of 2016, or 0.27 percent of average assets. For the calendar years 2015, 2014, 2013, and 2012, loan loss provisions totaled $176 million, $128 million, $105 million, and $151 million, respectively.

For Louisiana state-chartered banks and thrifts, loan loss reserves totaled $561 million at June 30, 2016, an increase from $540 million at March 31, 2016. The ratio of loan loss reserves to total loans increased to 1.28 percent at June 30, 2016, from 1.26 percent at March 31, 2016. Loan loss provisions in the second quarter totaled $42 million, a decrease from $66 million in the first quarter. For the calendar years 2015, 2014, 2013, and 2012, loan loss provisions totaled $95 million, $114 million, $93 million, and $136 million, respectively.

For Louisiana-domiciled federally-chartered banks and thrifts, loan loss reserves increased to $87 million at June 30, 2016, from $85 million at March 31, 2016. As a result, the ratio of loan loss reserves to total loans increased slightly to 1.31 percent at June 30, 2016, from 1.30 percent at March 31, 2016. Loan loss provisions for the second quarter totaled $5 million, a decrease from $6 million in the first quarter. For the calendar years 2015, 2014, 2013, and 2012, loan loss provisions totaled $25 million, $14 million, $13 million, and $15 million, respectively.

For all banks and thrifts in the U.S., net charge-offs recognized in the second quarter of 2016 totaled $10.11 billion, a slight decrease from the $10.13 billion in the first quarter of 2015. As a result, the annualized net charge-off ratio, based on quarterly charge-offs, was 0.45 percent for the quarter ending June 30, 2016, a slight decrease from 0.46 percent for the quarter ending March 31, 2016. Net charge-offs for year-to-date 2016 totaled $20.24 billion, and the year-to-date net charge-off ratio decreased slightly to 0.45 percent as of June 30, 2016, from 0.46 percent as of March 31, 2016. For the calendar years 2015, 2014, 2013, and 2012, net charge-offs totaled $37.13 billion, $39.49 billion, $53.22 billion, and $82.22 billion, respectively, with YTD net charge-off ratios of 0.44 percent, 0.49 percent, 0.69 percent, and 1.10 percent, respectively.

For all banks and thrifts in the U.S., loan loss reserves increased to $121.68 billion at June 30, 2016, from $120.66 billion at March 31, 2016. As a result of loan growth, the ratio of loan loss reserves to total loans declined to 1.33 percent at June 30, 2016, from 1.35 percent at March 31, 2016. Loan loss provisions for the second quarter totaled $11.76 billion, a decrease from $12.53 billion during the first quarter. For the calendar years 2015, 2014, 2013, and 2012, loan loss provisions totaled $36.97 billion, $29.74 billion, $32.45 billion, and $58.24 billion, respectively.

