

IBERIABANK CORP
Form S-4/A
January 12, 2007
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As filed with the Securities and Exchange Commission on January 12, 2007.

Registration No. 333-139806

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**AMENDMENT NO.1 TO
FORM S-4
REGISTRATION STATEMENT**

UNDER

THE SECURITIES ACT OF 1933

IBERIABANK Corporation

(Exact name of each registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

200 West Congress Drive

Lafayette, Louisiana 70501

(337) 521-4003

72-1280718
(I.R.S. Employer

Identification No.)

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Copy to:

Edward B. Crosland, Jr.

Jones, Walker, Waechter,

**Poitevent, Carrère &
Denègre, L.L.P.**

2600 Virginia Avenue, Suite 1113

Washington, DC 20037-1992

(202) 944-1100

Daryl G. Byrd

President and Chief

Executive Officer

IBERIABANK Corporation

200 West Congress Drive

Lafayette, Louisiana 70501

(337) 521-4003

(Name, address, including zip code,
and telephone number, including
area code, of agent for service)

Copy to:

Walter M. Ebel III

Friday, Eldredge & Clark, LLP

400 West Capitol, Suite 2000

Little Rock, Arkansas 72201

(501) 370-1557

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement and the satisfaction or waiver of all other conditions to the merger described in the information statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

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To the Stockholders of Pulaski Investment Corporation:

A Merger Proposal Your Vote Is Very Important

On August 9, 2006, the board of directors of Pulaski Investment Corporation unanimously approved an Agreement and Plan of Merger between Pulaski Investment Corporation and IBERIABANK Corporation pursuant to which Pulaski Investment Corporation will be merged with and into IBERIABANK Corporation. Pulaski Investment Corporation is sending you this document to ask you to vote on the adoption of the merger agreement with IBERIABANK Corporation.

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Pulaski Investment Corporation Class A voting common stock and Class B nonvoting common stock will be converted into (i) cash (without interest) equal to \$26.6464 per share (approximately \$65,000,000 in the aggregate), (ii) 0.2274 share of IBERIABANK Corporation common stock for each share of Class A voting common stock and Class B nonvoting common stock of Pulaski Investment Corporation (approximately \$32,500,000 in the aggregate based upon the closing price of IBERIABANK Corporation common stock on August 8, 2006 of \$58.60 per share), and (iii) the number of shares of IBERIABANK Corporation common stock determined by the quotient obtained by dividing \$13.323 by the average trading price of IBERIABANK Corporation common stock on the 15 trading days ending one business day prior to the effective date of the merger (approximately \$32,500,000 in aggregate market value).

In lieu of each individual share of Pulaski Investment Corporation common stock being converted in the merger on the effective date into IBERIABANK Corporation common stock and cash, each Pulaski Investment Corporation stockholder will be entitled to specifically designate particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into IBERIABANK Corporation common stock and particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into cash.

IBERIABANK Corporation common stock trades on the Nasdaq Global Market under the symbol **IBKC**.

Your board of directors has unanimously determined that the merger and the merger agreement are fair and in the best interests of Pulaski Investment Corporation and its stockholders and unanimously recommends that you vote FOR adoption of the merger agreement. The merger cannot be completed unless a majority of the issued and outstanding shares of both Class A and Class B common stock of Pulaski Investment Corporation vote to adopt the merger agreement.

This information statement-prospectus gives you detailed information about the special meeting of stockholders to be held on January 29, 2007 the merger and other related matters. You should carefully read this entire document, including the appendices. **In particular, you should carefully consider the discussion in the section entitled Risk Factors on page 24.**

On behalf of the board of directors, I thank you for your prompt attention to this important matter.

James C. East

Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this document is accurate or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This document is dated January 12, 2007, and is first being mailed on or about January 16, 2007.

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ADDITIONAL INFORMATION

A copy of IBERIABANK Corporation's Annual Report on Form 10-K for the year ended December 31, 2005 (excluding certain exhibits) is attached as Appendix C to this information statement-prospectus. A copy of IBERIABANK Corporation's Proxy Statement for the 2006 Annual Meeting of Stockholders is attached as Appendix D to this information statement-prospectus. A copy of IBERIABANK Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 is attached as Appendix E to this information statement-prospectus.

If you have any questions, you may contact Pulaski Investment Corporation at the following address and telephone number:

Pulaski Investment Corporation

5800 R Street

Little Rock, Arkansas 72207

Attention: Dan Boland, Secretary

Telephone: (501) 661-7712

See "Where You Can Find More Information" on page 163.

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PULASKI INVESTMENT CORPORATION

5800 R Street

LITTLE ROCK, ARKANSAS 72207

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JANUARY 29, 2007

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Pulaski Investment Corporation will be held at the offices of Pulaski Investment Corporation, 5800 R Street, Little Rock, Arkansas, at 10:00 a.m., Arkansas time, on January 29, 2007, for the following purposes:

1. To adopt the Agreement and Plan of Merger dated as of August 9, 2006, as amended, by and between IBERIABANK Corporation and Pulaski Investment Corporation, pursuant to which Pulaski Investment Corporation will merge with and into IBERIABANK Corporation, and each of the outstanding shares of Pulaski Investment Corporation will be converted into the right to receive cash and shares of common stock of IBERIABANK Corporation, as more fully described in the attached information statement-prospectus.
2. To transact any other business that properly comes before the special meeting of stockholders, or any adjournments or postponements of the special meeting. We are not aware of any other business to come before the special meeting.

The proposed merger is described in more detail in this information statement-prospectus, which you should read carefully in its entirety before voting. A copy of the merger agreement is attached as Appendix A to this document. Only Pulaski Investment Corporation stockholders of record as of the close of business on January 15, 2007, are entitled to notice of and to vote at the special meeting of stockholders.

Pursuant to a resolution of the Board of Directors of Pulaski Investment Corporation, both stockholders owning Class A voting common stock and stockholders owning Class B nonvoting common stock shall be entitled to vote on the proposed merger. A majority vote of both stockholders owning Class A voting common stock, voting as a class, and stockholders owning Class B nonvoting common stock, voting as a class, shall be required to adopt the merger agreement.

We are not soliciting proxies in connection with the special meeting and request that you not send us a proxy.

BY ORDER OF THE BOARD OF DIRECTORS

James C. East

Chairman of the Board

Little Rock, Arkansas
January 12, 2007

PULASKI INVESTMENT CORPORATION S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER AGREEMENT.

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**QUESTIONS AND ANSWERS ABOUT THE
SPECIAL MEETING OF STOCKHOLDERS**

The following questions and answers briefly address some commonly asked questions about the proposed merger being voted upon at the special meeting of the stockholders of Pulaski Investment Corporation.

Q: WHY IS A SPECIAL MEETING BEING CALLED?

A: Pulaski Investment Corporation's board of directors is calling the special meeting to allow stockholders to consider and vote on a proposed merger of Pulaski Investment Corporation with and into IBERIABANK Corporation, with IBERIABANK Corporation as the corporation surviving the merger. Pulaski Investment Corporation's board of directors believes that a combined entity of Pulaski Investment Corporation and IBERIABANK Corporation would have better future prospects than Pulaski Investment Corporation and its subsidiaries would likely achieve going forward on a stand-alone basis, and that the proposed merger with IBERIABANK Corporation presents the best opportunity for enhancing Pulaski Investment Corporation's stockholder value.

Q: WHO IS IBERIABANK CORPORATION?

A: IBERIABANK Corporation, a Louisiana corporation, is a bank holding company that owns all of the outstanding stock of IBERIABANK, a Louisiana state banking corporation. As of September 30, 2006, IBERIABANK Corporation had consolidated assets of \$3.1 billion, total deposits of \$2.4 billion and stockholders' equity of \$280.3 million.

Q: WHY IS MY VOTE IMPORTANT?

A: The merger agreement must be adopted by a majority of the issued and outstanding shares of Pulaski Investment Corporation Class A common stock and Class B common stock, with each class voting as a separate voting group. A failure to vote will have the same effect as a vote against the merger agreement. See Pulaski Investment Corporation Special Meeting, on page 31.

Q: SHOULD I ATTEND THE SPECIAL MEETING AND VOTE MY SHARES IN PERSON?

A: We encourage all stockholders to attend the special meeting and vote his, her or its shares. No party is soliciting proxies in connection with the special meeting, and we request that you do not submit proxies to Pulaski Investment Corporation. You are, however, entitled under Arkansas law to grant your proxy to any third party. In the event that you are unable to attend the special meeting and intend to submit a proxy, please contact Dan Boland at Pulaski Investment Corporation to ensure that your proxy is properly received by Pulaski Investment Corporation. Mr. Boland may be reached at (501) 661-7712. Representatives of Pulaski Investment Corporation may attempt to obtain the written consent of all of the corporation's stockholders to the merger agreement prior to the special meeting, which action is permitted by Pulaski Investment Corporation's bylaws. The special meeting will not be held in the event this unanimous consent of all stockholders is obtained prior to the scheduled date of the special meeting.

Q: DO I HAVE THE RIGHT TO DISSENT FROM THE MERGER?

A:

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Holders of Pulaski Investment Corporation common stock who properly exercise their dissenters' rights in accordance with Sections 4-27-1301 to 1331 of the Arkansas Business Corporation Act of 1987 are entitled to dissenters' rights under that Act. By resolution, the board of directors of Pulaski Investment Corporation has determined that both Class A and Class B shares of common stock will be entitled to vote on the merger agreement. Thus, holders of each class will have the ability to exercise dissenters' rights. Any stockholder of Pulaski Investment Corporation may exercise dissenters' rights only by delivering to Pulaski Investment Corporation, before the vote of the Pulaski Investment Corporation stockholders is taken on the proposed merger, written notice of the stockholder's intent to demand payment for the stockholder's shares if the

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proposed merger is approved and effectuated, and the stockholder must not vote his or her shares in favor of the proposed merger, either in person at the Pulaski Investment Corporation special meeting or by proxy. A stockholder of Pulaski Investment Corporation who does not satisfy these requirements as well as the other requirements of Sections 4-27-1301 to -1331 of the Arkansas Business Corporation Act is not entitled to payment for his or her shares as a dissenting stockholder under the Arkansas Business Corporation Act, and would be entitled to the consideration for his or her shares as provided in the merger agreement. See The Proposed Merger-Dissenters Rights beginning on page 57.

Q: WHAT WILL STOCKHOLDERS OF PULASKI INVESTMENT CORPORATION RECEIVE IN THE MERGER?

A: If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Pulaski Investment Corporation common stock will be converted into (i) cash (without interest) equal to \$26.6464 per share (approximately \$65,000,000 in the aggregate), (ii) 0.2274 shares of IBERIABANK Corporation common stock for each share of common stock of Pulaski Investment Corporation (approximately \$32,500,000 in the aggregate based upon the closing price of IBERIABANK Corporation common stock on August 8, 2006 of \$58.60 per shares), and (iii) the number of shares of IBERIABANK Corporation common stock determined by the quotient obtained by dividing \$13.323 by the average trading price of the IBERIABANK Corporation common stock on the 15 trading days ending one business day prior to the effective date of the merger (approximately \$32,500,000 in aggregate market value).

Q: WHERE WILL THE IBERIABANK CORPORATION SHARES THAT I RECEIVE IN THE MERGER BE LISTED?

A: IBERIABANK Corporation common stock trades on the Nasdaq Global Market under the symbol **IBKC**.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: **Please DO NOT** send in your stock certificates to Pulaski Investment Corporation or IBERIABANK Corporation. Instructions for surrendering your Pulaski Investment Corporation stock certificates in exchange for the merger consideration will be sent to you later.

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: IBERIABANK Corporation and Pulaski Investment Corporation currently expect to complete the merger in the first quarter of 2007, assuming all of the conditions to completion of the merger have been satisfied.

Q: BY WHAT DATE MUST THE MERGER BE COMPLETED?

A: Under the terms of the merger agreement, the merger must be completed by August 9, 2007, unless extended by agreement of Pulaski Investment Corporation and IBERIABANK Corporation.

Q: WHOM SHOULD I CALL WITH QUESTIONS?

A: You should direct any questions regarding the special meeting of stockholders or the merger to Dan Boland, Secretary of Pulaski Investment Corporation, at (501) 661-7712.

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PULASKI INVESTMENT CORPORATION

INFORMATION STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS

SUMMARY

This summary highlights selected information included in this document and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which we refer you before you decide how to vote with respect to the merger agreement. Each item in this summary includes a page reference directing you to a more complete description of that item.

THE MERGER

The Agreement and Plan of Merger, as amended, is attached to this document as Appendix A. We encourage you to read this agreement carefully, as it is the legal document that governs the merger of Pulaski Investment Corporation with and into IBERIABANK Corporation.

Parties to the Merger

IBERIABANK Corporation (page 33)

IBERIABANK

IBERIABANK Corporation, a Louisiana corporation, is a bank holding company that owns all of the outstanding stock of IBERIABANK, a Louisiana state banking corporation. As of September 30, 2006, IBERIABANK Corporation had consolidated assets of \$3.1 billion, total deposits of \$2.4 billion and stockholders' equity of \$280.3 million.

The principal executive office of IBERIABANK Corporation is located at 200 West Congress Street, Lafayette, Louisiana 70501, and the telephone number is (337) 521-4003.

Other Pending Acquisition

On July 26, 2006, IBERIABANK Corporation executed a definitive agreement to acquire Pocahontas Bancorp, Inc., Jonesboro, Arkansas. Pocahontas Bancorp is the savings and loan holding company for First Community Bank, a federal savings association. The exchange ratio to be used for the acquisition consideration will be 0.2781 shares of IBERIABANK Corporation common stock for each share of Pocahontas Bancorp common stock. Assuming the exercise of all outstanding Pocahontas Bancorp stock options, the number of shares of IBERIABANK Corporation common stock to be issued to Pocahontas Bancorp stockholders would be approximately 1,343,932 shares. If no Pocahontas Bancorp stock options are exercised, approximately 1,290,861 shares of IBERIABANK Corporation common stock would be issued.

Pulaski Investment Corporation (page 33)

Pulaski Bank and Trust Company and Other Subsidiaries

Pulaski Investment Corporation, an Arkansas corporation, is the holding company for Pulaski Bank and Trust Company, an Arkansas state bank. Pulaski Bank and Trust Company owns the following active, wholly-owned subsidiaries: (i) Pulaski Mortgage Company, (ii) Lenders Title Company, and (iii) Pulaski Insurance Agency, Inc. As of September 30, 2006, Pulaski Investment Corporation had total consolidated assets of \$503.4 million, total deposits of \$406.6 million and stockholders' equity of \$41.5 million.

Pulaski Investment Corporation's principal executive office is located at 5800 R Street, Little Rock, Arkansas 72207, and the telephone number is (501) 661-7700.

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What Pulaski Investment Corporation Stockholders Will Receive In the Merger (page 34)

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Pulaski Investment Corporation common stock will be converted into the right to receive:

cash (without interest) equal to \$26.6464 per share (approximately \$65,000,000 in the aggregate);

0.2274 shares of IBERIABANK Corporation common stock for each share of Class A voting common stock and Class B nonvoting common stock of Pulaski Investment Corporation (approximately \$32,500,000 in the aggregate based upon the closing price of IBERIABANK Corporation common stock on August 8, 2006 of \$58.60 per share); and

the number of shares of IBERIABANK Corporation common stock determined by the quotient obtained by dividing \$13.323 by the average trading price of IBERIABANK Corporation common stock on the 15 trading days ending one business day prior to the effective date of the merger (approximately \$32,500,000 in aggregate market value).

In lieu of each individual share of Pulaski Investment Corporation common stock being converted in the merger on the effective date into IBERIABANK Corporation common stock and cash, each Pulaski Investment Corporation stockholder will be entitled to specifically designate particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into IBERIABANK Corporation common stock and particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into cash; provided the total aggregate shares of IBERIABANK Corporation common stock and total aggregate cash to be received by the stockholder in the merger on the effective date will be the same as the total aggregate shares of IBERIABANK Corporation common stock and total aggregate cash as the stockholder is otherwise entitled to receive under the merger agreement.

IBERIABANK Corporation will not issue fractional shares. Instead, you will receive the value of any fractional share in cash equal to the fractional share multiplied by \$58.60.

Material United States Federal Income Tax Consequences of the Merger (page 54)

IBERIABANK Corporation and Pulaski Investment Corporation will not be required to complete the merger unless they receive a legal opinion to the effect that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. The opinion will not bind the Internal Revenue Service, which could take a different view.

We expect that, for United States federal income tax purposes, you generally will not recognize any gain or loss with respect to the exchange of your shares of Pulaski Investment Corporation common stock for shares of IBERIABANK Corporation common stock in the merger. You will, however, have to recognize gain in connection with any cash received in exchange for your shares of Pulaski Investment Corporation common stock and cash received in lieu of a fractional share interest in IBERIABANK Corporation common stock. You should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you.

You should read **Material United States Federal Income Tax Consequences of the Merger** starting on page for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to fully understand the tax consequences of the merger to you.

Your Board of Directors Unanimously Recommends Stockholder Approval of the Merger (page 37)

The board of directors of Pulaski Investment Corporation believes that the merger presents an attractive opportunity to merge with a leading community financial institution that will have significantly greater financial

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strength and earning power than Pulaski Investment Corporation would have on its own, as well as the added scale necessary to undertake and solidify leadership positions in key business lines.

As a result, Pulaski Investment Corporation's board of directors unanimously approved the merger agreement. Pulaski Investment Corporation's board of directors believes that the merger and the merger agreement are fair to and in the best interests of Pulaski Investment Corporation and its stockholders and unanimously recommends that you vote FOR adoption of the merger agreement.

Opinion of Pulaski Investment Corporation's Financial Advisor (page 39 and Appendix B)

In connection with the merger, the board of directors of Pulaski Investment Corporation received the written opinion of Stifel, Nicolaus & Company, Incorporated, Pulaski Investment Corporation's financial advisors, as to the fairness, from a financial point of view, of the consideration to be received in the merger by holders of Pulaski Investment Corporation common stock (other than shares as to which dissenters rights have been perfected and not withdrawn or otherwise forfeited under the Arkansas Business Corporation Act and shares held by Pulaski Investment Corporation or any Pulaski Investment Corporation subsidiary (other than shares held in a fiduciary capacity)). The full text of the opinion of Stifel, Nicolaus & Company, dated August 8, 2006, is included in this document as Appendix B. Pulaski Investment Corporation encourages you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations of the review undertaken by Stifel, Nicolaus & Company. The opinion of Stifel, Nicolaus & Company, is directed to Pulaski Investment Corporation's board of directors and does not constitute a recommendation to you or any other stockholder as to how to vote with respect to the merger, the form of consideration to be elected in the merger, or any other matter relating to the proposed transaction. Stifel, Nicolaus & Company, will receive a fee for its services, including rendering the fairness opinion, in connection with the merger.

Special Meeting of Stockholders of Pulaski Investment Corporation (page 31)

Pulaski Investment Corporation will hold a special meeting of its stockholders on January 29, 2007, at 10:00 a.m., Arkansas time, at the offices of the corporation located at 5800 R Street, Little Rock, Arkansas. At the special meeting of stockholders, you will be asked to vote to adopt the merger agreement.

You may vote at the special meeting of stockholders if you owned shares of either Pulaski Investment Corporation Class A voting common stock or Class B nonvoting common stock at the close of business on the record date, January 15, 2007. On that date, there were 121,414 shares of Pulaski Investment Corporation Class A voting common stock outstanding and entitled to vote as a class at the special meeting of stockholders and 2,317,942 shares of Pulaski Investment Corporation Class B nonvoting common stock outstanding and entitled to vote as a class at the special meeting of stockholders. You may cast one vote for each share of Pulaski Investment Corporation Class A common stock you owned on the record date and one vote for each share of Pulaski Investment Corporation Class B common stock you owned on the record date.

Representatives of Pulaski Investment Corporation may attempt to obtain the written consent of all of the corporation's stockholders to the merger agreement prior to the special meeting, which action is permitted by Pulaski Investment Corporation's bylaws. The special meeting will not be held in the event this unanimous consent of all stockholders is obtained prior to the scheduled date of the special meeting.

Stockholder Vote Required (page 31)

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of Pulaski Investment Corporation Class A voting common stock issued and outstanding on the record date, voting as a class, and a majority of the shares of Pulaski Investment Corporation Class B nonvoting common stock

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issued and outstanding on the record date, voting as a class. A failure to vote or an abstention will have the same effect as a vote against the merger.

Directors and Executive Officers of Pulaski Investment Corporation Will Vote FOR and Can Approve the Merger

As of the record date, directors and executive officers of Pulaski Investment Corporation beneficially owned 118,474 shares of Pulaski Investment Corporation Class A voting common stock entitled to vote at the special meeting of stockholders and 2,251,006 shares of Pulaski Investment Corporation Class B nonvoting common stock entitled to vote at the special meeting of stockholders. This represents approximately 97.6% of the total Class A voting common stock entitled to be cast at the special meeting of stockholders and 97.1% of the total Class B nonvoting common stock entitled to vote at the special meeting of stockholders. These individuals have agreed to vote FOR adoption of the merger agreement.

Dissenters Rights

Consummation of the merger creates dissenters rights under Arkansas law to the shareholders of Pulaski Investment Corporation owning shares entitled to vote on the merger. This means that if you are not satisfied with what you are receiving as consideration in the merger, you may be legally entitled to have the value of your interests independently determined and receive payment based on that valuation. Exercising your dissenters rights requires that you follow certain procedures prescribed by the Arkansas Business Corporation Act of 1987. See The Proposed Merger-Dissenters Rights , on page 57.

Interests of Pulaski Investment Corporation s Directors and Executive Officers In the Merger (page 46)

Certain Pulaski Investment Corporation directors and officers have various interests in the merger besides being Pulaski Investment Corporation stockholders (or beneficial stockholders). These interests include:

the payment of certain benefits under the Pulaski Investment Corporation Amended and Restated Phantom Stock Option Plan;

the payment of salary, bonuses and benefits under various employment agreements and fees under various non-compete agreements following the closing date of the merger;

the election of James C. East to IBERIABANK Corporation s board of directors; and

the agreement by IBERIABANK Corporation to indemnify and to provide directors and officers insurance for directors and officers of Pulaski Investment Corporation and any subsidiary of Pulaski Investment Corporation.

Regulatory Approvals Required For the Merger (page 52)

We cannot complete the merger without the prior approval of the Board of Governors of the Federal Reserve System and the Arkansas State Bank Department. We have received the required approvals. Approval by the Board of Governors of the Federal Reserve System and the Arkansas State Bank Department does not constitute an endorsement of the merger or a determination that the terms of the merger are fair to Pulaski Investment Corporation stockholders.

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Conditions to the Merger (page 51)

Completion of the merger depends on a number of conditions being satisfied or waived, including the following:

Pulaski Investment Corporation stockholders must have adopted the merger agreement;

all required regulatory requirements have been attained, and all waiting periods required by law have expired; and

certain other conditions customary for agreements of this sort, such as the accuracy of representations and warranties and the compliance with all agreements.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived or whether or not the merger will be completed.

No Solicitation (page 53)

Pulaski Investment Corporation has agreed, subject to certain limited exceptions, not to initiate discussions with another party regarding a business combination with the other party while the merger with IBERIABANK Corporation is pending.

Termination of the Merger Agreement (page 53)

IBERIABANK Corporation and Pulaski Investment Corporation may mutually agree at any time to terminate the merger agreement without completing the merger, even if the Pulaski Investment Corporation stockholders have approved it. Also, either party may decide, without the consent of the other party, to terminate the merger agreement under specified circumstances, including if the merger is not consummated by August 9, 2007, if the required regulatory approvals are not received or if the other party breaches its agreements.

Termination Fee (page 54)

If the merger is terminated pursuant to specified situations in the merger agreement (and Pulaski Investment Corporation accepts a superior acquisition proposal), Pulaski Investment Corporation may be required to pay a termination fee to IBERIABANK Corporation of \$6.4 million. Pulaski Investment Corporation agreed to this termination fee arrangement in order to induce IBERIABANK Corporation to enter into the merger agreement. The termination fee requirement may discourage other companies from trying or proposing to combine with Pulaski Investment Corporation before the merger is completed.

Differences in Rights of Stockholders (page 59)

The rights of Pulaski Investment Corporation stockholders after the merger who continue as IBERIABANK Corporation stockholders will be governed by Louisiana law and the articles of incorporation and bylaws of IBERIABANK Corporation rather than by Arkansas law and the articles of incorporation and bylaws of Pulaski Investment Corporation.

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**SELECTED HISTORICAL FINANCIAL DATA FOR IBERIABANK CORPORATION,
PULASKI INVESTMENT CORPORATION AND POCAHONTAS BANCORP**

IBERIABANK Corporation Selected Consolidated Historical Financial and Other Data

The following tables set forth selected consolidated historical financial and other data of IBERIABANK Corporation for the periods and at the dates indicated. The information in the tables is derived in part from, and should be read together with, the audited consolidated financial statements and notes thereto included in IBERIABANK Corporation's Annual Report on Form 10-K for the year ended December 31, 2005, which is attached as Appendix C to this information statement prospectus. Financial data at September 30, 2006 and for the nine months ended September 30, 2006 and 2005 are derived from unaudited financial data included in IBERIABANK Corporation's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2006, which is attached as Appendix E to this information statement prospectus. See Where You Can Find More Information. IBERIABANK Corporation believes that the interim financial data reflects all normal recurring adjustments necessary for a fair presentation of the results of operations and financial position for those periods. The results for the nine months ended September 30, 2006 are not necessarily indicative of the results that may be expected for the full year.

(dollars in thousands, except per share data)	September 30,		December 31,			
	2006	2005	2004	2003	2002	2001
Balance Sheet Data						
Total assets	\$ 3,112,264	\$ 2,852,592	\$ 2,448,602	\$ 2,115,811	\$ 1,570,588	\$ 1,426,825
Cash and cash equivalents	71,066	126,800	53,265	69,521	63,775	51,681
Loans receivable	2,173,484	1,918,516	1,650,626	1,412,349	1,044,492	956,015
Investment securities	600,657	572,582	566,955	479,622	368,122	321,907
Goodwill and acquisition intangibles	99,727	100,576	68,310	62,786	35,401	35,644
Deposit accounts	2,405,837	2,242,956	1,773,489	1,589,114	1,242,232	1,237,394
Borrowings	403,592	319,061	442,542	318,881	172,261	43,776
Shareholders' equity	280,259	263,569	220,162	195,169	139,598	134,417
Book value per share ⁽¹⁾	\$ 28.90	\$ 27.60	\$ 25.62	\$ 23.43	\$ 19.90	\$ 18.42
Tangible book value per share ^{(1) (2)}	18.62	17.07	17.67	15.89	14.86	13.54

For Nine Months Ended

(dollars in thousands, except per share data)	September 30,		Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
Income Statement Data							
Interest income	\$ 121,026	\$ 99,513	\$ 135,249	\$ 108,610	\$ 96,508	\$ 87,552	\$ 100,368
Interest expense	51,924	36,648	50,451	33,982	28,875	27,958	46,018
Net interest income	69,102	62,865	84,798	74,628	67,633	59,594	54,350
Provision for loan losses	(3,856)	16,444	17,069	4,041	6,300	6,197	5,046
Net interest income after provision for loan losses	72,958	46,421	67,729	70,587	61,333	53,397	49,304
Noninterest income	18,800	19,467	26,141	23,217	23,064	17,866	15,144
Noninterest expense	54,169	47,495	64,438	54,897	50,629	44,032	41,711
Income before income taxes	37,589	18,393	29,432	38,907	33,768	27,231	22,737
Income taxes	10,809	4,306	7,432	11,568	10,216	8,778	8,229
Net income	\$ 26,780	\$ 14,087	\$ 22,000	\$ 27,339	\$ 23,552	\$ 18,453	\$ 14,508
Earnings per share - basic	\$ 2.87	\$ 1.54	\$ 2.40	\$ 3.26	\$ 2.97	\$ 2.61	\$ 1.98

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Earnings per share - diluted	2.70	1.44	2.24	3.01	2.74	2.42	1.89
Cash dividends per share	0.90	0.72	1.00	0.85	0.72	0.61	0.56

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	At or For Nine Months Ended September 30,		At or For the Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
Key Ratios ⁽³⁾							
Return on average assets	1.21%	0.70%	0.81%	1.17%	1.20%	1.26%	1.02%
Return on average equity	13.24	7.19	8.41	12.98	13.05	13.12	10.83
Return on average tangible equity ⁽²⁾	21.45	11.95	13.96	19.52	19.57	17.78	17.51
Equity to assets at end of period	9.00	9.29	9.24	8.99	9.22	8.89	9.42
Earning assets to interest-bearing liabilities	116.02	114.25	114.92	112.82	113.87	116.35	116.83
Interest rate spread ⁽⁴⁾	3.09	3.24	3.23	3.40	3.67	4.19	3.54
Net interest margin ⁽⁴⁾⁽⁵⁾	3.50	3.52	3.54	3.60	3.89	4.53	4.12
Noninterest expense to average assets	2.45	2.35	2.37	2.35	2.58	3.01	2.94
Efficiency ratio ⁽⁶⁾	61.62	57.69	58.08	56.11	55.82	56.85	60.02
Tangible efficiency ratio ⁽²⁾⁽⁵⁾	58.39	54.46	54.85	53.16	52.96	55.03	55.03
Dividend payout ratio	32.55	49.04	43.56	26.55	25.37	23.68	28.71
Asset Quality Data							
Nonperforming assets to total assets at end of period ⁽⁷⁾	0.19	0.20	0.21	0.25	0.34	0.42	0.91
Allowance for loan losses to nonperforming loans at end of period ⁽⁷⁾	710.77	751.06	659.29	355.17	355.92	301.64	159.86
Allowance for loan losses to total loans at end of period	1.56	2.03	1.98	1.22	1.29	1.25	1.16
Consolidated Capital Ratios							
Tier 1 leverage capital ratio	7.63	7.45	7.65	7.63	7.50	7.62	6.95
Tier 1 risk-based capital ratio	10.16	10.56	10.70	11.13	10.94	10.66	9.96
Total risk-based capital ratio	11.41	11.82	11.96	12.36	12.20	11.89	11.09

- (1) Shares used for book value purposes exclude shares held in treasury and unreleased shares held by the IBERIABANK Corporation Employee Stock Ownership Plan at the end of the period.
- (2) Tangible calculations eliminate the effect of goodwill and acquisition related intangible assets and the corresponding amortization expense on a tax-effected basis where applicable.
- (3) With the exception of end-of-period ratios, all ratios are based on average daily balances during the respective periods. Ratios for the nine months ended September 30, 2006 and 2005 are annualized.
- (4) 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.
- (5) Fully taxable equivalent calculations include the tax benefit associated with related income sources that are tax-exempt using a marginal tax rate of 35%.
- (6) The efficiency ratio represents noninterest expense as a percentage of total revenues. Total revenues is the sum of net interest income and noninterest income.
- (7) Nonperforming loans consist of nonaccruing loans and loans 90 days or more past due. Nonperforming assets consist of nonperforming loans and repossessed assets.

