2000 Annual Report

Promises made. Promises kept.

IBERIABANK
Corporation

IBERIABANK Corporation is a commercial bank holding company organized under the laws of the State of Louisiana with consolidated assets at December 31, 2000, of $1.4 billion. The lead bank for IBERIABANK Corporation is IBERIABANK. At the end of 2000, IBERIABANK had 41 offices serving 10 parishes in Louisiana. IBERIABANK and its predecessor organizations have served Louisiana customers for 114 years. IBERIABANK Corporation is the third largest Louisiana-based bank holding company.

At December 31, 2000, IBERIABANK Corporation had approximately 1,112 shareholders of record.

STOCK INFORMATION

	Market Price		Dividends
1999	High	Low	Declared
First Quarter	$23.500	$18.125	$0.15
Second Quarter	$22.375	$19.000	$0.16
Third Quarter	$22.000	$18.000	$0.16
Fourth Quarter	$17.500	$13.250	$0.16

	Market Price		Dividends
2000	High	Low	Declared
First Quarter	$14.000	$11.313	$0.16
Second Quarter	$15.625	$12.750	$0.16
Third Quarter	$18.313	$14.875	$0.17
Fourth Quarter	$21.750	$17.375	$0.17

ANNUAL MEETING

Monday, May 7, 2001, 5:30 p.m.
Contemporary Arts Center
900 Camp Street
New Orleans, LA

SECURITIES LISTING

IBERIABANK Corporation's common stock trades on the NASDAQ Stock Market under the symbol "IBKC". In local and national newspapers, the company is listed under "IBERIABANK".

SHAREHOLDER ASSISTANCE

Shareholders requesting a change of address, records or information about lost certificates should contact:

Investor Relations
Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016
(800) 368-5948
www.invrelations@RTCO.com

FOR INFORMATION

News releases, 10-K and 10-Q reports, and other information regarding IBERIABANK Corporation and IBERIABANK may be accessed from our web site at www.iberiabank.com. In addition, shareholders and others may contact:

Daryl G. Byrd
President and CEO
(337) 267-4458
ext. 4708

John R. Davis,
Senior Executive
Vice President
(919) 676-7641

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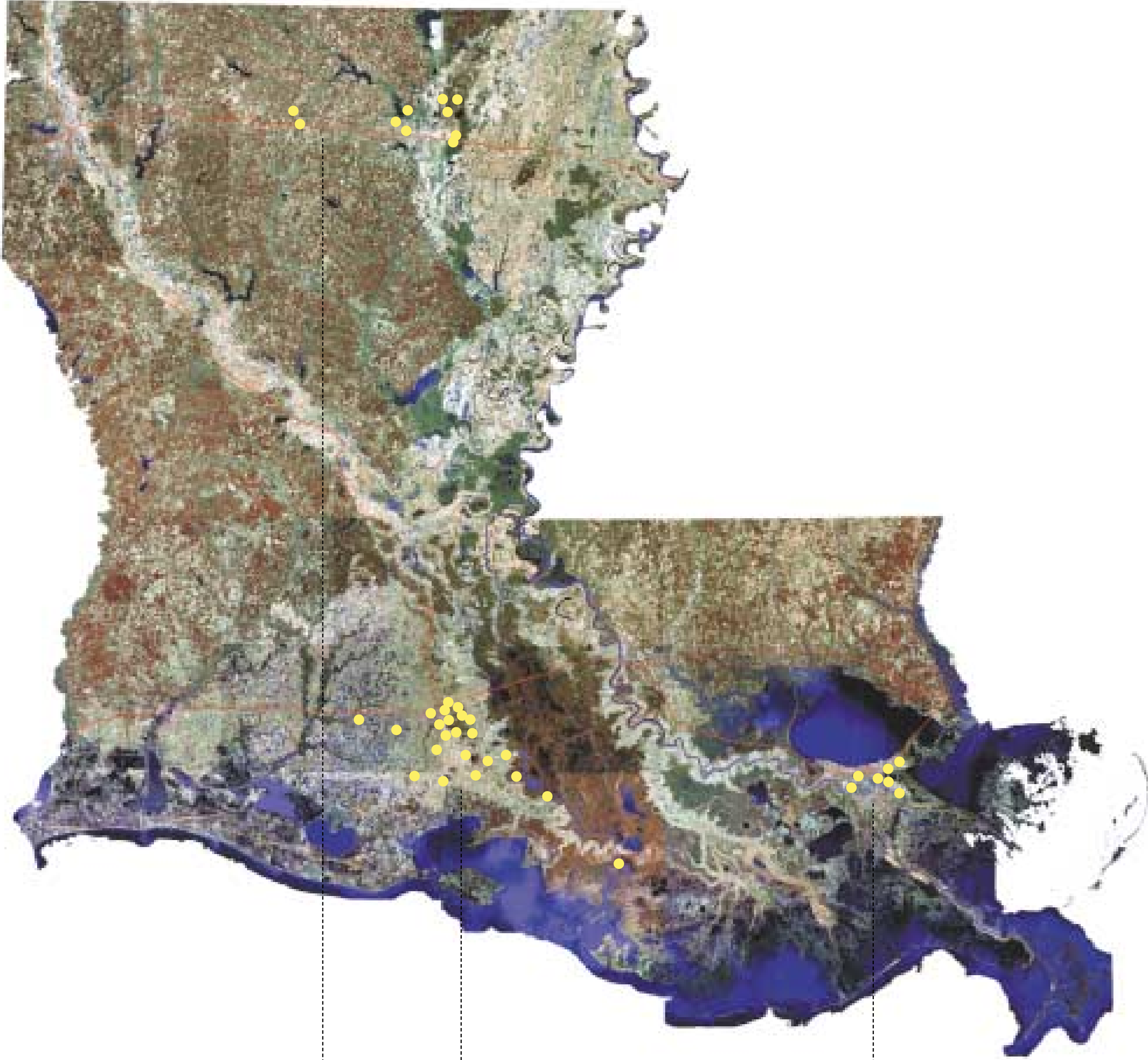

Acadiana Market - 23 Offices
Northeast Market - 11 Offices
New Orleans Market - 7 Offices

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

Income Data	2000	1999	% Change
Net Income	$ 12,975	$ 9,529	36%
Net Interest Income	51,316	49,705	3%
Per Share Data			
Net Income - Basic	$ 2.14	$ 1.55	38%
Net Income - Diluted	2.12	1.53	39%
Cash Earnings - Diluted	2.54	1.95	30%
Book Value (End of Period)	20.99	18.62	13%
Tangible Book Value (End of Period)	14.58	11.94	22%
Cash Dividends	0.66	0.63	5%
Average Balance Sheet Data			
Loans	$ 912,468	$ 806,638	13%
Earning Assets	1,295,588	1,251,829	3%
Total Assets	1,383,488	1,356,851	2%
Deposits	1,128,902	1,145,831	-1%
Shareholders' Equity	120,686	121,490	-1%
Key Ratios			
Return on Average Assets	0.94%	0.70%	
Return on Average Equity	10.75%	7.84%	
Net Interest Margin (Tax-equivalent Basis)	3.94%	3.97%	
Net Charge-Offs to Average Loans	0.26%	0.15%	
Tangible Efficiency Ratio	56.9%	65.4%	
Average Loans to Average Deposits	80.8%	70.4%	
Nonperforming Assets to Total Assets	0.57%	0.24%	
Allowance For Loan Losses to Loans	1.09%	1.04%	
Tier 1 Leverage Ratio	6.67%	6.26%	

LETTER TO SHAREHOLDERS

Dear Shareholders:

Approximately one year ago we announced a new strategic direction for your company, IBERIABANK Corporation. This new strategic direction included an emphasis on dramatically improving the core profitability of the company and becoming more shareholder-focused. Our firm belief is that over the long term, core earnings drives stock price. I am delighted to report to you that IBERIABANK has performed admirably in the year 2000 and we remain on the challenging trajectory which was set forth. Our goals and results were as follows:

Goal: *Return on Average Equity ("ROE") of 13% to 15% within 3 to 5 years.*

Results: *ROE improved from 9.20% on an operating basis in 1999 to 10.75% in 2000, and 10.96% in the final quarter of 2000.*

Goal: *Tangible Efficiency Ratio of less than 50% by the end of the 3 to 5 year period.*

Results: *Tangible Efficiency Ratio improved from 65.4% in 1999 to 56.9% in 2000.*

Goal: *Annual loan growth of 7% to 10%.*

Results: *Loan growth of $98 million, or 12%, on a period-end basis.*

Goal: *Annual deposit growth of 2% to 4%.*

Results: *Deposit growth of $43 million, or 4%, on a period-end basis.*

Goal: *Double-digit EPS growth.*

Results: *Fully diluted EPS of $2.12, up 39% versus 1999. On an operating basis, EPS was up 18% versus 1999.*

Our approach to business is simple — promises made, promises kept. IBERIABANK recognizes the importance of commitment and accomplishment. The improvements in our earnings were a direct result of the hard work and dedication of all of our associates. We consciously "raised the bar" for our management team, our Board of Directors, and all of our associates. Focus, discipline, and hard work were hallmarks of our efforts during the year. Significant strides were made in enhancing the quality of our products and services, improving our customer service levels, lowering the cost structure of the organization, and investing for future growth.

IBERIABANK developed an entrepreneurial atmosphere within the organization. For individuals who are results oriented and entrepreneurial in nature, this environment can be very fulfilling. Clearly, this type of environment is not for everyone. We have developed a winning spirit, a talented team, and a "can-do" attitude. The company has received favorable press recently (such as in Barrons, Investors Business Daily, and analyst updates) based, in part, on our approach and success in achieving results.

Most importantly, our clients have begun to recognize the factors that differentiate our organization from the competition. Our strategy is simple—stay close to your clients and prospects, and they will become close to you. This close contact with our clients, along with our speed in decision making, gives us a competitive advantage. The speed in which we make decisions does not, however, compromise our focus on being a conservatively managed organization. Many enhancements were made to the risk profile of our company while at the same time improving returns to our shareholders. During the year, our stock price increased 58% from

$13.75 per share at year-end 1999 to $21.75 per share at year-end 2000. When combined with a dividend yield of approximately 4%, our shareholders experienced a total return of 62% for the year 2000. We are very proud of this accomplishment. To quote Gary Player, the professional golfer, "the harder you work, the luckier you get."

The success of our company is influenced by the progress that our markets experience. Fortunately, the markets in which we operate continue to experience favorable growth characteristics. The Acadiana region continues to prosper from improved oil and gas prices, in the New Orleans market tourism and trade continue to flourish, and Northeast Louisiana has improved upon its already low unemployment. During the year 2000, we made significant investments in the communities we serve. We will continue to build and develop our communities.

IBERIABANK experienced many accomplishments during the year 2000. To become more efficient, we reduced our headcount by almost 17.5%. To improve client relations and decision making, we flattened our organizational structure. To become more shareholder-focused, we placed a significant portion of our compensation "at risk". On November 7, 2000, we placed a $4.5 million commercial real estate loan, made by the prior management team, on nonaccrual status. A significant portion of the credit was charged off and additional reserves were provided to address the credit exposure. Our senior management team decided to forego the team's annual bonuses that were accrued during the year in order to cover the costs associated with the write-downs. This action, while unique in the banking industry, is indicative of our commitment to our shareholders. Promises made, promises kept.

The future of IBERIABANK Corporation is a very optimistic one. We have worked aggressively to improve the returns to our shareholders, while at the same time reducing the risk posture of the company. Though much work remains to be done, we are very pleased with our progress to date.

We ask that you consider IBERIABANK for all your retail or commercial banking needs. You may visit us at one of our 41 branch locations in Louisiana or at our website, **www.iberiabank.com**. Thank you for your continued support and confidence in the Board of Directors, management team, and associates of IBERIABANK Corporation.

Daryl G. Byrd
President & CEO

STRATEGIC DIRECTION and FOCUS

"The secret of success is constancy to purpose."

- Benjamin Disraeli
Prime Minister,
Great Britain 1804 - 1881

Our Focus

Approximately one year ago we, at IBERIABANK Corporation, presented our mission statement, objectives, and "comfort ranges" for core earnings. These three focal points are the basis upon which promises are made to our shareholders, our clients, the communities we serve, and our associates. We believe that our progress is dependent upon the fulfillment of these goals and beliefs. A detailed discussion of these key areas is as follows:

A mission statement provides an overall roadmap for our associates to follow. In addition, a mission statement provides insight into our corporate values and strategic direction.

Mission Statement

Provide exceptional value-based client service

- It is our belief that clients will pay for exceptional service
- We must excel at delivering accurate, timely and friendly service
- We are relationship oriented and recognize how valuable our clients are at each distribution point

Great place to work

- We will provide a work environment where associates are empowered and challenged to perform productively, be their best, and feel a sense of accomplishment
- All associates recognize that they can share in the financial success over time if the Company realizes its potential
- The Company's leadership team will strive to provide a clear strategic focus for all associates
- The Company's total compensation and benefits package consistently exceeds the market and predictively addresses environmental changes for our associates

Growth that is consistent with high performance

- We must focus on growing profitable client segments, products and services
- We will only pursue mergers and acquisitions that add shareholder value
- Always ensure that growth is consistent with high standards for credit quality
- Understand that growth not only creates shareholder value, but also creates professional and personal growth opportunities for our associates

We are shareholder focused

- Value creation for our shareholders is our first priority
- Earnings performance is created by producing exceptional results for our clients, associates and communities

Strong sense of community

- The Company's performance is influenced by the quality of life and business atmosphere of the communities within which it operates
- Investing in each of our communities through volunteerism, community development or financial contributions is

important to our business success in each market.

- We can only be as good as the markets we serve

To accomplish this mission, we are committed to being the best full-service, commercial bank in Louisiana. There are many characteristics that distinguish our organization from our competitors. These distinguishing characteristics include a clear sense of purpose and a focus on client relationships. We take pride in knowing our clients well, making decisions closer to our clients, and customizing products and services to meet client needs. We have the resources of a large commercial bank, but we also have the agility of a small commercial bank. IBERIABANK has successfully served Louisiana for 114 years. As a result, we understand the needs of our clients. We believe our clients recognize the clear difference of our value proposition versus our competitors'.