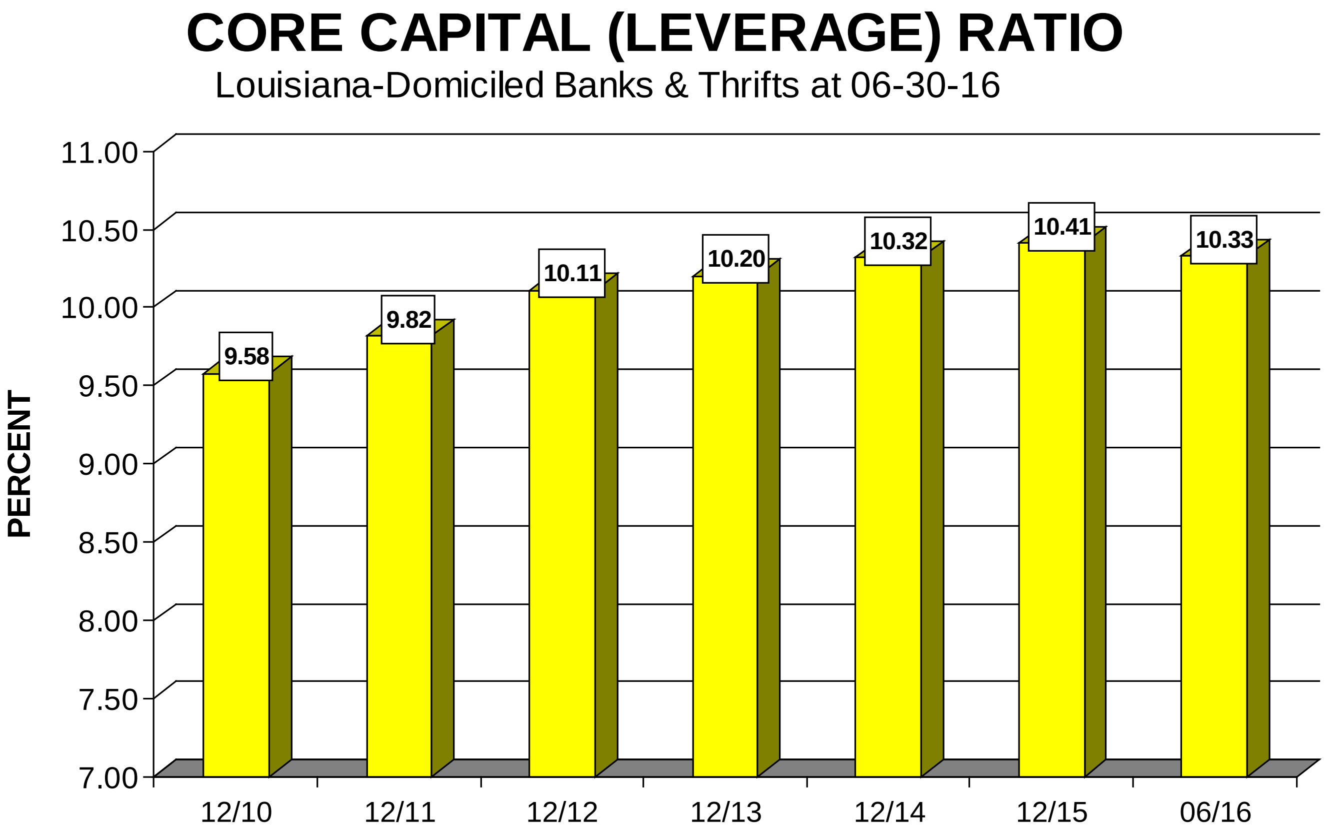

Figure 10

Figure 10 above illustrates the trend in the Tier 1 (core) capital ratio since year-end 2010. As Figure 10 above shows, the Core capital (leverage) ratio at June 30, 2016, decreased by 8 basis points from the ratio reported at December 31, 2015. During the second quarter, the Core capital (leverage) ratio also decreased from 10.41 percent at March 31, 2016, to 10.33 percent at June 30, 2016. During the second quarter of 2016, Tier 1 (core) capital increased at a slower pace than quarterly average assets during that same time period, going from $7.22 billion at March 31, 2016, to $7.23 billion at June 30, 2016. Louisiana-domiciled banks and thrifts paid dividends of $60 million in the second quarter of 2016, compared to dividends of $49 million in the first quarter.

During the second quarter of 2016, Tier 1 (core) capital decreased by $4 million in Louisiana state-chartered banks and thrifts. With this decrease, combined with an increase in quarterly average assets, the Core capital (leverage) ratio decreased from 10.25 percent to 10.15 percent. In addition, dividends paid by Louisiana state-chartered banks and thrifts during the second quarter increased by $14 million from the level paid in the first quarter. During the second quarter of 2016, Tier 1 (core) capital increased by $17 million in Louisiana-domiciled federally-chartered banks and thrifts, and as a result, their Core capital (leverage) ratio increased from 11.43 percent to 11.55 percent with a lesser increase in quarterly average assets. Dividends paid by Louisiana-domiciled federally-chartered banks and thrifts during the second quarter decreased by $2 million over the level paid in the first quarter.

For all banks and thrifts in the U.S., Tier 1 (core) capital increased during the second quarter of 2016. With a slightly higher increase in quarterly average assets, the Core capital (leverage) ratio decreased slightly from 9.61 percent at March 31, 2016, to 9.57 percent at June 30, 2016. Cash dividends paid by these banks and thrifts in the second quarter of 2016 increased by $2.50 billion over the level paid during the first quarter of 2016.

At June 30, 2016, there were 55 state-chartered banks and thrifts and 7 national banks and federally-chartered thrifts, or approximately 47 percent, of the 131 Louisiana-domiciled banks and thrifts, that had elected tax treatment as a Subchapter S corporation, as compared to approximately 34 percent of all banks and thrifts in the U.S.