Table of Contents**Pulaski Investment Corporation Selected Consolidated Historical Financial And Other Data**

The following tables set forth selected consolidated historical financial and other data of Pulaski Investment Corporation for the periods and at the dates indicated. The information at December 31, 2005 and 2004 and for the years ended December 31, 2005, 2004 and 2003 is derived in part from and should be read together with the audited consolidated financial statements and notes thereto of Pulaski Investment Corporation included in this information statement prospectus. The information at December 31, 2003, 2002 and 2001 and for the years ended December 31, 2002 and 2001 was derived in part from audited consolidated financial statements which are not included or incorporated by reference in this information statement-prospectus. The financial data at September 30, 2006 and for the nine months ended September 30, 2006 and 2005 are derived from unaudited financial data included in this information statement prospectus. Pulaski Investment Corporation believes that the interim financial data reflects all normal recurring adjustments necessary for a fair presentation of the results of operations and financial position for those periods. The results for the nine months ended September 30, 2006 are not necessarily indicative of the results that may be expected for the full year.

(dollars in thousands, except per share data)	September 30,		December 31,			
	2006	2005	2004	2003	2002	2001
Balance Sheet Data						
Total assets	\$ 503,413	\$ 471,817	\$ 419,286	\$ 366,357	\$ 368,514	\$ 332,814
Cash and cash equivalents	22,623	28,117	18,114	21,110	23,095	16,970
Loans receivable, net including loans held for sale	385,037	328,330	320,190	254,868	259,430	266,582
Investment securities	54,891	76,475	44,106	63,163	62,052	25,889
Goodwill	613	613	555	555	557	557
Deposit accounts	406,611	395,771	318,305	308,212	310,521	281,309
Borrowings	49,439	26,680	58,475	18,191	23,500	25,015
Shareholders' equity	41,458	40,021	35,381	32,150	28,237	21,302
Book value per share	\$ 17.00	\$ 16.41	\$ 14.50	\$ 13.24	\$ 11.63	\$ 8.77
Tangible book value per share ⁽¹⁾	16.55	15.94	14.06	12.77	11.23	8.28

For Nine Months Ended

(dollars in thousands, except per share data)	September 30,		Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
Income Statement Data							
Interest income	\$ 24,324	\$ 20,126	\$ 27,618	\$ 21,846	\$ 23,542	\$ 23,371	\$ 25,662
Interest expense	9,379	5,497	7,820	4,229	5,086	6,625	9,835
Net interest income	14,945	14,629	19,798	17,617	18,456	16,746	15,827
Provision for loan losses	299	903	1,783	838	720	400	1,310
Net interest income after provision for loan losses	14,646	13,726	18,015	16,779	17,736	16,346	14,517
Noninterest income	23,833	24,721	39,166	30,941	37,520	34,505	24,701
Noninterest expense	34,205	34,062	46,985	39,883	43,658	37,241	32,161
Income before income taxes	4,274	4,385	10,196	7,837	11,598	13,610	7,057
Income taxes	1,710	1,745	3,867	3,101	4,516	5,218	2,758
Net income	\$ 2,564	\$ 2,640	\$ 6,329	\$ 4,736	\$ 7,082	\$ 8,392	\$ 4,299
Earnings per share - basic	\$ 1.05	\$ 1.08	\$ 2.59	\$ 1.95	\$ 2.92	\$ 3.46	\$ 1.77
Earnings per share - diluted	1.05	1.08	2.59	1.95	2.92	3.46	1.77
Cash dividends per share	0.46	0.46	0.62	0.62	1.00	0.83	0.69

Table of Contents**At or For Nine Months Ended**

	September 30,		At or For the Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
Key Ratios ⁽²⁾							
Return on average assets	0.69%	0.90%	1.41%	1.23%	1.86%	2.43%	1.39%
Return on average equity	8.39	9.75	17.49	14.13	22.34	32.10	21.32
Return on average tangible equity ⁽¹⁾	8.62	10.03	17.31	14.49	24.37	35.26	23.00
Equity to assets at end of period	8.24	7.89	8.48	8.44	8.78	7.66	6.40
Earning assets to interest-bearing liabilities	114.74	117.45	120.46	125.46	126.33	121.69	121.03
Interest rate spread ⁽³⁾	3.97	4.59	4.60	4.80	4.85	4.93	5.03
Net interest margin ^{(3) (4)}	4.55	4.98	5.01	5.12	5.26	5.39	5.78
Noninterest expense to average assets	9.26	11.59	10.44	10.36	11.46	10.75	10.34
Efficiency ratio ⁽⁵⁾	88.21	85.56	79.68	82.13	77.99	72.66	79.36
Tangible efficiency ratio ^{(1) (4)}	88.08	86.45	79.58	82.02	77.89	72.23	78.91
Dividend payout ratio	43.99	42.73	23.76	31.72	34.34	24.02	39.05
Asset Quality Data							
Nonperforming assets to total assets at end of period ⁽⁶⁾	0.75	0.19	0.32	0.15	0.11	0.15	0.78
Allowance for loan losses to nonperforming loans at end of period ⁽⁶⁾	118.05	454.69	371.37	678.59	1,045.02	758.53	143.42
Allowance for loan losses to total loans at end of period	1.15	1.02	1.31	1.04	1.18	1.10	1.12
Consolidated Capital Ratios							
Tier 1 leverage capital ratio	9.87	9.05	9.69	9.68	9.98	8.72	8.10
Tier 1 risk-based capital ratio	11.79	11.97	13.59	12.85	14.09	13.41	10.41
Total risk-based capital ratio	12.91	13.05	14.84	13.91	15.25	14.59	11.60

- (1) Tangible calculations eliminate the effect of goodwill and acquisition related intangible assets and the corresponding amortization expense on a tax-effected basis where applicable.
- (2) With the exception of end-of-period ratios, all ratios are based on average daily balances during the respective periods. Ratios for the nine months ended September 30, 2006 and 2005 are annualized.
- (3) 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.
- (4) Fully taxable equivalent calculations include the tax benefit associated with related income sources that are tax-exempt using a marginal tax rate of 35%.
- (5) The efficiency ratio represents noninterest expense as a percentage of total revenues. Total revenues is the sum of net interest income and noninterest income.
- (6) Nonperforming loans consist of nonaccruing loans and loans 90 days or more past due. Nonperforming assets consist of nonperforming loans and repossessed assets.

Table of Contents**Pocahontas Bancorp Selected Consolidated Historical Financial and Other Data**

The following tables set forth selected consolidated historical financial and other data of Pocahontas Bancorp for the periods and at the dates indicated. The information in the tables at September 30, 2006 and 2005 and for the years ended September 30, 2006, 2005 and 2004 is derived in part from, and should be read together with, the audited consolidated financial statements and notes thereto of Pocahontas Bancorp included in this information statement prospectus. The information at September 30, 2004, 2003 and 2002 and for the years ended September 30, 2003 and 2002 was derived in part from audited consolidated financial statements which are not included or incorporated by reference in this information statement-prospectus.

(dollars in thousands, except per share data)	September 30,				
	2006	2005	2004	2003	2002
Balance Sheet Data					
Total assets	\$ 738,454	\$ 741,264	\$ 719,908	\$ 763,488	\$ 617,016
Cash and cash equivalents	23,825	23,411	35,218	22,020	34,037
Loans receivable, net, including loans held for sale	435,012	429,596	383,810	389,002	408,081
Investment securities	226,681	229,412	246,834	298,973	125,465
Goodwill and acquisition intangibles	13,198	14,171	15,145	16,728	17,932
Deposit accounts	557,788	514,044	491,079	586,092	520,032
Borrowings	104,398	148,645	153,897	100,694	22,137
Shareholders' equity	52,956	52,368	52,501	52,997	47,493
Book value per share ⁽¹⁾	\$ 11.41	\$ 11.28	\$ 11.31	\$ 11.65	\$ 10.85

(dollars in thousands, except per share data)	Years Ended September 30,				
	2006	2005	2004	2003	2002
Income Statement Data					
Interest income	\$ 39,182	\$ 35,632	\$ 36,080	\$ 37,044	\$ 34,107
Interest expense	24,131	18,942	16,658	19,241	17,200
Net interest income	15,051	16,690	19,422	17,803	16,907
Provision for loan losses	845	525	3,900	2,595	900
Net interest income after provision for loan losses	14,206	16,165	15,522	15,208	16,007
Noninterest income	5,022	5,676	5,672	10,552	5,196
Noninterest expense	17,104	17,505	16,274	18,079	14,780
Income before income taxes	2,124	4,336	4,920	7,681	6,423
Income taxes	(90)	1,097	1,463	2,387	2,188
Net income	\$ 2,214	\$ 3,239	\$ 3,457	\$ 5,294	\$ 4,235
Earnings per share - basic	\$ 0.49	\$ 0.72	\$ 0.77	\$ 1.22	\$ 0.96
Earnings per share - diluted	0.48	0.71	0.75	1.20	0.96
Cash dividends per share	0.32	0.32	0.32	0.32	0.29

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	At or For the Years Ended September 30,				
	2006	2005	2004	2003	2002
Key Ratios ⁽²⁾					
Return on average assets	0.30	0.44%	0.47%	0.77%	0.80%
Return on average equity	4.24	6.16	6.63	10.72	9.15
Earning assets to interest-bearing liabilities	98.72	96.80	98.24	97.74	99.27
Interest rate spread ⁽³⁾	2.28	2.64	2.97	2.98	3.59
Net interest margin ^{(3) (4)}	2.23	2.55	2.93	2.91	3.56
Noninterest expense to average assets	2.31	2.38	2.22	2.64	2.79
Efficiency ratio ⁽⁵⁾	88.96	80.15	76.79	70.18	69.86
Dividend payout ratio	67.10	44.41	41.74	26.43	29.95
Asset Quality Data					
Nonperforming assets to total assets at end of period ⁽⁶⁾	0.29	0.58	0.74	0.85	0.80
Allowance for loan losses to nonperforming loans at end of period ⁽⁶⁾	145.41	81.53	80.69	72.51	100.69
Allowance for loan losses to total loans at end of period	0.67	0.73	0.96	1.03	0.77
Bank Only Capital Ratios					
Tangible/Core capital ratio	7.51	6.80	6.88	6.40	6.40
Tier 1 risk-based capital ratio	11.74	10.80	11.68	10.92	9.91
Total risk-based capital ratio	12.39	11.50	12.59	11.85	10.74

(1) Shares used for book value purposes exclude shares held in treasury and unreleased shares held by the First Community Bank Amended and Restated 401(k) Savings and Employee Stock Ownership Plan at the end of the period.

(2) With the exception of end-of-period ratios, all ratios are based on average daily balances during the respective periods.

(3) 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.

(4) Fully taxable equivalent calculations include the tax benefit associated with related income sources that are tax-exempt using a marginal tax rate of 35%.

(5) The efficiency ratio represents noninterest expense as a percentage of total revenues. Total revenues is the sum of net interest income and noninterest income.

(6) Nonperforming loans consist of nonaccruing loans and loans 90 days or more past due. Nonperforming assets consist of nonperforming loans and repossessed assets.

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UNAUDITED PRO FORMA CONDENSED COMBINED

FINANCIAL INFORMATION

The following tables show information about the financial condition and operations of IBERIABANK Corporation after giving effect to the acquisition of Pulaski Investment Corporation and Pocahontas Bancorp, and the \$30 million private placement of IBERIABANK Corporation common stock, the \$15 million trust preferred securities offering and the \$20 million in long-term borrowings to fund the cash portion of the Pulaski Investment Corporation acquisition. The preliminary unaudited pro forma condensed combined financial information shows the impact of the acquisitions as well as the securities offerings and borrowings on the combined balance sheets and the combined statements of income under the purchase method of accounting with IBERIABANK Corporation treated as the acquirer. Under this method of accounting, the assets and liabilities of Pulaski Investment Corporation and Pocahontas Bancorp are recorded by us at their estimated fair values as of the date the respective acquisitions are completed. The preliminary unaudited pro forma condensed combined balance sheets as of September 30, 2006 assume the acquisitions were completed on that date. The private placement of IBERIABANK Corporation common stock, the trust preferred securities offering and the long-term borrowings are included in the pro forma adjustments column for the Pulaski Investment Corporation acquisition. The preliminary unaudited pro forma income statements for the nine months ended September 30, 2006 and for the year ended December 31, 2005 were prepared assuming the acquisitions were completed on the first day of each respective period.

It is anticipated that Pulaski Investment Corporation and Pocahontas Bancorp will provide IBERIABANK Corporation with financial benefits such as expense efficiencies and revenue enhancements, among other factors, although no assurances can be given that such benefits will be fully achieved. These benefits have not been reflected in the preliminary unaudited pro forma financial information. As required, the preliminary unaudited pro forma condensed combined financial information includes adjustments, which give effect to events that are directly attributable to the transaction and factually supportable; as such, any planned adjustments affecting the balance sheet, income statement, or shares of common stock outstanding subsequent to the assumed acquisition completion date are not included. The preliminary unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined companies had the companies actually been combined at the beginning of each period presented.

In addition, the allocation of the purchase price reflected in the preliminary pro forma condensed combined financial information is subject to adjustment. The preliminary purchase price allocation for the acquisitions will vary from the actual purchase price allocation that will be recorded upon the completion of the acquisitions based upon changes in the estimated fair value of the assets and liabilities acquired from Pulaski Investment Corporation and Pocahontas Bancorp. In addition, subsequent to the acquisition completion dates, there may be further refinements of the purchase price allocation as additional information becomes available.

The preliminary unaudited pro forma condensed combined financial information is derived from and should be read in conjunction with the historical consolidated financial statements and related notes, which are included elsewhere in this information statement-prospectus.

The acquisition of Pulaski Investment Corporation is not contingent upon the completion of the acquisition of Pocahontas Bancorp.

Table of Contents**IBERIABANK CORPORATION, PULASKI INVESTMENT CORPORATION AND****POCAHONTAS BANCORP, INC.****Unaudited Pro Forma Condensed Combined Consolidated Statement of Financial Condition**

As of September 30, 2006

(dollars in thousands)

	Pulaski			Pro Forma		Pro Forma	
	IBERIABANK Corporation	Investment Corporation	Pro Forma Adjustments	Combined Sub Total	Pocahontas Bancorp	Pro Forma Adjustments	Pro Forma Combined
Assets							
Cash and cash equivalents	\$ 71,066	\$ 22,623	\$ (4,640)(10)	\$ 89,049	\$ 23,825	\$ (5,037)(j)	\$ 107,837
Securities available for sale, at fair value	576,634	54,741	(52,800)(5)	578,575	93,561		672,136
Securities held to maturity	24,023	150	(3)(5)	24,170	133,120	(2,933)(e)	154,357
Mortgage loans held for sale	20,055	40,368		60,423	3,244		63,667
Loans, net	2,139,530	344,669	(2,383)(2),(3),(4)	2,481,816	431,768	3,084(b),(c),(d)	2,916,668
Premises and equipment, net	68,231	24,398	12,867(1)	105,496	15,876	2,789(a)	124,161
Goodwill	93,167	613	78,037(13)	171,817	8,848	19,157(m)	199,822
Other assets	119,558	15,851	12,643(7)	148,052	28,212	8,020(g),(l)	184,284
Total Assets	\$ 3,112,264	\$ 503,413	\$ 43,721	\$ 3,659,398	\$ 738,454	\$ 25,080	\$ 4,422,932
Liabilities							
Deposits	\$ 2,405,837	\$ 406,611	\$ (530)(6)	\$ 2,811,918	\$ 557,788	\$ (1,504)(f)	\$ 3,368,202
Short-term borrowings	169,327	26,000		195,327	12,000		207,327
Long-term debt	234,265	23,439	(17,195)(8),(12)	240,509	109,381	215(h)	350,105
Other liabilities	22,576	5,905	8,067(11)	36,548	6,329	3,745(k)	46,622
Total Liabilities	2,832,005	461,955	(9,658)	3,284,302	685,498	2,456	3,972,256
Shareholders Equity							
Common stock	11,802	610	1,054	13,466	76	1,215	14,757
Additional paid-in-capital	198,533	699	92,474	291,706	57,135	17,154	365,995
Retained earnings	168,169	40,569	(40,569)	168,169	24,784	(24,784)	168,169
Unearned compensation	(13,928)			(13,928)	(1,799)	1,799	(13,928)
Accumulated other comprehensive income	(6,335)	(420)	420	(6,335)	(2,837)	2,837	(6,335)
Treasury stock at cost	(77,982)			(77,982)	(24,403)	24,403	(77,982)
Total Shareholders Equity	280,259	41,458	53,379(9)	375,096	52,956	22,624(i)	450,676
Total Liabilities and Shareholders Equity	\$ 3,112,264	\$ 503,413	\$ 43,721	\$ 3,659,398	\$ 738,454	\$ 25,080	\$ 4,422,932

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**IBERIABANK CORPORATION, PULASKI INVESTMENT CORPORATION AND
POCAHONTAS BANCORP, INC.**
Unaudited Pro Forma Condensed Combined Consolidated Statement of Income
For the Nine Months ended September 30, 2006
(in thousands, except per share data)

	Pulaski			Pro Forma		Pro Forma	
	IBERIABANK Corporation	Investment Corporation	Pro Forma Adjustments	Combined Sub Total	Pocahontas Bancorp	Pro Forma Adjustments	Pro Forma Combined
Interest and Dividend Income							
Loans, including fees	\$ 97,319	\$ 21,765	\$ 491(2)	\$ 119,575	\$ 21,871	\$ (1,376)(b)	\$ 140,070
Investment securities	21,663	2,117	(2,126)(5)	21,654	7,859	341(e)	29,854
Other	2,044	442		2,486			2,486
Total interest and dividend income	121,026	24,324	(1,635)	143,715	29,730	(1,035)	172,410
Interest Expense							
Deposits	41,218	7,543	530(6)	49,291	13,276	735(f),(g)	63,302
Borrowings	10,706	1,836	(61)(8),(10),(12)	12,481	5,357	542(h),(j)	18,380
Total interest expense	51,924	9,379	469	61,772	18,633	1,277	81,682
Net interest income	69,102	14,945	(2,104)	81,943	11,097	(2,312)	90,728
Provision for loan losses	(3,856)	299		(3,557)	845		(2,712)
Net interest income after provision for loan losses	72,958	14,646	(2,104)	85,500	10,252	(2,312)	93,440
Noninterest income	18,800	23,833		42,633	3,567		46,200
Noninterest expense	54,169	34,205	1,173(1),(7)	89,547	12,787	892(a),(g)	103,226
Income (loss) before income tax expense	37,589	4,274	(3,277)	38,586	1,032	(3,204)	36,414
Income tax expense (benefit)	10,809	1,710	(1,147)(11)	11,372	(325)	(1,121)(k)	9,926
Net Income (Loss)	\$ 26,780	\$ 2,564	\$ (2,130)	\$ 27,214	\$ 1,357	\$ (2,083)	\$ 26,488
Earnings (loss) per share basic	\$ 2.87	\$ 1.05		\$ 2.48	\$ 0.30		\$ 2.16
Earnings (loss) per share diluted	\$ 2.70	\$ 1.05		\$ 2.35	\$ 0.29		\$ 2.06

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Average shares outstanding	9,328	2,439	(775)(14)	10,992	4,529	(3,238)(n)	12,283
Average shares outstanding diluted	9,919	2,439	(775)(14)	11,583	4,598	(3,307)(n)	12,874

Table of Contents**IBERIABANK CORPORATION, PULASKI INVESTMENT CORPORATION AND****POCAHONTAS BANCORP, INC.****Unaudited Pro Forma Condensed Combined Consolidated Statement of Income**For the Year ended December 31, 2005, except as noted below ^(A)*(in thousands, except per share data)*

	Pulaski			Pro Forma	Pocahontas Bancorp (A)		Pro Forma Adjustments	Pro Forma Combined
	IBERIABANK Corporation	Investment Corporation	Pro Forma Adjustments	Combined Sub Total				
Interest and Dividend Income								
Loans, including fees	\$ 109,201	\$ 25,854	\$ 655(2)	\$ 135,710	\$ 23,805	\$ (1,835)(b)		\$ 157,680
Investment securities	24,192	1,243	(2,834)(5)	22,601	11,827	454(e)		34,882
Other	1,856	521		2,377				2,377
Total interest and dividend income	135,249	27,618	(2,179)	160,688	35,632	(1,381)		194,939
Interest Expense								
Deposits	36,597	6,058	530(6)	43,185	12,232	531(f),(g)		55,948
Borrowings	13,854	1,762	(82)(8),(10),(12)	15,534	6,710	759(h),(j)		23,003
Total interest expense	50,451	7,820	448	58,719	18,942	1,290		78,951
Net interest income	84,798	19,798	(2,627)	101,969	16,690	(2,671)		115,988
Provision for loan losses	17,069	1,783		18,852	525			19,377
Net interest income after provision for loan losses	67,729	18,015	(2,627)	83,117	16,165	(2,671)		96,611
Noninterest income	26,141	39,166		65,307	5,676			70,983
Noninterest expense	64,438	46,985	1,564(1),(7)	112,987	17,505	1,189(a),(g)		131,681
Income (loss) before income tax expense	29,432	10,196	(4,191)	35,437	4,336	(3,860)		35,913
Income tax expense (benefit)	7,432	3,867	(1,467)(11)	9,832	1,097	(1,351)(k)		9,578
Net Income (Loss)	\$ 22,000	\$ 6,329	\$ (2,724)	\$ 25,605	\$ 3,239	\$ (2,509)		\$ 26,335
Earnings (loss) per share basic	\$ 2.40	\$ 2.59		\$ 2.37	\$ 0.72			\$ 2.17
Earnings (loss) per share diluted	\$ 2.24	\$ 2.59		\$ 2.23	\$ 0.71			\$ 2.06
Average shares outstanding	9,155	2,444	(780)(14)	10,819	4,492	(3,201)(n)		12,110
Average shares outstanding diluted	9,813	2,444	(780)(14)	11,477	4,571	(3,280)(n)		12,768

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(A) The Pocahontas Bancorp, Inc. historical numbers are for its fiscal year ended September 30, 2005.

Pulaski Investment Corporation

- 1) Adjustment to fair value Pulaski Investment Corporation's fixed assets. The adjustment reflected, which totals \$12.9 million, is based upon currently available fair value information. The adjustment will be depreciated over the estimated remaining life of the adjusted fixed assets using the straight-line method. The preliminary pro forma combined income statement impact of the adjustment resulted in pre-tax increases to depreciation expense of \$0.2 million and \$0.3 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The final adjustment may be significantly different.
- 2) Adjustment to fair value Pulaski Investment Corporation's loan portfolio. The adjustment reflected, which totals \$1.3 million, is based upon currently available fair value information. The adjustment will be recognized over the estimated remaining life of the loan portfolio using the effective yield method. The preliminary pro forma combined income statement impact of the adjustment resulted in pre-tax increases to interest income of \$0.5 million and \$0.7 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The final adjustment may be significantly different.
- 3) Adjustment to the allowance for loan losses for certain loans for which IBERIABANK Corporation's plans for ultimate recovery differ from those of Pulaski Investment Corporation. IBERIABANK Corporation intends to dispose of these loans through sales or other means. The adjustment, which totals \$0.5 million, is based upon a partial review of the Pulaski Investment Corporation loan portfolio. As IBERIABANK Corporation obtains additional information on the Pulaski Investment Corporation loan portfolio, the final adjustment may be significantly different from the adjustment reflected herein.

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- 4) Adjustment to reflect the estimated discount on impaired loans of \$0.7 million in accordance with AICPA Statement of Position 03-3. The final adjustment may be significantly different.
 - 5) Adjustment to recognize securities classified as held to maturity by Pulaski Investment Corporation at fair value. The adjustment, which totals \$3.0 thousand, is based upon currently available fair value information. Adjustments to securities also include the sale of \$52.8 million of available for sale securities subsequent to the acquisition of Pocahontas Bancorp. The preliminary pro forma combined income statement impact of the sale of securities is a decrease in interest income of \$2.1 million and \$2.8 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The proceeds from the securities sale will be used to pay down Pocahontas Bancorp long-term debt. The final adjustment may be significantly different.
 - 6) Adjustment to fair value Pulaski Investment Corporation's interest-bearing deposits. The adjustment of \$0.5 million will be recognized over the estimated remaining life of the respective deposits using the effective yield method. The preliminary pro forma combined income statement impact for the adjustment resulted in increases to interest expense of \$0.5 million for both the nine months ended September 30, 2006 and the year ended December 31, 2005. The final adjustments may be significantly different.
 - 7) Adjustment to recognize core deposit intangibles of \$12.6 million associated with the acquisition, and the related preliminary pro forma combined income statement impact resulting from the acquisition. Core deposit intangibles will be amortized over a ten-year period using the straight-line method. The preliminary pro forma combined income statement impact for the adjustment resulted in increases to other non-interest expense of \$0.9 million and \$1.3 million for the core deposit intangibles amortization for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The final adjustment may be significantly different.
 - 8) Adjustment to fair value Pulaski Investment Corporation's borrowings. The adjustment of \$0.6 million will be recognized over the estimated remaining life of the respective borrowings using the effective yield method. The preliminary pro forma combined income statement impact for the adjustments resulted in increases to interest expense of \$0.2 million for both the nine months ended September 30, 2006 and the year ended December 31, 2005. The final adjustments may be significantly different.
 - 9) Adjustment to eliminate Pulaski Investment Corporation's historical stockholders' equity. In addition to the cash consideration, the acquisition will result in the issuance of approximately 1.7 million shares of IBERIABANK Corporation common stock of which 0.6 million will be issued in the private placement. The issuance of IBERIABANK Corporation common stock in the acquisition is recognized in the preliminary pro forma balance sheets at a value of \$61.00 per share, which was the closing price of IBERIABANK Corporation common stock on September 30, 2006. The issuance of IBERIABANK Corporation common stock under the private placement is recognized in the preliminary pro forma balance sheets at a value of \$52.00. Of the assumed purchase price of \$131.0 million, \$30.0 million will be raised from the private placement. The final adjustment may be significantly different.
 - 10) Adjustment to cash consists of cash consideration of \$65.0 million paid to complete the acquisition, cash received of \$30.0 million in the private placement, cash received from the \$15.0 million in trust preferred borrowing, cash received from \$20.0 million of long-term borrowings, acquisition related costs of \$0.5 million in costs related to investment banking, legal, and consulting fees to be incurred directly in connection with the acquisition, an estimated \$2.7 million in after tax costs related to change-in-control and other agreements that exist prior to the acquisition consummation date and \$1.5 million for private placement underwriting fees. The preliminary pro forma combined income statement impact of the reduction in cash resulted in pre-tax increases to interest expense of \$0.1 million and \$0.2 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively, due to additional borrowings needed as a result of the cash payments.
 - 11) Adjustment to recognize deferred tax liabilities at 35% resulting from the fair value adjustments in accordance with Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes, (SFAS 109).
 - 12) Adjustment to recognize the \$15.0 million trust preferred borrowings and \$20.0 million of long-term borrowings undertaken to complete the acquisition as well as the reduction of \$52.8 million in long-term debt resulting in the above-mentioned Pocahontas Bancorp available for sale securities sale. The adjustments resulted in pre-tax decreases to interest expense of \$0.3 million and \$0.5 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively.
 - 13) Adjustment to eliminate Pulaski Investment Corporation's historical goodwill and recognize goodwill resulting from the acquisition of \$79.0 million. See purchase price allocation table in Note 3 for more information.
 - 14) The pro forma basic and diluted potential common shares for the incremental shares issued in connection with the Pulaski Investment Corporation acquisition, assuming the transaction occurred at the beginning of the periods presented.
- Pocahontas Bancorp, Inc.*
- a) Adjustment to fair value Pocahontas Bancorp's fixed assets. The adjustment reflected, which totals \$2.8 million, is based upon currently available fair value information. The adjustment will be depreciated over the estimated remaining life of the adjusted fixed assets using the straight-line method. The preliminary pro forma combined income statement impact of the adjustment resulted in pre-tax increases to depreciation expense of \$0.1 million for both the nine months ended September 30, 2006 and the year ended December 31, 2005. The final adjustment may be significantly different.
 - b) Adjustment to fair value Pocahontas Bancorp's loan portfolio. The adjustment reflected, which totals \$4.9 million, is based upon currently available fair value information. The adjustment will be recognized over the estimated remaining life of the loan portfolio using the effective yield method. The preliminary pro forma combined income statement impact of the adjustment resulted in pre-tax decreases to interest income of \$1.4 million and \$1.8 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The final adjustment may be significantly different.

