



Allard Oak, City Park, New Orleans

The creation of a thousand forests is in one acorn.
– Ralph Waldo Emerson

Dear Shareholders,

The year 2002 was a year of growth, perseverance and strength. We are proud of the many accomplishments we achieved during the year, our current financial condition and our prospects for the future. In many ways, we find the characteristics of our organization, events and accomplishments to be analogous to characteristics of the oak tree. This symbolism is enhanced by the oak tree's indigenous nature to the markets we serve.

Three years ago, our leadership team planted a seed with a vision to make shareholders a priority and to build a successful commercial bank that would meet and surpass client needs. That seed has grown into an organization that has met those expectations and continues to focus on exceeding them.

We believe that our company is uniquely positioned throughout Louisiana. We deliver on our promise to be relationship focused by making decisions close to our clients, in contrast to those made by other larger institutions headquartered thousands of miles away. We are pleased to have comparable resources to our larger competitors, but the agility of the smaller ones. We firmly believe we can offer the best of all worlds. We have the unique opportunity of being in the right place, at the right time, with the right talent to be successful.

I am very proud of the skillful team we have in place at our company. A combination of hard work and creative ideas is evident in the success we have enjoyed. Our strong belief in continuous improvement provides a culture that promotes progress. During 2002, we were able to supplement our people strength with additional strategic hires. This talent includes client relationship managers, private bankers and specialists in marketing, security, technology, operations and others. We continue to operate a very lean organization through our effective use of maximizing the talents that people bring to our company. Teamwork is one of the hallmarks of our culture, and many of our associates are expected to wear "different hats." This approach provides an excellent opportunity for our leadership team and associates to be most effective and efficient by applying their technical expertise in other areas of our organization.

During the year, we established advisory boards in three of our markets. In each case, the involvement and advice of these business leaders has dramatically exceeded our expectations. We appreciate their willingness to lend us their expertise and guidance that makes us a better company for our clients and communities.

Our continued success is, in part, a function of the fertile soil upon which our franchise grows. As described later in this report, the local economies we serve continue to perform well, particularly when compared to the national economic scene. Oil and natural gas have had a positive influence on our local economies. However, we believe our markets have become less effected by the volatility of energy prices. The Acadiana region (the five parish area we serve in south central Louisiana) has demonstrated an excellent skill at diversifying its economic sources of revenue and is performing very well. While the tourism trade has had some dampening effect on the New Orleans economy, our franchise in this market continues to flourish. For example, our commercial loans grew 76% during 2002 in New Orleans, which exceeded our expectations. North Louisiana's economy remains stable and continues to experience some of the lowest unemployment statistics in the state.