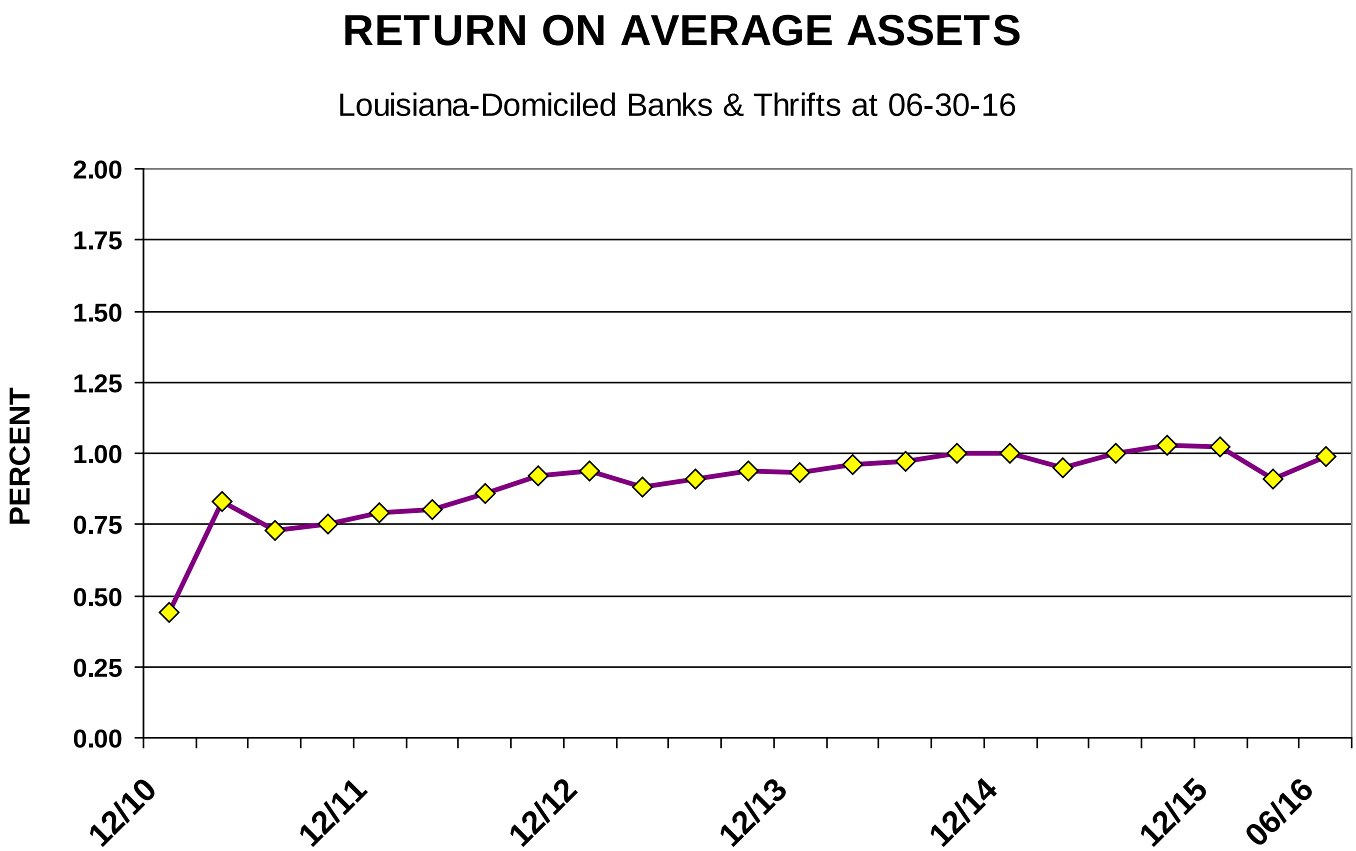

Figure 11

Figure 11 above reflects the annualized year-to-date ROAA for all Louisiana banks and thrifts since year-end 2010. Earnings for the second quarter of 2016 increased from the previous quarter. Net income for the second quarter of 2016 totaled $189.34 million, for a return on average assets (ROAA) of 1.06 percent annualized, as compared to net income for first quarter of 2016, which totaled $160.09 million, or an ROAA of 0.91 percent annualized. In the second quarter, net interest income increased, and an increase in noninterest income and reduced loan loss provisions offset an increase in noninterest expenses. As shown in the chart above, the YTD ROAA increased slightly from 0.91 percent at March 31, 2016, to 0.99 percent at June 30, 2016. At both March 31, 2016, and June 30, 2016, there were three Louisiana-domiciled banks and thrifts that reported YTD net operating losses, with two of the same banks reporting losses at both periods. At June 30, 2016, the percentage of unprofitable Louisiana-domiciled banks and thrifts was 2.29 percent, while the nationwide percentage was 4.29 percent. At June 30, 2016, approximately 55 percent of Louisiana-domiciled banks and thrifts saw earnings increase over the same time period in 2014, compared to approximately 62 percent nationwide.

For the second quarter of 2016, all banks and thrifts in the U.S. reported net income of $43.60 billion, for an annualized ROAA of 1.06 percent, as compared to net income of $39.05 billion, for an annualized ROAA of 0.97 percent for the first quarter of 2016. Higher noninterest income was the primary reason for the increase in net income, with net interest income increasing, loan loss provisions declining, and noninterest expense remaining at essentially the same level. With the increase in net income in the second quarter, the annualized ROAA for year-to-date 2016 increased from 0.97 percent at March 31, 2016, to 1.02 percent at June 30, 2016.

