

As a result, we sacrificed income for the sake of improving the risk posture of the Company. Our research indicates our bond portfolio remains very short relative to many other banks. Clearly, we could improve near-term earnings, at any time, by simply extending maturities, but we have elected to keep the portfolio short in duration at this time. We have been very patient and disciplined in our approach to investing our liquidity.

Our conviction to run a well-managed commercial bank is evident in many ways. One is to adhere to the highest standards of corporate governance and financial disclosure. We have been very open and forthright in our communications with investors. We are proud to certify the financial statements we file with the Securities and Exchange Commission. Our management team feels strongly that honesty and integrity are critical elements of our foundation.

To further assist us in cementing this foundation, on July 1, 2002, we officially became a member of the Federal Reserve System. This decision was due, in significant part, to our interest in ensuring we have the insight and expertise of the very capable examiners associated with this agency. We are delighted to have become a member of the Federal Reserve System, and we look forward to gaining insight and wisdom from our affiliation with this agency.

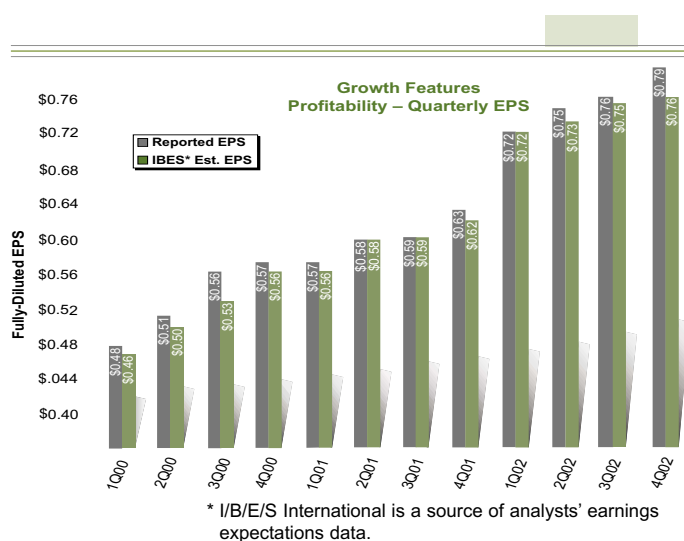
We are an organization focused on continuous improvement, methodical in our approach to investment and disciplined in building our foundation for growth. While patience may mean sacrificing near-term benefits for long-term stability and gains, this is an approach consistent with our culture. As the French philosopher, Joseph Marie de Maistre, once said, "To know how to wait is the great secret of success."

G R O W T H

While the oak tree is many times associated with patience, it also bears the characteristic of growing quickly. For example, under favorable soil conditions,

a live oak may experience a rapid first year growth rate of up to four feet. Likewise, IBERIABANK Corporation demonstrated exceptional growth over the last few years both internally and externally.

The level of our internal growth is evident in our financial results for the year just completed. During a period when many banks experienced margin compression, our tax-equivalent net interest margin improved from 4.11% in 2001 to 4.49% in 2002, or 38 basis points. Net interest income, on a tax-equivalent basis, increased over 11% in 2002 compared to 2001. Likewise, total revenues, on a tax-equivalent basis,



gained nearly 14% over the same period. Net income grew 27% during 2002 and fully diluted earnings per share ("EPS") climbed 28%, including the favorable impact of FAS 142. We reported record operating earnings and we have met or exceeded average analyst expectations for fully diluted EPS in each of the last 12 quarters.

Total loans increased over 9% between December 31, 2001 and December 31, 2002, led by a 20% increase in commercial loans. Commercial loan growth was most evident in our New Orleans franchise, where commercial loans jumped 76% during the year. Growth in the New Orleans market continues to exceed our expectations. Tangible book value per share climbed nearly 10% between year-ends 2001 and 2002. Over the same period, total assets expanded by 10%, which is the fastest asset growth we experienced since 1998.