Corporate Objectives

Corporate objectives quantify the specific path the company intends to take to achieve the Corporate Mission. Corporate objectives must be challenging, attainable, focused, balanced, and easily understood by our associates. Our objectives were constructed with the intent to significantly improve shareholder value over the long term. By setting and attaining near term objectives, this long-term goal of significantly improving shareholder value is clearly defined. We have completed one year of the 3 to 5 year period initially set for targeted performance. Our near-term objectives, adjusting for the remaining period, are as follows:

- Focus on improving core profitability over the next 2 to 4 year period
- Return on Average Equity of 13% to 15% within 2 to 4 years
- Substantially improve our operating efficiency, as measured by a Tangible Efficiency Ratio below 50% by the end of the period
- Outstanding annual growth in key balances throughout the 2 to 4 year period:
  - ❏ Loans growing 7% to 10% annually
  - ❏ Deposits growing 2% to 4% annually
  - ❏ Double-digit growth in Earnings Per Share ("EPS")

As discussed in the Letter to Shareholders, our performance in the year 2000 was excellent and consistent with the objectives stated above. We remain committed to the trajectory outlined in our corporate objectives.

Earnings Per Share "Comfort Ranges"

In February 2000, the Company provided guidance to IBERIABANK Corporation shareholders and the investment community regarding "comfort ranges" for fully diluted Earnings Per Share. We committed to delivering EPS in the range of $2.10 to $2.15 per share for the year 2000. This range equated to an improvement in operating EPS of 17% to 20%. Our reported results of $2.12 were well within this challenging range. In fact, our quarterly EPS results exceeded average analyst expectations in all four quarters during the year.

Financial Performance Summary For 2000

At year-end 2000, total assets of the Company were $1.4 billion. At this level of resources, IBERIABANK Corporation was the third largest bank holding company headquartered in the State of Louisiana, and the largest bank holding company in the State

headquartered outside of the City of New Orleans. Compared to the prior year-end, total loans increased $98 million, or 12%. Likewise, total deposits grew $43 million, or 4%, led by a $13 million, or 11%, growth in noninterest bearing deposits. During this period, shareholders' equity climbed $10 million, or 8%. Book value per share increased 13% to $20.99 per share, while tangible book value per share jumped 22% to $14.58 per share.

During the year 2000, net interest income grew $1.6 million, or 3.2%. Noninterest income, exclusive of asset sales, decreased $147,000, or 1.2%, during the year. On an operating basis, noninterest expense declined $4 million, or 9%. For the year 2000, reported earnings grew $3.4 million, or 36%, over 1999. The Company reported fully diluted EPS for 2000 of $2.12 per share, an increase of 38% over 1999 results of $1.53 per share.

As a result of the increase in revenues and decline in expenses, the Company's efficiency measures improved significantly. The Tangible Efficiency Ratio dropped from 65.4% in 1999 to 56.9% in 2000. Return on Average Assets ("ROA") improved from 0.70% in 1999 to 0.94% in 2000, while Return on Average Equity ("ROE") climbed from 7.84% in 1999 to 10.75% in 2000. At December 31, 2000, shareholders' equity equated to 9.10% of total assets, up from 8.59% one year ago. Likewise, the Company's Tier 1 Leverage Capital ratio increased to 6.67%, compared to 6.26% at year-end 1999, and 5.81% at year-end 1998.

On December 13, 2000, IBERIABANK Corporation announced the completion of the share repurchase program authorized on February 17, 2000. The Company repurchased 300,000 shares of common stock at an average cost of $17.93 per share. Simultaneous to the announced completion of the February 2000 program, a new share repurchase program, for 300,000 additional shares, was announced.

Nonperforming assets amounted to $8.0 million, or 0.57% of total assets at December 31, 2000, compared to 0.24% at year-end 1999. The increase in nonperforming assets was primarily attributable to a $4.5 million commercial real estate loan that was placed on nonaccrual status in November 2000. The senior management of the Company decided to forego the team's accrued bonus for the year to offset the estimated costs associated with this problem credit.

Accomplishments During The Year

IBERIABANK Corporation experienced many accomplishments during the year 2000. The following is a brief listing of some notable accomplishments made during the year to improve shareholder returns, reduce the risk profile of the Company, and provide for future growth:

- Flattened organizational structure to speed decision-making and improve efficiency
- Reduced headcount by 96 full-time equivalent employees ("FTEs"), or almost 17.5% of the workforce. Approximately two-thirds of these FTEs were reduced via attrition
- Closed three branches; converted one branch to a drive through facility
- Sold a 3-story Lafayette building for a $1.9 million gain
- Sold Central Center facility in Monroe
- Began space compression project with the intent to lease out excess space
- Reduced excess cash position and other nonearning assets

- Revised deposit rate setting process to ensure fair market-based pricing
- Introduced a new cash management program
- Revised and improved the commercial loan pricing model
- Improved ATM uptime from 92% to 99%
- Consolidated loan operations, deposit operations, and other production functions
- Reviewed contracts outstanding for savings, improved contract terms and to limit exposures
- Restructured $45 million of illiquid mortgage backed securities
- Completed a successful transition through the critical "Y2K period" with no disruption of service
- Increased sell side analyst coverage from 2 to 4 investment firms. At the end of the year, all four analysts held the equivalent of "strong buy" recommendations on the Company's stock
- Completed multiple road shows and institutional money manager visits in both local Louisiana markets (New Orleans, Lafayette, New Iberia, Crowley, and Monroe) and major eastern US cities
- Changed the name of the holding company from ISB Financial Corporation to IBERIABANK Corporation. In addition, changed the stock symbol from "ISBF" to "IBKC"
- Produced record quarterly earnings and EPS in each quarter. In addition, the Company's reported EPS exceeded average analyst estimates in each quarter
- Raised the quarterly dividend to $0.17 per share, which produced an indicated annual dividend of $0.68 per share, up 6% from the prior period
- IBERIABANK Corporation common stock price increased 58% during the year 2000
- The Company's evolution and progress was recounted in a number of business, trade, and local publications during the year
- *Subsequent Event:*

  On January 11, 2001, IBERIABANK announced the formation of a joint venture to provide insurance services to its clients. The new company is a joint effort by IBERIABANK and Burch, Marcus, Pool, Krupp, Daniel & Babineaux, Inc., one of Louisiana's largest agent-owned independent insurance agencies, with annual premiums in excess of $50 million.

We are very proud of the progress and accomplishments made during the year 2000. The improvements in our earnings power, product improvements, risk reduction strategies, and management initiatives have produced outstanding results. We have a clear sense of direction and we are focused on results. These results are delivered in an efficient and effective manner. Our corporate momentum has been building during this past year. This momentum, for our clients, associates, and shareholders, validates the success of our operating formula. We have built a winning team with a winning formula. Most importantly, we are making a positive difference to our clients and our communities.

The communities we serve continue to show great promise. The Acadiana market has demonstrated steady, cautious improvement, despite the dramatic surge in oil and gas prices. Lessons learned from prior cyclical swings and improved diversification within the region have combined to create a very favorable business climate in the area. As evidence of this favorable environment, retail sales in Lafayette hit record monthly

highs many times during the year. Further local economic benefits are expected as the fabrication business continues to improve.

The New Orleans economy showed consistent progress during 2000. The City has developed as one of the premier convention cities in the country with strong growth in related business activities. At the same time, New Orleans has become one of the country's top vacation destinations, which has significantly increased basic tourism activity. Separately, the City's port continues to be one of the country's leaders in the shipping trade, and commercial business generally continues to grow. IBERIABANK's commercial activities in and around the City were well received in 2000, and the Bank is well positioned to continue to capture increased commercial market share in 2001.

Northeast Louisiana includes the markets of Monroe, West Monroe, and Ruston. These three markets serve as commerce centers (such as shopping, health care, trade, etc.) for regional activity in this part of the State. This area is dependent upon manufacturing, the services trade, and education. Continued expansion of regional headquarters operations of a number of large service companies has helped fuel some of the lowest unemployment statistics in the State of Louisiana. Consistency and economic stability are hallmarks for this region of the State.

We will continue to invest in the communities we serve. In July 2000, IBERIABANK made the largest contribution to a not-for-profit rural community development corporation in Louisiana. IBERIABANK invested the lead gift to kick off a $33 million campaign to capitalize Southern Mutual Financial Services, Incorporated. The Southern Mutual Financial Services "Community Development Bank" will lend approximately $33 million in low interest rural housing loans over a nine-parish area of Southern Louisiana. IBERIABANK has made significant contributions to United Way Agencies in IBERIABANK markets. In addition, our associates have contributed time and energy to many local causes. We understand the importance of participating as good corporate citizens and making positive contributions to the communities where we do business. We recognize that we, as a company, are only as good as the communities we serve.

Overall, our Board of Directors and leadership team were very pleased at the progress the Company demonstrated during the year 2000. We remain committed, both now and in the future, to delivering outstanding results to our shareholders, professional and personal development opportunities to our associates, and exceptional service to our clients. We believe we are well situated to continue to execute on the strategic plan we began one year ago. As evidenced by our actions during this past year, we stand firm in our belief that promises made are promises kept.

Forward-Looking Information Safe Harbor Statement

Statements contained in this report which are not historical facts and which pertain to future operating results of IBERIABANK Corporation and its subsidiaries constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve significant risks and uncertainties. Actual results may differ materially from the results discussed in these forward-looking statements. A discussion of factors affecting IBERIABANK Corporation's business and prospects is contained in the Company's periodic filings with the Securities and Exchange Commission.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

(Dollars in thousands, except per share data)

	December 31,				
Balance Sheet Data	2000	1999	1998	1997	1996
Total assets	$1,396,162	$1,363,578	$1,401,630	$947,282	$929,264
Cash and cash equivalents	34,541	47,713	145,871	44,307	53,385
Loans receivable	940,525	842,878	768,235	660,063	575,709
Investment securities	344,545	384,881	377,556	192,442	254,029
Goodwill and acquisition intangibles	38,796	42,063	45,352	16,358	17,807
Deposit accounts	1,143,187	1,100,014	1,220,594	786,864	766,729
Borrowings	114,843	135,053	45,639	46,728	47,750
Shareholders' equity	127,042	117,189	123,967	115,564	114,006
Book value per share	$ 20.99	$ 18.62	$ 18.91	$ 17.75	$ 17.30
Tangible book value per share	14.58	11.94	11.99	15.24	14.60

	Year Ended December 31,				
Income Statement Data	2000	1999	1998	1997	1996
Interest income	$ 104,046	$ 95,085	$ 79,224	$ 69,607	$ 53,434
Interest expense	52,730	45,380	38,458	36,050	27,136
Net interest income	51,316	49,705	40,766	33,557	26,298
Provision for loan losses	3,861	2,836	903	1,097	156
Net interest income after provision for loan losses	47,455	46,869	39,863	32,460	26,142
Noninterest income	12,738	13,679	10,214	5,664	3,296
Noninterest expense	39,704	44,881	33,758	29,001	20,983
Income before income taxes	20,489	15,667	16,319	9,123	8,455
Income taxes	7,514	6,138	6,182	3,780	3,177
Net Income	$ 12,975	$ 9,529	$ 10,137	$ 5,343	$ 5,278
Earnings per share - basic	$ 2.14	$ 1.55	$ 1.61	$ 0.86	$ 0.80
Earnings per share - diluted	$ 2.12	$ 1.53	$ 1.56	$ 0.83	$ 0.80
Cash earnings per share - diluted	$ 2.54	$ 1.95	$ 1.84	$ 1.07	$ 0.86
Cash dividends per share	$ 0.66	$ 0.63	$ 0.57	$ 0.45	$ 0.33

(continued)

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA (continued)

(Dollars in thousands, except per share data)

	At or For the Year Ended December 31,				
Key Ratios [1]	2000	1999	1998	1997	1996
Return on average assets	0.94%	0.70%	0.93%	0.57%	0.74%
Return on average equity	10.75	7.84	8.47	4.66	4.49
Equity to assets at the end of period	9.10	8.59	8.84	12.20	12.27
Earning assets to interest-bearing liabilities	114.66	112.83	114.55	113.91	120.66
Interest rate spread [2]	3.38	3.51	3.48	3.09	2.93
Net interest margin [2]	3.94	3.97	4.03	3.63	3.75
Noninterest expense to average assets	2.87	3.31	3.11	3.07	2.94
Efficiency ratio [3]	61.99	70.81	66.22	73.94	70.90
Tangible efficiency ratio	56.88	65.44	62.17	70.00	69.55
Dividend payout ratio	31.42	41.88	36.56	54.41	41.72
Asset Quality Data					
Nonperforming assets to total assets at end of period [4]	0.57%	0.24%	0.44%	0.28%	0.38%
Allowance for loan losses to nonperforming loans at end of period	135.78	279.25	124.39	244.56	185.27
Allowance for loan losses to total loans at end of period	1.09	1.04	0.93	0.79	0.80
Consolidated Capital Ratios					
Tier 1 leverage capital ratio	6.67%	6.26%	5.81%	10.54%	10.34%
Tier 1 risk-based capital ratio	10.05	9.42	9.89	18.52	20.91
Total risk-based capital ratio	11.19	10.43	10.80	19.50	21.92

[1] With the exception of end-of-period ratios, all ratios are based on average daily balances during the respective periods and are annualized where appropriate.

[2] Interest rate spread represents the difference between the weighted average yield on earning assets and the weighted average cost of interest-bearing liabilities. Net interest margin represents net interest income as a percentage of average earning assets.

[3] The efficiency ratio represents noninterest expense, as a percentage of the sum of net interest income and noninterest income.

[4] Nonperforming assets consist of nonaccruing loans, loans 90 days or more past due and repossessed assets.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist readers in understanding the financial condition and results of operations of IBERIABANK Corporation (the "Company") and its subsidiary for the years ended December 31, 1998 through 2000. This review should be read in conjunction with the audited consolidated financial statements, accompanying footnotes and supplemental financial data included herein.