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- c) Adjustment to the allowance for loan losses for certain loans for which the Company's plans for ultimate recovery differ from those of Pocahontas Bancorp. IBERIABANK Corporation intends to dispose of these loans through sales or other means. The adjustment, which totals \$1.0 million, is based upon a partial review of the Pocahontas Bancorp loan portfolio. As IBERIABANK Corporation obtains additional information on the Pocahontas Bancorp loan portfolio, the final adjustment may be significantly different from the adjustment reflected herein.
- d) Adjustment to reflect the estimated discount on impaired loans of \$0.8 million in accordance with AICPA Statement of Position 03-3. The final adjustment may be significantly different.
- e) Adjustment to recognize securities classified as held to maturity by Pocahontas Bancorp at fair value. The adjustment reflected which totals \$2.9 million, is based upon currently available fair value information. The preliminary pro forma combined income statement impact of the adjustment resulted in pre-tax increases to interest income of \$0.3 million and \$0.5 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The final adjustment may be significantly different.
- f) Adjustment to fair value Pocahontas Bancorp's interest-bearing deposits. The adjustment of \$1.5 million will be recognized over the estimated remaining life of the respective deposits using the effective yield method. The preliminary pro forma combined income statement impact for the adjustment resulted in increases to interest expense of \$1.5 million for both the nine months ended September 30, 2006 and the year ended December 31, 2005. The final adjustments may be significantly different.
- g) Adjustment to eliminate Pocahontas Bancorp's historical core deposit intangibles and recognize core deposit intangibles of \$10.8 million associated with the acquisition, and the related preliminary pro forma combined income statement impact resulting from the acquisition. Core deposit intangibles will be amortized over a ten-year period using the straight-line method. The preliminary pro forma combined income statement impact for the adjustment resulted in increases to other non-interest expense of \$0.8 million and \$1.1 million for the core deposit intangibles amortization for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The preliminary pro forma combined income statement impact for the adjustment also resulted in decreases to interest expense of \$0.7 million and \$1.0 million to eliminate the historical core deposit intangibles amortization for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The final adjustment may be significantly different.
- h) Adjustment to fair value Pocahontas Bancorp's borrowings. The adjustment of \$0.2 million will be recognized over the estimated remaining life of the respective borrowings using the effective yield method. The preliminary pro forma combined income statement impact for the adjustments resulted in increases to interest expense of \$0.3 million and \$0.5 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively. The final adjustment may be significantly different.
- i) Adjustment to eliminate Pocahontas Bancorp's historical stockholders' equity. The acquisition will result in the issuance of approximately 1.3 million shares of IBERIABANK Corporation common stock. The issuance of IBERIABANK Corporation common stock is recognized in the preliminary pro forma balance sheet at a value of \$58.55 per share, which was the average closing price per share of IBERIABANK Corporation common stock for the five-day period surrounding the date the acquisition was announced.
- j) Adjustment to cash for acquisition related costs. Adjustment includes an estimated \$1.3 million in costs related to investment banking, legal, and consulting fees to be incurred directly in connection with the acquisition and an estimated \$3.7 million in costs related to change-in-control, stock option exercises and other agreements that existed prior to the acquisition consummation date. The preliminary pro forma combined income statement impact of the reduction in cash resulted in pre-tax increases to interest expense of \$0.2 million and \$0.3 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively, due to additional borrowings needed as a result of the cash payments. The final adjustments may be significantly different.
- k) Adjustment to recognize deferred tax liabilities at 35% resulting from the fair value adjustments in accordance with Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes, (SFAS 109).
- l) Adjustment to recognize the cancellation of Pocahontas Bancorp's ESOP. The adjustment reflected, which totals \$1.5 million, is based upon currently available fair value information. The final adjustment may be significantly different.
- m) Adjustment to eliminate historical Pocahontas Bancorp's goodwill and recognize goodwill resulting from the acquisition of \$28.0 million. See purchase price allocation table in Note 3 for more information.
- n) The pro forma basic and diluted potential common shares for the incremental shares issued in connection with the Pocahontas Bancorp acquisition, assuming the transaction occurred at the beginning of the periods presented.

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**IBERIABANK CORPORATION, PULASKI INVESTMENT CORPORATION AND
POCAHONTAS BANCORP, INC.**

NOTES TO PRELIMINARY UNAUDITED PRO FORMA

CONDENSED COMBINED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRELIMINARY PRO FORMA PRESENTATION

The acquisitions will be accounted for as acquisitions by IBERIABANK Corporation of Pulaski Investment Corporation and Pocahontas Bancorp, Inc. using the purchase method of accounting. Accordingly, the assets and liabilities of Pulaski Investment Corporation and Pocahontas Bancorp will be recorded at their respective fair values on the date the acquisitions are completed. The pro forma adjustments included herein are subject to change as additional information becomes available and as additional analyses are performed.

The final allocation of the purchase price will be determined after the acquisitions are completed and additional analyses are performed to determine the fair values of Pulaski Investment Corporation's and Pocahontas Bancorp's tangible and identifiable intangible assets and liabilities as of the dates the acquisitions are completed. Changes in the fair value of the net assets of Pulaski Investment Corporation and Pocahontas Bancorp as of the dates of the acquisitions will change the amount of purchase price allocable to excess purchase price. The further refinement of transaction costs will change the amount of excess purchase price recorded. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

The pro forma financial information for the acquisitions is included only as of and for the nine months ended September 30, 2006, and for the year ended December 31, 2005. The unaudited pro forma information is not necessarily indicative of the results of operations or the combined financial position that would have resulted had the acquisitions been completed at the beginning of the applicable periods presented, nor is it necessarily indicative of the results of operations in future periods or the future financial position of the combined company. The historical data presented for Pocahontas Bancorp are for its fiscal year ended September 30, 2005 and for the nine months ended September 30, 2006.

NOTE 2 PURCHASE PRICES

The purchase price of Pulaski Investment Corporation is based on exchanging 0.2274 shares (fixed portion) of IBERIABANK Corporation common stock for each outstanding Pulaski Investment Corporation share at the closing price per share of IBERIABANK Corporation common stock on September 30, 2006, the date of the pro forma balance sheet, as well as issuing shares of IBERIABANK Corporation common stock determined by the quotient obtained by dividing \$13.323 by the average trading price of the IBERIABANK Corporation common stock on the 15 trading days ending one business day prior to the effective date of the merger (variable portion) for each outstanding share of Pulaski Investment Corporation common stock.

Based upon values as of September 30, 2006, the total market value of the IBERIABANK Corporation common stock to be issued in connection with the Pulaski Investment Corporation acquisition is calculated as follows:

Pulaski Investment Corporation common shares outstanding on September 30, 2006	2,439,356
Exchange ratio (fixed portion)	0.2274
Exchange ratio (variable portion)	0.2184
IBKC common stock to be issued	1,087,489
Market price per share of IBKC common stock at September 30, 2006	\$ 61.00
Total market value of IBKC common stock to be issued	\$ 66,336,829

The actual value per share of IBERIABANK Corporation common stock cannot be determined until the date that the number of shares to be issued under the variable portion is fixed. In addition to the IBERIABANK Corporation common stock issued in connection with the Pulaski Investment Corporation acquisition, \$65.0 million in cash will be paid to complete the acquisition.

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The purchase price of Pocahontas Bancorp is based on exchanging 0.2781 shares of IBERIABANK Corporation common stock for each outstanding Pocahontas Bancorp share at the average closing price per share of IBERIABANK Corporation common stock for the five-day period surrounding the date the acquisition was announced.

The total market value of the IBERIABANK Corporation common stock to be issued in connection with the Pocahontas Bancorp acquisition is calculated as follows:

Pocahontas Bancorp, Inc. common shares outstanding on September 30, 2006	4,641,717
Exchange ratio	0.2781
IBKC common stock to be issued	1,290,861
Value of IBKC common stock	\$ 58.55
Total market value of IBKC common stock to be issued	\$ 75,579,912

In addition to the above market value of the IBERIABANK Corporation common stock to be issued in both acquisitions, the total purchase prices will include other direct acquisition costs of IBERIABANK Corporation, such as legal, investment banking and other professional fees.

NOTE 3 PRIVATE PLACEMENT

We intend to use the proceeds of \$30 million we have received from the private placement (together with the proceeds from the sale of \$15 million of trust preferred securities and \$20 million of to-be-financed long-term debt) to fund the cash portion of our acquisition of Pulaski Investment Corporation. Pending this use, we may invest all or a portion of the net proceeds in short-term financial instruments. The proceeds are based on a sale price of \$52.00 per share and 576,923 shares.

NOTE 4 PURCHASE PRICE ALLOCATIONS

The preliminary unaudited pro forma condensed combined financial statements reflect the following purchase price allocations for Pulaski Investment Corporation and Pocahontas Bancorp (in thousands):

Pulaski Investment Corporation

Historical net assets applicable to Pulaski Investment Corporation's common stock at September 30, 2006	\$ 41,458
After tax merger related charges, severance payments and contract termination cost	(3,140)
Increase (decrease) to Pulaski Investment Corporation's net asset value at September 30, 2006 as a result of estimated fair value adjustments:	
Investment securities	\$ (3)
Loans	(2,383)
Fixed assets	12,867
Core deposit intangibles	12,643
Other assets	
Deposits	530
Borrowings	(605)
Deferred taxes on fair value adjustments	(8,067)
Net estimated fair value adjustments	14,982
Elimination of Pulaski Investment Corporation's existing intangibles	(613)
Total preliminary allocation of purchase price	52,687
Goodwill due to the merger	78,650

Total purchase price, including cash

\$ 131,337

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Historical net assets applicable to Pocahontas Bancorp Inc. s common stock at September 30, 2006	\$ 52,956
After tax merger related charges, severance payments and contract termination cost	(5,037)
Increase (decrease) to Pocahontas Bancorp Inc. s net asset value at September 30, 2006 as a result of estimated fair value adjustments:	
Investment securities	\$ (2,933)
Loans	3,084
Fixed assets	2,789
Core deposit intangibles	10,824
Other assets	1,546
Deposits	1,504
Borrowings	(215)
Deferred taxes on fair value adjustments	(3,745)
Net estimated fair value adjustments	12,854
Elimination of Pocahontas Bancorp Inc. s existing intangibles	(13,198)
Total preliminary allocation of purchase price	47,575
Goodwill due to the merger	28,005
Total purchase price	\$ 75,580

Comparative Pro Forma Per Share Data

The table below summarizes selected per share information about IBERIABANK Corporation, Pulaski Investment Corporation and Pocahontas Bancorp. The IBERIABANK Corporation per share information is presented on a pro forma basis to reflect the mergers with Pulaski Investment Corporation and Pocahontas Bancorp. The Pulaski Investment Corporation per share information is presented both historically, and on a pro forma basis to reflect the merger.

The data in the table should be read together with the financial information and the financial statements of IBERIABANK Corporation, Pulaski Investment Corporation and Pocahontas Bancorp included elsewhere in this information statement-prospectus. The pro forma per common stock data is presented as an illustration only. The data do not necessarily indicate the combined financial position per share or combined results of operations per share that would have been reported if the merger had occurred when indicated, nor are the data a forecast of the combined financial position or combined results of operations for any future period. No pro forma adjustments have been included herein which reflect the potential effects of cost savings or synergies which may be obtained by combining the operations of IBERIABANK Corporation, Pulaski Investment Corporation and Pocahontas Bancorp or the costs of combining the companies and their operations.

As noted above, the acquisition of Pulaski Investment Corporation is not contingent upon the completion of the acquisition of Pocahontas Bancorp.

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	Historical			Pro Forma	
	IBERIABANK Corporation	Pulaski Investment Corporation	Pocahontas Bancorp	Pro Forma Combined	Pro Forma Per Equivalent Pulaski Investment Corporation Share (0.4458 shares)
Per Share Data					
Net Income					
Nine Months Ended September 30, 2006					
Basic	\$ 2.87	\$ 1.05	\$ 0.30	\$ 2.16	\$ 0.96
Diluted	2.70	1.05	0.29	2.06	0.92
Year Ended December 31, 2005 ⁽¹⁾					
Basic	2.40	2.59	0.72	2.17	0.97
Diluted	2.24	2.59	0.71	2.06	0.92
Cash Dividends					
Nine Months Ended September 30, 2006					
	0.90	0.46	0.24	0.90	0.40
Year Ended December 31, 2005 ⁽¹⁾					
	1.00	0.62	0.32	1.00	0.45
Shareholders' Equity					
Nine Months Ended September 30, 2006					
	28.90	17.00	11.41	35.62	15.88
Year Ended December 31, 2005 ⁽¹⁾					
	27.60	16.41	11.28	N/A	N/A

(1) Pocahontas Bancorp historical data are for the year ended September 30, 2005.

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this information statement-prospectus, you should carefully consider the following risk factors in deciding whether to vote for adoption of the merger agreement.

Risks Related to the Merger

Because the market price of IBERIABANK Corporation common stock may fluctuate, you cannot be sure of the value of the merger consideration that you will receive.

Upon completion of the merger, shares of Pulaski Investment Corporation common stock will be converted into merger consideration consisting of shares of IBERIABANK Corporation common stock pursuant to the terms of the merger agreement. The market value of the stock portion of the merger consideration may vary from the closing price of IBERIABANK Corporation common stock on the date we announced the merger, on the date that this information statement-prospectus was mailed to Pulaski Investment Corporation stockholders, on the date of the special meeting of the Pulaski Investment Corporation stockholders and on the date we complete the merger and thereafter. Any change in the market value of IBERIABANK Corporation common stock prior to completion of the merger will affect the value of the merger consideration that Pulaski Investment Corporation stockholders will receive upon completion of the merger. Accordingly, at the time of the special meeting, Pulaski Investment Corporation stockholders will not know or be able to calculate the market value of the merger consideration they would receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in IBERIABANK Corporation's business, operations and prospects, and regulatory considerations. Many of these factors are beyond IBERIABANK Corporation's control. You should obtain current market quotations for shares of IBERIABANK Corporation common stock. Shares of Pulaski Investment Corporation common stock do not trade on any established securities market, and no current price quotations are readily available.

IBERIABANK Corporation may fail to realize the anticipated benefits of the merger.

The success of the merger will depend on, among other things, IBERIABANK Corporation's ability to realize anticipated cost savings and revenue enhancements, to combine the businesses of IBERIABANK Corporation and Pulaski Investment Corporation in a manner that does not materially disrupt the existing customer relationships of Pulaski Bank and Trust nor result in decreased revenues resulting from a material loss of customers. Pulaski Bank and Trust represents a new market area for IBERIABANK Corporation. If IBERIABANK Corporation is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

IBERIABANK Corporation and Pulaski Investment Corporation have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of Pulaski Investment Corporation's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of IBERIABANK Corporation to maintain relationships with Pulaski Investment Corporation customers and employees or to achieve the anticipated benefits of the merger.

Pulaski Investment Corporation directors and officers have interests in the merger besides those of a stockholder.

Certain Pulaski Investment Corporation directors and officers have various interests in the merger besides being Pulaski Investment Corporation stockholders (or beneficial stockholders). These interests include:

the payment of certain benefits under the Pulaski Investment Corporation Amended and Restated Phantom Stock Option Plan;

the payment of salary, bonuses and benefits under various employment agreements and fees under various non-compete agreements following the closing date of the merger;

the election of James C. East to IBERIABANK Corporation's board of directors; and

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the agreement by IBERIABANK Corporation to indemnify and to provide directors and officers insurance for directors and officers of Pulaski Investment Corporation and any subsidiary of Pulaski Investment Corporation.

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Certain officers and directors own more than a majority of the outstanding shares of Pulaski Investment Corporation's Class A voting common stock and Class B nonvoting common stock and have agreed to vote FOR adoption of the merger agreement

As of the record date, James C. East, J. Hunter East and Mark V. Williamson, through individual ownership and ownership through a partnership and certain trusts affiliated with each respective individual, beneficially owned 118,474 shares of Pulaski Investment Corporation Class A voting common stock and 2,251,006 shares of Class B non-voting common stock entitled to vote at the special meeting of the stockholders. This represents approximately 97.6% of the total vote of the Class A shares and 92.3% of the total vote of the Class B shares. These individuals have agreed to vote FOR adoption of the merger agreement and have a sufficient number of votes to approve the merger agreement. In considering the recommendation of the board of directors of Pulaski Investment Corporation to approve the merger, you should be aware that following the merger James C. East will have a non-compete agreement and J. Hunter East will have an employment agreement and a non-compete agreement. Simultaneous with the consummation of the merger, J. Hunter East will also receive certain payments under the Pulaski Investment Corporation Phantom Stock Option Plan that are in addition to his interest as a Pulaski Investment Corporation stockholder.

Risks About IBERIABANK Corporation

(references to our, we or similar terms under this subheading refer to IBERIABANK Corporation)

Our recent growth and financial performance will be negatively impacted if we are unable to execute our growth strategy.

Our stated growth strategy is to grow through organic growth and supplement that growth with select acquisitions. Over the last few years we have continued to fill out our Louisiana franchise by adding de novo branches in attractive markets where we believe we have a competitive advantage and will continue to do so. Most recently, in the wake of Hurricanes Rita and Katrina, we have implemented a branch expansion initiative whereby we have opened seven low-cost modular banking offices in various southern Louisiana communities. Our success depends primarily on generating loans and deposits of acceptable risk and expense. There can be no assurances that we will be successful in continuing our organic, or internal, growth strategy, however, since it depends upon economic conditions, our ability to identify appropriate markets for expansion, our ability to recruit and retain qualified personnel, our ability to fund growth at reasonable cost, sufficient capital, competitive factors, banking laws, and other factors described in this prospectus.

Supplementing our internal growth through acquisitions is an important part of our strategic focus. Since 1995, approximately half of our asset growth has been through acquisitions, or external growth. Our acquisition efforts focus on select markets and targeted entities in Louisiana and most recently in selected markets we consider to be contiguous, or natural extensions, to our current markets including Arkansas where we currently have pending acquisitions of Pocahontas Bancorp and Pulaski Investment Corporation. As consolidation of the banking industry continues, the competition for suitable acquisition candidates may increase. We compete with other banking companies for acquisition opportunities, and many of these competitors have greater financial resources than we do and may be able to pay more for an acquisition than we are able or willing to pay. We also may need additional debt or equity financing in the future to fund acquisitions. We may not be able to obtain additional financing or, if available, it may not be in amounts and on terms acceptable to us. Our issuance of additional securities will dilute your equity interest in us and may have a dilutive effect on our earnings per share. If we are unable to locate suitable acquisition candidates willing to sell on terms acceptable to us, or we are otherwise unable to obtain additional debt or equity financing necessary for us to continue making acquisitions, we would be required to find other methods to grow our business and we may not grow at the same rate we have in the past, or at all.

We cannot be certain as to our ability to manage increased levels of assets and liabilities without increased expenses and higher levels of non performing assets. We may be required to make additional investments in equipment and personnel to manage higher asset levels and loan balances, which may adversely affect earnings, shareholder returns, and our efficiency ratio. Increases in operating expenses or nonperforming assets may decrease our earnings and the value of our common stock.

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Acquisitions or mergers entail risks which could negatively affect our operations.

Acquisitions and mergers, particularly the integration of companies that have previously been operated separately, involves a number of risks, including, but not limited to:

the time and costs associated with identifying and evaluating potential acquisition or merger partners;

difficulties in assimilating operations of the acquired institution and implementing uniform standards, controls, procedures and policies;

exposure to asset quality problems of the acquired institution;

our ability to finance an acquisition and maintain adequate regulatory capital;

diversion of management's attention from the management of daily operations;

risks and expenses of entering new geographic markets;

potential significant loss of depositors or loan customers from the acquired institution;

loss of key employees of the acquired institution; and

exposure to undisclosed or unknown liabilities of an acquired institution.

Any of these acquisition risks could result in unexpected losses or expenses and thereby reduce the expected benefits of the acquisition. Also, we may issue equity securities, including common stock and securities convertible into common stock in connection with future acquisitions, which could cause ownership and economic dilution to our current shareholders. Prior to the completion of the pending acquisitions, we, Pulaski Investment Corporation and Pocahontas Bancorp operated as separate entities. Our failure to successfully integrate these and future acquisitions and manage our growth could adversely affect our business, results of operations, financial condition and future prospects.

Like most banking organizations, our business is highly susceptible to credit risk.

As a lender, we are exposed to the risk that our customers will be unable to repay their loans according to their terms and that the collateral securing the payment of their loans (if any) may not be sufficient to assure repayment. Credit losses could have a material adverse effect on our operating results.

As of September 30, 2006, our total loan portfolio was approximately \$2.1 billion or 68.8% of our total assets. The major components of our loan portfolio include 51.7% of commercial loans, both real estate and business, 23.5% of mortgage loans comprised primarily of residential 1-4 family mortgage loans, and 24.8% consumer loans. Consumer loans are primarily comprised of \$233.3 million of home equity and \$227.3 million of indirect automobile loans. Our credit risk with respect to our consumer installment loan portfolio and commercial loan portfolio relates principally to the general creditworthiness of individuals and businesses within our local market area. Our credit risk with respect to our residential and commercial real estate mortgage and construction loan portfolios relates principally to the general creditworthiness of individuals and businesses and the value of real estate serving as security for the repayment of the loans. A related risk in connection with loans secured by commercial real estate is the effect of unknown or unexpected environmental contamination, which could make the real estate effectively

unmarketable or otherwise significantly reduce its value as security.

Our allowance for loan losses may not be sufficient to cover actual loan losses, which could adversely affect our earnings.

We maintain an allowance for loan losses in an attempt to cover loan losses inherent in our loan portfolio. Additional loan losses will likely occur in the future and may occur at a rate greater than we have experienced to date. In addition, due to the unprecedented devastation caused by Hurricanes Katrina and Rita in August and September 2005, respectively, we performed an extensive review of the loan portfolios impacted by these storms. As a result of this analysis, we recorded hurricane-related loan loss provisions of \$12.8 million and \$1.6 million for Hurricanes Katrina and Rita, respectively. In the second and third quarters of 2006 we reversed substantially all of the Hurricane Rita reserves and a portion of the Hurricane Katrina reserves. At September 30, 2006, the remaining reserves associated with Hurricane Katrina was approximately \$9 million.

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The determination of the allowance for loan losses, which represents management's estimate of probable losses inherent in our credit portfolio, involves a high degree of judgment and complexity. Our policy is to establish reserves for estimated losses on delinquent and other problem loans when it is determined that losses are expected to be incurred on such loans. Management's determination of the adequacy of the allowance is based on various factors, including an evaluation of the portfolio, past loss experience, current economic conditions, the volume and type of lending conducted by us, composition of the portfolio, the amount of our classified assets, seasoning of the loan portfolio, the status of past due principal and interest payments and other relevant factors. Changes in such estimates may have a significant impact on our financial statements. If our assumptions and judgments prove to be incorrect, our current allowance may not be sufficient and adjustments may be necessary to allow for different economic conditions or adverse developments in our loan portfolio. Federal and state regulators also periodically review our allowance for loan losses and may require us to increase our provision for loan losses or recognize further loan charge-offs, based on judgments different than those of our management. Any increase in our allowance for loan losses could have an adverse effect on our operating results and financial condition.

Our loan portfolio is representative of a commercial bank. Commercial and commercial real estate loans generally are viewed as having more risk of default than residential real estate loans or other loans or investments. These types of loans also typically are larger than residential real estate loans and other consumer loans. Because the loan portfolio contains a significant number of commercial and commercial real estate loans with relatively large balances, the deterioration of a material amount of these loans may cause a significant increase in nonperforming assets. An increase in nonperforming loans could result in: a loss of earnings from these loans, an increase in the provision for loan losses or an increase in loan charge-offs, which could have an adverse impact on our results of operations and financial condition.

Changes in interest rates and other factors beyond our control may adversely affect our earnings and financial condition.

Our net income depends to a great extent upon the level of our net interest income. Changes in interest rates can increase or decrease net interest income and net income. Net interest income is the difference between the interest income we earn on loans, investments and other interest-earning assets, and the interest we pay on interest-bearing liabilities, such as deposits and borrowings. Net interest income is affected by changes in market interest rates, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a period, an increase in market rates of interest could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could reduce net interest income.

Changes in market interest rates are affected by many factors beyond our control, including inflation, unemployment, the money supply, international events, and events in world financial markets. We attempt to manage our risk from changes in market interest rates by adjusting the rates, maturity, repricing, and balances of the different types of interest-earning assets and interest-bearing liabilities, but interest rate risk management techniques are not exact. As a result, a rapid increase or decrease in interest rates could have an adverse effect on our net interest margin and results of operations. Changes in the market interest rates for types of products and services in our markets also may vary significantly from location to location and over time based upon competition and local or regional economic factors.

Based on our interest rate risk model, as of September 30, 2006, the table below illustrates the impact of an immediate and sustained 100 and 200 basis point increase or decrease in interest rates on net interest income:

Shift in Interest		
Rates		% Change in Projected
(in bps)		Net Interest Income
+200		(1.8)%
+100		(0.9)
-100		1.9
-200		0.6

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Management believes competitive deposit pricing pressures may make IBERIABANK Corporation slightly more liability sensitive than indicated by the model.

The impact of yield curve changes, as anticipated in the forward curve as of September 30, 2006, would approximate a 2.0% decrease in net interest income over the next 12 months. The computations of interest rate risk shown above do not necessarily include certain actions we may undertake to manage this risk in response to anticipated changes in interest rates. In addition, the results of our interest rate sensitivity simulation model depend upon a number of assumptions which may not prove to be accurate. There can be no assurance that we will be able to successfully manage our interest rate risk.

We rely heavily on our management and other key personnel, and the loss of key members may adversely affect our operations.

We are and will continue to be dependent upon the services of our executive management team. The unexpected loss of key senior managers, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial condition.

Competition may decrease our growth or profits.

We compete for loans, deposits, and investment dollars with other banks and other financial institutions and enterprises, such as securities firms, insurance companies, savings associations, credit unions, mortgage brokers, and private lenders, many of which have substantially greater resources than ours. Credit unions have federal tax exemptions, which may allow them to offer lower rates on loans and higher rates on deposits than taxpaying financial institutions such as commercial banks. In addition, non-depository institution competitors are generally not subject to the extensive regulation applicable to institutions that offer federally insured deposits. Other institutions may have other competitive advantages in particular markets or may be willing to accept lower profit margins on certain products. These differences in resources, regulation, competitive advantages, and business strategy may decrease our net interest margin, may increase our operating costs, and may make it harder for us to compete profitably.

Changes in government regulations and legislation could limit our future performance and growth.

The banking industry is heavily regulated and we are subject to examinations, supervision and comprehensive regulation by various federal and state agencies. Our compliance with these regulations is costly and restricts certain of our activities. Banking regulations are primarily intended to protect the federal deposit insurance fund and depositors, not shareholders. The burden imposed by federal and state regulations puts banks at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies and leasing companies. Changes in the laws, regulations, and regulatory practices affecting the banking industry may increase our costs of doing business or otherwise adversely affect us and create competitive advantages for others. Regulations affecting banks and financial services companies undergo continuous change, and we cannot predict the ultimate effect of these changes, which could have a material adverse effect on our profitability or financial condition. Federal economic and monetary policies may also affect our ability to attract deposits and other funding sources, make loans and investments, and achieve satisfactory interest spreads.

The geographic concentration of our markets makes our business highly susceptible to local economic conditions.

Unlike larger banking organizations that are more geographically diversified, IBERIABANK branch offices are currently concentrated in 15 parishes in Louisiana, and upon completion of our pending acquisitions, will also include 11 counties in Arkansas, one county in Tennessee and one county in Oklahoma. As a result of this geographic concentration, our financial results depend largely upon economic conditions in these market areas. A deterioration in economic conditions in our market could result in one or more of the following:

an increase in loan delinquencies;

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an increase in problem assets and foreclosures;

a decrease in the demand for our products and services; and

a decrease in the value of collateral for loans, especially real estate, in turn reducing customers' borrowing power, the value of assets associated with problem loans and collateral coverage.

If we do not adjust to rapid changes in the financial services industry, our financial performance may suffer.

We face substantial competition for deposit, credit and trust relationships, as well as other sources of funding in the communities we serve. Competing providers include other banks, thrifts and trust companies, insurance companies, mortgage banking operations, credit unions, finance companies, money market funds and other financial and nonfinancial companies which may offer products functionally equivalent to those offered by us. Competing providers may have greater financial resources than we do and offer services within and outside the market areas we serve. In addition to this challenge of attracting and retaining customers for traditional banking services, our competitors now include securities dealers, brokers, mortgage bankers, investment advisors and finance and insurance companies who seek to offer one-stop financial services to their customers that may include services that financial institutions have not been able or allowed to offer to their customers in the past. The increasingly competitive environment is primarily a result of changes in regulation, changes in technology and product delivery systems and the accelerating pace of consolidation among financial service providers. If we are unable to adjust both to increased competition for traditional banking services and changing customer needs and preferences, our financial performance and your investment in our common stock could be adversely affected.

Hurricanes or other adverse weather events would negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business or results of operations.

Like other coastal areas, some of our markets in Louisiana are susceptible to hurricanes and tropical storms. Such weather events can disrupt our operations, result in damage to our properties and negatively affect the local economies in which we operate. In August and September 2005, Hurricanes Katrina and Rita struck the Gulf Coast of Louisiana, Mississippi, Alabama and Texas and caused substantial damage to residential and commercial properties in our market areas. We cannot predict whether or to what extent damage that may be caused by future hurricanes will affect our operations or the economies in our market areas, but such weather events could result in a decline in loan originations, a decline in the value or destruction of properties securing our loans and an increase in the delinquencies, foreclosures and loan losses. Our business or results of operations may be adversely affected by these and other negative effects of hurricanes or tropical storms.

We cannot guarantee that we will pay dividends to stockholders in the future.

Cash available to pay dividends to our stockholders is derived primarily, if not entirely, from dividends paid to us from IBERIABANK, our bank subsidiary. In the future, our dividends may be derived from other bank subsidiaries which we may choose to operate separately from IBERIABANK. The ability of our subsidiary banks to pay dividends to us as well as our ability to pay dividends to our shareholders is limited by regulatory and legal restrictions and the need to maintain sufficient consolidated capital. We may also decide to limit the payment of dividends even when we have the legal ability to pay them in order to retain earnings for use in our business. Further, any lenders making loans to us may impose financial covenants that may be more restrictive than regulatory requirements with respect to the payment of dividends. For instance, we are prohibited from paying dividends on our common stock if the required payments on our subordinated debentures have not been made. There can be no assurance of whether or when we may pay dividends in the future.

The trading history of our common stock is characterized by low trading volume. The value of your investment may be subject to sudden decreases due to the volatility of the price of our common stock.

Our common stock trades on Nasdaq Global Market. Over the past three months, the average daily trading volume of our common stock was approximately 26,000 shares. We cannot predict the extent to which investor

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interest in us will lead to a more active trading market in our common stock or how much more liquid that market might become. A public trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace of willing buyers and sellers of our common stock at any given time, which presence is dependent upon the individual decisions of investors, over which we have no control.

The market price of our common stock may be highly volatile and subject to wide fluctuations in response to numerous factors, including, but not limited to, the factors discussed in other risk factors and the following:

actual or anticipated fluctuations in our operating results;

changes in interest rates;

changes in the legal or regulatory environment in which we operate;

press releases, announcements or publicity relating to us or our competitors or relating to trends in our industry;

changes in expectations as to our future financial performance, including financial estimates or recommendations by securities analysts and investors;

future sales of our common stock;

changes in economic conditions in our marketplace, general conditions in the U.S. economy, financial markets or the banking industry; and

other developments affecting our competitors or us.

These factors may adversely affect the trading price of our common stock, regardless of our actual operating performance, and could prevent you from selling your common stock at or above the public offering price. In addition, the stock markets, from time to time, experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. These broad fluctuations may adversely affect the market price of our common stock, regardless of our trading performance.

