

FDIC State Profile

FALL 2003

Louisiana

Employment in Louisiana remained weak during second quarter 2003.

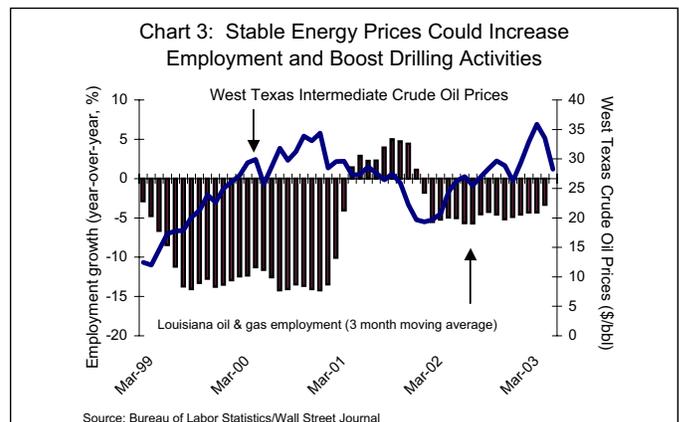
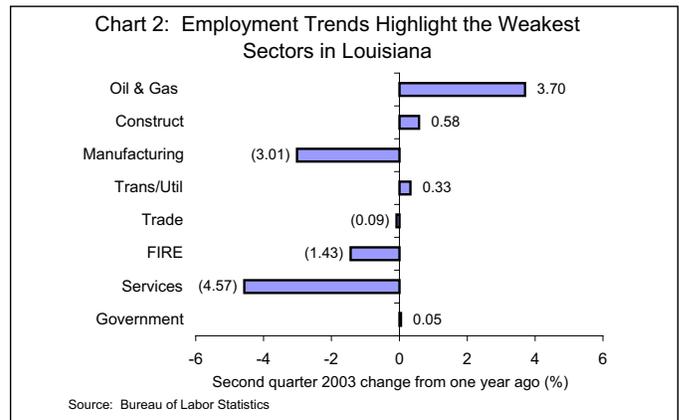
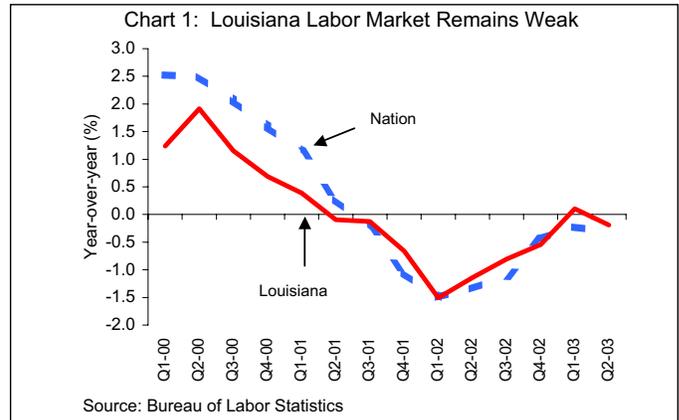
- Employment declined steadily in Louisiana during the past two years¹ (see Chart 1). The job losses occurred in most sectors, with the notable exceptions of lodging establishments and health services. Going forward, continued weakness in the national economy may constrain growth in certain sectors.
- The greatest employment declines in second quarter 2003 occurred in the services, manufacturing, and financial, insurance and real estate (FIRE) sectors (see Chart 2). In contrast, employment in the oil and gas and construction industries expanded moderately on a year-over-year basis.
- Economic weakness and rising healthcare costs are contributing significantly to an expanding state budget deficit. Enactment of a \$20 billion federal aid package for the states may help to forestall layoffs in the state and local government sectors as a means of balancing the budget. State and local government employment in Louisiana represented 18.1 percent of total employment in second quarter 2003.

Employment in the Louisiana tourism industry continues to recover from post 9/11 losses.

- Employment in the leisure and hospitality sector, a proxy for the state's tourism industry, recouped almost all of the jobs lost after September 11, 2001, during the four quarters ending in second quarter 2003. This sector includes over one in ten jobs in Louisiana; ongoing weakness in the state and national economies may impede further near-term improvement.