Financial Condition

Assets

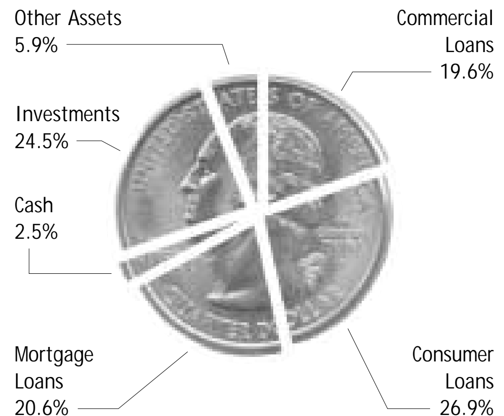
General - Total assets of the Company remained relatively stable at $1.4 billion for December 31, 2000 and 1999. The increase in total assets was $32.6 million, or 2.4%. This increase was primarily due to the increase in loans receivable. The following discussion describes the major changes in the asset mix during 2000.

Cash and Cash Equivalents - Cash and cash equivalents, which consist of interest-bearing and noninterest-bearing funds on deposits and cash on hand, decreased by $13.2 million, or 27.6%, to $34.5 million at December 31, 2000 compared to $47.7 million at December 31, 1999. The decrease in cash was due primarily to the elimination of the extra cash obtained for Y2K demands at December 1999 and a decrease in the cash held in the branch distribution network.

Investment Securities - Investment securities decreased by an aggregate of $40.3 million, or 10.5%, to $344.5 million at December 31, 2000 compared to $384.9 million at December 31, 1999. Such decrease was the result of $10.5 million of investment securities which matured, $35.7 million of principal collections on mortgage backed securities, $43.7 million in sales of investment securities and $290,000 of amortization of premiums on investment securities, all of which was partially offset by the $7.4 million increase in market value of investment securities available for sale and the $43.7 million of investment securities purchased.

At December 31, 2000, $268.2 million of the Company's investment securities were classified as available for sale with a pre-tax net unrealized loss of $3.5 million. At such date, $96.3 million of the Company's investment securities consisted of U.S. Government and Federal agency obligations and $165.3 million consisted of mortgage backed securities. At December 31, 2000, $76.3 million of the Company's investment securities were classified as held to maturity with a pre-tax

Asset Mix



net unrealized loss of $382,000, consisting mostly of mortgage backed securities of $74.9 million. Note 3 to the Consolidated Financial Statements provides further information on the Company's investment securities.

Loans Held for Sale - Loans held for sale decreased $1.4 million, or 29.8%, to $3.3 million at December 31, 2000 compared to $4.8 million at December 31, 1999. Loans held for sale represent single-family residential mortgage loans to be sold in the secondary market. In 2000, 40.4% of single-family mortgage originations were sold in the secondary market, compared to 83.1% in 1999. The decrease in the percentage of originations sold was attributable to an increase in variable rate loans originated in 2000, which are held in the portfolio.

Loans Receivable - Loans receivable increased by $97.6 million, or 11.6%, to $940.5 million at December 31, 2000 compared to $842.9 million at December 31, 1999. During 2000, single-family mortgage loans increased $13.0 million, or 4.9%, construction loans increased $1.1 million, or 17.3%, commercial real estate loans increased $39.2 million, or 24.9%, home equity loans increased $16.5 million, or 18.1%, automobile loans increased $1.9 million, or 8.0%, indirect automobile loans increased $25.8 million, or 14.4%, credit card loans increased $3.1 million, or 48.5%, and other consumer loans increased $462,000, or 1.5%. During 2000, commercial business loans decreased $3.5 million, or 4.2%. The changes in the loan portfolio reflect management's continued emphasis on commercial and consumer lending. For additional information on loans, see Note 4 to the Consolidated Financial Statements.

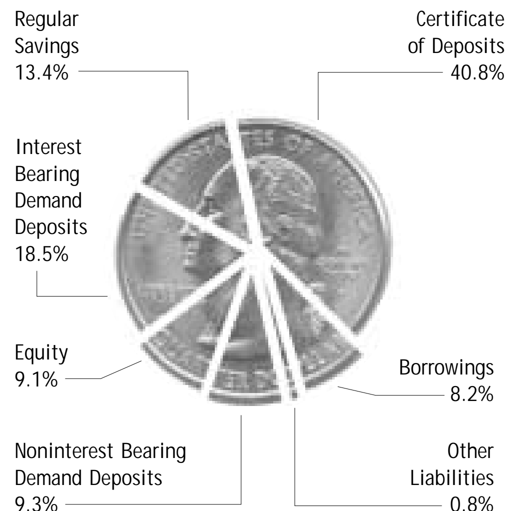
Premises and Equipment, Net - Premises and equipment, net, decreased by $4.5 million, or 17.3%, to $21.5 million at December 31, 2000 compared to $26.0 million at December 31, 1999. The decrease was the result of $2.7 million of depreciation of premises and equipment and $2.8 million of assets sold, which was partially offset by $1.1 million in purchases of other premises and equipment.

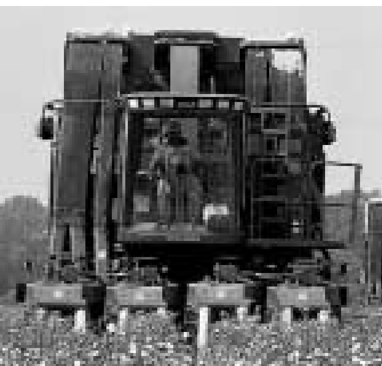
Liabilities and Shareholders' Equity

General - The Company's primary funding sources include deposits, short-term and long-term borrowings and shareholders' equity. The following discussion focuses on the major changes in the mix during 2000.

Deposits - Deposits remained relatively stable at $1.1 billion for December 31, 2000 and 1999. The increase in total deposits was

Liability and Equity Mix





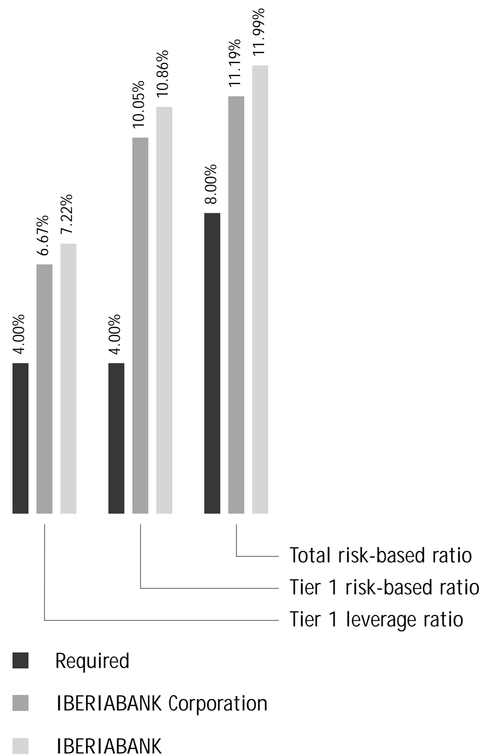
$43.2 million, or 3.9%. The increase in deposits was primarily the result of an increase in savings account balances as a result of promotional pricing and the Company's increased calling efforts. Certificates of deposit $100,000 and over increased $16.6 million, or 13.3%, from $124.5 million at December 31, 1999 to $141.1 million at December 31, 2000. At December 31, 2000, $129.5 million, or 11.3%, of the Company's total deposits were noninterest bearing, compared to $116.5 million, or 10.6%, at December 31, 1999. Additional information regarding deposits is provided in Note 7 to the Consolidated Financial Statements.

Short-term Borrowings - The Company's short-term borrowings are comprised of advances from the Federal Home Loan Bank ("FHLB") of Dallas. Total short-term borrowings decreased $29.0 million, or 34.9%, to $54.0 million at December 31, 2000 compared to $83.0 million at December 31, 1999. These advances were used to fund loan growth. The weighted average rate on short-term Federal Home Loan Bank advances was 6.4% at December 31, 2000. For additional information, regarding the Company's short-term borrowings, see Note 8 to the Consolidated Financial Statements.

Long-term Borrowings - At December 31, 2000, the Company's long-term borrowings are comprised of fixed rate advances from the Federal Home Loan Bank and a long-term note payable from Union Planters. Long-term borrowings increased $8.8 million, or 16.9%, to $60.8 million at December 31, 2000 compared to $52.1 million at December 31, 1999, due to $16.7 million in new advances from the Federal Home Loan Bank to match-fund certain loans and an additional draw on Union Planters note, all of which was partially offset by normal amortization payments. For additional information, including maturities of the Company's long-term borrowings, see Note 9 to the Consolidated Financial Statements.

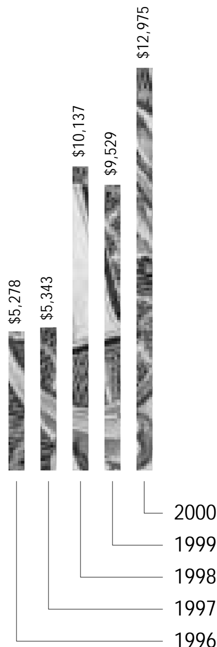
Shareholders' Equity - Shareholders' equity provides a source of permanent funding, allows for future growth and provides the Company with a cushion to withstand unforeseen adverse developments. At December 31, 2000, shareholders' equity totaled $127.0 million, an increase of $9.9 million from the previous year end level. The increase in shareholders' equity in 2000 was the result of $13.0 million of net income, $922,000 of common stock released by the Company's Employee Stock Ownership Plan ("ESOP") trust, $612,000 of common stock earned by participants of the Company's

Regulatory Capital



Net Income

Dollars in thousands



Net Interest Margin

Recognition and Retention Plan ("RRP") trust, and a $4.8 million increase in unrealized gain on securities available for sale, all of which were partially offset by $4.1 million of cash dividends declared on the Company's common stock, and $5.4 million of the Company's common stock repurchased and placed into treasury.

Federal regulations impose minimum regulatory capital requirements on all institutions with deposits insured by the Federal Deposit Insurance Corporation ("FDIC"). The Board of Governors of the Federal Reserve System ("FRB") imposes similar capital regulations on bank holding companies. At December 31, 2000, the Company exceeded all regulatory capital ratio requirements with a Tier 1 leverage capital ratio of 6.67%, a Tier 1 risk-based capital ratio of 10.05% and a total risk-based capital ratio of 11.19%. At December 31, 2000, IBERIABANK exceeded all regulatory capital ratio requirements with a Tier 1 leverage capital ratio of 7.22%, a Tier 1 risk-based capital ratio of 10.86% and a total risk-based capital ratio of 11.99%.

Results of Operations

General - The Company reported net income of $13.0 million, $9.5 million and $10.1 million for the years ended December 31, 2000, 1999 and 1998, respectively. Earnings in 2000 include a $1.1 million, after taxes, loss on sale of investment securities as a result of the restructuring of a significant portion of the long-term investment portfolio in late 1999 and a $1.2 million, after taxes, gain on sale of property. Earnings in 1999 include a $454,000, after taxes, gain on the sale of property and $766,000, after taxes, in restructuring charges. Earnings in 1998 include a $1.3 million, after taxes, gain on the sale of property. Without certain one-time or nonoperating items in 1999 and 1998, the Company would have reported net income of $13.0 million, $11.2 million and $8.8 million for the years ended December 31, 2000, 1999 and 1998, respectively. During 2000, interest income increased $9.0 million, interest expense increased $7.4 million, the provision for loan losses increased $1.0 million, noninterest income decreased $941,000, noninterest expense decreased $5.2 million and income tax expense increased $1.4 million. Cash earnings (net income before the amortization of acquisition intangibles) were $15.5 million, $12.2 million and $12.0 million for the years ended December 31, 2000, 1999 and 1998, respectively.

Net Interest Income - Net interest income is the difference between interest realized on earning assets net of interest paid on interest-bearing liabilities. The Company's average interest rate spread, which is the difference between the yields earned on earning assets and the rates paid on interest-bearing liabilities, was 3.38%, 3.51%, and 3.48% during the years ended December 31, 2000, 1999, and 1998, respectively. The Company's net interest margin, which is net interest income as a percentage of average earning assets, was 3.94%, 3.97% and 4.03% during the years ended December 31, 2000, 1999 and 1998, respectively.

Net interest income increased $1.6 million, or 3.2%, in 2000 to $51.3 million compared to $49.7 million in 1999. Such increase was due to a $9.0 million, or 9.4%, increase in interest income, which was partially offset by a $7.4 million, or 16.2%, increase in interest expense.

Net interest income increased $8.9 million, or 21.9%, in 1999 to $49.7 million compared to $40.8 million in 1998. The reason for such increase was a $15.9 million, or 20.0%,

increase in interest income, which was partially offset by a $6.9 million, or 18.0%, increase in interest expense. The increase in net interest income was caused by the increase in earning assets resulting from the September 1998 acquisition of 17 branches.

Average loans made up 70.4% of average earning assets as of December 31, 2000 as compared to 64.4% at December 31, 1999. This was an increase of 13.1%. The increase in average loans was funded mainly by increased borrowings and the decrease in investments. Average investment securities made up 29.2% of average earning assets at December 31, 2000 compared to 33.6% at December 31, 1999. Average borrowings made up 10.8% of average interest bearing liabilities at December 31, 2000 compared to 7.2% at December 31, 1999. The Average Balances, Net Interest Income and Interest Yields/ Rates table and the Rate/Volume Analysis table further explain the changes in net interest income.

Provision for Loan Losses - Provisions for loan losses are charged to earnings to bring the total allowance for loan losses to a level considered appropriate by management based on various factors, including historical experience, the volume and type of lending conducted by the Company, the amount of the Company's classified assets, seasoning of the loan portfolio, the status of past due principal and interest payments, general economic conditions, particularly as they relate to the Company's market area and other factors related to the collectibility of the Company's loan portfolio. Management of the Company assesses the allowance for loan losses on a quarterly basis and will make provisions for loan losses as deemed appropriate in order to maintain the adequacy of the allowance for loan losses.

The Company made a provision for loan losses of $3.9 million in 2000, compared to $2.8 million and $903,000 for 1999 and 1998, respectively. Net loan charge offs for 2000 totaled $2.4 million, compared to $1.2 million for 1999. The increase in the provision for 2000 was mainly due to a large commercial credit that was placed on nonaccrual status.

The allowance for loan losses amounted to $10.2, million or 1.1% and 135.8% of total loans and total nonperforming loans, respectively, at December 31, 2000 compared to 1.0% and 279.3%, respectively, at December 31, 1999. The allowance for loan losses increased $1.5 million, or 17.0%, from the $8.7 million at December 31, 1999. The increase included a $3.9 million provision for loan losses. The decrease in the allowance for loan losses as a percentage of nonperforming loans was attributable to the increase in nonperforming loans.