In the past, stockholders often have brought securities class action litigation against a company following periods of volatility in the market price of their securities. We may be the target of similar litigation in the future, which could result in substantial costs and divert management's attention and resources.

We may issue additional securities, which could dilute your ownership percentage.

In many situations, our board of directors has the authority, without any vote of our stockholders, to issue shares of our authorized but unissued stock, including shares authorized and unissued under our stock option plans. In the future, we may issue additional securities, through public or private offerings, to raise additional capital or finance acquisitions. Moreover, to the extent that we issue restricted stock units, stock appreciation rights, options or warrants to purchase our common stock in the future and those stock appreciation rights, options or warrants are exercised or as the restricted stock units vest, our stockholders may experience further dilution. Any such issuance would dilute the ownership of current holders of our common stock.

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PULASKI INVESTMENT CORPORATION

SPECIAL MEETING

Pulaski Investment Corporation is mailing this information statement-prospectus to you as a Pulaski Investment Corporation stockholder on or about January 16, 2007. With this document, Pulaski Investment Corporation is sending you a notice of the Pulaski Investment Corporation special meeting of stockholders. The special meeting will be held on January 29, 2007 at 10:00 a.m., Arkansas time, at the offices of Pulaski Investment Corporation located at 5800 R Street, Little Rock, Arkansas.

Matters to be Considered

The purpose of the special meeting of stockholders is to vote on the adoption of the Agreement and Plan of Merger dated as of August 9, 2006, as amended, by and between Pulaski Investment Corporation and IBERIABANK Corporation, pursuant to which Pulaski Investment Corporation will be acquired by IBERIABANK Corporation. You may also be asked to vote upon a proposal to adjourn or postpone the special meeting of stockholders, if necessary.

Voting at the Special Meeting

At the special meeting all stockholders owning Pulaski Investment Corporation's Class A and Class B common stock will be asked to vote on and approve the proposed merger with IBERIABANK Corporation, with each class voting as a separate voting group. You are encouraged to attend the special meeting and vote your shares in person. Pulaski Investment Corporation will give you a ballot to be completed at the special meeting.

Representatives of Pulaski Investment Corporation may attempt to obtain the written consent of all of the corporation's stockholders to the merger agreement prior to the special meeting, which action is permitted by Pulaski Investment Corporation's bylaws. The special meeting will not be held in the event this unanimous consent of all stockholders is obtained prior to the scheduled date of the special meeting.

No Solicitation of Proxies

Neither Pulaski Investment Corporation nor any other party on its behalf is soliciting proxies with respect to the special meeting. **We are not asking you for a proxy, and you are requested not to send us a proxy.** You are, however, entitled under Arkansas law to grant your proxy to any person. In the event that you are unable to attend the special meeting and intend to submit a proxy, please contact Mr. Dan Boland, the Secretary of Pulaski Investment Corporation, to ensure that your proxy is properly received by Pulaski Investment Corporation. Mr. Boland may be reached at (501)661-7712.

Record Date

The close of business on January 15, 2007 has been fixed as the record date for determining the Pulaski Investment Corporation stockholders entitled to receive notice of the special meeting of stockholders. At that time 121,414 shares of Pulaski Investment Corporation Class A voting common stock were outstanding and held by approximately 14 holders of record and 2,317,942 shares of Pulaski Investment Corporation Class B nonvoting common stock were outstanding and held by approximately 19 holders of record.

Vote Required; Voting Agreements

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of both Pulaski Investment Corporation's Class A common stock and Class B common stock as issued and outstanding on the record date, with each class voting as a separate voting group. Accordingly, a failure to vote or an abstention will have the same effect as a vote against the merger agreement.

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As of the record date, James C. East, J. Hunter East and Mark V. Williamson, through individual ownership and ownership through a partnership and certain trusts affiliated with each respective individual, beneficially

owned 118,474 shares of Pulaski Investment Corporation Class A voting common stock and 2,251,006 shares of Class B non-voting common stock entitled to vote at the special meeting of the stockholders. This represents

approximately 97.6% of the total vote of the Class A shares and 97.1% of the total vote of the Class B shares. These individuals have agreed to vote FOR adoption of the merger agreement.

In considering the recommendation of the board of directors of Pulaski Investment Corporation to approve the merger, you should be aware that following the merger James C. East will have a non-compete agreement

and J. Hunter East will have an employment agreement and a non-compete agreement. In addition, J. Hunter East will, simultaneous with the consummation of the merger, receive certain payments under the Pulaski Investment Corporation Phantom Stock Option Plan that are in addition to his interest as a Pulaski Investment Corporation stockholder.

Recommendation of the Board of Directors

The Pulaski Investment Corporation board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The board of directors believes that the merger agreement, as amended, is fair to Pulaski Investment Corporation stockholders and is in the best interest of Pulaski Investment Corporation and its stockholders and recommends that you vote FOR the approval of the merger agreement. See The Proposed Merger Recommendation of the Pulaski Investment Corporation Board of Directors and Reasons for the Merger.

THE PROPOSED MERGER

The description of the merger and the merger agreement contained in this information statement-prospectus describes the material terms of the merger agreement, as amended; however, it does not purport to be complete. It is qualified in its entirety by reference to the merger agreement, as amended. We have attached a copy of the merger agreement, as amended, as Appendix A. References herein to the merger agreement include the amendment of the merger agreement as of December 28, 2006.

General

Pursuant to the merger agreement, as amended, Pulaski Investment Corporation will merge into IBERIABANK Corporation, with IBERIABANK Corporation as the surviving entity. Each outstanding share of Pulaski Investment Corporation common stock will be converted into the right to receive:

cash equal to \$26.6464 per share (approximately \$65,000,000 in the aggregate);

0.2274 shares of IBERIABANK Corporation common stock for each share of Class A voting common stock and Class B nonvoting common stock of Pulaski Investment Corporation (approximately \$32,500,000 in the aggregate based upon the closing price of IBERIABANK Corporation common stock on August 8, 2006 of \$58.60 per share); and

the number of shares of IBERIABANK Corporation common stock determined by the quotient obtained by dividing \$13.323 by the average trading price of IBERIABANK Corporation common stock on the 15 trading days ending one business day prior to the effective date of the merger (approximately \$32,500,000 in aggregate market value).

In lieu of each individual share of Pulaski Investment Corporation common stock being converted in the merger on the effective date into IBERIABANK Corporation common stock and cash, each Pulaski Investment Corporation stockholder will be entitled to specifically designate particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into IBERIABANK Corporation common stock and

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particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into cash; provided the total aggregate shares of IBERIABANK Corporation common stock and total aggregate cash to be received by the stockholder in the merger on the effective date will be the same as the total aggregate shares of IBERIABANK Corporation common stock and total aggregate cash as the stockholder is otherwise entitled to receive under the merger agreement.

Cash will be paid in lieu of any fractional share of Pulaski Investment Corporation common stock. See Merger Consideration below. As a result of the merger, the separate corporate existence of Pulaski Investment Corporation will cease and IBERIABANK Corporation will succeed to all the rights and be responsible for all the obligations of Pulaski Investment Corporation. In the merger, IBERIABANK Corporation will acquire all of the outstanding shares of common stock of Pulaski Bank and Trust, which will operate as a subsidiary of IBERIABANK Corporation.

The Parties

IBERIABANK Corporation

IBERIABANK Corporation, a Louisiana corporation, is the bank holding company for IBERIABANK, a wholly owned Louisiana-chartered commercial bank subsidiary, both headquartered in Lafayette, Louisiana. The principal business of IBERIABANK Corporation is conducted through IBERIABANK. IBERIABANK operates 49 bank branch offices in its market areas including New Orleans, Baton Rouge, Shreveport, Monroe, and the Acadiana region of Louisiana. IBERIABANK provides a variety of financial services to individuals and businesses throughout its service area. Primary deposit products are checking, savings and certificate of deposit accounts and primary lending products are consumer, commercial and mortgage loans. IBERIABANK also offers discount brokerage services through a wholly owned subsidiary. IBERIABANK Corporation's common stock trades on the NASDAQ Global Market under the symbol IBKC. At September 30, 2006, IBERIABANK Corporation had total assets of \$3.1 billion, total deposits of \$2.4 billion and stockholders' equity of \$280.3 million.

Other Pending Acquisition

On July 26, 2006, IBERIABANK Corporation executed a definitive agreement to acquire Pocahontas Bancorp, Inc., Jonesboro, Arkansas. Pocahontas Bancorp is the savings and loan holding company for First Community Bank, a federal savings association. The exchange ratio to be used for the acquisition consideration will be 0.2781 shares of IBERIABANK Corporation common stock for each share of Pocahontas Bancorp common stock. Assuming the exercise of all outstanding Pocahontas Bancorp stock options, the number of shares of IBERIABANK Corporation common stock to be issued to Pocahontas Bancorp stockholders would be approximately 1,343,932 shares. If no Pocahontas Bancorp stock options are exercised, approximately 1,290,861 shares of IBERIABANK Corporation common stock would be issued.

The principal executive office of IBERIABANK Corporation is located at 200 West Congress Street, Lafayette, Louisiana 70501 and the telephone number is (337) 521-4003.

Pulaski Investment Corporation

Pulaski Investment Corporation, headquartered in Little Rock, Arkansas is a diversified bank holding company engaged in commercial banking, mortgage banking, credit cards, title insurance services and trust services. Pulaski Investment Corporation conducts its business through its wholly-owned subsidiary, Pulaski Bank and Trust Company, and the following wholly-owned subsidiaries of Pulaski Bank and Trust Company: Pulaski Mortgage Company, Lenders Title Company, Pulaski Building, Inc., Directors Properties, Inc., Pulaski Insurance Agency, Inc., Pulaski Services, Inc. and two third-tier wholly-owned subsidiaries, PMC Mortgage Company and Asset Exchange, Inc.

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Pulaski Bank and Trust Company is a full service community bank engaged in a variety of commercial and retail banking activities through eleven full service offices in greater Little Rock, Arkansas, two full service offices in Memphis, Tennessee, one loan production office in Fayetteville, Arkansas and one loan production office in South Haven, Mississippi, a southern suburb of Memphis.

Pulaski Mortgage Company is a wholly-owned subsidiary of Pulaski Bank and Trust Company and operates 19 branches throughout Arkansas, and in Illinois, Mississippi, Oklahoma, Tennessee and Texas. In addition, Pulaski Mortgage Company operates one branch in Missouri under the d/b/a Bankers Home Lending.

Lenders Title Company is the largest independent title agency in Arkansas. Lenders Title Company is headquartered in Little Rock, Arkansas and operates 21 branches throughout Arkansas. Lenders provides a full

line of title insurance and loan closing services for both residential and commercial closings. Lenders Title Company conducts all like kind exchange operations through its wholly-owned subsidiary, Asset Exchange, Inc.

Merger Consideration

Under the terms of the merger agreement, as amended, each outstanding share of Pulaski Investment Corporation common stock will be converted into the right to receive

cash equal to \$26.6464 per share (approximately \$65,000,000 in the aggregate);

0.2274 shares of IBERIABANK Corporation common stock for each share of Class A voting common stock and Class B nonvoting common stock of Pulaski Investment Corporation (approximately \$32,500,000 in the aggregate based upon the closing price of IBERIABANK Corporation common stock on August 8, 2006 of \$58.60 per share); and

the number of shares of IBERIABANK Corporation common stock determined by the quotient obtained by dividing \$13.323 by the average trading price of IBERIABANK Corporation common stock on the 15 trading days ending one business day prior to the effective date of the merger (approximately \$32,500,000 in aggregate market value).

In lieu of each individual share of Pulaski Investment Corporation common stock being converted in the merger on the effective date into IBERIABANK Corporation common stock and cash, each Pulaski Investment Corporation stockholder will be entitled to specifically designate particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into IBERIABANK Corporation common stock and particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into cash; provided the total aggregate shares of IBERIABANK Corporation common stock and total aggregate cash to be received by the stockholder in the merger on the effective date will be the same as the total aggregate shares of IBERIABANK Corporation common stock and total aggregate cash as the stockholder is otherwise entitled to receive under the merger agreement.

Instead of issuing any fractional shares of IBERIABANK Corporation common stock, each shareholder of Pulaski Investment Corporation who would otherwise be entitled to a fractional share will receive a cash payment, without interest, equal to the fraction multiplied by \$58.60, which is equal to the market value of a share of IBERIABANK Corporation common stock on August 8, 2006.

The market price of IBERIABANK Corporation common stock will fluctuate. Because a portion of the number of shares of IBERIABANK Corporation common stock to be received by Pulaski Investment Corporation's stockholders in the merger is fixed, and because the market price of the IBERIABANK Corporation common stock will fluctuate, the value of the shares of IBERIABANK Corporation common stock that Pulaski Investment Corporation stockholders would receive in the merger may increase or decrease prior to and after the merger. For further information concerning the market prices of IBERIABANK Corporation common stock and Pulaski Investment Corporation common stock, see Stock Trading and Dividend

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Information. No assurance can be given as to what the market price of IBERIABANK Corporation common stock will do before or after the merger closes.

Based on the closing price of IBERIABANK Corporation common stock on January 10, 2006, each share of Pulaski Investment Corporation common stock that is exchanged for IBERIABANK Corporation common stock would have been converted into 0.4622 shares of IBERIABANK Corporation common stock having a value of \$26.2299 and cash equal to \$26.6464 per share. We cannot give you any assurance as to whether or when the merger will be completed, and you are advised to obtain current market quotations for IBERIABANK Corporation common stock.

Procedure for Exchanging Certificates

At or prior to the effective date, IBERIABANK Corporation will deposit with an exchange agent certificates representing the shares of IBERIABANK Corporation common stock and the estimated amount of cash

comprising the merger consideration, and cash to be paid in lieu of fractional shares of IBERIABANK

Corporation common stock. The exchange agent will facilitate the payment of the merger consideration to the holders of certificates representing shares of Pulaski Investment Corporation common stock.

On the effective date of the merger, each Pulaski Investment Corporation stockholder will cease to have any rights as a stockholder of Pulaski Investment Corporation, and his or her sole rights will be to receive the combination of cash and IBERIABANK Corporation common stock comprising the merger consideration, and

cash in lieu of any fractional shares, into which his or her shares of Pulaski Investment Corporation common stock have been converted pursuant to the merger agreement.

Prior to the effective date, IBERIABANK Corporation or the exchange agent will mail a letter of transmittal, together with instructions for the exchange of certificates representing shares of Pulaski Investment Corporation common stock for the merger consideration, to each person who is a stockholder of record of Pulaski Investment Corporation. Stockholders are requested not to send in their Pulaski Investment Corporation common stock certificates until they have received a letter of transmittal and further written instructions. IBERIABANK Corporation common stock certificates and cash payments will be sent as promptly as practicable after the effective date and receipt of a properly completed letter of transmittal accompanied by the appropriate Pulaski Investment Corporation common stock certificates.

IBERIABANK Corporation, at its option, may decline to pay former stockholders of Pulaski Investment Corporation who become holders of IBERIABANK Corporation common stock pursuant to the merger agreement any dividends or other distributions that may have become payable to holders of record of IBERIABANK Corporation common stock following the effective date until they have surrendered their certificates for Pulaski Investment Corporation common stock.

If your Pulaski Investment Corporation stock certificates have been lost, stolen or destroyed, you will have to prove your ownership of these certificates and that they were lost, stolen or destroyed before you receive any consideration for your shares. The exchange agent will send you instructions on how to provide evidence of ownership. If your Pulaski Investment Corporation stock certificates have been lost, stolen or destroyed, you may be required to make an affidavit and post a bond in an amount sufficient to protect IBERIABANK Corporation against claims related to your common stock.

Background of the Merger

During the last several years, Pulaski Investment Corporation's board of directors has periodically reviewed and compared Pulaski Investment Corporation's performance with that of relatively comparable financial institutions and has reviewed with management the financial service environment at such times along with strategic options available to Pulaski Investment Corporation and its subsidiaries, including strategies for

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continuing as an independent entity and strategies for undertaking a strategic business combination with another financial institution. From time to time during such period, the board of directors, on an informal basis and during various strategic discussions, would periodically review merger and acquisition activity within the banking industry with representatives from Stifel, Nicolaus & Company, Incorporated.

In the first quarter of 2006, the board of directors contacted Stifel, Nicolaus & Company to update its periodic exploration of value and merger and acquisition activity in general. As a result of such discussions, the board deemed the merger and acquisition market to be advantageous and preliminarily determined that a business combination with another financial institution was likely to present the best prospect for enhancing stockholder value. The board of directors engaged Stifel, Nicolaus & Company on June 2, 2006 to represent Pulaski Investment Corporation stockholders in a bid process to determine value and to make preliminary contacts with strategic partners.

During June, 2006, a confidential memorandum was sent to a select list of potential strategic partners both within the Arkansas market and surrounding states. Several institutions submitted bids which were summarized and analyzed by Stifel, Nicolaus & Company on July 14, 2006. The board of directors considered Stifel, Nicolaus & Company's summary and analysis of all submitted bids during the next week. On July 25, 2006, IBERIABANK Corporation submitted a draft of an agreement and plan of merger to Pulaski Investment Corporation. After considering the initial draft of the agreement and plan of merger and comparing the terms therein to other submitted bids, the board decided to pursue a possible transaction with IBERIABANK Corporation. In its analysis of all bids summarized, the board of directors determined that the combination of stock and cash as consideration to be paid to stockholders of Pulaski Investment Corporation by IBERIABANK Corporation to be the most advisable, fair to, and in the best interest of Pulaski Investment Corporation and its stockholders. The board authorized management to permit a due diligence review of Pulaski Investment Corporation and its subsidiaries by IBERIABANK Corporation and authorized management's continued discussion with IBERIABANK Corporation and to begin a due diligence review of IBERIABANK Corporation. The board also authorized management and Pulaski Investment Corporation's legal counsel to proceed to negotiate the terms of the plan and agreement of merger submitted by IBERIABANK Corporation.

During the next approximately 20 days, IBERIABANK Corporation conducted extensive due diligence of Pulaski Investment Corporation, including on-site due diligence. During such period, Pulaski Investment Corporation and its representatives conducted their due diligence review of IBERIABANK Corporation, including on-site due diligence. Meetings and discussions were held between the two institutions and their respective legal representatives to discuss other issues relating to the acquisition transaction. During such approximate 20 day period, legal counsel to IBERIABANK Corporation and Pulaski Investment Corporation negotiated the definitive plan and agreement of merger and other related agreements with respect to the proposed merger.

On August 8, 2006, the board of directors of Pulaski Investment Corporation held a special meeting. The directors discussed the merger consideration to be paid under the agreement and plan of merger and discussed conversations that had been held with representatives of Stifel, Nicolaus & Company regarding the proposed merger and the fairness of the merger consideration to the holders of Pulaski Investment Corporation common stock from a financial point of view (other than shares as to which dissenters' rights have been perfected and not withdrawn or otherwise forfeited under the Arkansas Business Corporation Act and shares held by Pulaski Investment Corporation or any Pulaski Investment Corporation subsidiary (other than shares held in a fiduciary capacity)). The board of directors had been informed by Stifel, Nicolaus & Company that in the opinion of Stifel, Nicolaus & Company the merger consideration was fair to the stockholders of Pulaski Investment Corporation from a financial point of view. Following discussion of the matter, including the directors' review of IBERIABANK Corporation and its business, the planned continuity of the business and the employees of Pulaski Investment Corporation and its subsidiaries following the merger and taking into consideration the factors described under Pulaski Investment Corporation Reasons for the Merger; Recommendation of Pulaski Investment Corporation's Board of Directors, the board determined that a combined entity would have better

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future prospects than Pulaski Investment Corporation and its subsidiaries would be likely to achieve on a stand-alone basis, and that the proposed merger with IBERIABANK Corporation presented the best opportunity for enhancing Pulaski Investment Corporation's stockholder value.

Accordingly, Pulaski Investment Corporation's board determined that the IBERIABANK Corporation transaction was advisable and in the best interest of Pulaski Investment Corporation and its stockholders, and the board unanimously approved the merger with IBERIABANK Corporation. The board of directors next reviewed the plan and agreement of merger and all related documents and the actions to be taken with respect to the proposed merger and approved the plan and agreement of merger and all related documents presented.

Following the approval of both IBERIABANK Corporation's and Pulaski Investment Corporation's board of directors, the parties executed the plan and agreement of merger on August 9, 2006 and publicly announced the transaction by issuing a joint press release.

Pulaski Investment Corporation's Reasons for the Merger; Recommendation of Pulaski Investment Corporation's Board of Directors

The Pulaski Investment Corporation board of directors reviewed and discussed the proposed merger with management and its financial and legal advisors in determining that the proposed merger is in the best interests of Pulaski Investment Corporation and its stockholders. In reaching its conclusion to approve the merger agreement, the Pulaski Investment Corporation board of directors considered a number of factors, including the following:

1. Information concerning the business, earnings, operations, financial condition, future prospects, capital adequacy, asset quality, business philosophy and overall reputation of IBERIABANK Corporation individually and as combined with Pulaski Investment Corporation.
2. The opinion of Pulaski Investment Corporation's financial advisor, Stifel, Nicolaus & Company, Incorporated, as of the date of the opinion and subject to various assumptions made and limitations stated in the opinion that the merger consideration was fair from a financial point of view to the holders of Pulaski Investment Corporation common stock (other than shares as to which dissenters' rights have been perfected and not withdrawn or otherwise forfeited under the Arkansas Business Corporation Act and shares held by Pulaski Investment Corporation or any Pulaski Investment Corporation subsidiary (other than shares held in a fiduciary capacity)). The opinion of Stifel, Nicolaus & Company, Incorporated is attached as Appendix B and should be reviewed for the assumptions made in connection with, and limitations of, such opinion.
3. The terms of the merger agreement and other documents executed in connection with the merger.
4. The current and prospective economic, competitive and regulatory environment facing each institution and financial institutions in general.
5. The results of the investigation and review of IBERIABANK Corporation conducted by the management of Pulaski Investment Corporation including, but not limited to, assessment of credit policies, asset quality at the time of the review, interest rate risk, litigation, adequacy of loan loss reserves and general operating policies and procedures.
6. The review by Pulaski Investment Corporation's board of IBERIABANK Corporation's business operations, earnings, prospects for future operations, financial condition, asset quality and capital levels.
7. The possible opportunities for expense reductions, operating efficiencies and revenue enhancements in the combined entity noting that with no market overlap the post-merger displacement of Pulaski Investment Corporation's subsidiaries' employees would be minimized.
8. The nature of and likelihood of obtaining regulatory approvals that would be required for the merger.

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9. The liquidity provided by IBERIABANK Corporation's common stock which is traded on the NASDAQ Global Market compared to Pulaski Investment Corporation's common stock which is not traded on any established basis.

10. Results that might be expected to be obtained by Pulaski Investment Corporation if it continued to operate independently and the likely benefits to stockholders of such course, as compared with the value of the merger consideration being offered by IBERIABANK Corporation.

11. The ability of Pulaski Bank and Trust Company, Pulaski Mortgage Company and Lenders Title Company to maintain their current names and presence in current and future markets.

12. The additional resources offered by IBERIABANK Corporation to assist with Pulaski Bank and Trust Company's continued expansion in Memphis and other Tennessee markets.

13. The competitiveness of the central Arkansas banking market and IBERIABANK Corporation's larger legal lending limit and therefore ability to further expand in this and other markets, increasing its loan and deposit seeking opportunities without necessarily the addition of physical branches.

The Pulaski Investment Corporation board of directors also considered potential risks associated with the merger in connection with its deliberation of the proposed transaction, including:

The challenges of combining the businesses, assets and workforces of the two companies, which could affect the post-merger success of the combined company, and the ability to achieve anticipated cost savings and other potential synergies.

That the fixed exchange ratio of the merger consideration would not adjust to compensate for changes in the stock price of IBERIABANK Corporation or Pulaski Investment Corporation prior to completion of the merger.

The interests of Pulaski Investment Corporation's executive officers and directors with respect to the merger apart from their interests as holders of Pulaski Investment Corporation common stock, and the risk that these interests might influence their decision with respect to the merger.

The risk that the terms of the merger agreement, including provisions relating to the payment of a termination fee under specified circumstances, although required by IBERIABANK Corporation as a condition to its willingness to enter into a merger agreement, could have the effect of discouraging other parties that might be interested in a transaction with Pulaski Investment Corporation from proposing such a transaction.

The discussion of the information and factors considered by the Pulaski Investment Corporation board of directors is not exhaustive, but includes all material factors considered by the Pulaski Investment Corporation board of directors. In view of the wide variety of factors considered by the Pulaski Investment Corporation board of directors in connection with its evaluation of the merger and the complexity of these matters, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Pulaski Investment Corporation board of directors evaluated the factors described above, including asking questions of management and its legal and financial advisors, and reached consensus that the merger was in the best interests of Pulaski Investment Corporation and its stockholders. In considering the factors described above, individual members of the Pulaski Investment Corporation board of directors may have given different weights to different factors. The Pulaski Investment Corporation board of directors considered these factors as a whole, and overall considered them to be favorable to, and to support its determination. It should be noted that this explanation of the Pulaski Investment Corporation board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under **Cautionary Statement Regarding Forward-Looking Statements**.

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The Pulaski Investment Corporation board of directors determined that the merger, the merger agreement and the transactions contemplated thereby are advisable and in the best interests of Pulaski Investment Corporation and its stockholders. The board of directors also determined that the merger agreement and the transactions contemplated thereby are consistent with, and in furtherance of, Pulaski Investment Corporation's business strategies. Accordingly, the board of directors unanimously approved the merger agreement and unanimously recommends that Pulaski Investment Corporation stockholders vote FOR approval of the merger agreement.

Opinion of Pulaski Investment Corporation's Financial Advisor

Stifel, Nicolaus & Company, Incorporated acted as Pulaski Investment Corporation's financial advisor in connection with the merger. Stifel, Nicolaus & Company is a nationally recognized investment banking firm with substantial expertise in transactions similar to the merger. Stifel, Nicolaus & Company is an investment banking

and securities firm with membership on all the principal United States securities exchanges. As part of its investment banking activities, Stifel, Nicolaus & Company is regularly engaged in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

On August 8, 2006, Stifel, Nicolaus & Company rendered its oral opinion, which was subsequently confirmed in writing, to the board of directors of Pulaski Investment Corporation that, as of such date, the per share consideration to be paid to the holders of Pulaski Investment Corporation common stock (other than shares as to which dissenters' rights have been perfected and not withdrawn or otherwise forfeited under the Arkansas Business Corporation Act and shares held by Pulaski Investment Corporation or any Pulaski Investment Corporation subsidiary (other than shares held in a fiduciary capacity)) by IBERIABANK Corporation pursuant to the merger agreement was fair to such holders, from a financial point of view.

The full text of Stifel, Nicolaus & Company's written opinion dated August 8, 2006, which sets forth the assumptions made, matters considered and limitations of the review undertaken, is attached as Appendix B to this

information statement/prospectus and is incorporated herein by reference. Holders of Pulaski Investment Corporation common stock are urged to, and should, read this opinion carefully and in its entirety in connection with this information statement/prospectus. The summary of the opinion of Stifel, Nicolaus & Company set forth in this information statement/prospectus is qualified in its entirety by reference to the full text of such opinion. The opinion of Stifel, Nicolaus & Company will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger. Stifel, Nicolaus & Company has no obligation to update, revise or reaffirm its opinion, and Pulaski Investment Corporation does not currently expect that it will request an updated opinion from Stifel, Nicolaus & Company.

No limitations were imposed by Pulaski Investment Corporation on the scope of Stifel, Nicolaus & Company's investigation or the procedures to be followed by Stifel, Nicolaus & Company in rendering its opinion. In arriving at its opinion, Stifel, Nicolaus & Company did not ascribe a specific range of values to Pulaski Investment Corporation. Its opinion is based on the financial and comparative analyses described below. Stifel, Nicolaus & Company's opinion was directed solely to Pulaski Investment Corporation's board of directors for its use in connection with its consideration of the financial terms of the merger. Stifel, Nicolaus & Company's opinion addressed only the fairness of the per share consideration to the holders of Pulaski Investment Corporation common stock from a financial point of view and did not address any other aspect of the merger, including without limitation the tax consequences of the merger on Pulaski Investment Corporation or any of its shareholders. Stifel, Nicolaus & Company's opinion was not intended to be and does not constitute a recommendation to Pulaski Investment Corporation's Board of Directors or any shareholder of Pulaski Investment Corporation as to how the Board or any such shareholder should vote with respect to the merger, or whether or not any Pulaski Investment Corporation shareholder should enter into a voting or shareholders agreement with respect to the merger. Stifel, Nicolaus & Company was not requested to opine as to, and its opinion does not address, Pulaski Investment Corporation's underlying business decision to proceed with or

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effect the merger or the relative merits of the merger compared to any alternative transaction that might be available to Pulaski Investment Corporation.

In connection with its opinion, Stifel, Nicolaus & Company, among other things:

reviewed and analyzed a draft copy of the merger agreement dated August 8, 2006;

reviewed and analyzed the audited consolidated financial statements of Pulaski Investment Corporation for the five years ended December 31, 2005, unaudited consolidated financial statements of Pulaski Investment Corporation contained in its quarterly report for the second quarter ended June 30, 2006, and consolidated financial statements prepared by Pulaski Investment Corporation for the quarter ended June 30, 2006;

reviewed and analyzed the audited consolidated financial statements of IBERIABANK included in its Annual Reports on Form 10-K for the five years ended December 31, 2005, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, and its quarterly earnings press release on Form 8-K dated July 13, 2006 for the quarter ended June 30, 2006;

reviewed the agreement and plan of merger dated July 26, 2006 between IBERIABANK Corporation and Pocahontas Bancorp, Inc.;

reviewed the reported prices and trading activity of the publicly traded common equity securities of IBERIABANK Corporation;

reviewed and analyzed certain other publicly available information concerning Pulaski Investment Corporation and IBERIABANK Corporation;

held discussions with IBERIABANK's senior management, including estimates of certain cost savings, operating synergies, merger charges and the pro forma financial impact on IBERIABANK Corporation;

reviewed certain non-publicly available information concerning Pulaski Investment Corporation, including internal financial analyses and forecasts prepared by its management and held discussion with Pulaski Investment Corporation's senior management regarding the financial forecasts and recent developments;

participated in certain discussions and negotiations between representatives of Pulaski Investment Corporation and IBERIABANK Corporation;

reviewed and analyzed certain publicly available information concerning the terms of selected merger and acquisition transactions that Stifel, Nicolaus & Company considered relevant to its analysis;

reviewed and analyzed certain publicly available financial and stock market data relating to selected public companies that Stifel, Nicolaus & Company deemed relevant to its analysis;

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conducted such other financial studies, analyses and investigations and considered such other information as Stifel, Nicolaus & Company deemed necessary or appropriate for purposes of its opinion; and

took into account Stifel, Nicolaus & Company's assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuations and its knowledge of the banking industry generally.