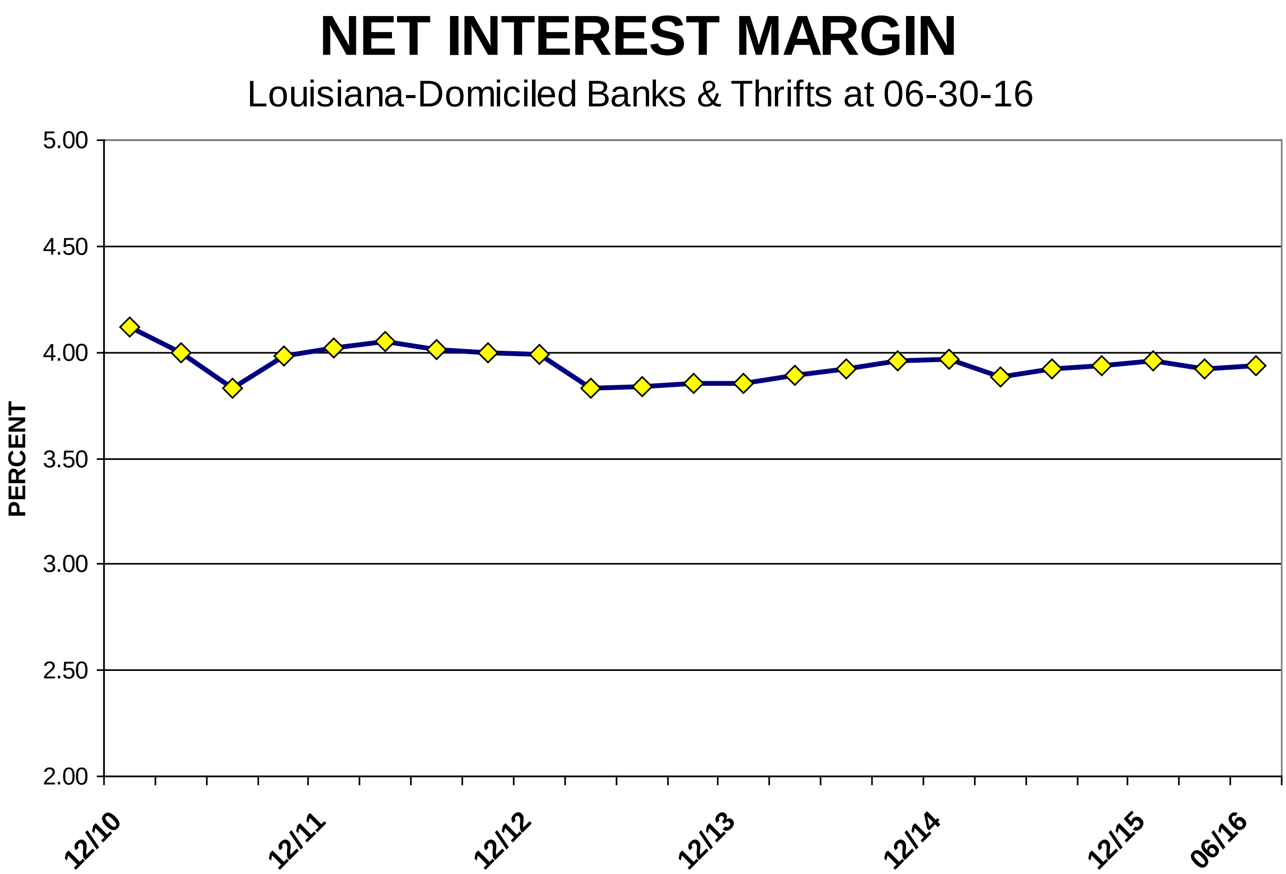

Figure 12

Figure 12 above reflects the annualized YTD net interest margin for all Louisiana banks and thrifts since year-end 2010. The net interest margin for all Louisiana-domiciled banks and thrifts increased nominally from 3.92 percent at March 31, 2016, to 3.94 percent at June 30, 2016. The aggregate yield on earning assets increased from 4.39 percent to 4.42 percent, while the cost of funds increased from 0.47 percent to 0.48 percent.

During the second quarter of 2016, the net interest margin for Louisiana state-chartered banks and thrifts increased from 3.91 percent to 3.94 percent, while the net interest margin for Louisiana-domiciled federally-chartered banks and thrifts increased from 3.98 percent to 3.99 percent. The yield on earning assets increased from 4.40 percent to 4.43 percent for Louisiana state-chartered banks and thrifts and from 4.38 percent to 4.39 percent for Louisiana-domiciled federally-chartered banks and thrifts. The cost of funds for Louisiana state-chartered banks and thrifts increased from 0.48 percent to 0.49 percent, while the cost of funds for and Louisiana-domiciled federally-chartered banks and thrifts remained the same at 0.40 percent.