Employment in the Louisiana oil and gas sector may benefit from stable energy prices.

- The contribution of the energy sector has declined from almost 33 percent of gross state product in 1981 to around 19 percent as of year-end 2001 (most recent data available). Employees in this sector traditionally have been paid more than employees in other industries; as a result, even modest changes in the energy sector have a significant affect on personal income in areas concentrated in this sector. Employment levels in the sector typically rise when oil prices exceed a mid-twenty dollar per barrel price point and contract below that level. The Organization of the Petroleum Exporting Countries (OPEC) has expressed a desire to maintain prices at or above \$25 per barrel, and has achieved that goal since early 2002 (see Chart 3).



¹ Job growth measured on a year-over-year basis. Employment improved modestly (0.1 percent) during first quarter 2003.

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Asset quality weakness remains a concern.

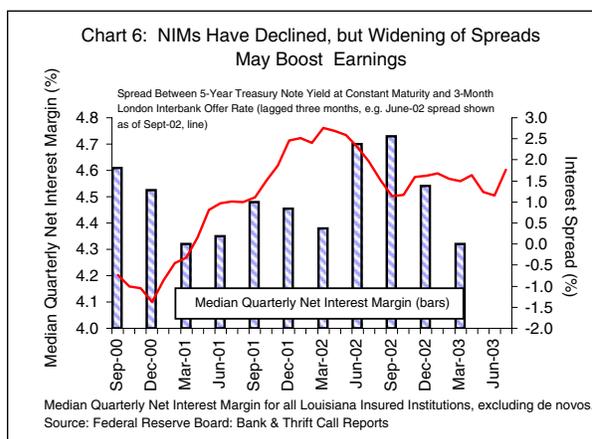
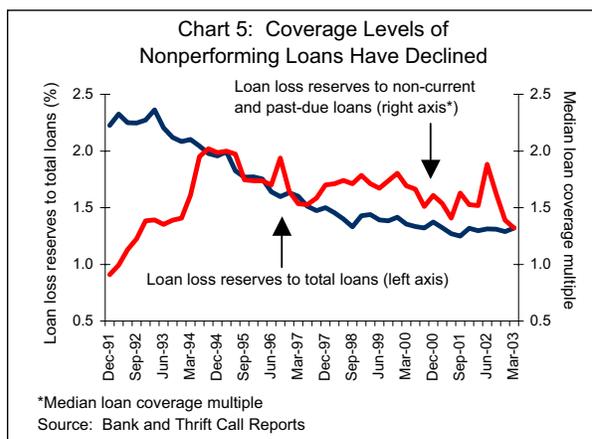
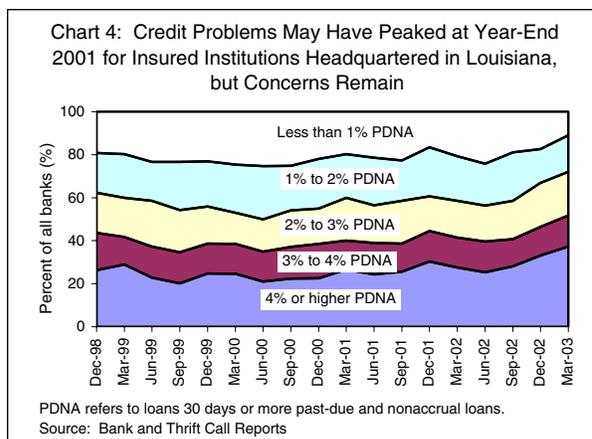
- After reaching a cyclical peak at year-end 2001, past-due and nonaccrual loan levels reported by insured institutions headquartered in Louisiana remained elevated during 2002, suggesting that credit quality continues to be a concern for management (see Chart 4).

Loan loss coverage of nonperforming loans declined.