In rendering its opinion, Stifel, Nicolaus & Company relied upon and assumed, without independent verification, the accuracy and completeness of all of the financial and other information that was provided to Stifel, Nicolaus & Company, by or on behalf of Pulaski Investment Corporation and IBERIABANK Corporation, or that was otherwise reviewed by Stifel, Nicolaus & Company and did not assume any responsibility for independently verifying any of such information. With respect to the financial forecasts supplied to Stifel,

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Nicolaus & Company by Pulaski Investment Corporation and IBERIABANK Corporation (including, without limitation, potential cost savings and operating synergies realized by a potential acquirer), Stifel, Nicolaus & Company assumed that they were reasonably prepared on the basis reflecting the best currently available estimates and judgments of the management of Pulaski Investment Corporation and IBERIABANK Corporation as to the future operating and financial performance of Pulaski Investment Corporation and IBERIABANK Corporation, that cost saving and operating synergies would be realized in the amounts and time periods estimated by IBERIABANK Corporation and that they provided a reasonable basis upon which Stifel, Nicolaus & Company could form its opinion. Such forecasts and projections were not prepared with the expectation of public disclosure. All such projected financial information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in such projected financial information. Stifel, Nicolaus & Company has relied on this projected information without independent verification or analyses and does not in any respect assume any responsibility for the accuracy or completeness thereof.

Stifel, Nicolaus & Company also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Pulaski Investment Corporation or IBERIABANK Corporation since the date of the last financial statements made available to it. Stifel, Nicolaus & Company has also assumed, without independent verification and with Pulaski Investment Corporation's consent, that the aggregate allowances for loan losses set forth in the financial statements of Pulaski Investment Corporation and IBERIABANK Corporation are in the aggregate adequate to cover all such losses. Stifel, Nicolaus & Company did not make or obtain any independent evaluation, appraisal or physical inspection of Pulaski Investment Corporation's or IBERIABANK Corporation's assets or liabilities, the collateral securing any of such assets or liabilities, or the collectibility of any such assets nor did it review loan or credit files of Pulaski Investment Corporation or IBERIABANK Corporation. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, Stifel, Nicolaus & Company assumes no responsibility for their accuracy. Stifel, Nicolaus & Company relied on advice of Pulaski Investment Corporation's counsel as to certain legal matters with respect to Pulaski Investment Corporation, the merger agreement and the merger and other transactions and other matters contained or contemplated therein. Stifel, Nicolaus & Company has assumed, with Pulaski Investment Corporation's consent, that there are no factors that

would delay or subject to any adverse conditions any necessary regulatory or governmental approval and that all conditions to the merger will be satisfied and not waived. In addition, Stifel, Nicolaus & Company assumed that the definitive merger agreement would not differ materially from the draft it reviewed. Stifel, Nicolaus & Company has also assumed that the merger will be consummated substantially on the terms and conditions described in the merger agreement, without any waiver of material terms or conditions by Pulaski Investment Corporation, and that obtaining any necessary regulatory approvals or satisfying any other conditions for consummation of the merger will not have an adverse effect on Pulaski Investment Corporation or IBERIABANK Corporation. In connection with Stifel, Nicolaus & Company's opinion, we further assumed that: (i) IBERIABANK Corporation will consummate its pending acquisition of Pocahontas Bancorp, Inc. on the terms and conditions set forth in the Pocahontas Merger Agreement and (ii) IBERIABANK Corporation will successfully raise equity financing, on favorable terms to IBERIABANK Corporation, in order to finance the cash portion of the per share consideration to be paid to holders of shares in the merger pursuant to the Merger Agreement.

Stifel, Nicolaus & Company's opinion is necessarily based on economic, market, financial and other conditions as they existed on, and on the information made available to it as of, the date of its opinion. It is understood that subsequent developments may affect the conclusions reached in Stifel, Nicolaus & Company's opinion and that Stifel, Nicolaus & Company does not have any obligation to update, revise or reaffirm its opinion.

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In connection with rendering its opinion, Stifel, Nicolaus & Company performed a variety of financial analyses that are summarized below. Such summary does not purport to be a complete description of such analyses. Stifel, Nicolaus & Company believes that its analyses and the summary set forth herein must be considered as a whole and that selecting portions of such analyses and the factors considered therein, without considering all factors and analyses, could create an incomplete view of the analyses and processes underlying its opinion. The preparation of a fairness opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Stifel, Nicolaus & Company considered the results of all of its analyses as a whole and did not attribute any particular weight to any analyses or factors considered by it. The range of valuations resulting from any particular analysis described below should not be taken to be Stifel, Nicolaus & Company's view of the actual value of Pulaski Investment Corporation. In its analyses, Stifel, Nicolaus & Company made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of Pulaski Investment Corporation or IBERIABANK Corporation. Any estimates contained in Stifel, Nicolaus & Company's analyses are not necessarily indicative of actual future values or results, which may be significantly more or less favorable than suggested by such estimates. Estimates of values of companies do not purport to be appraisals or necessarily reflect the actual prices at which companies or their securities actually may be sold. No company or transaction utilized in Stifel, Nicolaus & Company's analyses was identical to Pulaski Investment Corporation or IBERIABANK Corporation or the merger. Accordingly, an analysis of the results described below is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other facts that could affect the public trading value of the companies to which they are being compared. None of the analyses performed by Stifel, Nicolaus & Company was assigned a greater significance by Stifel, Nicolaus & Company than any other, nor does the order of analyses described represent relative importance or weight given to those analyses by Stifel, Nicolaus & Company. The analyses described below do not purport to be indicative of actual future results, or to reflect the prices at which Pulaski Investment Corporation common stock or IBERIABANK Corporation common stock may trade in the public markets, which may vary depending upon various factors, including changes in interest rates, dividend rates, market conditions, economic conditions and other factors that influence the price of securities.

In accordance with customary investment banking practice, Stifel, Nicolaus & Company employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses that Stifel, Nicolaus & Company used in providing its opinion on August 8, 2006. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by Stifel, Nicolaus & Company more fully, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of Stifel, Nicolaus & Company's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by Stifel, Nicolaus & Company. The summary data set forth below do not represent and should not be viewed by anyone as constituting conclusions reached by Stifel, Nicolaus & Company with respect to any of the analyses performed by it in connection with its opinion. Rather, Stifel, Nicolaus & Company made its determination as to the fairness to the shareholders of Pulaski Investment Corporation of the per share merger consideration, from a financial point of view, on the basis of its experience and professional judgment after considering the results of all of the analyses performed. Accordingly, the data included in the summary tables and the corresponding imputed ranges of value for Pulaski Investment Corporation should be considered as a whole and in the context of the full narrative description of all of the financial analyses set forth in the following pages, including the assumptions underlying these analyses. Considering the data included in the summary table without considering the full narrative description of all of the financial analyses, including the assumptions underlying these analyses, could create a misleading or incomplete view of the financial analyses performed by Stifel, Nicolaus & Company.

In connection with rendering its opinion and based upon the terms of the draft merger agreement reviewed by it, Stifel Nicolaus & Company assumed the aggregate consideration to be \$130.0 million, and at the time of the opinion, the per share consideration to be \$53.29.

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Pro Forma Effect of the Merger. Stifel, Nicolaus & Company reviewed certain estimated future operating and financial information developed by Pulaski Investment Corporation, publicly available financial estimates of IBERIABANK Corporation (including its recently announced agreement to acquire Pocahontas Bancorp, Inc.) and certain estimated future operating and financial information for the pro forma combined entity resulting from the merger for the twelve month periods ended December 31, 2006 and December 31, 2007. Based on this analysis, Stifel, Nicolaus & Company compared certain of Pulaski Investment Corporation's estimated future per share results with such estimated figures for the pro forma combined entity. Based on this analysis on a pro forma basis, the merger is forecast to be accretive to Pulaski Investment Corporation's earnings per share for the twelve month period ended December 31, 2007. Stifel, Nicolaus & Company also reviewed certain financial information in order to determine the estimated effect of the merger on Pulaski Investment Corporation's book value, tangible book value and dividend. Based on this analysis on a pro forma basis, the merger is forecasted to be accretive to Pulaski Investment Corporation's book value per share and dilutive to Pulaski Investment Corporation's tangible book value per share. Based on historical dividend rates, Stifel, Nicolaus & Company believed that Pulaski Investment Corporation's shareholders who receive IBERIABANK Corporation shares would likely receive an increase in their dividends.

Analysis of Bank Merger Transactions. Stifel, Nicolaus & Company analyzed certain information relating to recent transactions in the banking industry, consisting of (1) 193 U.S. bank acquisitions announced since August 4, 2005, with announced transaction values and excluding merger of equals transactions, referred to below as Group A, (2) 18 selected U.S. bank acquisitions announced since August 4, 2005, involving sellers headquartered in the Central U.S. with total assets between \$250 million and \$750 million and excluding merger of equals transactions, referred to below as Group B, and (3) 18 selected metropolitan bank acquisitions announced since November 17, 2003, involving acquisitions with deal values less than \$500 million and headquartered in Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Tennessee and excluding merger of equals transactions, referred to below as Group C. Stifel, Nicolaus & Company calculated the following ratios with respect to the merger and the selected transactions:

Ratios	IBERIABANK Corporation/ Pulaski Investment Corporation	Median Statistics for Selected Transactions		
		Group A	Group B	Group C
Price Per Share/ Book Value Per Share	320%	225%	241%	245%
Price Per Share/Tangible Book Value Per Share	329%	235%	272%	263%
Adjusted Deal Price/6.50% Equity	379%	276%	270%	270%
Price Per Share/Last 12 Months Earnings Per Share	19.5x	23.4x	20.4x	27.7x
Price Per Share / Current EPS	32.5x	NA	19.5x	26.3x
Price Per Share / Forward EPS	26.8x	NA	17.6x	23.4x
Price/Assets	27.6%	22.0%	18.2%	19.9%
Premium over Tangible Book Value/Deposits	23.0%	14.7%	13.8%	13.9%
Price/Deposits	34.6%	26.3%	23.4%	24.8%

This analysis resulted in a range of imputed values for Pulaski Investment Corporation common stock of between \$37.40 and \$64.17 per share based on the median multiples for Group A, between \$31.98 and \$55.85 for Group B, and between \$37.49 and \$75.69 per share based on the median multiples for Group C.

Present Value Analysis. Applying present value analysis to the theoretical future earnings and dividends of Pulaski Investment Corporation, Stifel, Nicolaus & Company compared the per share consideration to the calculated present value of one share of Pulaski Investment Corporation's common stock on a stand-alone basis. The analysis was based upon Pulaski Investment Corporation's management's projected earnings growth, a range of assumed price/earnings ratios, and a 13.6%, 16.8% and 18.6% discount rate. Stifel, Nicolaus & Company selected the range of terminal price/earnings ratios on the basis of past and current trading multiples for other publicly-traded comparable banks. The stand-alone present value of Pulaski Investment Corporation's common stock calculated on this basis ranged from \$23.85 to \$32.70 per share.

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Discounted Cash Flow Analysis. Using a discounted cash flow analysis, Stifel, Nicolaus & Company estimated the net present value of the future streams of after-tax cash flow that Pulaski Investment Corporation could produce for dividends to a potential acquiror, referred to below as dividendable net income. In this analysis, Stifel, Nicolaus & Company assumed that Pulaski Investment Corporation would perform in accordance with management’s estimates and calculated assumed after-tax distributions to a potential acquiror such that Pulaski Investment Corporation’s tangible common equity ratio would be maintained at 6.5% of assets. Stifel, Nicolaus & Company calculated the sum of the assumed perpetual dividendable net income streams per share beginning in the year 2006 discounted to present values at assumed discount rates ranging from 12.5% to 17.5%, reflecting the general range for the bank industry based on Stifel, Nicolaus & Company’s historical experience, and based upon estimated cost savings of 0% and 16.2% of Pulaski Investment Corporation’s non-interest expense. This discounted cash flow analysis indicated an implied equity value reference range of \$18.84 to \$89.22 per share of Pulaski Investment Corporation’s common stock. This analysis did not purport to be indicative of actual future results and did not purport to reflect the prices at which shares of Pulaski Investment Corporation’s common stock may trade in the public markets. A discounted cash flow analysis was included because it is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, including estimated cost savings and operating synergies, earnings growth rates, dividend payout rates and discount rates.

Comparison of Selected Companies. Stifel, Nicolaus & Company reviewed and compared certain multiples and ratios for the merger with a peer group of 28 selected banks in the Central U.S. with assets less than \$2.5 billion. In order to calculate a range of imputed values for a share of Pulaski Investment Corporation common stock, Stifel, Nicolaus & Company applied a 33% control premium to the trading prices of the selected group of comparable companies and compared the resulting theoretical offer price to each of the following categories: book value, tangible book value, adjusted 6.5% equity, latest 12 months earnings, estimated 2006 earnings as provided by First Call, estimated 2007 earnings as provided by First Call, assets, tangible book value to deposits and deposits. Stifel, Nicolaus & Company then applied the resulting range of multiples and ratios for the peer group specified above to the appropriate financial results of Pulaski Investment Corporation. This analysis resulted in a range of imputed values for Pulaski Investment Corporation common stock of between \$36.71 and \$65.01 per share based on the median multiples and ratios for the peer group. The 33% control premium selected by Stifel, Nicolaus & Company was based on a 10 year analysis of one month market premiums paid in bank and thrift merger transactions.

Additionally, Stifel, Nicolaus & Company calculated the following ratios with respect to the 28 selected comparable companies after application of the 33% control premium:

Ratios	IBERIABANK Corporation/	Trading Multiples for Selected Peer Group With Control Premium Applied ⁽¹⁾		
	Pulaski Investment Corporation	10 th Percentile	Median	90 th Percentile
Price Per Share/ Book Value Per Share	320%	194%	301%	421%
Price Per Share/Tangible Book Value Per Share	329%	233%	342%	502%
Adjusted Price/6.50% Equity	379%	210%	337%	469%
Price Per Share/Latest 12 Months Earnings	19.5x	17.5x	23.7x	33.8x
Price Per Share/Estimated 2006 Earnings Per Share ⁽²⁾	32.5x	16.8x	22.4x	30.5x
Price Per Share/Estimated 2007 Earnings Per Share ⁽²⁾	26.8x	15.4x	19.1x	24.1x
Price/Assets	27.6%	16.1%	24.8%	36.2%
Premium over Tangible Book Value/Deposits	23.0%	10.5%	21.1%	38.2%
Price/Deposits	34.6%	20.9%	31.1%	48.7%

(1) Based on prices as of market close on August 4, 2006.

(2) Projected EPS estimates based on First Call consensus.

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Also, Stifel, Nicolaus & Company reviewed and compared certain multiples and ratios for the merger with the same peer group of 28 selected banks in the Central U.S. with assets less than \$2.5 billion without applying the control premium of 33%. Stifel, Nicolaus & Company then applied the resulting range of multiples and ratios for the peer group specified above to the appropriate financial results of Pulaski Investment Corporation. This analysis resulted in a range of imputed values for Pulaski Investment Corporation common stock of between \$27.60 and \$48.88 per share based on the median multiples and ratios for the peer group.

Additionally, Stifel, Nicolaus & Company calculated the following ratios with respect to the 28 selected comparable companies without application of the control premium:

Ratios	IBERIABANK Corporation/	Trading Multiples for Selected Peer Group Without Control Premium Applied ⁽¹⁾		
	Pulaski Investment Corporation	10 th Percentile	Median	90 th Percentile
Price Per Share/ Book Value Per Share	320%	146%	226%	317%
Price Per Share/Tangible Book Value Per Share	329%	175%	257%	377%
Adjusted Price/6.50% Equity	379%	154%	251%	351%
Price Per Share/Latest 12 Months Earnings	19.5x	13.1x	17.9x	25.4x
Price Per Share/Estimated 2006 Earnings Per Share ⁽²⁾	32.5x	12.6x	16.8x	23.0x
Price Per Share/Estimated 2007 Earnings Per Share ⁽²⁾	26.8x	11.6x	14.4x	18.1x
Price/Assets	27.6%	12.5%	19.2%	27.9%
Premium over Tangible Book Value/Deposits	23.0%	5.8%	13.7%	26.3%
Price/Deposits	34.6%	16.2%	24.0%	37.1%

(1) Based on prices as of market close on August 4, 2006.

(2) Projected EPS estimates based on First Call consensus.

As described above, Stifel, Nicolaus & Company's opinion was among the many factors taken into consideration by the Pulaski Investment Corporation board of directors in making its determination to approve the merger.

Stifel, Nicolaus & Company has acted as financial advisor to Pulaski Investment Corporation in connection with the merger and will receive a fee for its services, a substantial portion of which is contingent upon the completion of the merger. Stifel, Nicolaus & Company has also acted as financial advisor to Pulaski Investment Corporation's board of directors and received a fee upon the delivery of its opinion that is not contingent upon consummation of the merger, provided that such opinion fee is creditable against any advisory fee. Pulaski Investment Corporation has also agreed to reimburse Stifel, Nicolaus & Company for certain out-of-pocket expenses and has agreed to indemnify Stifel, Nicolaus & Company, its affiliates and their respective partners, directors, officers, agents, consultants, employees and controlling persons against certain liabilities, including liabilities under the federal securities laws. In the ordinary course of business, Stifel, Nicolaus & Company makes a market in IBERIABANK Corporation's equity securities and actively trades equity securities of IBERIABANK Corporation for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. In the past, Stifel, Nicolaus & Company has provided investment banking and other brokerage services to Pulaski Investment Corporation and IBERIABANK Corporation for which Stifel, Nicolaus & Company received customary fees for its services. Stifel, Nicolaus & Company may seek to provide investment banking and other brokerage services to IBERIABANK Corporation in the future. For example, Stifel, Nicolaus & Company served as IBERIABANK Corporation's placement agent in connection with a private placement of IBERIABANK Corporation's common stock in November 2006, the proceeds of which are currently anticipated to be used to finance the cash portion of the per share consideration to be paid to holders of Pulaski Investment Corporation shares in the merger pursuant to the merger agreement. Stifel, Nicolaus & Company received customary compensation from IBERIABANK Corporation upon the closing of the private placement financing. Pulaski Investment Corporation has received full disclosure of, and waived, any potential conflict of interest resulting from Stifel, Nicolaus & Company representing Pulaski

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Investment Corporation in connection with the merger and representing IBERIABANK Corporation in connection with a related financing. Stifel, Nicolaus & Company has obtained a similar waiver from IBERIABANK Corporation in connection with its engagement regarding a financing.

Employee Matters

The Pulaski Bank and Trust Company Profit Sharing and 401(k) Plan will be terminated upon consummation of the merger. The assets of the Plan will be allocated and distributed to the Plan participants upon receipt of a favorable determination letter from the IRS on the Plan's termination.

All employees of Pulaski Investment Corporation or any subsidiary of Pulaski Investment Corporation who remain employed after the merger will be given credit for service at Pulaski Investment Corporation or any subsidiary of Pulaski Investment Corporation for eligibility to participate in and the satisfaction of vesting requirements, satisfying any waiting periods, evidence of insurability requirements, seniority or the application of any pre-existing conditions limitations (but not for pension benefit accrual purposes) under IBERIABANK Corporation's compensation and benefit plans. Any employee of Pulaski Investment Corporation or its subsidiaries who is terminated after the effective time of the merger and who does not receive a severance payment in connection with the merger will receive a severance payment as if he or she were an employee of IBERIABANK Corporation for the entire time he or she was employed by Pulaski Investment Corporation or its subsidiaries.

See [Interests of Directors and Executive Officers In the Merger](#) below for a discussion of employment agreements and certain other matters.

Interests of Directors and Executive Officers in the Merger

Our directors and executive officers have interests in the merger as individuals in addition to, or different from, their interests as shareholders of Pulaski Investment Corporation, including, but not limited to, payments under their existing employment agreements, and indemnification and insurance coverage provided by IBERIABANK Corporation. Our board of directors was aware of these interests and considered them in its decision to approve the merger agreement. These interests are discussed below.

Employment Agreements. In connection with the execution of the merger agreement certain executives of subsidiaries of Pulaski Investment Corporation have entered into an employment agreement with each such executive's respective subsidiary employer as follows:

J. Hunter East and Pulaski Bank and Trust Company entered into an employment agreement with an initial term of three years, to be effective upon the consummation of the merger. Pursuant to the employment agreement, J. Hunter East will be paid a base salary each year of \$25,000, will be entitled to participate in the discretionary bonus program of Pulaski Bank and Trust Company and will be given certain other fringe benefits. In addition, the employment agreement provides that if J. Hunter East's employment is terminated without just cause (as defined in the employment agreement) prior to the end of the three year term, Pulaski Bank and Trust Company shall be obligated to continue to pay J. Hunter East his base salary for the remainder of the three year term and shall be required to reimburse J. Hunter East the cost of obtaining all health, life, disability and other benefits which J. Hunter East would be eligible to participate in through the remainder of the three year term based upon the benefit levels substantially equal to those being provided to J. Hunter East at the date of termination of employment.

Robert C. Magee and Pulaski Bank and Trust Company entered into an employment agreement with an initial term of three years, to be effective upon the consummation of the merger. Pursuant to the employment agreement, Robert C. Magee will be paid a base salary each year of \$220,000, will be entitled to participate in the discretionary bonus program of Pulaski Bank and Trust Company and will be given certain other fringe benefits.

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In addition, the employment agreement provides that if Robert C. Magee's employment is terminated without just cause (as defined in the employment agreement) prior to the end of the three year term, Pulaski Bank and Trust Company shall be obligated to continue to pay Robert C. Magee his base salary for the remainder of the three year term and shall be required to reimburse Robert C. Magee the cost of obtaining all health, life, disability and other benefits which Robert C. Magee would be eligible to participate in through the remainder of the three year term based upon the benefit levels substantially equal to those being provided to Robert C. Magee at the date of termination of employment.

Charles Quick and Pulaski Mortgage Company entered into an employment agreement with an initial term of three years, to be effective upon the consummation of the merger. Pursuant to the employment agreement,

Charles Quick will be paid a base salary each year of \$205,000, will be entitled to participate in the discretionary bonus program of Pulaski Mortgage Company and will be given certain other fringe benefits. In addition, the Employment Agreement provides that if Charles Quick's employment is terminated without just cause (as defined in the employment agreement) prior to the end of the three year term, Pulaski Mortgage Company shall be obligated to continue to pay Charles Quick his base salary for the remainder of the three year term and shall be required to reimburse Charles Quick the cost of obtaining all health, life, disability and other benefits which Charles Quick would be eligible to participate in through the remainder of the three year term based upon the benefit levels substantially equal to those being provided to Charles Quick at the date of termination of employment.

Michael B. Pryor and Lenders Title Company entered into an employment agreement with an initial term of three years, to be effective upon the consummation of the merger. Pursuant to the employment agreement, Michael B. Pryor will be paid a base salary each year of \$205,000, will be entitled to participate in the discretionary bonus program of Lenders Title Company and will be given certain other fringe benefits. In addition, the employment agreement provides that if Michael B. Pryor's employment is terminated without just cause (as defined in the employment agreement) prior to the end of the three year term, Lenders Title Company shall be obligated to continue to pay Michael B. Pryor his base salary for the remainder of the three year term and shall be required to reimburse Michael B. Pryor the cost of obtaining all health, life, disability and other benefits which Michael B. Pryor would be eligible to participate in through the remainder of the three year term based upon the benefit levels substantially equal to those being provided to Michael B. Pryor at the date of termination of employment.

Limited Agreement Not to Compete. In connection with the execution of the merger agreement, James C. East entered into a limited agreement not to compete with IBERIABANK Corporation pursuant to which Mr. East has agreed not to compete with IBERIABANK Corporation for a period of 36 months commencing at the effective time of the merger in (i) Baxter, Benton, Boone, Crittenden, Faulkner, Garland, Lonoke, Marion, Pope, Pulaski, Saline, St. Francis and Washington Counties in Arkansas, (ii) Carter County, in Oklahoma, (iii) Shelby County in Tennessee, (iv) Desoto County in Mississippi, (v) Saint Claire County in Illinois, (vi) Saint Charles County in Missouri and (vii) Denton, Tarrant and Dallas County in Texas. Mr. East has also agreed that commencing at the effective time of the merger and for a period of three consecutive years thereafter, he will not (i) solicit with regard to hiring any individual who immediately prior to the effective time of the merger was a current employee of Pulaski Bank and Trust Company, (ii) solicit, divert or entice away any customer of Pulaski Bank and Trust Company or otherwise disrupt a previous banking relationship between such person and Pulaski Bank and Trust Company or (iii) solicit, induce or attempt to influence any person who has a business relationship with Pulaski Bank and Trust Company, or who is engaged in discussions to enter into a business relationship with Pulaski Bank and Trust Company, to discontinue, reduce or limit the extent of such relationship with Pulaski Bank and Trust Company. In consideration for Mr. East entering into the limited agreement not to compete, IBERIABANK Corporation will pay Mr. East \$75,000 per annum during the term of the Limited Agreement Not To Compete.

In connection with the execution of the merger agreement, J. Hunter East entered into a Limited Agreement Not To Compete with IBERIABANK Corporation pursuant to which Mr. East has agreed not to compete with

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IBERIABANK Corporation for a period of 36 months commencing at the effective time of the merger in (i) Baxter, Benton, Boone, Crittenden, Faulkner, Garland, Lonoke, Marion, Pope, Pulaski, Saline, St. Francis and Washington Counties in Arkansas, (ii) Carter County, in Oklahoma, (iii) Shelby County in Tennessee, (iv) Desoto County in Mississippi, (v) Saint Claire County in Illinois, (vi) Saint Charles County in Missouri and (vii) Denton, Tarrant and Dallas County in Texas. Mr. East has also agreed that commencing at the effective time of the merger and for a period of three consecutive years thereafter, he will not (i) solicit with regard to hiring any individual who immediately prior to the effective time of the merger was a current employee of Pulaski Bank and Trust Company, (ii) solicit, divert or entice away any customer of Pulaski Bank and Trust Company or otherwise disrupt a previous banking relationship between such person and Pulaski Bank and Trust Company or (iii) solicit, induce or attempt to influence any person who has a business relationship with Pulaski Bank and Trust Company,

or who is engaged in discussions to enter into a business relationship with Pulaski Bank and Trust Company, to discontinue, reduce or limit the extent of such relationship with Pulaski Bank and Trust Company. In consideration for Mr. East entering into the limited agreement not to compete, IBERIABANK Corporation will pay Mr. East \$350,000 per annum during the term of the limited agreement not to compete.

Executive Phantom Ownership Plan. Pursuant to the Amended and Restated Pulaski Investment Corporation Phantom Stock Option Plan and pursuant to the approval of the stockholders of Pulaski Investment Corporation at a special stockholders meeting held December 8, 2006, upon the consummation of the merger, all phantom stock options and dividend equivalents previously awarded to J. Hunter East pursuant to the phantom stock option plan shall immediately vest and J. Hunter East shall be paid \$2,226,248 upon the consummation of the merger for such vested phantom stock options and dividend equivalents.

Pursuant to the phantom stock option plan and pursuant to the approval of the stockholders of Pulaski Investment Corporation at a special stockholders meeting held December 8, 2006, upon the consummation of the merger, all phantom stock options and dividend equivalents previously awarded to Robert C. Magee pursuant to the phantom stock option plan shall immediately vest and Robert C. Magee shall be paid \$1,621,080 upon the consummation of the merger for such vested phantom stock options and dividend equivalents.

Various other lower level executives of Pulaski Bank and Trust Company and its subsidiaries will receive smaller payments upon the consummation of the merger for their vested phantom stock options and dividend equivalents.

Retention Agreements. Upon the consummation of the merger, Charles Quick shall be paid an incentive payment of \$500,000 pursuant to a retention agreement with Pulaski Mortgage Company and Michael B. Pryor will be paid an incentive payment of \$500,000 pursuant to a retention agreement with Lenders Title Company. Various other lower-level executives of Pulaski Bank and Trust Company and its subsidiaries will receive payments from their respective retention agreements upon the consummation of the merger.

Deferred Compensation Agreements. Upon the consummation of the merger, Charles Quick will be paid approximately \$167,675 pursuant to a deferred compensation agreement with Pulaski Mortgage Company, and Michael B. Pryor will be paid \$73,566 pursuant to a deferred compensation agreement with Lenders Title Company. Various other lower-level executives of Pulaski Bank and Trust Company and its subsidiaries will receive payments from their respective deferred compensation agreements upon the consummation of the merger.

Indemnification. Pursuant to the merger agreement, IBERIABANK Corporation has agreed that for a period of six years after the effective time of the merger, it will indemnify, defend and hold harmless each present and former director and officer of Pulaski Investment Corporation or any of its subsidiaries against all losses, claims, damages, costs, expenses (including reasonable attorneys' fees), liabilities or judgments or amounts that are paid in settlement of or in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, or administrative in which such officer or director is, or is threatened to be made, a party or witness, based in whole or in part on, or arising in whole or in part out of, the fact that such person is or was a director or officer of Pulaski Investment Corporation or a subsidiary of Pulaski Investment Corporation, if such

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claim pertains to any matter arising, existing or occurring before the effective time of the merger, regardless of whether such claim is asserted or claimed before, or after, the effective time of the merger.

Directors and Officers Insurance. IBERIABANK Corporation and Pulaski Investment Corporation have agreed that for a period of three years after the effective time of the merger they will, for total premiums not to exceed \$161,000, maintain the current directors and officers liability insurance policy, provided that if the amount of annual premiums necessary to maintain or procure such coverage exceed \$161,000, IBERIABANK Corporation shall maintain the most advantageous directors and officers insurance obtainable for an annual premium not to exceed \$161,000.

Appointment to IBERIABANK Corporation Board. Pursuant to the merger agreement, as of the effective time of the merger, IBERIABANK Corporation will elect James C. East to IBERIABANK Corporation's Board of Directors to serve until its 2008 annual meeting of shareholders. At that time, the IBERIABANK Corporation Board will nominate Mr. East for an additional three-year term.

James C. East, 68, currently serves as chairman of the board of directors of both Pulaski Investment Corporation and Pulaski Bank and Trust. Mr. East acquired a controlling interest in Pulaski Investment Corporation in 1973 and has served as its chairman and as a member of the board of directors since that time. Mr. East is currently serving a one year term as chairman expiring in 2007. Mr. East is the father of J. Hunter East, the current vice chairman and chief executive officer of Pulaski Investment Corporation.