For all banks and thrifts in the U.S., the net interest margin remained at 3.10 percent at March 31, 2016, and at June 30, 2016. During the same time frame, the yield on earning assets remained at 3.45 percent, while the cost of funds increased from 0.35 percent to 0.36 percent.

INDUSTRY CONSOLIDATION

Louisiana-Domiciled Banks & Thrifts at 06-30-16

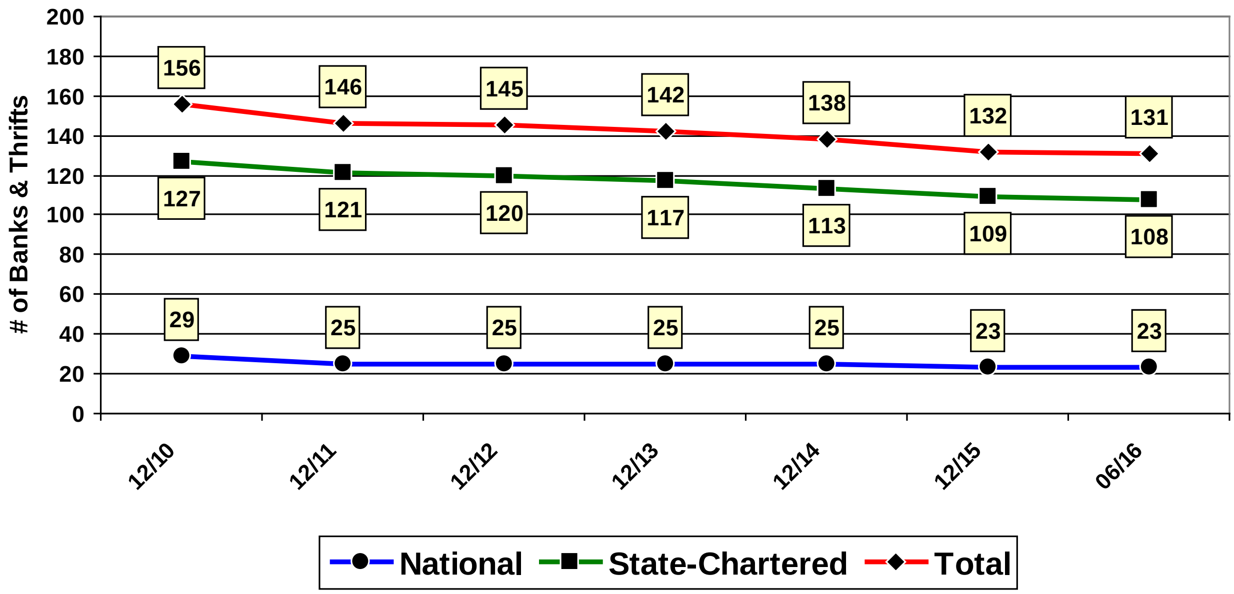

Figure 13

MERGERS AND ACQUISITIONS

Figure 13 above reflects the number of Louisiana-domiciled bank and thrifts since year-end 2010. The merger of two state-chartered banks, which was announced in the third quarter of 2015, occurred in the first quarter of 2016. During the second quarter, one state-chartered bank entered into a purchase and assumption agreement for certain assets and liabilities, respectively, with another state-chartered bank. The purchase and assumption occurred in the third quarter, and the latter bank will undergo a voluntary liquidation to cease operations after that. The previously announced merger transaction of a Louisiana state-chartered bank with and into an out-of-state bank remains in place but has been further delayed.

As of June 30, 2016, there were 131 banks and thrifts domiciled in Louisiana. This included 108 state-chartered banks and thrifts, which represents 82 percent of the total number of Louisiana-domiciled banks and thrifts. As Figure 13 above illustrates, since December 31, 2010, the total number of Louisiana-domiciled banks and thrifts has decreased from 156 to 131, or by 16.03 percent. In Louisiana, we experienced one bank failure in both 2010 and 2011. During the first and second quarters of 2016, there was no de novo institutions chartered nationwide, with only one each chartered in 2015 and 2013 and two in 2010), including one Louisiana state-chartered institution that opened on July 26, 2010. Nationwide, the number of banks and thrifts declined from 6,122 as of March 31, 2016, to 6,058 as of June 30, 2016, or by 64 institutions during the second quarter. During the second quarter of 2016, there were two bank/thrift failures, compared to one failure in the first quarter of 2016. During 2015, there were a total of 8 failures, compared to totals of 18, 24, and 51 failures, in 2014, 2013, and 2012, respectively.