Nonperforming loans (nonaccrual loans and accruing loans 90 days or more past due) were $7.5 million and $3.1 million at December 31, 2000 and 1999, respectively. The increase in nonperforming loans was primarily attributable to a $4.5 million commercial real estate loan, which was placed on nonaccrual status. The Company's foreclosed property amounted to $421,000 and $185,000 at December 31, 2000 and 1999, respectively. As a percentage of total assets, the Company's total nonperforming assets, which consists of nonperforming loans plus foreclosed property, amounted to $8.0 million, or 0.6% at December 31, 2000 compared to $3.3 million, or 0.2%, at December 31, 1999.

Although management of the Company believes that the Company's allowance for loan losses was adequate at December 31,

2000, based on facts and circumstances available, there can be no assurances that additions to such allowance will not be necessary in future periods, which would adversely affect the Company's results of operations.

Noninterest Income - For 2000, the Company reported noninterest income of $12.7 million compared to $13.7 million for 1999. The primary reasons for the $941,000, or 6.9%, decrease in noninterest income was a $1.8 million loss on sale of investments compared to no gain or loss in 1999, a $658,000, or 61.9%, decrease in gain on the sale of loans and a $204,000, or 7.1% decrease in other income. These decreases were partially offset by a $256,000, or 3.3% increase in service charges on deposit accounts, a $229,000, or 21.2%, increase in ATM fee income, and a $1.2 million, or 140.3%, increase in gain on sale of assets.

Total noninterest income amounted to $13.7 million and $10.2 million for the years ended December 31, 1999 and 1998, respectively. The primary reasons for the $3.5 million, or 33.9%, increase in noninterest income during 1999 compared to 1998 was a $2.9 million, or 60.7%, increase in service charges on deposit accounts, and a $1.3 million, or 86.2%, increase in other income.

Noninterest Expense - Noninterest expense includes salaries and employee benefits, occupancy and equipment expense, communication and delivery expense, marketing and business development expense, amortization of acquisition intangibles and other items. Noninterest expense amounted to $39.7 million, $44.9 million and $33.8 million for the three years ended December 31, 2000, 1999 and 1998, respectively. The primary reason for the $5.2 million, or 11.5%, decrease in noninterest expense for 2000 compared to 1999 was a result of the 1999 restructuring and the continued efforts by management to control discretionary expenses. Salaries and employee benefits decreased $2.3 million, or 10.9%, occupancy and equipment expense decreased $66,000, or 1.2%, communication and delivery expense decreased $150,000, or 5.6%, the amortization of acquisition intangibles decreased $133,000, or 3.9%, printing, stationary and supplies expense decreased $215,000, or 22.7%, restructuring expenses decreased $1.2 million (for more information regarding restructuring expenses see Note 2 to the Consolidated Financial Statements), other expenses decreased $1.4 million, or 19.7%, marketing and business development expense decreased $229,000, or 20.9%, and data processing expense increased $453,000, or 49.5%.

The primary reason for the $11.1 million, or 32.9%, increase in noninterest expense for 1999 compared to 1998 was the inclusion of one full year of expenses from the acquisition of 17 branches in September 1998.

Income Taxes - For the years ended December 31, 2000, 1999 and 1998 the Company incurred income tax expense of $7.5 million, $6.1 million and $6.2 million, respectively. The Company's effective tax rate amounted to 36.7%, 39.2% and 37.9% during 2000, 1999 and 1998, respectively. The difference between the effective tax rate and the statutory tax rate primarily related to variances in the items that are either non-taxable or non-deductible, primarily the non-deductibility of part of the amortization of acquisition intangibles, the non-deductible portion of the ESOP compensation expense and the capital loss carryforward used during 1998 and 1999. For more information, see Note 10 to the Consolidated Financial Statements.

Average Balances, Net Interest Income and Interest Yields / Rates

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest income of the Company from earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rate; (iii) net interest income; (iv) net interest spread; and (v) net interest margin. Information is based on average daily balances during the indicated periods.

	Years Ended December 31,								
	2000			1999			1998		
(Dollars in thousands)	Average Balance	Interest	Average Yield/ Rate [1]	Average Balance	Interest	Average Yield/ Rate [1]	Average Balance	Interest	Average Yield/ Rate [1]
Earning assets:									
Loans receivable: [2]									
Mortgage loans	$ 289,983	$ 22,821	7.87%	$ 292,795	$ 23,163	7.91%	$ 352,222	$ 28,157	7.99%
Commercial loans	261,463	24,763	9.32	217,774	19,585	8.99	152,090	14,607	9.60
Consumer and other loans	361,022	32,043	8.88	296,069	25,685	8.68	211,747	18,600	8.78
Total Loans	912,468	79,627	8.68	806,638	68,433	8.48	716,059	61,364	8.57
Investment securities	378,188	24,128	6.38	421,063	25,608	6.08	240,188	15,292	6.37
Other earning assets	4,932	291	5.90	24,128	1,044	4.33	54,160	2,568	4.74
Total earning assets	1,295,588	104,046	8.03	1,251,829	95,085	7.60	1,010,407	79,224	7.84
Allowance for Loan Losses	(9,096)			(7,792)			(6,027)		
Nonearning assets	96,996			112,814			82,060		
Total assets	$1,383,488			$1,356,851			$1,086,440		
Interest-bearing liabilities:									
Deposits:									
Demand deposits	$ 249,650	5,862	2.35	$279,328	6,301	2.26	$ 196,254	4,801	2.45
Savings deposits	181,930	6,571	3.61	131,824	2,681	2.03	114,934	2,541	2.21
Certificates of deposits	575,828	32,133	5.58	618,582	31,518	5.10	517,952	27,707	5.35
Total deposits	1,007,408	44,566	4.42	1,029,734	40,500	3.93	829,140	35,049	4.23
Borrowings	122,522	8,164	6.55	79,741	4,880	6.12	52,936	3,409	6.44
Total interest-bearing liabilities	1,129,930	52,730	4.65	1,109,475	45,380	4.09	882,076	38,458	4.36
Noninterest-bearing demand deposits	121,494			116,097			69,670		
Noninterest-bearing liabilities	11,378			9,789			14,982		
Total liabilities	1,262,802			1,235,361			966,728		
Shareholders' Equity	120,686			121,490			119,712		
Total liabilities and shareholders' equity	$1,383,488			$1,356,851			$1,086,440		
Net earning assets	$ 165,658			$ 142,354			$ 128,331		
Net interest spread		$ 51,316	3.38%		$ 49,705	3.51%		$ 40,766	3.48%
Net interest margin			3.94%			3.97%			4.03%
Ratio of average earning assets to average interest-bearing liabilities	114.66%			112.83%			114.55%		

[1] Annualized.

[2] Loans receivable includes loans held for sale.

Rate/Volume Analysis:

The following table analyzes the dollar amount of changes in interest income and interest expense for major components of earning assets and interest-bearing liabilities. The table distinguishes between (i) changes attributable to rate (changes in rate multiplied by the prior period's volume), (ii) changes attributable to volume (changes in volume multiplied by the prior period's rate), (iii) mixed change (changes in rate multiplied by changes in volume), and (iv) total increase (decrease).

	Years Ended December 31,							
	2000/1999				1999/1998			
	Change Attributable To				Change Attributable To			
(Dollars in thousands)	Volume	Rate	Rate/ Volume	Total Increase (Decrease)	Volume	Rate	Rate/ Volume	Total Increase (Decrease)
Earning assets:								
Loans:								
Mortgage loans	$ (222)	$ (121)	$ 1	$ (342)	$ (4,751)	$ (293)	$ 50	$ (4,994)
Commercial business loans	3,929	1,040	209	5,178	6,308	(929)	(401)	4,978
Consumer and other loans	5,635	593	130	6,358	7,407	(230)	(92)	7,085
Investment securities	(2,608)	1,255	(127)	(1,480)	11,516	(684)	(516)	10,316
Other earning assets	(831)	380	(302)	(753)	(1,424)	(225)	125	(1,524)
Total net change in income on earning assets	5,903	3,147	(89)	8,961	19,056	(2,361)	(834)	15,861
Interest-bearing liabilities:								
Deposits:								
Demand deposits	(669)	258	(28)	(439)	2,032	(374)	(158)	1,500
Savings deposits	1,019	2,080	791	3,890	373	(204)	(29)	140
Certificates of deposit	(2,178)	3,001	(208)	615	5,383	(1,316)	(256)	3,811
Borrowings	2,618	433	233	3,284	1,726	(169)	(86)	1,471
Total net change in expense on interest-bearing liabilities	790	5,772	788	7,350	9,514	(2,063)	(529)	6,922
Change in net interest income	$ 5,113	$(2,625)	$ (877)	$ 1,611	$ 9,542	$ (298)	$ (305)	$ 8,939

Asset and Liability Management

The principal objective of the Company's asset and liability management function is to evaluate the interest-rate risk included in certain balance sheet accounts, determine the level of risk appropriate given the Company's business focus, operating environment, capital and liquidity requirements and performance objectives, establish prudent asset concentration guidelines and manage the risk consistent with Board approved guidelines. Through such management, the Company seeks to reduce the vulnerability of its operations to changes in interest rates. The Company's actions in this regard are taken under the guidance of the Asset/Liability Committee ("ALCO"), which is chaired by the Chief Financial Officer and comprised of members of the Company's senior management. The ALCO generally meets on a monthly basis, to review, among other things, the sensitivity of the Company's assets and liabilities to interest rate changes, local and national market conditions and interest rates. In connection therewith, the ALCO generally reviews the Company's liquidity, cash flow needs, maturities of investments, deposits and borrowings, and capital position.

The objective of interest rate risk management is to control the effects that interest rate fluctuations have on net interest income and on the net present value of the Company's earning assets and interest-bearing liabilities. Management and the Board are responsible for managing interest rate risk and employing risk management policies that monitor and limit exposure to interest rate risk. Interest rate risk is measured using net interest margin simulation and asset/liability net present value sensitivity analyses. These analyses provide a range of potential impacts on net interest income and portfolio equity caused by interest rate movements.

The Company uses financial modeling to measure the impact of changes in interest rates on the net interest margin. As of December 31, 2000, the model indicated the impact of an immediate and sustained 200 basis point rise in rates over 12 months would approximate a 4.4% decrease in net interest income, while a 200 basis point decline in rates over the same period would approximate a 0.6% decrease in net interest income from an unchanged rate environment.

The preceding sensitivity analysis does not represent a Company forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including the nature and timing of interest rate levels including yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment/replacement of asset and liability cash flows, and others. While assumptions are developed based upon current economic and local market conditions, the Company cannot make any assurances as to the predictive nature of these assumptions including how customer preferences or competitor influences might change. Also, as market conditions vary from those assumed in the sensitivity analysis, actual results will also differ due to: prepayment/refinancing levels likely deviating from those assumed, the varying impact of interest rate changes on caps or floors on adjustable rate assets, the potential effect of changing debt service levels on customers with adjustable rate loans, depositor early withdrawals and product preference changes and other internal/external variables. Furthermore, the sensitivity analysis does not reflect actions

that the ALCO might take in responding to or anticipating changes in interest rates.

As part of its asset/liability management strategy, the Company has emphasized the origination of consumer loans, commercial business loans and commercial real estate loans, all of which typically have shorter terms than residential mortgage loans and/or adjustable or variable rates of interest. The Company has also emphasized the origination of fixed-rate, long-term residential loans for sale in the secondary market. As of December 31, 2000, $277.8 million, or 29.5%, of the Company's total loan portfolio had adjustable interest rates.

As part of the Company's asset/liability management strategies, the Company has limited its investments in investment securities other than mortgage backed securities to those with an estimated average life of seven years or less.

The Company's strategy with respect to liabilities in recent periods has been to emphasize transaction accounts, particularly noninterest bearing transaction accounts, which are not as sensitive to changes in interest rates as time certificates of deposit. At December 31, 2000, 50.2% of the Company's deposits were in transaction accounts compared to 46.7% at December 31, 1999. Noninterest bearing transaction accounts total 11.3% of total deposits at December 31, 2000, compared to 10.6% of total deposits at December 31, 1999.

Liquidity and Capital Resources

The Company's liquidity, represented by cash and cash equivalents, is a product of its operating, investing and financing activities. The Company's primary sources of funds are deposits, borrowings, loan and mortgage backed security amortizations, prepayments and maturities, maturities of investment securities and other short-term investments and funds provided from operations. While scheduled payments from the amortization of loans and mortgage backed securities and maturing investment securities and short-term investments are relatively predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition. In addition, the Company invests excess funds in overnight deposits and other short-term earning assets, which provide liquidity to meet lending requirements. The Company has been able to generate sufficient cash through its deposits and borrowings. At December 31, 2000, the Company had $105.6 million of outstanding advances from the FHLB of Dallas. Additional advances available at December 31, 2000 from the FHLB of Dallas amounted to $421.1 million. The Company also has $9.2 million of long-term debt outstanding with Union Planters at December 31, 2000.

Liquidity management is both a daily and long-term function of business management. Excess liquidity is generally invested in short-term investments such as overnight deposits. On a longer-term basis, the Company maintains a strategy of investing in various lending products. The Company uses its sources of funds primarily to meet its ongoing commitments, to pay maturing certificates of deposit and deposit withdrawals, to fund loan commitments and to maintain a portfolio of mortgage backed and investment securities. At December 31, 2000, the total approved loan commitments outstanding amounted to $22.0 million. At the same date, commitments under unused lines of credit, including credit card lines, amounted to $167.7 million. Certificates of deposit scheduled to

mature in one year or less at December 31, 2000 totaled $417.4 million. Management believes that a significant portion of maturing deposits will remain on deposit with the Company. The Company anticipates it will continue to have sufficient funds together with available borrowings to meet its current commitments.

Impact of Inflation and Changing Prices

The consolidated financial statements and related financial data presented herein have been prepared in accordance with generally accepted accounting principles, which generally require the measurement of financial position and operating results in terms of historical dollars, without considering changes in relative purchasing power over time due to inflation. Unlike most industrial companies, virtually all of the Company's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on the Company's performance than does the effect of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, since such prices are affected by inflation to a larger extent than interest rates.