Management and Operations After the Merger

Upon closing of the merger between Pulaski Investment Corporation and IBERIABANK Corporation, the separate existence of Pulaski Investment Corporation will cease. The directors and officers of IBERIABANK Corporation immediately prior to the merger will continue as directors and officers of IBERIABANK Corporation after the merger.

Under the terms of the merger agreement, the articles of incorporation and bylaws of IBERIABANK Corporation will be the articles of incorporation and bylaws of the combined entity which will retain the name of IBERIABANK Corporation. IBERIABANK Corporation, as the resulting entity, will continue to operate under the policies, practices and procedures currently in place. Upon completion of the merger, all assets and property owned by Pulaski Investment Corporation will become immediately the property of IBERIABANK Corporation. IBERIABANK Corporation currently is considering whether to close any branches of Pulaski Bank and Trust Company subsequent to the merger. After the closing, the directors and officers of Pulaski Bank and Trust Company will consist of persons designated by IBERIABANK Corporation.

Effective Date of Merger

The parties expect that the merger will be effective in early 2007, or as soon as possible after the receipt of all regulatory and stockholder approvals, all regulatory waiting periods expire and all other conditions to the completion of the merger have been satisfied or waived. The merger will be legally completed by the filing of the necessary filings with the Louisiana Secretary of State and the Arkansas Secretary of State. If the merger is not consummated by August 9, 2007, the merger agreement may be terminated by either Pulaski Investment Corporation or IBERIABANK Corporation.

Conduct of Business Pending the Merger

The merger agreement contains various restrictions on the operations of Pulaski Investment Corporation before the effective time of the merger. In general, the merger agreement obligates Pulaski Investment Corporation to conduct its business in the usual, regular and ordinary course of business consistent with past practice. In addition, Pulaski Investment Corporation has agreed that, except as expressly contemplated by the merger agreement or

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specified in a schedule to the merger agreement, without the prior written consent of IBERIABANK Corporation, it will not, among other things:

Amend its articles of incorporation or by-laws;

Permit any lien or encumbrance on any share of capital stock held by it or by one of its subsidiaries;

Repurchase or acquire any shares of its capital stock;

Acquire direct or indirect control over any corporation or organization, other than in connection with, among other things, good faith foreclosures in the ordinary course of business;

Issue, sell, pledge, or otherwise dispose of any shares of its capital stock, any substantial part of its assets or earning power, or any asset other than in the ordinary course of business for reasonable and adequate consideration;

Incur any additional material debt obligation or other material obligation for borrowed money, except in the ordinary course of its business consistent with past practices;

Grant any increase in compensation or benefits to its officers or other employees, pay any bonus except as contemplated by the merger agreement, enter into any severance agreements with any of its directors or officers, grant any increase in compensation or other benefits to any of its present or former directors, or effect any change in retirement benefits;

Amend any existing employment, severance or similar contract, or enter into any new such contract;

Adopt any new employee benefit plan or make any material change to any existing employee benefit plan, other than any such change that is required by law or that is necessary or advisable to maintain the tax qualified status of any such plan;

Place on any of its assets any mortgage, lien, or other encumbrance, other than in the ordinary course of business consistent with past practices, or cancel any material indebtedness;

Charge off (except as may otherwise be required by law or by regulatory authorities or by GAAP consistently applied) any material credit, or make or enter into any commitments to make any credit which varies materially from its written credit policies, copies of which have been made available to IBERIABANK Corporation;

Reduce its reserve for loan losses below \$4,000,000, except as may be required by law, regulatory authority or GAAP; or

Other than in the normal course of its banking business, enter into any contract or series of related contracts involving a payment of more than \$50,000.

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In addition to these covenants, the merger agreement contains various other customary covenants, including, among other things, access to information, each party's efforts to cause its representations and warranties to be true and correct on the closing date; and each party's agreement to use its reasonable best efforts to obtain all required covenants.

Representations and Warranties

The merger agreement contains a number of customary representations and warranties by IBERIABANK Corporation and Pulaski Investment Corporation regarding aspects of their respective businesses, financial condition, structure and other facts pertinent to the merger that are customary for a transaction of this kind. They include, among other things:

the organization, existence, and corporate power and authority of each of the companies;

the capitalization of each of the companies;

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the status of subsidiaries;

the corporate power and authority to consummate the merger;

the absence of conflicts with and violations of law;

the absence of any undisclosed liabilities;

the absence of adverse material litigation;

accuracy of reports and financial statements filed with the Securities and Exchange Commission;

the accuracy and completeness of the statements of fact made in the merger agreement;

the existence, performance and legal effect of certain contracts;

the filing of tax returns, payment of taxes and other tax matters by either party;

labor and employee benefit matters; and

compliance with applicable environmental laws by both parties.

All representations, warranties and covenants of the parties, other than the covenants in specified sections which relate to continuing matters, terminate upon the merger.

Conditions to the Merger

The respective obligations of IBERIABANK Corporation and Pulaski Investment Corporation to complete the merger are subject to various conditions prior to the merger. The conditions include the following:

the accuracy of the representations and warranties of the parties set forth in the merger agreement subject to the standards set forth in the merger agreement;

the performance of all agreements and covenants required by the merger agreement to be performed prior to the closing of the merger;

the delivery of certain certificates of the chief executive officers and chief financial officers of Pulaski Investment Corporation and IBERIABANK Corporation;

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approval of the merger agreement by the stockholders of Pulaski Investment Corporation, provided that the holders of not more than 10% of the shares of Pulaski Investment Corporation common stock shall have exercised their dissenters' rights under Arkansas law;

the receipt of all required regulatory approvals or authorizations, provided that none of these approvals contain any non-standard condition which in the reasonable judgment of the board of directors of IBERIABANK Corporation so materially and adversely affects the transactions contemplated by the merger agreement so as to render inadvisable to consummation of the merger;

the absence of any proceeding to restrain or prohibit completion of any of the transactions contemplated by the merger agreement;

the registration statement of IBERIABANK Corporation of which this information statement-prospectus is a part must have become effective under the Securities Act of 1933;

neither Pulaski Investment Corporation nor IBERIABANK Corporation shall have suffered a material adverse effect;

the receipt of standard legal opinions from counsel for Pulaski Investment Corporation and IBERIABANK Corporation;

the receipt of a tax opinion by IBERIABANK Corporation and Pulaski Investment Corporation to the effect that the merger will qualify as a tax-free reorganization under United States federal income tax laws;

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the shares of IBERIABANK Corporation to be issued in the merger shall have been authorized for listing on the Nasdaq Global Market; and

obtaining any necessary third party consents.

The parties may waive conditions to their obligations unless they are legally prohibited from doing so. Stockholder approval and regulatory approvals may not be legally waived.

Regulatory Approvals Required for the Merger

General. Pulaski Investment Corporation and IBERIABANK Corporation have agreed to use all reasonable efforts to obtain all permits, consents, approvals and authorizations of all third parties and governmental entities that are necessary or advisable to consummate the merger. This includes the approval of the Board of Governors of the Federal Reserve System and the Arkansas State Bank Department. IBERIABANK Corporation has filed the application materials necessary to obtain these regulatory approvals, and such approvals have been received. The merger could not be completed without such approvals.

We are not aware of any material governmental approvals or actions that are required prior to the merger other than those described below. We presently contemplate that we will seek any additional governmental approvals or actions that may be required in addition to those requests for approval currently pending; however, we cannot assure that we will obtain any such additional approvals or actions.

Federal Reserve Board. The merger is subject to the prior approval of or waiver from the Federal Reserve Board which has been received. The Federal Reserve Board may not approve a merger if:

such transaction would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; or

the effect of such transaction, in any section of the country, may be to substantially lessen competition, or tend to create a monopoly, or in any manner restrain trade, unless in each case the Federal Reserve Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served. In every case, the Federal Reserve Board is required to consider the financial and managerial resources and future prospects of the banks concerned and the convenience and needs of the communities to be served. Under the Community Reinvestment Act of 1977, the Federal Reserve Board also must take into account the record of performance of each bank in meeting the credit needs of the entire community, including low and moderate-income neighborhoods, served by each bank holding company and its subsidiaries. Applicable regulations require publication of notice of an application for approval of the merger and an opportunity for the public to comment on the application in writing and to request a hearing.

Any transaction approved by the Federal Reserve Board may not be completed until 30 days after such approval, during which time the U.S. Department of Justice may challenge such transaction on antitrust grounds and seek divestiture of certain assets and liabilities. With the approval of the Federal Reserve Board and the U.S. Department of Justice, the waiting period may be reduced to 15 days.

Arkansas State Bank Department. The merger with Pulaski Investment Corporation is subject to the prior approval of the Arkansas State Bank Department, which also has been received.

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Agreement to Not Solicit Other Offers

Until the merger is completed or the merger agreement is terminated, Pulaski Investment Corporation has agreed that it, its subsidiaries, its officers and its directors will not:

initiate, solicit, or encourage any inquiries or the making of any acquisition proposal;

enter into or continue any discussions or negotiations regarding any acquisition proposals; or

agree to or endorse any other acquisition proposal.

Pulaski Investment Corporation may, however, furnish information regarding Pulaski Investment Corporation to, or enter into and engage in discussion with, any person or entity in response to an unsolicited *bona fide* written acquisition proposal by the person or entity, if Pulaski Investment Corporation's board of directors reasonably determines in good faith, after consultation with its outside legal counsel, that the action is required for Pulaski Investment Corporation's directors to comply with their fiduciary obligations under applicable law.

Pulaski Investment Corporation must promptly notify IBERIABANK Corporation of such acquisition proposal, the material terms and conditions of the acquisition proposal, and the identity of the person making the proposal.

Termination; Amendment; Waiver

The merger agreement may be terminated prior to the closing, before or after approval by Pulaski Investment Corporation's stockholders, as follows:

by mutual consent of IBERIABANK Corporation and Pulaski Investment Corporation;

by a non-breaching party if the other party (1) materially breaches any covenants or undertakings contained in the merger agreement or (2) materially breaches any representations or warranties contained in the merger agreement, in each case if such breach has not been cured within thirty days after notice from the terminating party;

by either IBERIABANK Corporation or Pulaski Investment Corporation if the merger has not occurred on or before August 9, 2007.

by IBERIABANK Corporation or Pulaski Investment Corporation if Pulaski Investment Corporation stockholders do not approve the merger agreement and merger;

by either party if any required regulatory approvals for consummation of the merger is not obtained; or

by IBERIABANK Corporation, in the event any regulatory approval is conditioned upon the satisfaction of any condition or requirement that, in the reasonable opinion of IBERIABANK Corporation, would so materially adversely affect its business or the economic benefits of the merger as to render consummation of the merger inadvisable or unduly burdensome.

The board of directors of IBERIABANK Corporation may terminate the merger agreement if Pulaski Investment Corporation's board of directors resolves to withdraw, modify or change its recommendation to Pulaski Investment Corporation stockholders of the merger agreement, or recommends any acquisition proposal of Pulaski Investment Corporation other than the merger.

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If Pulaski Investment Corporation's board of directors determines that another acquisition proposal is superior to the merger because it is more favorable to Pulaski Investment Corporation's stockholders from a financial point of view than the proposed merger, it may terminate the merger agreement subject to IBERIABANK Corporation's right of first refusal to submit a revised acquisition proposal on terms not less favorable to Pulaski Investment Corporation than the terms of the superior proposal. IBERIABANK Corporation

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will have the right to exercise its right of first refusal within five business days after receipt of notice of the superior proposal from Pulaski Investment Corporation. If IBERIABANK Corporation fails to exercise its right of first refusal, Pulaski Investment Corporation will be at liberty to accept the superior proposal, subject to payment of the termination fee described below.

The parties may waive in writing any of the conditions to their respective obligations to consummate the merger agreement other than the receipt of necessary regulatory and stockholder approvals. The merger agreement may also be amended or modified at any time, before or after its approval by the stockholders of Pulaski Investment Corporation, by mutual agreement, except that any amendment made after stockholder approval may not alter the consideration to Pulaski Investment Corporation stockholders without the additional approval of stockholders.

Effect of Termination

If the merger agreement is terminated, it will become void and have no effect and the parties will be relieved of all obligations and liabilities, except that the following provisions of the agreement will survive:

a breaching party will not be relieved of liability for the willful breach of any representation, warranty or covenant; and

each party will remain liable for any subsequent breach of any covenant that survives termination of the agreement.

If the merger agreement is terminated by IBERIABANK Corporation due to an willful material breach by Pulaski Investment Corporation or the recommendation by Pulaski Investment Corporation's board of another acquisition proposal and within 12 months after the date of termination, Pulaski Investment Corporation, without IBERIABANK Corporation's prior written consent, accepts an acquisition proposal, then Pulaski Investment Corporation will pay IBERIABANK Corporation \$6.4 million within five business days after acceptance of the acquisition proposal. If the merger agreement is terminated due to either party's failure to satisfy its representations, warranties or covenants, IBERIABANK Corporation or Pulaski Investment Corporation will reimburse the other party for its reasonable out-of-pocket expenses not to exceed \$200,000.

Fees and Expenses

IBERIABANK Corporation and Pulaski Investment Corporation will each pay its own costs and expenses in connection with the merger agreement and the transactions contemplated thereby except as described above.

Material United States Federal Income Tax Consequences Of The Merger

The following is a discussion of the material federal income tax consequences of the merger to IBERIABANK Corporation, Pulaski Investment Corporation and holders of Pulaski Investment Corporation common stock. The discussion is based upon the Internal Revenue Code (the "Code"), Treasury regulations, Internal Revenue Service rulings, and judicial and administrative decisions in effect as of the date of this information statement-prospectus. This discussion assumes that the Pulaski Investment Corporation common stock is generally held for investment. In addition, this discussion does not address all of the tax consequences that may be relevant to a holder of Pulaski Investment Corporation common stock in light of his or her particular circumstances or to holders subject to special rules, such as foreign persons, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies or insurance companies. The opinions of counsel referred to in this section will be based on facts existing at the completion of the merger. In rendering its opinion, counsel will require and rely upon representations contained in certificates of officers of IBERIABANK Corporation, Pulaski Investment Corporation and others.

It is a condition to each of the party's obligations to complete the merger that the parties each will have received an opinion of Friday, Eldredge & Clark, LLP, dated as of the completion of the merger and that the

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merger will be treated as a reorganization within the Internal Revenue Code. If either party waives the requirement of receiving a tax opinion and there is a material change in tax consequences to Pulaski Investment Corporation stockholders, you will be notified of such an event and given the opportunity to confirm or change your vote. The tax opinion of Friday, Eldredge & Clark, LLP must be substantially to the following effect:

The Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a)(1)(A) of the Code, and IBERIABANK Corporation and Pulaski Investment Corporation will each be a party to the reorganization within the meaning of Section 368(b) of the Code,

No gain or loss will be recognized by IBERIABANK Corporation or Pulaski Investment Corporation as a result of the Merger.

A stockholder of Pulaski Investment Corporation who receives IBERIABANK Corporation common stock and cash in exchange for such stockholder's shares of Pulaski Investment Corporation common stock generally will allocate the consideration received in the form of IBERIABANK Corporation common stock and cash on a pro rata basis to each share of the Pulaski Investment Corporation stockholder's Pulaski Investment Corporation common stock and will recognize gain, but not loss, on each such share of PIC common stock exchanged in the Merger to the extent of the lesser of: (i) the excess, if any, of (1) the sum of the aggregate fair market value of the IBERIABANK Corporation common stock received (including any fractional share of IBERIABANK Corporation common stock deemed to be received and exchanged for cash) and the amount of cash received (including any cash received in lieu of a fractional share of IBERIABANK Corporation common stock) for such share of Pulaski Investment Corporation common stock over (2) the stockholder's aggregate tax basis in such share of Pulaski Investment Corporation common stock exchanged in the Merger and (ii) the amount of cash received for such share of Pulaski Investment Corporation common stock. However, to the extent a Pulaski Investment Corporation stockholder designates, under the provisions of Section 2.2(k) of the Merger Agreement, particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into IBERIABANK Corporation common stock and particular share(s) of the stockholder's Pulaski Investment Corporation common stock to be converted into cash, such stockholder will (i) generally recognize gain, but not loss, on the particular share(s) converted into cash to the extent of the excess, if any, of cash received for each particular share(s) over the stockholder's tax basis in each particular share(s) and (ii) generally not recognize gain or loss on the particular share(s) converted into IBERIABANK Corporation common stock.

The tax basis of the IBERIABANK Corporation common stock received by a stockholder of Pulaski Investment Corporation in exchange for such stockholder's Pulaski Investment Corporation common stock in the Merger will equal such stockholder's tax basis in such shares of Pulaski Investment Corporation common stock being exchanged for such shares of IBERIABANK Corporation common stock, reduced by any amount allocable to a fractional share interest of IBERIABANK Corporation common stock for which cash is received and by the amount of any cash consideration received for such shares of Pulaski Investment Corporation common stock, and increased by the amount of taxable gain, if any, recognized by such stockholder with respect to such shares of Pulaski Investment Corporation common stock exchanged in the Merger. However, to the extent a Pulaski Investment Corporation shareholder designates, under the provisions of Section 2.2(k) of the Merger Agreement, particular share(s) of the Pulaski Investment Corporation stockholder's Pulaski Investment Corporation common stock to be converted into IBERIABANK Corporation common stock, the stockholder's basis in the IBERIABANK Corporation's common stock so received shall be equal to the stockholder's basis in the particular shares of Pulaski Investment Corporation common stock so exchanged.

The holding period of the shares of IBERIABANK Corporation common stock received in the Merger will include the period during which the shares of Pulaski Investment Corporation common stock surrendered in exchange therefore were held, provided such shares of Pulaski Investment Corporation common stock were held as capital assets at the effective date of the merger.

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Limitations on Tax Opinion and Discussion. As noted earlier, the tax opinion is subject to certain assumptions, relating to, among other things, the truth and accuracy of certain representations made by IBERIABANK Corporation and Pulaski Investment Corporation, and the consummation of the merger in accordance with the terms of the merger agreement and applicable state law. Furthermore, the tax opinion will not bind the Internal Revenue Service and, therefore, the IRS is not precluded from asserting a contrary position. The tax opinion and this discussion are based on currently existing provisions of the Internal Revenue Code, existing and proposed Treasury regulations, and current administrative rulings and court decisions. There can be no assurance that future legislative, judicial, or administrative changes or interpretations will not adversely affect the accuracy of the tax opinion or of the statements and conclusions set forth herein. Any such changes or interpretations could be applied retroactively and could affect the tax consequences of the merger.

The preceding discussion is intended only as a summary of material United States federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, we urge Pulaski Investment Corporation stockholders to consult their own tax advisors as to the specific tax consequences to them resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other applicable tax laws and the effect of any proposed changes in the tax laws.

Resale of IBERIABANK Corporation common stock

All shares of IBERIABANK Corporation common stock received by Pulaski Investment Corporation stockholders in the merger will be registered under the Securities Act of 1933 and will be freely transferable under the Securities Act of 1933, except that shares of IBERIABANK Corporation common stock received by persons who are deemed to be affiliates, as the term is defined under the Securities Act of 1933, of IBERIABANK Corporation or Pulaski Investment Corporation at the time of the special meeting may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act of 1933 or as otherwise permitted under the Securities Act of 1933. Persons who may be deemed to be affiliates of IBERIABANK Corporation or Pulaski Investment Corporation generally include individuals or entities that control, are controlled by, or are under common control with, the party and may include certain officers and directors of such party as well as principal stockholders of such party. Affiliates of both parties have previously been notified of their status. The merger agreement requires Pulaski Investment Corporation to use reasonable efforts to receive an affiliate letter from each person who is an affiliate of Pulaski Investment Corporation.

This information statement-prospectus does not cover resales of IBERIABANK Corporation common stock received by any person who may be deemed to be an affiliate of Pulaski Investment Corporation or IBERIABANK Corporation.

Accounting Treatment

IBERIABANK Corporation will account for the merger using the purchase method of accounting. Under this accounting method, IBERIABANK Corporation would record the acquired identifiable assets and liabilities assumed at their fair market value at the time the merger is complete. Any excess of the cost of Pulaski Investment Corporation over the sum of the fair values of tangible and identifiable intangible assets less liabilities assumed would be recorded as goodwill. Based on a per share value of \$61.00, which was the closing price per share of IBERIABANK Corporation common stock at September 30, 2006, the date of the pro forma financial statements included in this information statement-prospectus, the merger consideration will be recorded for accounting purposes at approximately \$131.3 million. Utilizing information as of September 30, 2006, estimated goodwill and other intangibles would total approximately \$78.7 million. IBERIABANK Corporation's reported income would include the operations of Pulaski Investment Corporation after the date of the merger. Financial statements of IBERIABANK Corporation after completion of the merger would reflect the impact of the acquisition of Pulaski Investment Corporation. Financial statements of IBERIABANK Corporation issued before completion of the merger would not be restated retroactively to reflect Pulaski Investment Corporation's historical financial position or results of operation.

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Dissenters Rights

Consummation of the merger creates dissenters rights to the shareholders of Pulaski Investment Corporation under applicable Arkansas law. Pursuant to sections 4-27-1301 to -1331 of the Arkansas Business Corporation Act of 1987, as amended (ABCA), a shareholder of Pulaski Investment Corporation may exercise dissenters rights only by delivering to Pulaski Investment Corporation, before the vote of the Pulaski Investment Corporation shareholders is taken on the proposed merger, written notice of the shareholder s intent to demand payment for the shareholder s shares if the proposed merger is approved and effectuated, and the shareholder must not vote his or her shares in favor of the proposed merger, either in person at the Pulaski Investment Corporation special meeting or by proxy. A shareholder of Pulaski Investment Corporation who does not satisfy these requirements as well as the other requirements of sections 4-27-1301 to -1331 of the ABCA is not entitled to payment for his shares as a dissenting shareholder under the ABCA, and would be entitled to the consideration for his or her shares as provided in the merger agreement.

If the merger is approved by Pulaski Investment Corporation shareholders, Pulaski Investment Corporation shall, within ten days after the date on which such approval is obtained, deliver to such dissenting shareholder, if any, a form for demanding payment and a written notice setting forth where the payment demand must be sent and where and when certificates representing such dissenting shareholder s shares must be deposited. The written notice will also set forth a date by which Pulaski Investment Corporation must receive the payment demand, which date may not be fewer than thirty nor more than 60 days after the date the payment demand notice is delivered by Pulaski Investment Corporation. A shareholder who has received a payment demand notice must then demand payment, certify whether he acquired beneficial ownership of the shares before the date required to be set forth in the notice, and deposit the shareholder s share certificates pursuant to the terms of and within the deadlines set forth in the payment demand notice (as described in the preceding sentence).

As soon as the merger becomes effective, or upon receipt of a payment demand, Pulaski Investment Corporation shall pay each dissenter who complied with the payment demand notice requirements and other applicable dissenters rights provisions of the ABCA, the amount Pulaski Investment Corporation estimates to be the fair value of the shares, plus accrued interest. Such payment will be accompanied by current financial statements of Pulaski Investment Corporation, a statement of Pulaski Investment Corporation s estimate of the fair value of the shares, an explanation of how the interest amount was calculated, a statement of a dissenter s right to demand payment under section 4-27-1328 of the ABCA and a copy of the dissenters rights provisions of the ABCA.

If a dissenter believes that the amount paid by Pulaski Investment Corporation is less than the fair value of the dissenter s shares or that the interest has been incorrectly calculated, or Pulaski Investment Corporation fails to make payment within 60 days after the date set for demanding payment, the dissenter may notify Pulaski Investment Corporation in writing of the dissenter s own estimate of the fair value of the shares and amount of interest due, and demand payment of the dissenter s estimate (less any payment previously made). A dissenter waives his right to make such demand unless he notifies Pulaski Investment Corporation of such demand in writing within thirty days after Pulaski Investment Corporation has made payment for his shares.

If a demand for payment as set forth in the preceding paragraph remains unsettled, Pulaski Investment Corporation shall commence a proceeding in Circuit Court of Pulaski County, Arkansas, within 60 days after receiving the payment demand set forth in the preceding paragraph and petition such court to determine the fair value of the shares and accrued interest. If Pulaski Investment Corporation fails to commence the proceeding within the 60 day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

It is a condition to the parties obligation to close the merger that the holders of not more than 10% of the shares of Pulaski Investment Corporation common stock shall have exercised their dissenters rights under Arkansas law.

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Provisions of the ABCA relating to dissenters' rights are attached as Appendix F to this information statement-prospectus.

Stock Trading and Dividend Information

IBERIABANK Corporation common stock is currently listed on the Nasdaq Global Market under the symbol IBKC. The following table sets forth the high and low trading prices for shares of IBERIABANK Corporation common stock and cash dividends paid per share for the periods indicated. As of December 31, 2006, there were 10,286,431 shares of IBERIABANK Corporation common stock issued and outstanding, and approximately 1,740 stockholders of record.

	Price Range of IBERIABANK Corporation Common Stock and Dividends		
	High (\$)	Low (\$)	Dividend (\$)
Calendar 2004			
First Quarter	\$ 49.29	\$ 43.90	\$ 0.19
Second Quarter	46.03	42.00	0.21
Third Quarter	45.27	41.69	0.22
Fourth Quarter	52.60	44.76	0.22
Calendar 2005			
First Quarter	\$ 51.04	\$ 43.97	\$ 0.22
Second Quarter	49.07	43.59	0.24
Third Quarter	55.56	47.70	0.26
Fourth Quarter	56.20	49.42	0.28
Calendar 2006			
First Quarter	\$ 59.06	\$ 51.69	\$ 0.28
Second Quarter	61.41	54.82	0.30
Third Quarter	64.66	56.51	0.32
Fourth Quarter	65.00	56.00	0.32
Calendar 2007			
First Quarter (to January 10, 2007)	\$ 58.67	\$ 55.35	

On August 8, 2006, the last business day before the public announcement that IBERIABANK Corporation and Pulaski Investment Corporation had entered into the merger agreement, the closing sales price for a share of IBERIABANK Corporation common stock, as quoted on the Nasdaq Global Market, was \$58.50. On January 10, 2007, the closing sales price for a share of IBERIABANK Corporation common stock, as quoted on the Nasdaq Global Market, was \$56.75. No assurance can be given as to the sales price of a share of IBERIABANK Corporation common stock on the effective date of the merger. Before deciding how to vote, you should obtain a more recent price of IBERIABANK Corporation common stock, which trades under the symbol IBKC.

There is no established public trading market in which shares of Pulaski Investment Corporation common stock are regularly traded, nor are there any uniformly quoted prices for Pulaski Investment Corporation shares. The last sale of Pulaski Investment Corporation common stock prior to the execution of the merger agreement known to Pulaski Investment Corporation's management occurred in April, 2004, at approximately \$26.62 per share. Pulaski Investment Corporation paid a quarterly cash dividend of \$0.154 per share in each of the seven quarters ending September 30, 2006, and paid a quarterly cash dividend of \$0.055 per share for the quarter ending December 31, 2006.

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COMPARISON OF STOCKHOLDERS' RIGHTS

As a result of the proposed merger, holders of Pulaski Investment Corporation common stock will be exchanging their shares of an Arkansas corporation governed by the Arkansas Business Corporation Act of 1987 and Pulaski Investment Corporation's articles of incorporation and bylaws, for shares of IBERIABANK Corporation, a Louisiana corporation governed by the Louisiana Business Corporation Law and IBERIABANK Corporation's articles of incorporation and bylaws. Certain significant differences exist between the rights of Pulaski Investment Corporation stockholders and those of IBERIABANK Corporation stockholders. Material differences are summarized below.

The following discussion is necessarily general; it is not intended to be a complete statement of all differences affecting the rights of stockholders and their respective entities, and it is qualified in its entirety by reference to the Louisiana Business Corporation Law and the Arkansas Business Corporation Act of 1987, as well as to Pulaski Investment Corporation's articles of incorporation and bylaws and IBERIABANK Corporation's articles of incorporation and bylaws.

IBERIABANK Corporation's articles of incorporation and bylaws contain a number of provisions, relating to corporate governance and rights of stockholders, that might discourage future takeover attempts. As a result, stockholders who might desire to participate in such transactions may not have an opportunity to do so. In addition, these provisions will also render the removal of the board of directors or management of IBERIABANK Corporation more difficult.

The following description is a summary of the provisions of the articles of incorporation and bylaws. See [Where You Can Find More Information](#) as to how to review a copy of these documents.

Authorized Capital Stock

IBERIABANK Corporation. IBERIABANK Corporation's articles of incorporation authorize the issuance of 25,000,000 shares of common stock, par value \$1.00 per share, of which 10,286,431 shares were issued outstanding as of December 31, 2006, and 5,000,000 shares of preferred stock, par value \$1.00 per share, of which none are issued or outstanding.

Holders of IBERIABANK Corporation common stock are entitled to one vote per share for all purposes. They are entitled to such dividends, if any, as may be declared by the board of directors in compliance with the provisions of the Louisiana Business Corporation Law and the regulations of the appropriate regulatory authorities and to receive the net assets of the corporation upon dissolution. IBERIABANK Corporation stockholders do not have any preemptive rights with respect to any conversion, redemption or sinking fund provision. The outstanding shares of IBERIABANK Corporation common stock are, and the shares to be issued on connection with the merger will be, when issued, fully paid and nonassessable. IBERIABANK Corporation stockholders do not have cumulative voting rights in the election of directors.

IBERIABANK Corporation's board of directors may authorize the issuance of authorized but unissued shares of IBERIABANK Corporation's common stock without stockholder approval, unless such approval is required in a particular case by applicable laws or regulations. The authorized but unissued shares of IBERIABANK Corporation common stock will be issuable from time to time for any corporate purpose, including, without limitation, stock splits, stock dividends, employee benefit and compensation plans, acquisitions, and public or private sales for cash as a means of raising capital. These shares could be used to dilute the stock ownership of persons seeking to obtain control of IBERIABANK Corporation. In addition, the sale of a substantial number of shares of IBERIABANK Corporation common stock to persons who have an understanding with IBERIABANK Corporation concerning the voting of such shares, or the distribution or declaration of a common stock dividend to IBERIABANK Corporation stockholders, may have the effect of discouraging or increasing the cost of unsolicited attempts to acquire control of IBERIABANK Corporation.