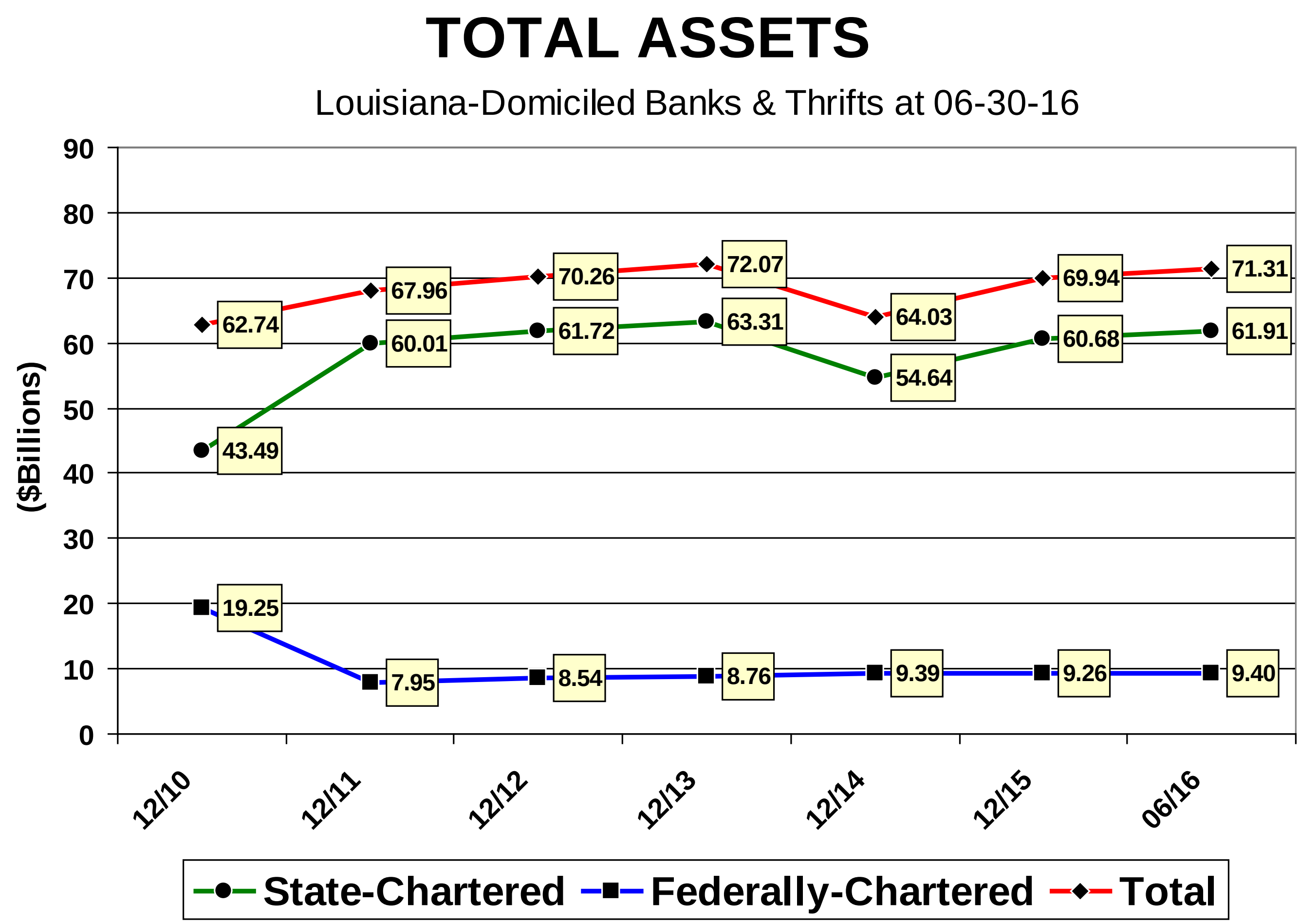

Figure 14

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 2010 plus the current quarter-end. Total assets for all Louisiana-domiciled banks and thrifts increased from $71.12 billion at March 31, 2016, to $71.31 billion at June 30, 2016, or by 0.27 percent. Total assets in Louisiana-domiciled banks and thrifts have grown for 18 of the past 22 quarters, despite some industry consolidation since year-end 2010. As noted above, total assets grew in the second quarter of 2016.

At June 30, 2016, Louisiana state-chartered banks and thrifts held assets totaling $61.92 billion, or 86.82 percent of the Louisiana banking industry's $71.31 billion in total assets.

Total assets for all banks and thrifts in the U.S. increased from $16.29 trillion at March 31, 2016, to $16.53 trillion at June 30, 2016, and the number of banks and thrifts declined as noted previously.