Recent Accounting Pronouncements

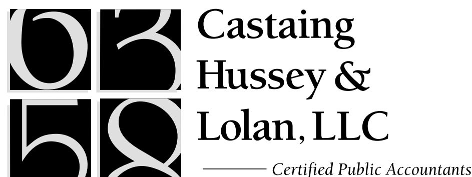
The Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101 in December 1999. SAB 101 presented the SEC staff's views on and guidance in applying generally accepted accounting principles to revenue recognition in financial statements. Compliance with this guidance became mandatory as of December 31, 2000. The Company has determined that its existing revenue recognition practices comply in all material respects with the guidance in SAB 101.

In June 2000, the FASB issued FAS Statement No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities.* The new statement addresses a limited number of issues causing implementation difficulties for a large number of entities getting ready to apply FAS Statement 133. There are no conflicts with or modifications to the basic model of Statement 133, and there is no delay in the effective date of Statement 133. FAS 138 is effective for fiscal quarters of all fiscal years beginning after June 15, 2000. Implementation of this standard is not expected to have a material impact on financial position or results of operations.

In September 2000, the FASB issued FAS Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.* The statement replaces FASB Statement No. 125 of the same name. It revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of Statement 125's provisions without reconsideration. The statement is effective generally for transactions occurring after March 31, 2001. Disclosures are effective for years ending after December 15, 2000. Implementation of this standard is not expected to have a material impact on financial position or results of operations.

For additional information on these and other FASB statements see Note 1 to the Consolidated Financial Statements.

Independent Auditors' Report



Samuel R. Lolan, CPA
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Katherine H. Armentor, CPA

Charles E. Castaing, CPA, *Retired*
Roger E. Hussey, CPA, *Retired*

Robin G. Freyou, CPA
Dawn K. Gonsoulin, CPA
Shalee M. Landry, CPA

To the Board of Directors
IBERIABANK Corporation

We have audited the accompanying consolidated balance sheets of IBERIABANK Corporation and Subsidiary as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IBERIABANK Corporation and Subsidiary as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with generally accepted accounting principles.

Castaing, Hussey & Lolan, LLC
New Iberia, Louisiana
February 7, 2001

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IBERIABANK CORPORATION AND SUBSIDIARY

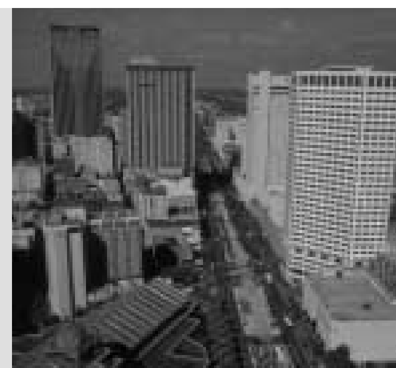
Consolidated Balance Sheets

December 31, 2000 and 1999

(Dollars in thousands, except share data)

	2000	1999
Assets		
Cash and due from banks	$ 32,000	$ 39,443
Interest-bearing deposits in banks	2,541	8,270
Total cash and cash equivalents	34,541	47,713
Investment securities:		
Available for sale, at fair value	268,223	299,388
Held to maturity (fair value of $75,940 and $82,884, respectively)	76,322	85,493
Federal Home Loan Bank stock, at cost	7,997	6,821
Loans held for sale	3,347	4,771
Loans, net of unearned income	940,525	842,878
Allowance for loan losses	(10,239)	(8,749)
Loans, net	930,286	834,129
Accrued interest receivable	9,142	8,017
Premises and equipment, net	21,465	25,957
Goodwill and acquisition intangibles	38,796	42,063
Other assets	6,043	9,226
Total Assets	$1,396,162	$1,363,578
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 129,468	$ 116,493
Interest-bearing	1,013,719	983,521
Total deposits	1,143,187	1,100,014
Short-term borrowings	54,000	83,000
Accrued interest payable	5,480	5,385
Long-term debt	60,843	52,053
Other liabilities	5,610	5,937
Total Liabilities	1,269,120	1,246,389
Commitments and contingencies (note 15)		
Shareholders' Equity:		
Preferred stock of $1 par value; 5,000,000 shares authorized; -0- shares issued	-	-
Common stock of $1 par value; 25,000,000 shares authorized; 7,380,671 shares issued	7,381	7,381
Additional paid-in-capital	69,231	68,749
Retained earnings	77,963	69,065
Unearned common stock held by ESOP	(2,067)	(2,649)
Unearned common stock held by RRP trust	(2,587)	(3,024)
Accumulated other comprehensive income	(2,293)	(7,124)
Treasury stock, at cost, 1,121,934 and 821,934 shares	(20,586)	(15,209)
Total Shareholders' Equity	127,042	117,189
Total Liabilities and Shareholders' Equity	$1,396,162	$1,363,578

The accompanying Notes to Consolidated Financial Statements are an integral part of these Financial Statements.



IBERIABANK CORPORATION AND SUBSIDIARY

Consolidated Statements of Income

Years Ended December 31, 2000, 1999 and 1998

(Dollars in thousands, except per share data)

	2000	1999	1998
Interest and Dividend Income:			
Loans, including fees	$ 79,627	$ 68,433	$ 61,364
Investment securities:			
Taxable interest and dividends	24,044	25,495	15,219
Tax-exempt interest	84	113	73
Interest-bearing demand deposits	291	1,044	2,568
Total interest and dividend income	104,046	95,085	79,224
Interest Expense:			
Deposits	44,566	40,500	35,049
Short-term borrowings	4,243	1,665	384
Long-term debt	3,921	3,215	3,025
Total interest expense	52,730	45,380	38,458
Net interest income	51,316	49,705	40,766
Provision for loan losses	3,861	2,836	903
Net interest income after provision for loan losses	47,455	46,869	39,863
Noninterest Income:			
Service charges on deposit accounts	8,050	7,794	4,850
ATM fee income	1,309	1,080	445
Gain on sale of loans, net	405	1,063	1,495
Gain on sale of assets	2,047	852	1,869
(Loss) gain on sale of investments, net	(1,759)	-	3
Other income	2,686	2,890	1,552
Total noninterest income	12,738	13,679	10,214
Noninterest Expense:			
Salaries and employee benefits	18,510	20,776	16,125
Occupancy and equipment	5,589	5,655	3,907
Amortization of acquisition intangibles	3,267	3,400	2,064
Franchise and shares tax	1,382	1,374	1,037
Communication and delivery	2,510	2,660	1,896
Marketing and business development	867	1,096	1,380
Data processing	1,369	916	1,113
Printing, stationery and supplies	731	946	806
Restructuring	(46)	1,178	-
Other expenses	5,525	6,880	5,430
Total noninterest expense	39,704	44,881	33,758
Income before income tax expense	20,489	15,667	16,319
Income tax expense	7,514	6,138	6,182
Net Income	$ 12,975	$ 9,529	$ 10,137
Earnings per share - basic	$ 2.14	$ 1.55	$ 1.61
Earnings per share - diluted	$ 2.12	$ 1.53	$ 1.56

The accompanying Notes to Consolidated Financial Statements are an integral part of these Financial Statements.

IBERIABANK CORPORATION AND SUBSIDIARY

Consolidated Statements of Shareholders' Equity

Years Ended December 31, 2000, 1999 and 1998

(Dollars in thousands, except share and per share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned Common Stock Held By ESOP	Unearned Common Stock Held By RRP Trust	Accumulated Other Compre-hensive Income	Treasury Stock	Total Share-holders' Equity
Balance, January 1, 1998	$ 7,381	$ 66,798	$ 57,096	$ (3,921)	$ (4,082)	$ 221	$ (7,929)	$115,564
Comprehensive income:								
Net income for the year ended December 31, 1998			10,137					10,137
Change in unrealized gain on securities available for sale, net of deferred taxes						128		128
Total comprehensive income								10,265
Cash dividends declared, $.57 per share			(3,706)					(3,706)
Reissuance of treasury stock under stock option plan, 4,838 shares		24					71	95
Common stock released by ESOP trust		1,029		654				1,683
Common stock earned by participants of recognition and retention plan trust, including tax benefit		170			399			569
Treasury stock acquired at cost, 25,000 shares							(503)	(503)
Balance, December 31, 1998	7,381	68,021	63,527	(3,267)	(3,683)	349	(8,361)	123,967
Comprehensive income:								
Net income for the year ended December 31, 1999			9,529					9,529
Change in unrealized gain on securities available for sale, net of deferred taxes						(7,473)		(7,473)
Total comprehensive income								2,056
Cash dividends declared, $.63 per share			(3,991)					(3,991)
Reissuance of treasury stock under stock option plan, 13,371 shares		15					197	212
Common stock released by ESOP trust		577		618				1,195
Common stock earned by participants of recognition and retention plan trust, including tax benefit		58			659			717
Compensation expense on stock option plans		78						78
Treasury stock acquired at cost, 336,500 shares							(7,045)	(7,045)
Balance, December 31, 1999	7,381	68,749	69,065	(2,649)	(3,024)	(7,124)	(15,209)	117,189
Comprehensive income:								
Net income for the year ended December 31, 2000			12,975					12,975
Change in unrealized loss on securities available for sale, net of deferred taxes						4,831		4,831
Total comprehensive income								17,806
Cash dividends declared, $.66 per share			(4,077)					(4,077)
Common stock released by ESOP trust		340		582				922
Common stock earned by recognition and retention plan trust		47			565			612
Common stock purchased by recognition and retention plan trust		128			(128)			-
Compensation expense on stock option plans		(33)						(33)
Treasury stock acquired at cost, 300,000 shares							(5,377)	(5,377)
Balance, December 31, 2000	$ 7,381	$ 69,231	$ 77,963	$ (2,067)	$ (2,587)	$(2,293)	$(20,586)	$127,042

The accompanying Notes to Consolidated Financial Statements are an integral part of these Financial Statements.

IBERIABANK CORPORATION AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended December 31, 2000, 1999 and 1998

(Dollars in thousands)

	2000	1999	1998
Cash Flows from Operating Activities:			
Net income	$ 12,975	$ 9,529	$ 10,137
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,615	6,657	4,283
Provision for loan losses	3,861	2,836	903
Noncash compensation expense	1,320	1,826	2,019
Gain on sale of assets	(2,047)	(852)	(1,869)
Equipment donated	-	120	-
Loss (gain) on sale of investments	1,759	-	(3)
Amortization of premium/discount on investments	290	872	117
Current provision for deferred income taxes	(71)	(1,143)	(167)
FHLB stock dividends	(582)	(447)	(419)
Net change in loans held for sale	1,424	13,636	(18,407)
Proceeds from student loans sold	-	763	9,215
Other, net	(1,601)	3,109	(1,627)
Net Cash Provided by Operating Activities	23,943	36,906	4,182
Cash Flows From Investing Activities:			
Activity in available for sale securities:			
Sales	43,706	-	4,498
Maturities, prepayments and calls	37,155	25,500	29,345
Purchases	(43,744)	(99,998)	(54,981)
Activity in held to maturity securities:			
Maturities, prepayments and calls	9,013	55,166	47,004
Purchases	-	-	(210,575)
(Increase) decrease in loans receivable, net	(101,513)	(77,653)	12,407
Proceeds from FHLB stock redemption	-	4,853	1,162
Purchases of FHLB stock	(594)	(982)	(4,828)
Proceeds from sale of premises and equipment	4,875	1,301	2,152
Purchases of premises and equipment	(1,061)	(2,332)	(4,348)
Proceeds from disposition of real estate owned	1,279	1,191	769
Cash received in excess of cash paid on branch acquisition	-	-	292,439
Net Cash (Used In) Provided By Investing Activities	(50,884)	(92,954)	115,044

IBERIABANK CORPORATION AND SUBSIDIARY

Consolidated Statements of Cash Flows (continued)

Years Ended December 31, 2000, 1999 and 1998

(Dollars in thousands)

	2000	1999	1998
Cash Flows From Financing Activities:			
Increase (decrease) in deposits	$ 43,173	$(120,881)	$(12,776)
Net change in short-term borrowings	(29,000)	83,000	-
Proceeds from issuance of long-term debt	16,650	7,575	-
Repayments of long-term debt	(7,860)	(1,161)	(1,089)
Dividends paid to shareholders	(3,817)	(3,810)	(3,372)
Proceeds from sale of treasury stock for stock options excercised	-	212	78
Payments to repurchase common stock	(5,377)	(7,045)	(503)
Net Cash Provided by (Used In) Financing Activities	13,769	(42,110)	(17,662)
Net (Decrease) Increase In Cash and Cash Equivalents	(13,172)	(98,158)	101,564
Cash and Cash Equivalents at Beginning of Period	47,713	145,871	44,307
Cash and Cash Equivalents at End of Period	$ 34,541	$ 47,713	$ 145,871
Supplemental Schedule of Noncash Activities:			
Acquisition of real estate in settlement of loans	$ 1,495	$ 1,035	$ 929
Supplemental Disclosures:			
Cash paid (received) for:			
Interest on deposits and borrowings	$ 52,634	$ 46,703	$ 35,745
Income taxes	$ 7,083	$ 7,723	$ 5,112
Income tax refunds	$ (2)	$ (9)	$ (495)

The accompanying Notes to Consolidated Financial Statements are an integral part of these Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies:

Nature of Operations: IBERIABANK Corporation, formerly ISB Financial Corporation, (the "Company") is a Louisiana corporation organized in November 1994 for the purpose of becoming the bank holding company for Iberia Savings Bank. The Board of Directors of Iberia Savings Bank adopted the Plan of Conversion pursuant to which the bank converted from a Louisiana-chartered mutual savings bank to a Louisiana-chartered stock savings bank. The Company completed its subscription and community offering in April 1995 and, with a portion of the net proceeds, acquired the capital stock of the bank. In December of 1997, Iberia Savings Bank changed its charter from a state savings bank to a state commercial bank and changed its name to IBERIABANK (the "Bank").

The Bank operates 23 offices located in south central Louisiana, 11 offices located in northeast Louisiana and 7 offices located in the greater New Orleans area. The Bank provides a variety of financial services to individuals and businesses throughout its service area. Its primary deposit products are checking, savings and certificate of deposit accounts and its primary lending products are consumer, mortgage and commercial business loans. The Bank also offers discount brokerage services through a wholly owned subsidiary.