IBERIABANK Corporation also is authorized to issue preferred stock from time to time in one or more series subject to applicable provisions of law, and the board of directors is authorized to fix the designations, and

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relative preferences, limitations, voting right, if any, including without limitation, offering rights of such shares (which could be multiple or as a separate class). In the event of a proposed merger, tender offer or other attempt to gain control of IBERIABANK Corporation that the board of directors does not approve, it might be possible for the board of directors to authorize the issuance of a series of preferred stock with rights and preferences that would impede the completion of the transaction. An effect of the possible issuance of preferred stock, therefore, may be to deter a future attempt to gain control of IBERIABANK Corporation. The board of directors of IBERIABANK Corporation has no present plan or understanding to issue any preferred stock.

Pulaski Investment Corporation. Pulaski Investment Corporation's articles of incorporation authorize the issuance of up to 4,000,000 shares of Pulaski Investment Corporation common stock, of which 200,000 shares shall be designated as Class A voting shares and 3,800,000 shares shall be designated as Class B nonvoting shares. As of December 31, 2006, 121,414 Class A shares were issued and outstanding, and 2,317,942 Class B shares were issued and outstanding. Pulaski Investment Corporation's Class B common stock has identical rights as the Class A common stock with the exception of the absence of voting rights generally. By resolution of Pulaski Investment Corporation's board of directors, Pulaski Investment Corporation's Class B common stock is authorized to vote on the proposed merger with IBERIABANK Corporation.

Amendment of Articles or Certificate of Incorporation and Bylaws

IBERIABANK Corporation. No amendment to the articles of incorporation of IBERIABANK Corporation will be made unless it is first approved by a majority of the board of directors and thereafter by the holders of a majority of the shares entitled to vote generally in an election of directors, voting together as a single class, as well as such additional vote of any preferred stock, if then issued and outstanding, as may be required by the provisions thereof. The affirmative vote of the holders of at least 75% of the shares entitled to vote generally in an election of directors, voting together as a single class, as well as such additional vote of any preferred stock, if then issued and outstanding, as may be required by the provisions thereof, is required to amend charter provisions relating to the number, nomination, election and removal of directors; preemptive rights; personal liability, indemnification, advancement of expenses and other rights of officers, directors, employees and agents; meetings of stockholders and stockholder proposals; and amendment of the articles and bylaws.

The articles of incorporation of IBERIABANK Corporation provide that the board of directors or stockholders may amend the bylaws. Action by the board requires the affirmative vote of a majority of the directors then in office. Action by the stockholders requires the affirmative vote of a majority of the shares, as well as any additional vote of preferred stock if then issued and outstanding; provided that the affirmative vote of 75% of the shares is required to amend bylaws relating to meetings of the board of directors.

Pulaski Investment Corporation. Arkansas law generally provides that the approval of a corporation's board of directors and the affirmative vote of a majority of the shares of each class of stock entitled to vote thereon as a separate voting group, is required to amend a corporation's articles of incorporation, unless the articles specify a greater voting requirement.

Arkansas law generally provides that an Arkansas corporation's bylaws may be amended by either the board of directors or stockholders unless the corporation's articles of incorporation provide otherwise. The Pulaski Investment Corporation articles do not alter this provision of Arkansas law.

Directors and Absence of Cumulative Voting

IBERIABANK Corporation. IBERIABANK Corporation's articles of incorporation provide that the number of directors shall be as specified in the bylaws. Currently, the bylaws specify 11 members. The directors do not need to be stockholders of IBERIABANK Corporation.

The board of directors is divided into three classes. The members of each class will be elected for a term of three years and only one class of directors will be elected annually. Thus, it would take at least two annual elections to replace a majority of IBERIABANK Corporation's board of directors. Further, the bylaws impose

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notice and information requirements in connection with the nomination by stockholders of candidates for election to the board of directors or the proposal by stockholders of business to be acted upon at an annual meeting of stockholders.

There is no cumulative voting on directors. With cumulative voting, a stockholder has the right to cast a number of votes equal to the total number of such holder's shares multiplied by the number of directors to be elected. The stockholder has the right to cast all of such holder's votes in favor of one candidate or to distribute such holder's votes in any manner among any number of candidates. Directors are elected by a plurality of the total votes cast by all stockholders. With cumulative voting, it may be possible for minority stockholders to obtain representation on the board of directors. Without cumulative voting, the holders of more than 50% of the shares of IBERIABANK Corporation common stock generally have the ability to elect 100% of the directors. As a result, the holders of the remaining common stock effectively may not be able to elect any person to the board of directors. The absence of cumulative voting, therefore, could make it more difficult for a stockholder who acquires less than a majority of the shares of common stock to obtain representation on IBERIABANK Corporation's board of directors.

The provisions regarding election of IBERIABANK Corporation directors are designed to protect the ability of the board of directors to negotiate with the proponent of an unfriendly or unsolicited proposal to take over or restructure the company by making it more difficult and time-consuming to change majority control of the board, even if holders of a majority of the capital stock believes that a change in the composition of the board is desirable. These requirements are intended to help ensure continuity and stability of management and policies and facilitate long-range planning.

The bylaws of IBERIABANK Corporation provide generally that vacancies on the board of directors (including any vacancy resulting from an increase in the authorized number of directors, or from the failure of the stockholders to elect the full number of authorized directors) may be filled by the affirmative vote of a majority of the remaining directors for an unexpired term; provided that the stockholders will have the right at any special meeting called for that purpose prior to an action by the board of directors to fill the vacancy.

Pulaski Investment Corporation. Pulaski Investment Corporation's bylaws provide for a board consisting of not less than two nor more than 15 directors. Pulaski Investment Corporation's bylaws provide for cumulative voting in the election of directors. However, because Arkansas law requires that a grant of cumulative voting rights be contained in a corporation's articles, which provision is not included in Pulaski Investment Corporation's articles, Pulaski Investment Corporation's shareholders do not have cumulative voting rights.

Removal of Directors

IBERIABANK Corporation. IBERIABANK Corporation's articles of incorporation and bylaws provide that any director may be removed, with or without cause, only by the affirmative vote of the holders of a majority of the outstanding shares of IBERIABANK Corporation entitled to vote.

Pulaski Investment Corporation. Under Arkansas law, the stockholders of a corporation may remove a director with or without cause if the number of votes cast to remove the director exceed the number of votes cast against removal of the director. Such action may only be taken at a meeting called for the purpose of removing the director, and the meeting notice must state that one of the purposes of the meeting is to remove the director.

Limitations on Director Liability

IBERIABANK Corporation. IBERIABANK Corporation's articles of incorporation provide that a director or officer of the company will not be personally liable for monetary damages for any action taken, or any failure to take any action, as a director or officer except to the extent that by law a director's or officer's liability for monetary damages may not be limited. This provision does not eliminate or limit the liability of the company's directors and officers for (a) any breach of the director's or officer's duty of loyalty to the company or its stockholders, (b) any acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) any unlawful dividend, stock repurchase or other distribution, payment or return of assets to

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stockholders, or (d) any transaction from which the director or officer derived an improper personal benefit. This provision may preclude stockholder derivative actions and may be construed to preclude other third-party claims against the directors and officers.

Pulaski Investment Corporation. Pulaski Investment Corporation articles of incorporation generally provide that a director of Pulaski Investment Corporation will have no personal liability to Pulaski Investment Corporation or its stockholders for monetary damages for or with respect to any acts or omissions in the performance of his duties.

Indemnification

IBERIABANK Corporation. The Louisiana Business Corporation Law provides that a corporation may indemnify any of its directors and officers against liability incurred in connection with a proceeding if:

the director or officer acted in good faith;

the director or officer reasonably believed such conduct was in, or not opposed to, the corporation's best interest; and

in connection with any criminal action or proceeding, the director or officer had no reasonable cause to believe that his or her conduct was unlawful.

However, the Louisiana Business Corporation Law provides that directors or officers may not be indemnified if they are held liable for willful or intentional misconduct in the performance of their duties to the corporation, unless a court determines that the director is entitled to indemnity for expenses which the court deems proper.

The Louisiana Business Corporation Law also permits a Louisiana corporation, in its articles of incorporation, to limit the personal liability of its directors and officers in actions brought on behalf of the corporation or its shareholders for monetary damages, with certain exceptions, as a result of a director's or officer's acts or omissions while acting in a capacity as a director or officer.

IBERIABANK Corporation's articles of incorporation provide that the company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, including actions by or in the right of the company, whether civil, criminal administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Such indemnification is furnished to the full extent provided by law against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding. The indemnification provisions also permit the company to pay reasonable expenses in advance of the final disposition of any action, suit or proceeding as authorized by the board of directors, provided that the indemnified person undertakes to repay the company if it is ultimately determined that such person was not entitled to indemnification.

The rights of indemnification provided in the articles of incorporation are not exclusive of any other rights which may be available under the bylaws, any insurance or other agreement, by vote of stockholders or directors (regardless of whether directors authorizing such indemnification are beneficiaries thereof) or otherwise. In addition, the charter authorizes the company to maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the company, whether or not the company would have the power to provide indemnification to such person. By action of the board of directors, the company may create and fund a trust fund or other fund or form of self-insurance arrangement of any nature, and may enter into agreements with its officers, directors, employees and agents for the purpose of securing or insuring in any manner its obligation to indemnify or advance expenses provided for in the provisions in the charter and bylaws regarding indemnification. These provisions are designed to reduce, in appropriate cases, the risks incident to serving as a director, officer, employee or agent and to enable the company to attract and retain the best personnel available.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling IBERIABANK Corporation pursuant to the foregoing provisions,

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IBERIABANK Corporation has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Pulaski Investment Corporation. Pulaski Investment Corporation's articles of incorporation provide that Pulaski Investment Corporation will indemnify its officers, directors, employees, and agents to the full extent permitted by Arkansas law. Under Arkansas law as currently in effect, other than in actions brought by or in the right of Pulaski Investment Corporation, such indemnification would apply if it were determined in the specific case that the proposed indemnitee acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of Pulaski Investment Corporation and, with respect to any criminal proceeding, if such person had no reasonable cause to believe that the conduct was unlawful. In actions brought by or in the right of Pulaski Investment Corporation, such indemnification would likely be limited to reasonable expenses (including attorneys' fees) and would apply only if it were determined in the specific case that the proposed indemnitee acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of Pulaski Investment Corporation, except that no indemnification may be made with respect to any matter as to which such person is adjudged liable to Pulaski Investment Corporation, unless, and only to the extent that, the court determines upon application that, in view of all the circumstances of the case, the proposed indemnitee is fairly and reasonably entitled to indemnification for such expenses as the court deems proper. To the extent that any director, officer, employee, or agent of Pulaski Investment Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding, as discussed herein, whether civil, criminal, administrative, or investigative, such person must be indemnified against reasonable expenses incurred by such person in connection therewith.

Special Meetings of Stockholders

IBERIABANK Corporation. Special meetings of the stockholders may be called only by the board of directors, chairman of the board, president or holders of at least 50% of the shares entitled to vote.

Pulaski Investment Corporation. Pulaski Investment Corporation's bylaws provide that special meetings of stockholders shall be called by Pulaski Investment Corporation upon request by the holders of 10% or more of all the shares of Pulaski Investment Corporation which are outstanding and entitled to vote at the meeting. The bylaws also provide that special meetings of the stockholders may be called at any time by a majority of the Pulaski Investment Corporation board or by the president.

Consent of Stockholders

IBERIABANK Corporation. Under Louisiana law, the consent in writing of stockholders to authorize corporate action, signed by all of the stockholders having voting power on the particular question, is sufficient for the purpose, without necessity for a meeting of stockholders.

Pulaski Investment Corporation. Under the Pulaski Investment Corporation bylaws, any action requiring stockholder approval may be approved by the unanimous written consent of stockholders without the necessity of a meeting. Representatives of Pulaski Investment Corporation may attempt to obtain the written consent of all of the corporation's stockholders to the merger agreement prior to the special meeting, which action is permitted by Pulaski Investment Corporation's bylaws. The special meeting will not be held in the event this unanimous consent of all stockholders is obtained prior to the scheduled date of the special meeting.

Stockholder Nominations

IBERIABANK Corporation. IBERIABANK Corporation's charter establishes advance notice requirements for stockholder proposals and the nomination (other than by or at the direction of IBERIABANK Corporation's board of directors or one of its committees) of candidates for election as directors. A stockholder of IBERIABANK Corporation wishing to nominate a person as a candidate for election to the board of directors

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must submit the nomination in writing at least 60 days before the one year anniversary of the most recent annual meeting of stockholders, together with (a) as to each person the stockholder proposes to nominate, and as to the

stockholder submitting the notice, (i) their names, ages, business and residence addresses, (ii) principal occupation or employment, (iii) stockholdings, and (iv) other information required by Securities and Exchange Commission proxy rules; and (b) to the extent known, (i) the name and address of other stockholders supporting the nominee(s), and (ii) their stockholdings. Nominations that are not made in accordance with the foregoing provisions may be ruled out of order. In addition, a stockholder intending to make a proposal for consideration at a regularly scheduled annual meeting that is not intended to be included in the proxy statement for the meeting must notify IBERIABANK Corporation in writing at least 60 days before the one year anniversary of the most recent annual meeting of the stockholder's intention. The notice must contain: (a) a brief description of the proposal, (b) the name, address and stockholdings of the stockholder submitting the proposal and other stockholders supporting the proposal, and (c) any financial interest of the stockholder in the proposal.

In accordance with SEC Rule 14a-8 under the Securities Exchange Act of 1934, stockholder proposals intended to be included in the proxy statement and presented at a regularly scheduled annual meeting must be received by IBERIABANK Corporation at least 120 days before the anniversary of the date that previous year's proxy statement was first mailed to stockholder. As provided in SEC rules, if the annual meeting date has been changed by more than 30 days from the date of the prior year's meeting, or for special meetings, the proposal must be submitted within a reasonable time before IBERIABANK Corporation begins to mail its proxy materials.

The procedures regarding stockholder nominations provide IBERIABANK Corporation's board of directors with sufficient time and information to evaluate a stockholder nominee to the board and other relevant information, such as existing stockholder support for the nominee. The procedures, however, provide incumbent directors advance notice of a dissident slate of nominees for directors, and make it easier for the board to solicit proxies resisting stockholder nominees. This may make it easier for incumbent directors to retain their status as directors, even when certain stockholders view the stockholder nominations as in the best interests of IBERIABANK Corporation or its stockholders.

Pulaski Investment Corporation. Pulaski Investment Corporation's articles of incorporation have no provision equivalent to the advance notice requirements of IBERIABANK Corporation.

Business Combinations and Control Share Acquisitions

IBERIABANK Corporation. The Louisiana Business Corporation Law sets forth heightened voting requirements with respect to certain mergers, consolidations and other business combinations between corporations and persons deemed to be interested stockholders. Interested stockholders include any person who beneficially owns at least 10% of the outstanding voting stock of the corporation. Generally, the business combination provisions require that transactions involving a Louisiana corporation and an interested stockholder be approved by stockholders owning at least 80% of the total voting power of the corporation and by at least two-thirds of the total voting power of the corporation (excluding the interested stockholder), unless certain complicated pricing and procedural requirements are satisfied.

The Louisiana Business Corporation Law also sets forth certain procedures applicable to control share acquisitions with respect to Louisiana corporations. These provisions generally remove the voting rights of shares acquired by a stockholder whose ownership reaches certain stock ownership thresholds unless the remaining stockholders reinstate such voting rights.

A Louisiana corporation may elect to opt out of the business combination and control share acquisition provisions referenced above by providing in its articles of incorporation that the provisions shall not apply to the corporation. Because the articles of incorporation of IBERIABANK Corporation do not expressly opt out of these provisions, the business combination and control share acquisition provisions apply to IBERIABANK Corporation.

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Pulaski Investment Corporation. Arkansas law generally requires approval of a majority of the outstanding shares of a corporation's voting stock to approve a merger, consolidation, share exchange, sale of all or substantially all of the corporation's assets, or similar corporate transaction. Such transactions may give rise to dissenters' rights as discussed further below.

Dissenters' Rights

IBERIABANK Corporation. The Louisiana Business Corporation Law provides that if a Louisiana corporation, by vote of its stockholders, authorizes a sale, lease or exchange of all of its assets, or, by vote of its stockholders, becomes a party to a merger or consolidation, then, unless such authorization or action shall be given or approved by at least 80% of the total voting power, a stockholder who votes against the corporate action has the right to dissent. The right to dissent, however, generally does not exist in the case of: (i) a sale pursuant to an order of a court; (ii) a sale for cash on terms requiring distribution of all or substantially all of the net proceeds to the stockholders within one year after the date of the sale; (iii) stockholders holding shares of any class of stock which, at the record date, were listed on a national securities exchange, or were designated as a national market system security on an inter-dealer quotation system by the National Association of Securities Dealers, unless the articles of the corporation provide otherwise or, except in the case of stockholders of a corporation surviving the merger or consolidation in which each share of such corporation outstanding immediately prior to the effective date of the merger or consolidation is an identical outstanding or treasury share of such corporation after the effective date of the merger or consolidation, the shares of such stockholders were not converted by the merger or consolidation solely into shares of the surviving or new corporation.

Pulaski Investment Corporation. A summary of the pertinent provisions of Arkansas law pertaining to dissenters' rights is set forth under the caption "The Proposed Merger - Dissenters' Rights", on page 57, and such provisions are included as Appendix F.

Stockholders' Rights to Examine Books and Records

IBERIABANK Corporation. Pursuant to the Louisiana Business Corporation Law, upon written notice of a demand to inspect corporate records, a person that has been a stockholder of record of at least 5% of the outstanding shares of any class for at least six months is entitled to inspect records and accounts at any reasonable time and for any proper and reasonable purpose. If IBERIABANK Corporation refuses to permit the inspection, the stockholder may file a civil action requesting a court order to permit inspection. The court will grant the order if it finds the stockholder qualified and is requesting the records for a proper and reasonable purpose.

Pulaski Investment Corporation. Arkansas law generally provides that a stockholder may inspect books and records upon written demand stating the purpose of the inspection, provided that the demand is made in good faith and for a proper purpose, and the records requested are directly connected to the stockholder's stated purpose.

Dividends

IBERIABANK Corporation. Pursuant to the Louisiana Business Corporation Law, a board of directors may from time to time make distributions to its stockholders out of the surplus of the corporation, or, if no surplus is available, out of the corporation's net profits for the current or preceding fiscal year, or both. No dividend may be paid out of surplus if: (i) the corporation is insolvent or would thereby be made insolvent; or (ii) when the declaration or payment thereof would be contrary to any restrictions contained in the articles of incorporation. No dividend may be paid out of profits if: (i) the liabilities of the corporation exceed its assets, or the net assets are less than the aggregate amount payable on liquidation upon any shares which have a preferential right to participate in the assets upon liquidation; or (ii) the assets would be reduced below the liabilities, or the net assets would be reduced below the aggregate amount payable on liquidation upon issued shares which have a preferential participation right on liquidation; (iii) the corporation would be unable to pay its obligations to creditors as they

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become due in the ordinary course of business; (iv) the highest liquidation preferences of shares entitled to such preference over the shares receiving the dividend would exceed the corporation's net assets; or (v) the payment of the dividend would be contrary to any provision of the corporation's articles of incorporation. As with Pulaski Investment Corporation, substantially all of the funds available for the payment of dividends by IBERIABANK Corporation are also derived from its subsidiary depository institution, and there are various statutory and regulatory limitations on the ability of such subsidiary to pay dividends to IBERIABANK Corporation.

Pulaski Investment Corporation. Pursuant to Arkansas law, a board of directors may from time to time authorize the corporation to make distributions to its stockholders. No dividend may be declared or paid if there are reasonable grounds for believing that upon payment: (i) the liabilities of the corporation would exceed its assets; and (ii) the corporation would be unable to pay its obligations to creditors as they become due in the ordinary course of business. As with IBERIABANK Corporation, substantially all of the funds available for the payment of dividends by Pulaski Investment Corporation are also derived from its subsidiary depository institution, and there are various regulatory limitations on the ability of such subsidiary to pay dividends to Pulaski Investment Corporation.

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DESCRIPTION OF IBERIABANK CORPORATION CAPITAL STOCK

In this section, we describe the material features and rights of the IBERIABANK Corporation capital stock after the merger. This summary is qualified in its entirety by reference to applicable Louisiana law and IBERIABANK Corporation's articles of incorporation and bylaws. See WHERE YOU CAN FIND MORE INFORMATION on page 163.

General

IBERIABANK Corporation is authorized to issue 25,000,000 shares of common stock, having a par value of \$1.00 per share, and 5,000,000 shares of preferred stock, having a par value of \$1.00 per share, none of which preferred stock is issued or outstanding. Each share of IBERIABANK Corporation common stock has the same relative rights as, and is identical in all respects to, each other share of IBERIABANK common stock.

As of December 31, 2006, there were 10,286,431 shares of common stock of IBERIABANK Corporation outstanding, 2,092,471 shares of common stock of IBERIABANK Corporation were held in treasury and 1,856,272 shares of common stock of IBERIABANK Corporation were reserved for issuance pursuant to IBERIABANK Corporation's employee benefit and stock option plans. After giving effect to the merger and the Pocahontas Bancorp acquisition on a pro forma basis, approximately 12,704,762 shares of IBERIABANK Corporation common stock will be outstanding.

On July 26, 2006, IBERIABANK Corporation executed a definitive agreement to acquire Pocahontas Bancorp, Inc., Jonesboro, Arkansas, the savings and loan holding company for First Community Bank. IBERIABANK Corporation will issue shares of its common stock in exchange for the outstanding shares of capital stock of Pocahontas Bancorp. Based on the terms of the merger agreement with Pocahontas Bancorp, IBERIABANK Corporation will issue 0.2781 shares of its common stock in exchange for each share of Pocahontas Bancorp common stock, or approximately 1,343,982 shares of IBERIABANK Corporation common stock in the aggregate, assuming the exercise of all outstanding Pocahontas Bancorp stock options. If no Pocahontas Bancorp stock options are exercised, approximately 1,290,861 shares of IBERIABANK Corporation common stock will be issued in the aggregate.

Common Stock

Dividends. Subject to certain regulatory restrictions, IBERIABANK Corporation can pay dividends from funds legally available if, as and when declared by its board of directors. Funds for IBERIABANK Corporation dividends are generally provided through dividends from IBERIABANK and, subsequent to the mergers, also will be provided through dividends from the subsidiary banks. Payments of dividends by IBERIABANK, Pulaski

Bank and Trust Company and First Community Bank are subject to limitations that are imposed by law and applicable regulations. The holders of common stock of IBERIABANK Corporation are entitled to receive and share equally in such dividends as may be declared by the board of directors of IBERIABANK Corporation out of funds legally available therefore. If IBERIABANK Corporation issues preferred stock, the holders thereof may have a priority over the holders of the common stock with respect to dividends.

Voting Rights. The holders of common stock of IBERIABANK Corporation possess exclusive voting rights in IBERIABANK Corporation. They elect the IBERIABANK Corporation board of directors and act on such other matters as are required to be presented to them under Louisiana law or as are otherwise presented to them by the board of directors. Each holder of common stock is entitled to one vote per share and does not have any right to cumulate votes in the election of directors. If IBERIABANK Corporation were to issue preferred stock, holders of the preferred stock may also possess voting rights.

Liquidation. Subsequent to the mergers, in the event of any liquidation, dissolution or winding up of First Community Bank, Pulaski Bank and Trust Company or IBERIABANK, IBERIABANK Corporation, as holder of the subsidiaries' capital stock, would be entitled to receive, after payment or provision for payment of all debts and liabilities of the subsidiary banks (including all deposit accounts and accrued interest thereon) and after distribution of the balance in the special liquidation accounts to eligible account holders of First Community Bank and IBERIABANK, all assets of the subsidiary banks available for distribution. In the event of liquidation, dissolution or winding up of IBERIABANK Corporation, the holders of its common stock would be entitled to receive, after

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payment or provision for payment of all of its debts and liabilities, all of the assets of IBERIABANK Corporation available for distribution. If preferred stock is issued, the holders thereof may have a priority over the holders of the IBERIABANK Corporation common stock in the event of liquidation or dissolution.

Preemptive Rights. Holders of IBERIABANK Corporation common stock are not entitled to preemptive rights with respect to any shares that may be issued. The IBERIABANK Corporation common stock is not subject to redemption.

Preferred Stock

Shares of IBERIABANK Corporation preferred stock may be issued with such designations, powers, preferences and rights as the IBERIABANK Corporation board of directors may from time to time determine. The IBERIABANK Corporation board of directors can, without stockholder approval, issue preferred stock with voting, dividend, liquidation and conversion rights that could dilute the voting strength of the holders of the common stock and may assist management in impeding an unfriendly takeover or attempted change in control.

CERTAIN INFORMATION CONCERNING IBERIABANK CORPORATION

IBERIABANK Corporation

IBERIABANK Corporation is a registered bank holding company subject to supervision and regulation by the Federal Reserve and is a corporation organized under the law of the State of Louisiana. Its main office is located at 200 West Congress Street, Lafayette, Louisiana 70501 (Telephone Number: (337) 521-4003), IBERIABANK Corporation owns all of the outstanding stock of IBERIABANK, a Louisiana state banking corporation.

At September 30, 2006, IBERIABANK Corporation had total consolidated assets of approximately \$3.1 billion, total deposits of approximately \$2.4 billion, and total shareholders' equity of approximately \$280.3 million.

Recent Developments

Sale of Common Stock. On November 10, 2006, IBERIABANK Corporation entered into a Stock Purchase Agreement with qualified institutional investors pursuant to which the company agreed to sell in a private placement an aggregate of 576,923 shares of the company's common stock. The price per share under the purchase agreement was \$52.00.

The private placement of the shares was consummated on November 16 and November 21, 2006, and resulted in gross proceeds to IBERIABANK Corporation of approximately \$30 million. Stifel, Nicolaus & Company, Incorporated and Howe Barnes Hoeffler and Arnett acted as co-placement agents for the offering. The aggregate underwriting commission was \$1.5 million.

Pursuant to the purchase agreement, IBERIABANK Corporation agreed to file a Registration Statement on Form S-3 with the Securities and Exchange Commission, within 60 days of the closing of the private placement, to register the resale of the shares. The company agreed to use commercially reasonable efforts to have the registration statement declared effective by the SEC within 60 days after the date by which the registration statement is required to be filed.

Pursuant to the purchase agreement, IBERIABANK Corporation also agreed for a period that is the later of 180 days after the date of the purchase agreement or the effective date of the registration statement not to offer or sell shares of its common stock without the prior consent of Stifel, Nicolaus. Exceptions from this limitation include shares of common stock to be issued in the company's pending acquisitions and under existing employee

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benefit plans. In addition, executive officers and directors have entered into lock-up agreements with Stifel, Nicolaus under which they will not offer or sell shares of common stock until the registration statement is declared effective by the SEC. Exceptions to the lock-up agreements have been granted to holders of a total of 51,500 shares, provided that such shares are sold at prices above \$52.00 per share.

The shares were offered and sold in the private placement to qualified institutional investors without registration under the Securities Act of 1933, in reliance on the exemptions provided by Section 4(2) of the Securities Act and Regulation D promulgated thereunder. Accordingly, and until registered under the Securities Act, the shares may not be offered or sold in the United States absent registration or availability of an applicable exemption from registration. Management made its determination regarding the availability of such exemptions based upon the facts and circumstances surrounding the private placement, including each purchaser representing that it is qualified institutional investor as such term is used in Regulation D, the absence of general solicitation or general advertising in connection with the private placement, and the inclusion of restrictive legends on the certificates for the Shares.

Sale of Trust Preferred Securities. IBERIABANK Corporation has established a Delaware statutory subsidiary, IBERIABANK Statutory Trust IV, which completed the sale of \$15,000,000 of trust preferred securities on October 31, 2006. The trust issued the trust preferred securities at an annual rate equal to the three month LIBOR rate plus 1.60%. The trust preferred securities mature on December 30, 2036, and can be called without penalty beginning on December 30, 2011. The trust simultaneously issued 464 of the trust's common securities to the company for a purchase price of \$464,000, which constitutes all of the issued and outstanding common securities of the trust. The trust used the proceeds from the sale of the trust preferred securities and common securities to purchase the company's junior subordinated deferrable interest notes due 2036. The net proceeds of the offering will provide funding for the company's pending acquisition of Pulaski Investment Corporation.

The debentures were issued pursuant to an Indenture entered into between IBERIABANK Corporation and Wilmington Trust Company, as trustee, dated October 31, 2006. The terms of the debentures are substantially the same as the terms of the trust preferred securities. The interest payments by the company will be used by the trust to pay the quarterly distributions to the holders of the trust preferred securities. The Indenture permits the company to redeem the debentures after December 30, 2011.

The terms of the trust preferred securities are governed by an Amended and Restated Trust Agreement, dated as of October 31, 2006, between the company, as depositor, Wilmington Trust Company, as Delaware trustee, Wilmington Trust Company, as property trustee, and the administrators named therein. Pursuant to a Guarantee Agreement, dated as of October 31, 2006, between IBERIABANK Corporation and Wilmington Trust Company, the company has guaranteed the payment of distributions and payments on liquidation or redemption of the trust preferred securities. The obligations of the company under the Guarantee Agreement are subordinate to all of the company's senior debt.

Additional Information

Additional information relating to IBERIABANK Corporation is found in IBERIABANK Corporation's Annual Report on Form 10-K for the year ended December 31, 2005, which is attached as Appendix C, its proxy statement for the Annual Meeting of Stockholders held on May 3, 2006, which is attached as Appendix D and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, which is attached as Appendix E. These appendices are incorporated by reference herein. See [Where You Can Find More Information](#).

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CERTAIN INFORMATION CONCERNING PULASKI INVESTMENT CORPORATION

Pulaski Investment Corporation

Pulaski Investment Corporation is a registered bank holding company subject to the supervision and regulation of the federal reserve and is a corporation organized under the laws of the State of Arkansas. Its main office is located at 5800 R Street, Little Rock, Arkansas 72207 (telephone number: (501) 661-7712). Pulaski Investment Corporation is the parent company of Pulaski Bank and Trust Company, an Arkansas state banking corporation.

At September 30, 2006, Pulaski Investment Corporation had total consolidated assets of approximately \$503.4 million, total deposits of approximately \$406.6 million, and total stockholders' equity of approximately \$41.5 million.

General

Pulaski Investment Corporation, an Arkansas corporation, is the bank holding company for Pulaski Bank and Trust Company, a wholly owned Arkansas-chartered commercial bank subsidiary, both headquartered in Little Rock, Arkansas. The principal business of the company is conducted through the bank. The bank operates 13 full service offices including 11 in greater Little Rock, Arkansas and two in Memphis, Tennessee. The bank also operates one loan production office in Fayetteville, Arkansas, and one loan production office in Southaven, Mississippi, a southern suburb of Memphis.