BANK AND THRIFT SUMMARY AT JUNE 30, 2016

During the second quarter of 2016, the overall financial condition of Louisiana-domiciled banks and thrifts remained sound, with solid capital levels, positive earnings, sufficient liquidity to fund loan demand and cover deposit withdrawals, and a slight decline in asset quality. The second quarter of 2016 saw a modest increase in total assets and Tier 1 (core) capital but a decline in deposits. During the second quarter, core deposits as a percent of total deposits and borrowed money decreased from the prior quarter, primarily due to a decline in core deposits and an increase in borrowed money that was higher than the decline in non-core deposits. Earnings increased during the second quarter, as increases in net interest income and noninterest income and a decline in provisions for loan and lease losses offset an increase in noninterest expenses. With the Tier 1 (core) capital increasing at a lower rate than quarterly average assets, the Core capital (leverage) ratio decreased during the second quarter; however, capital ratios remain well above minimum regulatory requirements. While remaining stable, asset quality showed some signs of slippage. During the second quarter of 2016, the dollar volume of nonperforming assets continued to increase, even when assets associated with the acquisition of the out-of-state failed institutions were excluded, and the ratio of nonperforming assets and noncurrent loans both increase. The net charge-off ratio increased during the second quarter and was 14 basis points above the level reported at the same time period in the prior year. State and federal regulatory agencies will continue to closely monitor the impact of volatile energy prices on asset quality, earnings performance, and capital adequacy. Exposure to interest rate risk, cyber security threats, and asset/liability concentrations (including energy-related and commercial real estate loans) will also remain high priorities to state and federal regulators.

BANK AND THRIFT LAGNIAPPE

- At June 30, 2016, the breakdown of **all** Louisiana-domiciled **banks & thrifts** by asset size is as follows:

Asset Size	Number	No. %	Total Assets *	TA %
Assets < $100 Million	24	18	$1,558,712	2
Assets $100 Million to $300 Million	61	46	11,261,135	16
Assets $300 Million to $500 Million	18	14	6,619,731	9
Assets $500 Million to $1 Billion	17	13	11,719,840	17
Assets $1 Billion to $10 Billion	10	8	20,077,945	28
Assets > $10 Billion	1	1	20,077,537	28
TOTAL ASSETS	131	100	$71,314,900	100

- At June 30, 2016, the breakdown of Louisiana **state-chartered banks & thrifts** by asset size is as follows:

Asset Size	Number	No. %	Total Assets *	TA %
Assets < $100 Million	18	17	$1,167,597	2
Assets $100 Million to $300 Million	52	48	9,382,180	15
Assets $300 Million to $500 Million	15	14	5,485,105	9
Assets $500 Million to $1 Billion	14	13	9,192,240	15
Assets $1 Billion to $10 Billion	8	7	16,611,281	27
Assets > $10 Billion	1	1	20,077,537	32
TOTAL ASSETS	108	100	$61,915,940	100

- At June 30, 2016, the breakdown of Louisiana-domiciled **federally-chartered banks & thrifts** by asset size is as follows:

Asset Size	Number	No. %	Total Assets *	TA %
Assets < $100 Million	6	26	391,115	4
Assets $100 Million to $300 Million	9	39	1,878,955	20
Assets $300 Million to $500 Million	3	13	1,134,626	12
Assets $500 Million to $1 Billion	3	13	2,527,600	27
Assets $1 Billion to $10 Billion	2	9	3,466,664	37
TOTAL ASSETS	23	100	9,398,960	100