Principles of Consolidation: The consolidated financial statements include the accounts of IBERIABANK Corporation and its wholly owned subsidiary, IBERIABANK, as well as all of the Bank's subsidiaries, Iberia Financial Services, LLC, Jefferson Insurance Corporation, Metro Service Corporation, Finesco, LLC and IBERIABANK Insurance Services, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses. Actual results could differ from those estimates.

Concentration of Credit Risks: Most of the Company's business activity is with customers located within the State of Louisiana. The Company's lending activity in the past was concentrated in the southwestern part of Louisiana. That economy has historically been heavily dependent on the oil and gas industry. The Company in recent years has increased originations of commercial loans and indirect automobile loans, and through acquisitions has entered the New Orleans and Monroe, Louisiana markets. Repayment of loans is expected to come from cash flow of the borrower or, particularly with the residential mortgage portfolio, from the sale of the real estate. Losses are limited by the value of the collateral upon default of the borrowers.

Cash and Cash Equivalents: For purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents are defined as cash and interest-bearing and noninterest-bearing demand deposits at other financial institutions.

Investment Securities: Debt securities that management has the ability and intent to hold to maturity are classified as held to maturity and carried at cost, adjusted for amortization of premiums and accretion of discounts using methods approximating the interest method. Securities not classified as held to maturity or trading, including equity securities with readily determinable fair values, are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Declines in the value of individual held to maturity and available for sale securities below their cost that are other than temporary are included in earnings as realized losses. The cost of securities sold is recognized using the specific identification method.

Stock in the Federal Home Loan Bank of Dallas ("FHLB") is carried at cost. Since the Bank is a member of the FHLB, it is required to maintain an amount of FHLB stock based on its total assets and level of borrowings. At December 31, 2000 and 1999, the institution held more than the required level of FHLB stock.

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans: The Company grants residential mortgage, commercial and consumer loans to customers primarily throughout the state of Louisiana. The ability of the debtors to honor contracts is dependent upon the real estate and general economic conditions in this area.

Loans receivable are stated at the unpaid principal balances, less the allowance for loan losses and net deferred loan origination fees and unearned discounts. Interest income on loans is accrued over the term of the loans based on the principal balance outstanding. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield, using the interest method.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Credit card loans and other personal loans are typically charged off no later than 180 days past due. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

In general, all interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis method or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses: The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash

flows. Changes in the allowance related to impaired loans are charged or credited to the provision for loan losses.

The allowance for loan losses is maintained at a level which, in management's judgement, is adequate to absorb credit losses inherent in the portfolio. The amount of the allowance is based on management's evaluation of various factors, including the collectibility of the loan portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. The impairment loss is measured on a loan by loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures.

Credit Related Financial Instruments: In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded when they are funded.

Loan Servicing: Mortgage servicing rights are recognized on loans sold where the institution retains the servicing rights. Capitalized mortgage servicing rights are reported in other assets and are amortized in proportion to, and over the period of, estimated net servicing revenues. Impairment of mortgage servicing rights is assessed based on the fair value of those rights. Fair values are estimated using discounted cash flows based on a current market interest rate.

Foreclosed Property: Real estate and other assets acquired in settlement of loans are recorded at the balance of the loan or at estimated fair value minus estimated costs to sell, whichever is less, at the date acquired. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of cost or fair value minus estimated costs to sell. Revenue and expenses from operations, gain or loss on sale and changes in the valuation allowance are included in net expenses from foreclosed assets. There was no allowance for losses on foreclosed property at December 31, 2000 and 1999.

Premises and Equipment: Land is carried at cost. Buildings and equipment are carried at cost, less accumulated depreciation computed on a straight line basis over the estimated useful lives of 15 to 40 years for buildings and 5 to 10 years for furniture, fixtures and equipment.

Goodwill and Other Intangible Assets: Goodwill, representing the purchase price in excess of fair value of identifiable net assets at acquisition, is amortized over periods not exceeding 25 years. Other acquired intangible assets, such as core deposit intangibles, are amortized over the periods benefited, not exceeding 8 years. As events or circumstances warrant, the Company evaluates the recoverability of the unamortized balance based on expected future profitability and undiscounted future cash flows of the acquisitions and their contribution to the overall operation of the company.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Income Taxes: The Company and all subsidiaries file a consolidated federal income tax return on a calendar year basis. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Stock Compensation Plans: Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock-Based Compensation,* encourages all entities to adopt a fair value based method of accounting for employee stock compensation plans, whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. It also allows an entity to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees,* whereby compensation cost is the excess, if any, of the quoted market price of the stock at the grant date (or other measurement date) over the amount an employee must pay to acquire the stock. Stock options issued under the Company's stock option plans generally have no intrinsic value at the grant date, and under Opinion No. 25 no compensation cost is recognized for them. The Company has elected to continue with the accounting methodology in Opinion No. 25 and, as a result, has provided proforma disclosures of net income and earnings per share and other disclosures, as if the fair value based method of accounting had been applied.

Earnings Per Common Share: Basic earnings per share represents income available to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate to

outstanding stock options and unvested restricted stock, and are determined using the treasury stock method.

Comprehensive Income: Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Effects of New Accounting Pronouncements: In June 1998, the Financial Accounting Standards Board issued SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*. The statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments imbedded in other contracts. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for changes in the fair value of derivatives (that is, gains and losses) depends on the intended use of the derivative and the resulting designation. The statement is effective for fiscal years beginning after June 15, 1999. The Company currently has no derivatives and does not have any hedging activities. The Company adopted the statement effective October 1, 1999. At the date of initial application, in accordance with the provisions of the statement, the Company transferred certain held to maturity securities into the available for sale category. The securities transferred consisted of $198,909,000 in mortgage backed securities, and the adjustment to fair value at the time of transfer was a decrease of $5,730,000.

The Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101 in December 1999. SAB 101 presented the SEC staff's views on and guidance in applying generally accepted accounting principles to revenue recognition in financial statements. Compliance with this guidance became mandatory as of December 31, 2000. The Company has determined that its existing revenue recognition practices comply in all material respects with the guidance in SAB 101.

In June 2000, the Financial Accounting Standards Board ("FASB") issued FAS Statement No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities.* The new statement addresses a limited number of issues causing implementation difficulties for a large number of entities getting ready to apply FAS Statement 133. There are no conflicts with or modifications to the basic model of Statement 133, and there is no delay in the effective date of Statement 133. FAS 138 is effective for fiscal quarters of all fiscal years beginning after June 15, 2000. Implementation of this standard is not expected to have a material impact on financial position or results of operations.

In September 2000, the FASB issued FAS Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.* The statement replaces FASB Statement No. 125 of the same name. It revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of Statement 125's provisions without reconsideration. The statement is effective generally for transactions occurring after March 31, 2001. Disclosures are effective for years ending after December 15, 2000. Implementation of this standard is not expected to

have a material impact on financial position or results of operations.

Reclassifications: Certain reclassifications have been made to the 1998 and 1999 consolidated financial statements in order to conform to the classifications adopted for reporting in 2000.

Note 2 - Restructuring:

On December 13, 1999 the Board of Directors approved a restructuring plan aimed at improving the operating efficiency and profitability of the Company. The plan involves consolidation of certain branches and elimination of thirty-three personnel positions primarily at corporate headquarters. The charges to 1999 earnings consisted of $451,000 of fixed asset impairments primarily consisting of leasehold improvements written down to book value for the remaining lease term, $198,000 of lease termination penalties and $35,000 of closure expenses all related to the branch consolidations and $244,000 of severance accruals for the personnel positions eliminated. As part of the plan, the four directors emeritus retired in December of 1999, resulting in compensation expense of $250,000 for immediate vesting in their recognition and retention plan shares.

During 2000, branch consolidation resulted in the elimination of six branch employee positions, with severance packages totaling $43,000, which was charged against income. The bank was released from lease termination penalties on two branches in 2000, which resulted in a reversal of the 1999 liability in the amount of $89,000. At December 31, 2000 the balance in the restructuring liability was $117,000, which is comprised of $89,000 in lease termination penalties and $28,000 in branch consolidation expenses remaining to be paid.

Note 3 - Investment Securities:

The amortized cost and fair values of investment securities, with gross unrealized gains and losses, (in thousands) consists of the following:

December 31, 2000	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
U.S. Government and federal agency obligations	$ 98,001	$ -	$ (1,742)	$ 96,259
Mortgage backed	167,021	-	(1,732)	165,289
Total debt securities	265,022	-	(3,474)	261,548
Marketable equity security	6,728	-	(53)	6,675
Total securities available for sale	$271,750	$ -	$ (3,527)	$ 268,223
Securities held to maturity:				
Obligations of state and political subdivisions	$ 1,435	$ -	$ -	$ 1,435
Mortgage backed	74,887	-	(382)	74,505
Total securities held to maturity	$ 76,322	$ -	$ (382)	$ 75,940

December 31, 1999	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale:				
U.S. Government and federal agency obligations	$112,864	$ -	$ (5,181)	$107,683
Mortgage backed	191,167	-	(5,693)	185,474
Total debt securities	304,031	-	(10,874)	293,157
Marketable equity security	6,318	-	(87)	6,231
Total securities available for sale	$310,349	$ -	$(10,961)	$ 299,388
Securities held to maturity:				
Obligations of state and political subdivisions	$ 1,889	$ -	$ -	$ 1,889
Mortgage backed	83,604	-	(2,609)	80,995
Total securities held to maturity	$ 85,493	$ -	$ (2,609)	$ 82,884

Securities with carrying values of $56,827,000 and $28,596,000 at December 31, 2000 and 1999, respectively were pledged to secure public deposits and other borrowings.

The amortized cost and estimated fair value of investment securities at December 31, 2000, by contractual maturity, are shown below (in thousands). Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale		Securities Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within one year or less	$ -	$ -	$ 190	$ 190
One through five years	30,008	29,927	485	485
After five through ten years	67,993	66,332	715	715
Over ten years	-	-	45	45
Subtotal	98,001	96,259	1,435	1,435
Mortgage backed	167,021	165,289	74,887	74,505
Marketable equity security	6,728	6,675	-	-
Totals	$271,750	$268,223	$76,322	$75,940

For the years ended December 31, 2000, 1999 and 1998, proceeds from sales of securities available for sale amounted to $43,706,000, $-0-, and $4,498,000, respectively. Gross realized losses amounted to $1,759,000, $-0- and $-0- in 2000, 1999 and 1998. Gross realized gains amounted to $-0-, $-0- and $3,000 in 2000, 1999 and 1998. The tax benefit (provision) applicable to these realized gains and losses amounted to $616,000, $-0-, and $(1,000), respectively.

Note 4 - Loans Receivable:

Loans receivable (in thousands) at December 31, 2000 and 1999 consists of the following:

	2000	1999
Residential mortgage loans:		
Residential 1-4 family	$279,193	$266,161
Construction	7,482	6,381
Total residential mortgage loans	286,675	272,542
Commercial Loans:		
Business	78,986	82,485
Real estate	196,479	157,248
Total commercial loans	275,465	239,733
Consumer Loans:		
Home equity	108,070	91,531
Automobile	25,297	23,432
Indirect automobile	205,143	179,350
Credit card loans	9,559	6,436
Other	30,316	29,854
Total consumer loans	378,385	330,603
Total loans receivable	$940,525	$842,878

Loans receivable include approximately $277,847,000 and $250,537,000 of adjustable rate loans and $662,678,000 and $592,341,000 of fixed rate loans at December 31, 2000 and 1999, respectively.

The amount of loans for which the accrual of interest has been discontinued totaled approximately $5,467,000 and $1,930,000 at December 31, 2000 and 1999, respectively.

A summary of changes in the allowance for loan losses (in thousands) for the years ended December 31, 2000, 1999 and 1998 is as follows:

	2000	1999	1998
Balance, beginning of year	$ 8,749	$ 7,135	$5,258
Allowance for loan losses from acquisitions	-	-	1,392
Provision charged to operations	3,861	2,836	903
Loans charged off	(2,865)	(1,671)	(863)
Recoveries	494	449	445
Balance, end of year	$10,239	$ 8,749	$7,135

The following is a summary of information pertaining to impaired loans (in thousands):

	December 31,	
	2000	1999
Impaired loans without a valuation allowance	$ 48	$ -
Impaired loans with a valuation allowance	5,843	1,980
Total impaired loans	$ 5,891	$1,980
Valuation allowance related to impaired loans	$ 1,037	$ 198

	For The Years Ended December 31,		
	2000	1999	1998
Average investment in impaired loans	$3,612	$ 911	$ 203
Interest income recognized on impaired loans	$ 397	$ 167	$ 115
Interest income recognized on a cash basis on impaired loans	$ 397	$ 167	$ 115

No additional funds are committed to be advanced in connection with impaired loans.

Note 5 - Loan Servicing:

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage loans serviced for others was $31,146,000 and $34,852,000 at December 31, 2000 and 1999, respectively.

Custodial escrow balances maintained in connection with the foregoing portfolio of loans serviced for others, and included in demand deposits, were approximately $107,000 and $109,000 at December 31, 2000 and 1999, respectively.

Mortgage loan servicing rights of $5,000 and $67,000 were capitalized in 2000 and 1999, respectively. Amortization of mortgage servicing rights was $30,000, $26,000 and $15,000 in 2000, 1999 and 1998, respectively. The balance of mortgage servicing rights was $179,000 and $204,000 at December 31, 2000 and 1999, respectively.

Note 6 - Premises and Equipment:

Premises and equipment (in thousands) at December 31, 2000 and 1999 is summarized as follows:

	2000	1999
Land	$ 3,737	$ 4,093
Buildings	16,391	18,982
Furniture, fixtures and equipment	15,184	14,602
	35,312	37,677
Less accumulated depreciation	13,847	11,720
Total premises and equipment	$21,465	$25,957

Depreciation expense was $2,670,000, $2,615,000 and $1,919,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

The Company actively engages in leasing office space that it has available. Leases have different terms ranging from monthly rental to five year leases. At December 31, 2000, the monthly lease income was $19,000 per month. Total lease income for 2000, 1999 and 1998 was $394,000, $439,000 and $335,000, respectively. Income from leases was reported as a reduction in occupancy and equipment expense. The total allocated cost of the portion of the buildings held for lease at December 31, 2000 and 1999 was $1,570,000 and $2,920,000, respectively, with related accumulated depreciation of $471,000 and $922,000, respectively.