- Insured institutions headquartered in Louisiana responded to the peak in delinquencies at year-end 2001 by maintaining allowance levels at 1.3 percent of total loans, a trend that continued through first quarter 2003 (see Chart 5).²
- However, coverage of nonperforming loans was 132 percent in first quarter 2003, down from 139 percent one quarter earlier and 152 percent one year ago.

Net interest margins have compressed.

- The quarterly median net interest margin (NIM) reported by insured institutions headquartered in Louisiana peaked at 4.73 percent in third quarter 2002, but narrowed to 4.32 percent in first quarter 2003 (see Chart 6). Interest spreads widened early in the third quarter; should this continue, NIMs likely will increase.



² Loan loss reserves were 1.32 percent of total loans in first quarter 2002, relatively unchanged from one year ago.

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Louisiana at a Glance

General Information	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Institutions (#)	172	174	177	187	187
Total Assets (in thousands)	50,936,296	47,378,942	45,496,871	55,024,150	53,408,561
New Institutions (# < 3 years)	0	5	13	15	14
New Institutions (# < 9 years)	17	17	17	21	21
Capital	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Tier 1 Leverage (median)	10.40	10.06	10.23	10.39	10.01
Asset Quality	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Past-Due and Nonaccrual (median %)	2.60%	2.51%	2.50%	2.12%	2.44%
Past-Due and Nonaccrual >= 5%	43	29	31	28	38
ALLL/Total Loans (median %)	1.32%	1.26%	1.30%	1.30%	1.34%
ALLL/Noncurrent Loans (median multiple)	1.32	1.52	1.52	1.77	1.71
Net Loan Losses/Loans (aggregate)	0.38%	0.38%	0.31%	0.33%	0.43%
Earnings	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Unprofitable Institutions (#)	6	4	11	10	13
Percent Unprofitable	3.49%	2.30%	6.21%	5.35%	6.95%
Return on Assets (median %)	1.07	1.04	1.05	1.05	0.98
25th Percentile	0.75	0.73	0.65	0.71	0.72
Net Interest Margin (median %)	4.32%	4.38%	4.31%	4.59%	4.39%
Yield on Earning Assets (median)	6.04%	6.85%	8.13%	7.97%	7.60%
Cost of Funding Earning Assets (median)	1.84%	2.51%	3.92%	3.52%	3.29%
Provisions to Avg. Assets (median)	0.12%	0.10%	0.10%	0.09%	0.09%
Noninterest Income to Avg. Assets (median)	0.87%	0.82%	0.86%	0.78%	0.74%
Overhead to Avg. Assets (median)	3.41%	3.30%	3.42%	3.45%	3.30%
Liquidity/Sensitivity	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
Loans to Deposits (median %)	68.19%	69.66%	71.03%	68.51%	63.83%
Loans to Assets (median %)	58.29%	59.50%	60.15%	57.47%	55.39%
Brokered Deposits (# of institutions)	13	13	10	9	7
Bro. Deps./Assets (median for above inst.)	0.51%	1.28%	1.87%	2.31%	3.19%
Noncore Funding to Assets (median)	18.13%	18.58%	17.44%	16.95%	15.80%
Core Funding to Assets (median)	68.93%	69.34%	70.53%	71.06%	71.35%
Bank Class	Mar-03	Mar-02	Mar-01	Mar-00	Mar-99
State Nonmember	122	124	126	132	131
National	15	16	16	19	20
State Member	3	2	2	3	3
S&L	20	21	21	21	21
Savings Bank	9	8	9	9	9
Mutually Insured	3	3	3	3	3
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	92	12,174,173	53.49%	23.90%	
New Orleans LA	28	29,980,902	16.28%	58.86%	
Lafayette LA	22	3,069,933	12.79%	6.03%	
Baton Rouge LA	10	2,681,356	5.81%	5.26%	
Shreveport-Bossier City LA	8	723,573	4.65%	1.42%	
Houma LA	6	701,661	3.49%	1.38%	
Monroe LA	2	438,861	1.16%	0.86%	
Lake Charles LA	2	842,315	1.16%	1.65%	
Alexandria LA	2	323,522	1.16%	0.64%	