* Thousands

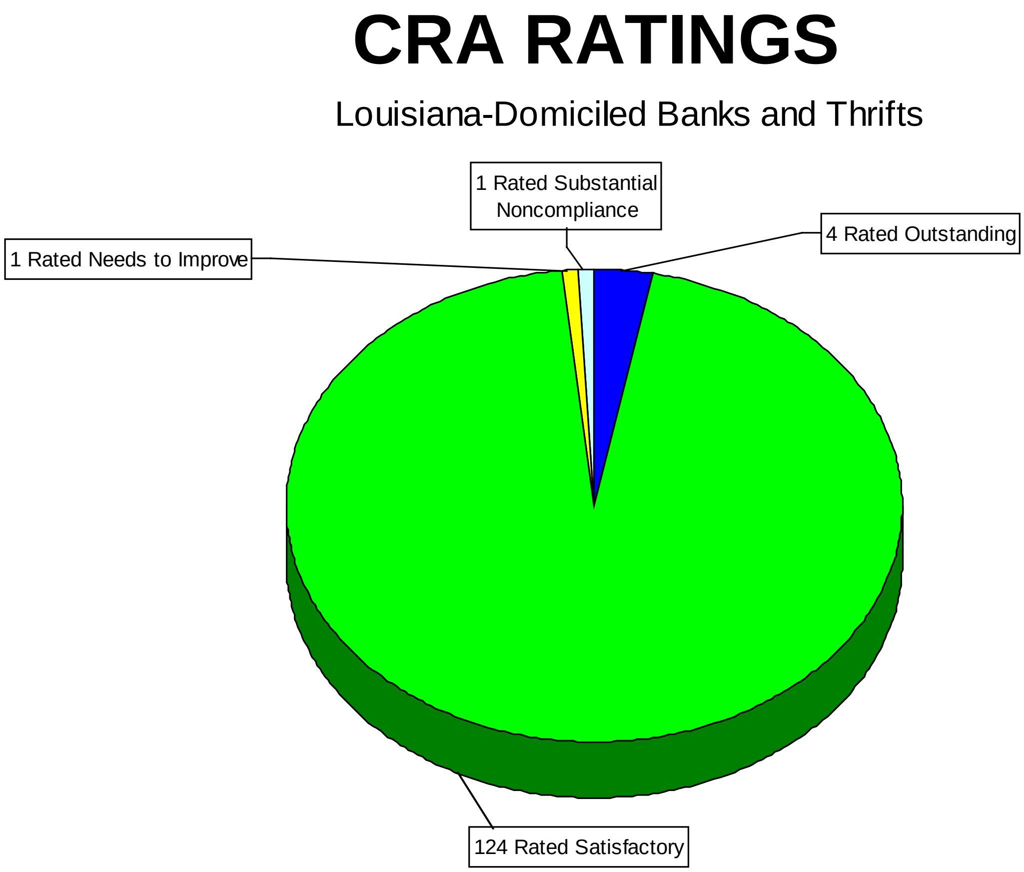

Figure 15

(Note: The above chart does not include a Louisiana-domiciled bankers' bank, since CRA ratings are not applicable. The above chart reflects all ratings issued through June 30, 2016.)

As demonstrated, Louisiana-domiciled banks and thrifts continue to work aggressively to meet the requirements of the Community Reinvestment Act. All but two of the Louisiana-domiciled banks and thrifts that received a CRA rating were rated Satisfactory or better at their last CRA examination. During the first half of 20165, the only change in the above chart relates to the previously mentioned merger of one institution, which had a Satisfactory CRA rating at the time of its merger.

All financial information contained within this report was obtained from the Institution Directory and Statistics on Depository Institutions(SDI) 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. During preparation of the report, it was noted that some year-end ratios had changed. To the extent possible, the changes to the year-end ratios are reflected in the various charts and graphs within this report.

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 banks and thrifts in their quarterly financial reports (Call Reports and Thrift Financial Reports).

Page 1 Note: *Information gathered from the SDI section of the FDIC website is based on the Standard Peer Group selection. In using this selection, the ratios available on the Performance and Conditions Ratios report and others are based on a weighted average of all the ratios within the selected peer group, which are the same ratios used in the FDIC's Quarterly Banking Profile. However, the weighted average ratios place more emphasis on the ratios of the larger banks and thrifts within the peer group and may slant ratios based on the performance of these larger institutions. With the Standard Peer Group selection, the reports only allow you to view weighted average ratios.*

By changing to a Custom Peer Group, SDI allows you to look at the ratios on the Performance and Conditions Ratios report based on selections other than weighted average, with the selections being maximum, minimum, non-weighted average, and median. Based on the Custom Peer Group with non-weighted averages, which is a straight average of all the ratios in the selected peer group, all of the ratios shown in the chart on Page 1 for Louisiana-domiciled would change somewhat. However, there are several ratios that would show positive changes including: Yield on Earning Assets, Cost of Funds, Net Interest Margin, Return on Average Assets, Net Charge-Offs, and Tier 1 Leverage Capital. For banks and thrifts in the U.S., most of these same ratios would also show a positive change.

Based on a non-weighted average, the ROAA for Louisiana-domiciled banks and thrifts for the YTD period ending June 30, 2016, is 1.30 percent, while the ROAA for U. S. banks and thrifts for the YTD period ending June 30, 2016, is 1.05 percent. In addition, the ratios of nonperforming assets to total assets and noncurrent loans to gross loans for Louisiana-domiciled banks and thrifts would increase by 5 basis point and 11 basis points, respectively. The non-weighted nonperforming asset ratio increases for U.S. banks and thrifts, and the gap between the ratios for LA and the U.S. is cut in half from that shown by the ratios in the chart on page 1 of this Report. However, the non-weighted noncurrent loan ratio for Louisiana-domiciled banks and thrifts would exceed the ratio for U. S. banks and thrifts by 37 basis points, compared to 6 basis points below the ratios shown on the chart on page 1 of this Report.

Pages 5 and 6 (Figures 4 and 5) Note: *The signature of the Dodd-Frank Act in July 2010 impacted the information contained in the narrative and charts related to discussion of core deposits. While the insurance limit was increased upon signature of the act, the definition of core deposits was not changed until a later date. As a result, the December 31, 2010, report contained the same charts that used the old definition since it was not changed at the time the report was issued. However, the charts on these two pages in the current report reflect the information based on the new definition of core deposits.*