The Company leases certain branch offices, land and ATM facilities through noncancellable operating leases with terms that range from one to twenty years, with renewal options thereafter. Total rent expense for the

years ended December 31, 2000, 1999, and 1998 amounted to $548,000, $570,000, and $439,000, respectively.

Minimum future annual rent commitments (in thousands) under these agreements as of December 31, 2000 are:

Year Ending December 31,	Amount
2001	$ 547
2002	431
2003	287
2004	195
2005 and thereafter	571
Total	$2,031

Note 7 - Deposits:

Certificates of deposit with a balance of $100,000 and over were $141,090,000 and $124,538,000 at December 31, 2000 and 1999, respectively.

A schedule of maturities of certificates of deposit (in thousands) is as follows :

Year Ending December 31,	Amount
2001	$417,373
2002	112,727
2003	25,645
2004	6,482
2005 and thereafter	6,838
Total deposits	$569,065

Note 8 - Short-Term Borrowings:

The short-term borrowings at December 31, 2000 consist of FHLB advances with terms ranging from 7 to 14 days, at fixed interest rates ranging from 6.39% to 6.42%.

Note 9 - Long-Term Debt:

Long-term debt at December 31, 2000 and 1999 (in thousands) is summarized as follows:

	2000	1999
Federal Home Loan Bank fixed rate notes at:		
5.0 to 5.99%	$ 3,968	$ 4,367
6.0 to 6.99%	28,593	36,000
7.0 to 7.99%	19,057	4,111
Union Planters Bank, $15MM line of credit with variable rate equal to Wall Street prime minus .50%, currently @ 9.00% maturing 3/31/01.	9,225	7,575
Total long-term debt	$60,843	$52,053

FHLB advance repayments are amortized over periods ranging from fifteen to thirty years, and have a balloon feature at maturity. Advances are collateralized by a blanket pledge of mortgage loans and a secondary pledge of FHLB stock and FHLB demand deposits. Total additional advances available from the FHLB at December 31, 2000 were $160,887,000 under the blanket floating lien and $260,180,000 with a pledge of investment securities.

Advances and long-term debt at December 31, 2000 (in thousands) have maturities in future years as follows:

Year Ending December 31,	Amount
2001	$28,443
2002	8,059
2003	-
2004	-
2005 and thereafter	24,341
Total	$60,843

Note 10 - Income Taxes:

The provision for income tax expense (in thousands) consists of the following:

	For The Years Ended December 31,		
	2000	1999	1998
Current expense:			
Federal	$7,653	$7,080	$6,386
State	(68)	201	(37)
Total current expense	7,585	7,281	6,349
Deferred federal expense	(71)	(1,143)	(167)
Total income tax expense	$7,514	$6,138	$6,182

There was a balance due of federal income taxes of $453,000 at December 31, 2000 and an overpayment of federal income taxes of $242,000 at December 31, 1999.

At December 31, 2000, the Company had a federal net operating loss carryover of $521,000 assumed in an acquisition, expiring in 2009 through 2010.

The provision for federal income taxes differs from the amount computed by applying the federal income tax statutory rate of 35 percent on income from operations as indicated in the following analysis (in thousands):

	For The Years Ended December 31,		
	2000	1999	1998
Federal tax based on statutory rate	$7,171	$5,483	$5,611
Increase (decrease) resulting from:			
Effect of tax-exempt income	(113)	(136)	(94)
Amortization of acquisition intangibles	416	457	483
Interest and other nondeductible expenses	38	40	37
Nondeductible ESOP expense	56	148	318
State income tax on non-bank entities	(74)	201	(37)
Other	20	64	42
Benefit from change in deferred tax valuation allowance	-	(119)	(178)
Income tax expense	$7,514	$6,138	$6,182
Effective rate	36.7%	39.2%	37.9%

The net deferred tax liability (in thousands) at December 31, 2000 and 1999 is as follows:

	2000	1999
Deferred tax asset:		
Allowance for loan losses	$ 3,019	$ 2,063
Deferred directors' fees	108	109
Net operating loss carryover	182	365
ESOP and RRP	233	237
Unrealized loss on investments classified as available for sale	1,235	3,836
Other	360	397
Subtotal	5,137	7,007
Deferred tax liability:		
FHLB stock	(1,202)	(561)
Premises and equipment	(1,840)	(1,829)
Other	(25)	(17)
Subtotal	(3,067)	(2,407)
Deferred tax asset	$ 2,070	$ 4,600

A summary of the changes in the net deferred tax asset (liability) for the years ended December 31, 2000 and 1999 is as follows (in thousands):

	2000	1999
Balance, beginning	$ 4,600	$ (559)
Deferred tax expense, charged to operations	71	1,143
Unrealized gain (loss) on available for sale securities, charged to equity	(2,601)	4,016
Balance, ending	$ 2,070	$ 4,600

Retained earnings at December 31, 2000 and 1999 included approximately $14,791,000 accumulated prior to January 1, 1987 for which no provision for federal income taxes has been made. If this portion of retained earnings is used in the future for any purpose other than to absorb bad debts, it will be added to future taxable income.

Note 11 - Earnings Per Share:

Weighted average shares of common stock outstanding for basic EPS excludes the weighted average shares not released by the Employee Stock Ownership Plan ("ESOP") of 235,748, 295,517, and 359,164 shares at December 31, 2000, 1999 and 1998, respectively and the weighted average unvested shares in the Recognition and Retention Plan ("RRP") of 187,454, 231,282 and 257,171 shares at December 31, 2000, 1999 and 1998, respectively. Shares not included in the calculation of diluted EPS because they are anti-dilutive were stock options of 238,507, 151,865 and 28,000, and RRP grants of 73,500, 54,000 and 11,000 at December 31, 2000, 1999 and 1998, respectively.

The following sets forth the computation of basic net income per common share and diluted net income per common share.

	For The Years Ended December 31,		
	2000	1999	1998
Numerator:			
Income applicable to common shares	$12,975,000	$9,529,000	$10,137,000
Denominator:			
Weighted average common shares outstanding	6,056,148	6,144,081	6,280,962
Effect of dilutive securities:			
Stock options outstanding	46,821	79,188	185,235
RRP grants	10,602	17,435	36,620
Weighted average common shares outstanding - assuming dilution	6,113,571	6,240,704	6,502,817
Earnings per common share	$ 2.14	$ 1.55	$ 1.61
Earnings per common share - assuming dilution	$ 2.12	$ 1.53	$ 1.56

Note 12 - Capital Requirements and Other Regulatory Matters:

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of total and Tier 1 capital to risk-weighted assets and of Tier 1 capital to average assets. Management believes, as of December 31, 2000 and 1999, that the Company and the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2000, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leveraged ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category. The Company's and the Bank's actual capital amounts (dollars in thousands) and ratios as of December 31, 2000 and 1999 are also presented in the table.

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2000						
Tier 1 leverage capital:						
IBERIABANK Corp.	$ 90,487	6.67%	$ 54,239	4.00%	$ N/A	N/A%
IBERIABANK	97,649	7.22	54,109	4.00	67,636	5.00
Tier 1 risk-based capital:						
IBERIABANK Corp.	90,487	10.05	35,998	4.00	N/A	N/A
IBERIABANK	97,649	10.86	35,980	4.00	53,970	6.00
Total risk-based capital:						
IBERIABANK Corp.	100,726	11.19	71,996	8.00	N/A	N/A
IBERIABANK	107,888	11.99	71,960	8.00	89,950	10.00
December 31, 1999						
Tier 1 leverage capital:						
IBERIABANK Corp.	$ 82,193	6.26%	$ 52,512	4.00%	$ N/A	N/A%
IBERIABANK	89,746	6.80	52,817	4.00	66,021	5.00
Tier 1 risk-based capital:						
IBERIABANK Corp.	82,193	9.42	34,883	4.00	N/A	N/A
IBERIABANK	89,746	10.30	34,862	4.00	52,293	6.00
Total risk-based capital:						
IBERIABANK Corp.	91,195	10.43	69,767	8.00	N/A	N/A
IBERIABANK	98,748	11.30	69,725	8.00	87,156	10.00

Note 13 - Benefit Plans:

401(k) Profit Sharing Plan

The Company has a 401(k) profit sharing plan covering substantially all of its employees. Annual employer contributions to the plan are set by the Board of Directors. No contributions were made by the Company for the years ended December 31, 2000, 1999 and 1998. The plan provides, among other things, that participants in the plan be able to direct the investment of their account balances within the Profit Sharing Plan into alternative investment funds. Participant deferrals under the salary reduction election may be matched by the employer based on a percentage to be determined annually by the employer.

Employee Stock Ownership Plan

In connection with the conversion from mutual to stock form, the Company established an ESOP for the benefit of all eligible employees of the Bank. The leveraged ESOP is accounted for in accordance with American Institute of Certified Public Accountants ("AICPA") Statement of Procedures ("SOP") 93-6, *Employers' Accounting for Employee Stock Ownership Plans.*

Full-time employees of the Bank who have been credited with at least 1,000 hours of service during a 12 month period and who have attained age 21 are eligible to participate in the ESOP. It is anticipated that contributions will be made to the plan in amounts necessary to amortize the debt to the Company over a period of 10 years.

Under SOP 93-6, unearned ESOP shares are not considered outstanding and are shown as a reduction of shareholders' equity. Dividends on unallocated ESOP shares are considered to be compensation expense. The Company will recognize compensation cost equal to the fair value of the ESOP shares during the periods in which they become committed to be released. To the extent that the fair value of the Company's ESOP shares differ from the cost of such shares, this differential will be credited to equity. The Company will receive a tax deduction equal to the cost of the shares released. As the loan is internally leveraged, the loan receivable from the ESOP to the Company is not reported as an asset nor is the debt of the ESOP shown as a Company liability. Dividends on allocated shares have been used to pay the ESOP debt.

Compensation cost related to the ESOP for the years ended December 31, 2000, 1999 and 1998 was $741,000, $1,031,000 and $1,576,000, respectively. The fair value of the unearned ESOP shares, using the closing quoted market price per share for that day was approximately $4,495,000 and $3,642,000 at December 31, 2000 and 1999, respectively.

A summary of the ESOP share allocation is as follows:

	December 31,		
	2000	1999	1998
Shares allocated beginning of year	304,067	246,995	197,952
Shares allocated during year	58,183	61,819	65,458
Shares distributed during the year	(19,221)	(4,747)	(16,415)
Total allocated shares held by ESOP at year end	343,029	304,067	246,995
Unreleased shares	206,657	264,840	326,659
Total ESOP shares	549,686	568,907	573,654

Stock Option Plans

In 1996, the Company adopted a stock option plan for the benefit of directors, officers, and other key employees. The number of shares of common stock reserved for issuance under the stock option plan was equal to 738,067 shares or 10 percent of the total number of common shares sold in the Company's initial public offering of its common stock upon the mutual-to-stock conversion of Iberia Savings Bank. The option exercise price cannot be less than the fair value of the underlying common stock as of the date of the option grant and the maximum option term cannot exceed ten years. In 1999 the Company adopted a similar plan that authorized an additional 300,000 shares available for the granting of options. The Company also adopted a supplemental plan for 24,999 shares for grants of options or restricted stock to consultants and directors. The stock options granted are generally exercisable in seven equal annual installments. Compensation expense in 2000, 1999 and 1998 related to the stock option plans was not material. At December 31, 2000 future awards of 111,124 shares could be made under the stock option plans.

The stock option plans also permit the granting of Stock Appreciation Rights ("SAR's"). SAR's entitle the holder to receive, in the form of cash or stock, the increase in the fair value of Company stock from the date of grant to the date of exercise. No SAR's have been issued under the plans.

The following table summarizes the activity related to stock options :

	Options Outstanding	Weighted Average Exercise Price
At January 1, 1998	707,444	$16.76
Granted	34,500	25.61
Canceled	(49,972)	19.13
Exercised	(4,838)	16.17
At December 31, 1998	687,134	17.04
Granted	287,000	17.40
Canceled	(91,416)	18.57
Exercised	(13,371)	15.88
At December 31, 1999	869,347	17.02
Granted	105,100	13.93
Canceled	(50,632)	17.47
Exercised	-	-
At December 31, 2000	923,815	16.64
Exerciseable at December 31, 1998	178,354	$16.29
Exerciseable at December 31, 1999	299,748	$16.51
Exerciseable at December 31, 2000	381,258	$16.54

The following table presents the weighted average remaining life as of December 31, 2000 for options outstanding within the stated exercise prices:

	Outstanding		Exerciseable		
Exercise Price Range Per Share	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life	Number of Options	Weighted Average Exercise Price
$13.38 to $15.06	216,900	$13.81	9.1 years	16,571	$13.70
$15.88	468,408	$15.88	5.4 years	310,803	15.88
$16.31 to $19.75	98,500	$17.73	8.3 years	20,143	17.81
$20.25 to $25.00	118,857	$22.19	7.9 years	25,962	22.39
$25.13 to $28.25	21,150	$26.36	7.0 years	7,779	26.21

In October 1995, the FASB issued SFAS 123. SFAS 123 requires disclosure of the compensation cost for stock-based incentives granted after January 1, 1995 based on the fair value at grant date for awards. Applying SFAS 123 would result in pro forma net income (in thousands) and earnings per share amounts as follows:

	2000	1999	1998
Net income			
As reported	$12,975	$9,529	$10,137
Pro forma	$12,530	$9,229	$ 9,736
Earnings per share			
As reported - basic	$2.14	$1.55	$1.61
- diluted	$2.12	$1.53	$1.56
Pro forma - basic	$2.07	$1.50	$1.55
- diluted	$2.05	$1.48	$1.50

The fair value of each option is estimated on the date of grant using an option-pricing model with the following weighted average assumptions used for 2000, 1999 and 1998 grants: dividend yields of 4.21, 3.31, and 2.23 percent; expected volatility of 25.53, 26.13 and 38.00 percent; risk-free interest rate of 6.35, 5.97 and 5.48 percent; and expected lives of 8.5 years for all options.

The weighted average fair value per share at the date of grant for shares granted during 2000, 1999 and 1998 was $3.46, $4.60 and $10.66, respectively.

Restricted Stock Plans

The Company established the Recognition and Retention Plan (RRP) for certain officers and directors during the year ended December 31, 1996. The supplemental plan adopted in 1999 can also make grants of restricted stock. The cost of the shares of restricted stock awarded under these plans is recorded as unearned compensation, a contra equity account. The fair value of the shares on the date of award will be recognized as compensation expense over the vesting period, which is generally seven years. The holders of the restricted stock receive dividends and have the right to vote the shares. For the years ended December 31, 2000, 1999 and 1998 the amount included in compensation expense was $612,000, $717,000 and $442,000 respectively. At December 31, 2000, 62,261 shares were available in the RRP plan for future awards. The weighted average grant date fair value of the restricted stock granted during the years ended December 31, 2000, 1999

and 1998 was $14.49, $18.14 and $26.19 respectively. A summary of the changes in awarded shares follows:

	2000	1999	1998
Balance, beginning of year	155,754	136,695	163,493
Granted	13,600	95,500	6,000
Forfeited	(5,142)	(32,060)	(7,387)
Earned and issued	(31,932)	(44,381)	(25,411)
Balance, end of year	132,280	155,754	136,695

Note 14 - Related Party Transactions:

In the ordinary course of business, the Bank has granted loans to executive officers and directors and their affiliates amounting to $620,000 and $602,000 at December 31, 2000 and 1999, respectively. During the year ended December 31, 2000, total principal additions were $67,000 and total principal payments were $49,000.

Note 15 - Financial Instruments With Off-Balance Sheet Risks, Commitments and Contingencies:

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The same credit policies are used in these commitments as for on-balance sheet instruments. The Company's exposure to credit loss in the event of nonperformance by the other parties is represented by the contractual amount of the financial instruments.

At December 31, 2000 and 1999, the Company had the following financial instruments outstanding, whose contract amounts (in thousands) represent credit risk:

	Contract Amount	
	2000	1999
Commitments to grant loans	$ 21,971	$ 37,668
Unfunded commitments under lines of credit	167,659	109,347
Commercial and standby letters of credit	1,925	7,570

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to be drawn upon, the total commitment amounts generally represent future cash requirements. The Company evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty.

Unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines-of-credit usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

The Company has no investments in financial instruments or agreements whose value is linked to or derived from changes in the value of some underlying assets or index.

Such instruments or agreements include futures, forward contracts, option contracts, interest-rate swap agreements and other financial arrangements with similar characteristics and are commonly referred to as derivatives.

At December 31, 2000 and 1999, the Company had outstanding commitments to sell loans of $3,232,000 and $956,000, respectively.

The Company is subject to certain claims and litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the consolidated financial position of the Company.

Note 16 - Fair Value of Financial Instruments:

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. SFAS 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents: The carrying amounts of cash and short-term instruments approximate their fair value. The carrying amounts of interest-bearing deposits maturing within ninety days approximate their fair values.

Investment Securities: Fair value equals quoted market prices and dealer quotes. The carrying value of Federal Home Loan Bank stock approximates fair value based on the redemption provisions of the Federal Home Loan Bank.

Loans: The fair value of mortgage loans receivable was estimated based on present values using entry-value rates at December 31, 2000 and 1999, weighted for varying maturity dates. Other loans receivable were valued based on present values using entry-value interest rates at December 31, 2000 and 1999 applicable to each category of loans. Fair values of mortgage loans held for sale are based on commitments on hand from investors or prevailing market prices.

Deposits: The fair value of NOW accounts, money market deposits and savings accounts was the amount payable on demand at the reporting date. Certificates of deposit were valued using a weighted average rate calculated based upon rates at December 31, 2000 and 1999 for deposits of similar remaining maturities.

Short-term Borrowings: The carrying amounts of short-term borrowings maturing

within ninety days approximate their fair values.

Long-term Borrowings: The fair values of the Company's long-term borrowings are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued Interest: The carrying amounts of accrued interest approximate fair value.

Off-Balance Sheet Items: The Company has outstanding commitments to extend credit and standby letters of credit. These off-balance sheet financial instruments are generally exercisable at the market rate prevailing at the date the underlying transaction will be completed and, therefore, have no current fair value.

The estimated fair values and carrying amounts of the Company's financial instruments (in thousands) are as follows:

	December 31, 2000		December 31, 1999	
Financial Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 34,541	$ 34,541	$ 47,713	$ 47,713
Securities available for sale	268,223	268,223	299,388	299,388
Securities held to maturity	76,332	75,940	85,493	82,884
Federal Home Loan Bank stock	7,997	7,997	6,821	6,821
Loans and loans held for sale, net	933,633	928,967	838,900	835,864
Accrued interest receivable	9,142	9,142	8,017	8,017
Financial Liabilities				
Deposits	$1,143,187	$1,133,385	$1,100,014	$1,100,814
Short-term borrowings	54,000	54,000	83,000	83,000
Long-term debt	60,843	62,008	52,053	51,369
Accrued interest payable	5,480	5,480	5,385	5,385

The fair value estimates presented herein are based upon pertinent information available to management as of December 31, 2000 and 1999. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Note 17 - Comprehensive Income:

The following is a summary of the components of other comprehensive income (in thousands):

	For The Years Ended December 31,		
	2000	1999	1998
Unrealized gain (loss) on securities available for sale, net	$ 5,674	$(11,489)	$196
Reclassification adjustment for net losses (gains) realized in net income	1,759	-	(3)
Other comprehensive income	7,433	(11,489)	193
Income tax (expense) benefit related to other comprehensive income	(2,602)	4,016	(65)
Other comprehensive income, net of income taxes	$ 4,831	$(7,473)	$128

Note 18 - Restrictions on Dividends, Loans and Advances:

The Bank is restricted under applicable laws in the payment of dividends to an amount equal to current year earnings plus undistributed earnings for the immediately preceding year, unless prior permission is received from the Commissioner of Financial Institutions for the State of Louisiana. Dividends payable without permission by the Bank in 2001 will be limited to 2001 earnings plus an additional $4,345,000.

Accordingly, at January 1, 2001 $129,878,000 of the Company's equity in the net assets of the Bank was restricted. Funds available for loans or advances by the Bank to the Company amounted to $10,789,000.

Note 19 - Segment Information:

SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information*, was effective for 1998. This statement established standards for reporting information about a company's operating segments using a "management approach." The statement requires that reportable segments be identified based upon those revenue-producing components for which separate financial information is produced internally and are subject to evaluation by the chief operating decision maker in deciding how to allocate resources to segments.

The Company has evaluated its potential operating segments against the criteria specified in the statement and has determined that no operating segment disclosures are required in 2000 or 1999.

Note 20 - Condensed Parent Company Only Financial Statements:

Condensed financial statements of IBERIABANK Corporation (parent company only) are shown below. The parent company has no significant operating activities.

Condensed Balance Sheets
December 31, 2000 and 1999
(Dollars in thousands)

Assets	2000	1999
Cash in bank	$ 711	$ 921
Investment in subsidiary	134,223	124,792
Other assets	3,123	348
Total assets	$138,057	$126,061
Liabilities and Shareholders' Equity		
Liabilities	11,015	8,872
Shareholders' equity	127,042	117,189
Total liabilities and shareholders' equity	$138,057	$126,061

Condensed Statements of Income
Years Ended December 31, 2000, 1999 and 1998
(Dollars in thousands)

	2000	1999	1998
Operating income:			
Dividends from subsidiary	$ 9,600	$ 4,550	$ 3,147
Interest income	45	27	303
Other income	0	0	2
Total operating income	9,645	4,577	3,452
Operating expenses	1,635	2,752	1,761
Income before income tax expense and increase in equity in undistributed earnings of subsidiary	8,010	1,825	1,691
Income tax (benefit)	(620)	(800)	(510)
Income before increase in equity in undistributed earnings of subsidiary	8,630	2,625	2,201
Increase in equity in undistributed earnings of subsidiary	4,345	6,904	7,936
Net income	$ 12,975	$ 9,529	$10,137

Condensed Statements of Cash Flows

Years Ended December 31, 2000, 1999 and 1998

(Dollars in thousands)

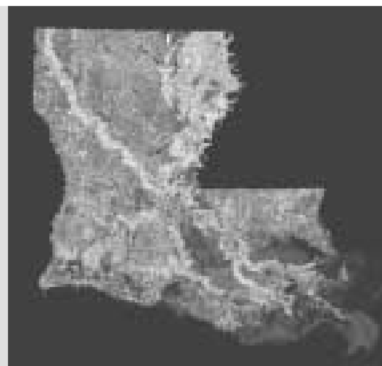
	2000	1999	1998
Cash Flows from Operating Activities:			
Net income	$12,975	$ 9,529	$10,137
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for deferred income taxes	-	-	(1)
Increase in equity in net income of subsidiary	(4,345)	(6,904)	(7,936)
(Increase) decrease in other assets	(2,782)	663	3,239
Increase in other liabilities	427	238	7
Noncash compensation expense	579	795	443
Net Cash Provided by Operating Activities	6,854	4,321	5,889
Cash Flows from Investing Activities:			
Net Cash Provided by (Used In) Investing Activities	-	-	-
Cash Flows from Financing Activities:			
Dividends paid to shareholders	(3,817)	(3,810)	(3,372)
Capital contributed to subsidiary	(175)	(2,184)	(9,222)
Proceeds from issuance of long-term debt	1,650	7,575	0
Payments received from ESOP	655	738	848
Payments to repurchase common stock	(5,377)	(7,045)	(503)
Proceeds from sale of treasury stock	-	212	78
Net Cash Used In Financing Activities	(7,064)	(4,514)	(12,171)
Net Decrease in Cash and Cash Equivalents	(210)	(193)	(6,282)
Cash and Cash Equivalents, Beginning of Period	921	1,114	7,396
Cash and Cash Equivalents, End of Period	$ 711	$ 921	$ 1,114

Note 21 - Quarterly Results of Operations (unaudited):

(Dollars in thousands, except per share data)

Year Ended December 31, 2000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total interest income	$24,655	$25,843	$26,840	$26,708
Total interest expense	12,284	12,883	13,695	13,868
Net interest income	12,371	12,960	13,145	12,840
Provision for loan losses	481	604	811	1,965
Net interest income after provision for loan losses	11,890	12,356	12,334	10,875
Noninterest income	3,159	3,104	3,222	3,253
Noninterest expense	9,514	9,662	9,281	7,980
Goodwill amortization	828	820	813	806
Income before income taxes	4,707	4,978	5,462	5,342
Income tax expense	1,752	1,858	2,036	1,868
Net Income	$ 2,955	$ 3,120	$ 3,426	$ 3,474
Earnings per share - basic	$ 0.48	$ 0.51	$ 0.56	$ 0.58
Earnings per share - diluted	$ 0.48	$ 0.51	$ 0.56	$ 0.57

Year Ended December 31, 1999	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total interest income	$23,434	$23,850	$23,359	$24,442
Total interest expense	11,005	11,087	11,458	11,830
Net interest income	12,429	12,763	11,901	12,612
Provision for loan losses	370	265	288	1,913
Net interest income after provision for loan losses	12,059	12,498	11,613	10,699
Noninterest income	3,100	3,092	3,600	3,888
Noninterest expense	9,692	10,113	9,832	11,844
Goodwill amortization	853	855	843	850
Income before income taxes	4,614	4,622	4,538	1,893
Income tax expense	1,755	1,794	1,751	838
Net Income	$ 2,859	$ 2,828	$ 2,787	$ 1,055
Earnings per share - basic	$ 0.45	$ 0.46	$ 0.46	$ 0.17
Earnings per share - diluted	$ 0.44	$ 0.45	$ 0.45	$ 0.17



CORPORATE INFORMATION

DIRECTORS OF IBERIABANK CORPORATION

William H. Fenstermaker, *Chairman of the Board of IBERIABANK Corporation; President and Chief Executive Officer of C.H. Fenstermaker and Associates, Inc., Lafayette, LA*

E. Stewart Shea III, *Vice Chairman of the Board of IBERIABANK Corporation; Vice President of Bayou Management Services, President of Bayou Pipe Coating, LLC, affiliates of Bayou Management Services, New Iberia, LA*

Elaine D. Abell, *Attorney in private practice, Lafayette, LA*

Harry V. Barton, Jr., *Certified Public Accountant, Lafayette, LA*

Ernest P. Breaux, *President, E. P. Breaux Electrical Co., New Iberia, LA*

Cecil C. Broussard, *Commercial Real Estate Broker, Retired Automobile Dealer, New Iberia, LA*

Daryl G. Byrd, *President and Chief Executive Officer of IBERIABANK Corporation*

Richard F. Hebert, *Owner, President of Hebert's Home and Garden Showplace, New Iberia, LA*

Larrey G. Mouton, *Community Relations Officer of IBERIABANK Corporation*

EXECUTIVE OFFICERS OF IBERIABANK CORPORATION AND IBERIABANK

Daryl G. Byrd, *President and Chief Executive Officer*

Michael J. Brown, *Senior Executive Vice President, New Orleans President, Chief Credit Officer*

John R. Davis, *Senior Executive Vice President, Finance and Retail Strategy*

Marilyn W. Burch, *Executive Vice President, Chief Financial Officer*

Donald P. Lee, *Executive Vice President, Legal Counsel, Corporate Secretary*

EXECUTIVE OFFICERS OF IBERIABANK

Taylor F. Barras, *New Iberia and Community Banks President*

George J. Becker, *Northeast Louisiana President*

Patrick J. Trahan, *Lafayette President*

Belinda J. Cavazos, *Executive Vice President*

Jack J. Deano, *Executive Vice President*

Deneen T. Gross, *Executive Vice President*

Karl E. Hoefer, *Executive Vice President*

J. Keith Short, *Executive Vice President*

DIVIDEND REINVESTMENT PLAN

IBERIABANK Corporation shareholders may take advantage of our Dividend Reinvestment Plan. This program provides a convenient, economical way for shareholders to increase their holdings of the Company's common stock. The shareholder pays no brokerage commissions or service charges while participating in the plan. A nominal fee is charged at the time that an individual terminates plan participation. This plan does not currently offer participants the ability to purchase additional shares with optional cash payments.

To enroll in the IBERIABANK Corporation Dividend Reinvestment Plan, shareholders must have their stock certificate numbers and complete an enrollment form. A summary of the plan and enrollment forms are available from the Registrar and Transfer Company at the address provided below.

Investor Relations
Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016
(800) 368-5948
www.invrelations@RTCO.com

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