The bank targets privately-owned small to middle market commercial business, their owners and other professionals in the markets they serve. The bank provides a variety of financial services throughout its service area. Primary deposit products are checking, savings and certificate of deposit accounts, and primary lending products are consumer, commercial and mortgage loans. The bank also operates a nationwide credit card business which offers a competitively priced fixed rate credit card to high credit quality customers. In addition, the bank offers a full range of personal trust and investment management services through its trust department and under an affiliation agreement with Raymond James Financial Services.

Pulaski Investment Corporation's common stock is not traded on any public exchange.

At September 30, 2006, Pulaski Investment Corporation had total consolidated assets of \$503.4 million, total deposits of \$406.6 million and shareholders' equity of \$41.5 million.

Subsidiaries

Pulaski Bank and Trust Company has three active, wholly owned non-bank subsidiaries, Pulaski Mortgage Company, Lenders Title Company and Pulaski Insurance Agency, Inc.

Pulaski Mortgage is engaged in the business of mortgage banking one-to-four family residential mortgage loans, operating 19 branches in metropolitan markets in Arkansas, Illinois, Mississippi, Oklahoma, Tennessee and Texas. In addition, Bankers Home Lending, a division of Pulaski Mortgage, operates Pulaski Mortgage's branches in Missouri and Illinois. At December 31, 2005, the bank's equity investment in Pulaski Mortgage was \$5.0 million. Pulaski Mortgage had total assets of \$6.5 million at December 31, 2005, and gross revenues of \$ 16.0 million for the year ended December 31, 2005.

Lenders Title Company is the largest independent title agency in Arkansas. Lenders is headquartered in Little Rock and operates 19 branches throughout Arkansas. Lenders provides a full line of title insurance and loan closing services for both residential and commercial closings. At December 31, 2005, the bank's equity investment in Lenders was \$9.6 million. Lenders had total assets of \$12.7 million at December 31, 2005, and gross revenues of \$16.2 million for the year ended December 31, 2005.

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Pulaski Insurance Agency, Inc. is a licensed insurance agency and facilitates the receipt of insurance commissions from the sale of variable annuities, life, health, dental and accident insurance products. Pulaski Insurance conducts its business with dual employees of the bank and Raymond James and has no place of business separate from the bank. At December 31, 2005, the bank's equity investment in Pulaski Insurance was \$26,000. Pulaski Insurance had total assets of \$75,000 at December 31, 2005, and gross revenues of \$191,000 for the year ended December 31, 2005.

Competition

Pulaski Investment Corporation, operating through its subsidiaries, faces strong competition both in attracting deposits and originating loans. Its most direct competition for deposits has historically come from other commercial banks, savings institutions and credit unions located in its market areas, including many large financial institutions that have greater financial and marketing resources available to them. In addition, during times of high interest rates, Pulaski Investment Corporation has faced significant competition for investors' funds from short-term money market securities, mutual funds and other corporate and government securities. The ability of Pulaski Investment Corporation to attract and retain savings deposits depends on its ability to generally provide a rate of return, liquidity and risk comparable to that offered by competing investment opportunities.

Pulaski Investment Corporation experiences strong competition for loan originations principally from other commercial banks, savings institutions and mortgage banking companies. Pulaski Investment Corporation competes for loans principally through the interest rates and loan fees it charges, the efficiency and quality of services it provides borrowers and the convenient locations of its branch office network.

Employees

Pulaski Investment Corporation and its operating subsidiaries had 496 full-time employees and 48 part-time employees as of December 31, 2005. None of these employees is represented by a collective bargaining agreement. Pulaski Investment Corporation believes that it enjoys excellent relations with its personnel.

Available Information

Pulaski Investment Corporation and Pulaski Bank and Trust file annual reports as required by state and federal banking rules and regulations and are available by request from Pulaski Investment Corporation, Pulaski Bank and Trust or online at www.fdic.gov.

Supervision and Regulation

The banking industry is extensively regulated under both federal and applicable state law. The following discussion is a summary of certain statutes and regulations applicable to bank holding companies and their subsidiaries; and provides specific information relevant to Pulaski Investment Corporation and Pulaski Bank and Trust. Regulation of financial institutions is intended primarily for the protection of depositors, deposit insurance funds and the banking system, and generally is not intended for the protection of shareholders.

Pulaski Investment Corporation, as a bank holding company, is subject to regulation and supervision by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956. That Act requires Pulaski Investment Corporation to obtain the prior approval of the Federal Reserve for bank and non-bank acquisitions and prescribes certain limitations in connection with acquisitions and the non-banking activities of Pulaski Investment Corporation.

Pulaski Bank and Trust is a state bank, chartered under the laws of Arkansas, and is a member of the Federal Reserve System. The bank is subject to regular examination and comprehensive regulation and supervision by the Arkansas State Bank Department, which is the bank's chartering authority, and the Federal Reserve Board,

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the bank's primary federal regulator. The bank is subject to certain reserve requirements established by the Federal Reserve Bank and is a member of the Federal Home Loan Bank of Dallas, which is one of the 12 regional banks comprising the FHLB System. It is also subject to regulation by the Federal Deposit Insurance Corporation. The FDIC insures the deposits of the bank to the maximum extent permitted by law (currently a maximum of \$100,000 for each insured depositor).

Federal Taxation

Pulaski Investment Corporation and Pulaski Bank and Trust are subject to the generally applicable corporate tax provisions of the Internal Revenue Code, and the bank is subject to certain additional provisions of the Code which apply to financial institutions. Pulaski Investment Corporation, Pulaski Bank and Trust and all subsidiaries file a consolidated federal income tax return on the basis of a fiscal year ending on December 31.

State Taxation

Pulaski Investment Corporation, Pulaski Bank and Trust and all subsidiaries file a state income tax return on the basis of a fiscal year ending on December 31, in all states in which any of the companies operate.

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PULASKI INVESTMENT CORPORATION
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2005 AND 2004

Report of Independent Auditors

The Board of Directors and Shareholders

Pulaski Investment Corporation

We have audited the accompanying consolidated balance sheets of Pulaski Investment Corporation and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consolidated financial position of Pulaski Investment Corporation and subsidiaries as of December 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

/s/ Kemp & Company

Little Rock, Arkansas

March 17, 2006

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	2005	2004
ASSETS		
Cash and due from banks	\$ 28,117,268	\$ 18,114,442
Investment securities		
Held-to-maturity securities (approximate fair values of \$227,781 in 2005 and \$287,984 in 2004)	230,000	285,000
Available-for-sale securities	76,245,144	43,820,608
	76,475,144	44,105,608
Loans - net	328,330,294	320,189,991
Premises and equipment, net	23,841,287	21,918,928
Accrued interest receivable	1,649,042	1,065,572
Other real estate owned	323,408	24,000
Goodwill	612,734	554,823
Title plants	6,232,626	5,405,376
Other intangible assets, net	567,576	591,216
Other assets	5,667,891	7,315,717
	\$ 471,817,270	\$ 419,285,673
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest bearing	\$ 82,183,257	\$ 71,254,152
Interest bearing	313,587,860	247,051,160
	395,771,117	318,305,312
Federal funds purchased	-	8,000,000
Other borrowed funds	26,679,783	50,475,365
Accrued interest payable	616,273	457,130
Other liabilities	8,729,145	6,666,618
Total liabilities	431,796,318	383,904,425
Shareholders' equity:		
Common stock, par value \$.25	609,839	609,839
Additional paid-in capital	698,887	698,887
Retained earnings	39,132,865	34,307,997
Accumulated other comprehensive income	(420,639)	(235,475)
Total shareholders' equity	40,020,952	35,381,248
	\$ 471,817,270	\$ 419,285,673

See notes to consolidated financial statements.

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PULASKI INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2005, 2004 and 2003

	2005	2004	2003
Interest income:			
Loans, including fees	\$ 25,853,581	\$ 20,286,907	\$ 21,552,420
Investment securities:			
Taxable	1,234,227	1,350,242	1,729,470
Tax-exempt	8,689	10,710	11,320
Other	521,581	198,139	249,161
	27,618,078	21,845,998	23,542,371
Interest expense:			
Deposits	6,057,836	2,957,529	3,873,341
Other	1,762,151	1,271,832	1,212,827
	7,819,987	4,229,361	5,086,168
Net interest income	19,798,091	17,616,637	18,456,203
Provision for loan losses	1,782,768	838,000	720,000
Net interest income after provision for loan losses	18,015,323	16,778,637	17,736,203
Other income:			
Income from fiduciary activities	857,270	998,320	843,438
Service charges on deposit accounts	1,691,277	1,375,556	1,450,665
Gain on sale of mortgage loans held for sale	9,453,049	9,467,415	14,149,516
Net gains on sales of available-for-sale securities	-0-	-0-	383,592
Net gain on sale of credit card loans	5,909,491	-0-	-0-
Other	21,254,432	19,100,147	20,692,634
	39,165,519	30,941,438	37,519,845
Other expenses:			
Salaries and employee benefits	29,054,773	26,461,366	30,031,333
Net occupancy expense and furniture and equipment expense	5,953,668	4,806,062	4,483,387
Other	11,976,418	8,615,726	9,143,762
	46,984,859	39,883,154	43,658,482
Income before income taxes	10,195,983	7,836,921	11,597,566
Provision for income taxes	3,867,114	3,100,884	4,515,639
Net income	\$ 6,328,869	\$ 4,736,037	\$ 7,081,927

See notes to consolidated financial statements.

Table of Contents**PULASKI INVESTMENT CORPORATION****CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY**

Years ended December 31, 2005, 2004 and 2003

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2003	\$ 607,070	\$ 401,656	\$ 26,424,472	\$ 803,899	\$ 28,237,097
Comprehensive income					
Net income			7,081,927		7,081,927
Other comprehensive income					
Change in unrealized gain (losses) on available-for-sale securities, net of deferred income taxes of \$(457,311)				(737,025)	(737,025)
Total comprehensive income					6,344,902
Cash dividends declared			(2,432,000)		(2,432,000)
Balance at December 31, 2003	607,070	401,656	31,074,399	66,874	32,149,999
Comprehensive income					
Net income			4,736,037		4,736,037
Other comprehensive income					
Change in unrealized gain (losses) on available-for-sale securities, net of deferred income taxes of \$(187,602)				(302,349)	(302,349)
Total comprehensive income					4,433,688
Sale of Class B common stock (11,076 shares at \$27.0856 per share)	2,769	297,231			300,000
Cash dividends declared			(1,502,439)		(1,502,439)
Balance at December 31, 2004	609,839	698,887	34,307,997	(235,475)	35,381,248
Comprehensive income					
Net income			6,328,869		6,328,869
Other comprehensive income					
Change in unrealized gain (losses) on available-for-sale securities, net of deferred income taxes of \$(114,891)				(185,164)	(185,164)
Total comprehensive income					6,143,705
Cash dividends declared			(1,504,001)		(1,504,001)
Balance at December 31, 2005	\$ 609,839	\$ 698,887	\$ 39,132,865	\$ (420,639)	\$ 40,020,952

See notes to consolidated financial statements.

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PULASKI INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2005, 2004 and 2003

	2005	2004	2003
Operating activities:			
Net income	\$ 6,328,869	\$ 4,736,037	\$ 7,081,927
Adjustments to reconcile net income to net cash used by operating activities:			
Provision for loan losses	1,782,768	838,000	720,000
Depreciation and amortization	2,498,239	1,694,758	1,665,944
Deferred income taxes	(401,000)	267,000	(572,000)
Net gains on sales of available-for-sale securities	-0-	-0-	(383,592)
Net gain on sale of credit card loans	(5,909,491)	-0-	-0-
Decrease (increase) in all other assets	1,065,195	(1,758,987)	(685,452)
Residential mortgage loans held for sale:			
Sales of loans	683,710,948	597,900,139	909,146,994
Loans funded	(680,576,730)	(604,251,706)	(872,335,636)
Increase (decrease) in all other liabilities	2,622,370	(447,432)	1,497,913
Net cash provided (used) by operating activities	11,121,168	(1,022,191)	46,136,098
Investing activities:			
Net increase in loans not held for sale	(46,704,812)	(59,734,711)	(34,205,279)
Purchases of premises and equipment	(4,301,958)	(9,482,443)	(2,798,709)
Purchase of branching rights	-0-	-0-	(225,000)
Proceeds from sale of credit card loans	39,257,606	-0-	-0-
Purchases of held-to-maturity securities	-0-	-0-	(250,000)
Proceeds from maturities of held-to-maturity securities	55,000	55,000	85,000
Proceeds from maturities of available-for-sale securities	11,000,225	30,233,363	60,089,693
Purchases of available-for-sale securities	(43,609,625)	(11,533,799)	(72,086,859)
Proceeds from sales of available-for-sale securities	-0-	-0-	10,698,438
Purchase of title company assets	(981,000)	-0-	-0-
Net cash used by investing activities	(45,284,564)	(50,462,590)	(38,692,716)
Financing activities:			
Net increase (decrease) in deposits	77,465,805	10,092,851	(2,308,516)
Net increase (decrease) in federal funds purchased	(8,000,000)	8,000,000	-0-
Cash dividends paid	(1,504,001)	(2,002,439)	(1,810,000)
Proceeds from sales of common stock	-0-	300,000	-0-
Principal payments on other borrowed funds	(38,795,582)	(2,901,487)	(5,309,148)
Proceeds from other borrowed funds	15,000,000	35,000,000	-0-
Net cash provided (used) by financing activities	44,166,222	48,488,925	(9,427,664)
Cash and cash equivalents:			
Net increase (decrease)	10,002,826	(2,995,856)	(1,984,282)
Balance at January 1	18,114,442	21,110,298	23,094,580
Balance at December 31	\$ 28,117,268	\$ 18,114,442	\$ 21,110,298

See notes to consolidated financial statements.

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PULASKI INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 1: Summary of significant accounting policies

Consolidation

The consolidated financial statements include the accounts of Pulaski Investment Corporation, a bank holding company, (PIC or the Company) and its wholly owned subsidiary, Pulaski Bank and Trust Company (the Bank) and the following wholly owned subsidiaries of the Bank: Pulaski Mortgage Company (PMC) and its wholly owned subsidiary, PMC Mortgage Company, Pulaski Building, Inc., Lenders Title Company (LTC), Directors Properties, Inc., Pulaski Services, Inc. and Pulaski Insurance Agency, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company s wholly owned subsidiary, Pulaski Capital Trust I, is accounted for using the equity method of accounting (see Note 6).

Nature of operations

The Company s major lines of business consist of commercial banking, mortgage banking and title company services with customers located primarily in Arkansas, Tennessee, Mississippi, Missouri, Oklahoma, Illinois and Texas. The Bank operates under a state bank charter and provides customary banking services. PMC engages in mortgage banking activities and LTC provides title and loan closing services. The Company is subject to regulation by the Federal Reserve, the Arkansas Bank Department and the Federal Deposit Insurance Corporation. See Notes 13 and 16 for additional information concerning the nature of the Company s operations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. The Company s loans are secured by specific items of collateral including real property, consumer assets and business assets. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Investment securities

The Company s investment securities are classified as held-to-maturity securities and available-for-sale securities. Debt securities for which the Company has the positive intent and ability to hold until maturity are classified as held-to-maturity securities that are reported at cost, adjusted for amortization of premiums and accretion of discounts. Available-for-sale securities consist of securities not classified as held-to-maturity and are

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PULASKI INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 1: Summary of significant accounting policies (continued)

reported at fair value. Unrealized holding gains and losses, net of tax, on available-for-sale securities are reported as a net amount in a separate component of stockholders' equity until realized. Gains or losses on the sale of securities are computed using the carrying amount of the specific securities sold.

Residential mortgage loans held for sale

Residential mortgage loans held for sale are carried at the lower of cost or fair market value on a net aggregate basis.

Revenue recognition

Interest on loans is credited to operations currently based upon the principal amount and period outstanding. Interest on loans is not accrued when amounts are considered doubtful of collection. When interest accruals are discontinued, unpaid interest credited to income in the current year is reversed and interest accrued in the prior year is charged to the allowance for loan losses. If the ultimate collectibility of principal is in doubt, any payment received on a loan on which the accrual of interest had been suspended is applied to reduce principal to the extent necessary to eliminate such doubt. Loan origination and commitment fees and certain direct loan origination costs are being deferred and the net amount amortized, generally over the contractual life of the related loans, as an adjustment of the related loan's yield, except for residential mortgage loans held for sale for which such fees and costs are recognized in a manner that approximates the method required by generally accepted accounting principles for loans held for sale.

Allowance for loan losses

The allowance for loan losses is maintained at a level management believes to be adequate to absorb probable losses in the loan portfolio. Management's determination of the adequacy of the allowance is based on reviews of individual loans, recent loan loss experience, current economic conditions and the risk characteristics of the various categories of loans. Loans deemed uncollectible are charged to the allowance. Provisions for loan losses and recoveries on loans previously charged off are added to the allowance.

Premises and equipment, net

Premises and equipment are stated at cost, less accumulated depreciation and amortization. The provisions for depreciation and amortization are computed generally by the straight-line method based on estimated useful lives of the assets.

Other real estate

Other real estate consists of properties acquired through foreclosure proceedings, acceptance of a deed in lieu of foreclosure, or through in-substance foreclosure. These properties are carried at the lower of cost or fair market value based on appraised value at the date acquired. Fair value is the estimated sales price based on appraisal values less estimated costs of disposal. Loan losses arising from the acquisition of such properties are charged against the allowance for loan losses. Subsequent valuation adjustments, if any, are charged to operating expenses.

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PULASKI INVESTMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 1: Summary of significant accounting policies (continued)

Income taxes

The liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company and its subsidiaries file consolidated income tax returns. It is the Company's practice to have its subsidiaries pay to or receive from the Company and other affiliates amounts computed on a separate-return basis.

Cash equivalents

Cash equivalents include due from banks and federal funds sold, which are generally sold for one-day periods.

Goodwill

Goodwill is not amortized; it is tested annually for impairment. No impairment charges were indicated as a result of the annual impairment tests for goodwill.

Title plants

Capitalized costs of the title plants are not depreciated unless circumstances indicate the value of the title plants have been impaired. Costs of maintaining a title plant and doing title searches are expensed as incurred.

Other intangible assets

The Company's other intangible assets consist primarily of branching rights, an indefinite life intangible asset which is not subject to amortization, and of agreements not to compete, which are subject to amortization. Assets subject to amortization are amortized on a straight-line basis over the period of the related agreements, which range from approximately 4 years to 15 years. Other intangible assets are evaluated for impairment if events and circumstances indicate a possible impairment. No impairment charges were recorded during 2005, 2004 and 2003.

Advertising

Advertising costs, which amounted to \$1,517,492 in 2005, \$1,072,077 in 2004 and \$1,142,032 during 2003, are expensed as incurred.

Reclassifications

Certain amount in the 2004 and 2003 consolidated financial statements have been reclassified to conform to the reporting format used for the 2005 consolidated financial statements.

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PULASKI INVESTMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 2: Investment securities

The amortized cost and approximate fair values of investment securities are as follows as of December 31, 2005 and 2004:

	2005			Fair value
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
<u>Held-to-maturity</u>				
State and municipal governments	\$ 230,000	\$ 224	\$ (2,443)	\$ 227,781
<u>Available-for-sale</u>				
U.S. Government and federal agencies	\$ 50,850,214	\$ 7,027	\$ (251,713)	\$ 50,605,528
Mortgage-backed securities	24,930,675	1,188	(438,065)	24,493,798
Total debt securities	75,780,889	8,215	(689,778)	75,099,326
Mutual funds	1,145,818	-0-	-0-	1,145,818
	\$ 76,926,707	\$ 8,215	\$ (689,778)	\$ 76,245,144

	2004			Fair value
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
<u>Held-to-maturity</u>				
State and municipal governments	\$ 285,000	\$ 2,984	\$ -0-	\$ 287,984
<u>Available-for-sale</u>				
U.S. Government and federal agencies	\$ 28,104,595	\$ 29,589	\$ (155,410)	\$ 27,978,774
Mortgage-backed securities	14,527,525	93,265	(349,027)	14,271,763
Total debt securities	42,632,120	122,854	(504,437)	42,250,537
Mutual funds	1,570,071	-0-	-0-	1,570,071
	\$ 44,202,191	\$ 122,854	\$ (504,437)	\$ 43,820,608

The scheduled maturities of held-to-maturity and available-for-sale debt securities at December 31, 2005 are as follows:

Held-to-maturity Fair	Available-for-sale Fair
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	Amortized cost	value	Amortized cost	value
Due in one year or less	\$ 45,000	\$ 45,224	\$ 25,192,983	\$ 25,082,025
Due after one year through five years	70,000	68,592	25,657,231	25,523,503
Due after five years through ten years	115,000	113,965	-0-	-0-
	230,000	227,781	50,850,214	50,605,528
Mortgage-backed securities	-0-	-0-	24,930,675	24,493,798
	\$ 230,000	\$ 227,781	\$ 75,780,889	\$ 75,099,326

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2005, 2004 and 2003****Note 2: Investment securities (continued)**

Securities with a carrying value of approximately \$11,363,000 at December 31, 2005 and \$10,137,000 at December 31, 2004 were pledged to secure public deposits and for other purposes.

The following table shows the Company's investments in available-for-sale debt securities estimated fair value and gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2005 and 2004:

	Less than 12 months		12 months or more		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	value	losses	value	losses	value	losses
December 31, 2005						
<u>Held-to-maturity</u>						
State and municipal governments	\$ 182,557	\$ (2,443)	\$ -0-	\$ -0-	\$ 182,557	\$ (2,443)
<u>Available-for-sale</u>						
U.S. Government and federal agencies	\$ 28,437,782	\$ (54,470)	\$ 16,302,946	\$ (197,243)	\$ 44,740,728	\$ (251,713)
Mortgage-backed securities	14,913,003	(22,322)	9,414,672	(415,743)	24,327,675	(438,065)
	\$ 43,350,785	\$ (76,792)	\$ 25,717,618	\$ (612,986)	\$ 69,068,403	\$ (689,778)
December 31, 2004						
<u>Available-for-sale</u>						
U.S. Government and federal agencies	\$ 13,971,328	\$ (104,205)	\$ 4,948,796	\$ (51,205)	\$ 18,920,124	\$ (155,410)
Mortgage-backed securities	3,551,608	(92,192)	8,324,248	(256,835)	11,875,856	(349,027)
	\$ 17,522,936	\$ (196,397)	\$ 13,273,044	\$ (308,040)	\$ 30,795,980	\$ (504,437)

Based on evaluation of available evidence, including primarily changes in market interest rates during 2005 and 2004, management believes that the declines in fair value for these securities are temporary. Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period that the other-than-temporary impairment is identified.

Proceeds from sales of available-for-sale securities amounted to \$10,698,438 for the year ended December 31, 2003 and gross gains of \$383,592 were recorded on those sales. There were no sales of available-for-sale securities during 2005 or 2004.

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PULASKI INVESTMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 3: Loans and allowance for loans losses

Loans consisted of the following at December 31:

	2005	2004
Real estate - construction	\$ 77,292,639	\$ 48,891,814
Real estate mortgage	161,577,343	151,274,271
Residential mortgage loans held for sale	27,751,415	30,885,633
Commercial, financial and agricultural	26,335,049	30,566,957
Credit cards	27,244,952	51,215,204
Installment	12,473,670	10,714,961
Total loans	332,675,068	323,548,840
Less:		
Allowance for loan losses	(4,344,774)	(3,358,849)
Loans net	\$ 328,330,294	\$ 320,189,991

Transactions in the allowance for loan losses were as follows:

	2005	2004	2003
Balance - January 1	\$ 3,358,849	\$ 3,040,742	\$ 2,890,558
Provision for loan losses	1,782,768	838,000	720,000
Net charge-offs:			
Charge-offs (deduction)	(874,130)	(612,563)	(646,863)
Recoveries	77,287	92,670	77,047
	(796,843)	(519,893)	(569,816)
Balance - December 31	\$ 4,344,774	\$ 3,358,849	\$ 3,040,742

Impaired loans, which management considers to be nonaccrual loans, are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent.

Nonaccrual loans amounted to approximately \$1,037,000 and \$406,000 at December 31, 2005 and 2004, respectively. Allowance for loan losses allocations for nonaccrual loans were not significant at December 31, 2005 and 2004. Average nonaccrual loans for the years ended December 31, 2005 and 2004 amounted to approximately \$722,000 and \$312,000, respectively.

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PULASKI INVESTMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 4: Bank premises and equipment

Bank premises and equipment consisted of the following at December 31:

	2005	2004
Land	\$ 2,422,469	\$ 2,422,469
Buildings and improvements	16,945,115	14,591,319
Furniture and equipment	19,728,645	18,402,778
Construction in progress	3,005,959	2,458,800
	42,102,188	37,875,366
Less accumulated depreciation and amortization	(18,260,901)	(15,956,438)
	\$ 23,841,287	\$ 21,918,928

Depreciation expense amounted to \$2,410,859, \$1,694,758 and \$1,608,013 for the years ended December 31, 2005, 2004 and 2003, respectively.

Note 5: Deposits

The following summarizes information on deposits as of December 31:

	2005	2004
Noninterest bearing	\$ 82,183,257	\$ 71,254,152
NOW and money market accounts	80,032,236	90,047,222
Savings accounts	116,708,686	55,654,702
Time deposits, \$100,000 and over	42,184,111	42,800,100
Other time deposits	74,662,827	58,549,136
	\$ 395,771,117	\$ 318,305,312

At December 31, 2005, scheduled maturities of certificates of deposit, which aggregated \$116,846,938, are as follows: 2006 - \$104,959,944; 2007 and 2008 - \$10,800,994, and 2009 and thereafter - \$1,086,000.

Note 6: Other borrowed funds

Other borrowed funds consisted of the following at December 31:

	2005	2004
Federal Home Loan Bank advances	\$ 20,493,783	\$ 44,289,365
Junior Subordinated Debt Securities due to Pulaski Capital Trust I, 10 7/8%, due in 2030 (1)	6,186,000	6,186,000

\$ 26,679,783 \$ 50,475,365

-
- (1) The related trust preferred securities aggregating \$6,000,000 are redeemable beginning in 2010 at 105.438%, declining annually thereafter to 100% after March 8, 2020.

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2005, 2004 and 2003****Note 6: Other borrowed funds (continued)**

The Federal Home Loan Bank advances had a weighted average interest rates 4.2% at December 31, 2005 and of 2.47% at December 31, 2004 and are payable monthly through 2010. The advances are secured by residential mortgage loans of the Bank as specified in the blanket lien agreement between the parties. Annual principal payments on the Federal Home Loan Bank advances from 2006 through 2010 are \$3,972,833, \$4,487,693, \$1,631,078, \$1,425,108, and \$8,977,071, respectively.

The Junior Subordinated Securities were issued to the Company's statutory business trust subsidiary, Pulaski Capital Trust I. The trust was organized for the sole purpose of selling trust preferred securities (trust preferred securities qualify for Tier 1 capital treatment for regulatory capital computations - see Note 10) to third parties and investing the proceeds from such sales in the debt securities, which are the sole asset of the trust. The preferred trust securities of the trust represent preferred beneficial interests in the assets of the trust and are subject to mandatory redemption upon payment of the subordinated debentures held by the trust. The trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payments on the related subordinated debentures. The Company's obligations under the subordinated securities and other relevant trust agreements constitute a full and unconditional guarantee by the Company of the trust's obligations under the trust securities.

FASB Interpretation No. 46 Revised, Consolidation of Variable Interest Entities provides that the Company's investment in the trust subsidiary must be accounted for using the equity method. At December 31, 2005, management is not aware of adverse events or changes in circumstances which indicate that recorded values of the Company's equity investment in the trust subsidiary may not be recoverable.

The Company has a line of credit (maximum amount of \$6,000,000), which matures on October 15, 2008. Interest is payable quarterly at a variable rate. The note is collateralized by all of the issued and outstanding stock of the Bank owned by PIC. No amounts were outstanding under the line of credit at December 31, 2005 and 2004.

Note 7: Income taxes

The provision for income taxes for the years ended December 31, 2005, 2004 and 2003 consisted of the following:

	2005	2004	2003
Current:			
Federal	\$ 3,606,192	\$ 2,482,108	\$ 4,391,538
State	661,922	351,776	696,101
	4,268,114	2,833,884	5,087,639
Deferred:			
Federal	(356,000)	232,000	(514,000)
State	(45,000)	35,000	(58,000)
	(401,000)	267,000	(572,000)
Provision for income taxes	\$ 3,867,114	\$ 3,100,884	\$ 4,515,639

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2005, 2004 and 2003****Note 7: Income taxes (continued)**

The reason for the differences between income tax expense and the amount computed by applying the statutory federal income tax rate to income before taxes are as follows:

	2005	2004	2003
Federal income taxes at statutory rate	\$ 3,466,634	\$ 2,664,553	\$ 3,943,172
Add (deduct):			
State income taxes, net of federal tax benefit	407,169	255,272	421,147
Tax-exempt interest income	(2,954)	(3,641)	(3,849)
Other	(3,735)	184,700	155,169
Provision for income taxes	\$ 3,867,114	\$ 3,100,884	\$ 4,515,639

Deferred tax assets aggregated approximately \$2,475,000 and \$2,020,000 at December 31, 2005 and 2004, respectively, and were attributable primarily to temporary differences related to the allowance for loan losses and available-for-sale investment securities. Deferred tax liabilities aggregated approximately \$2,721,000 and \$2,644,000 at December 31, 2005 and 2004, respectively, and were attributable primarily to temporary differences related to title plants and depreciation on premises and equipment. The Company made income tax payments of \$1,733,779, \$2,886,131 and \$4,883,500 during 2005, 2004 and 2003, respectively.

Note 8: Transactions with related parties

The Bank has had, and expects to have in the future, banking transactions in the ordinary course of business with its executive officers, directors and principal shareholders. Such transactions have been on similar terms, including interest rates and collateral on loans, as those prevailing at the same time for comparable transactions with others, and have involved no more than normal risk or other potential unfavorable aspects. Loans made to such borrowers (including companies in which they are principal owners) amounted to approximately \$639,000 and \$640,000 at December 31, 2005 and 2004, respectively. During the year ended December 31, 2005, new loans to these borrowers amounted to approximately zero and repayments amounted to approximately \$1,000. During the year ended December 31, 2004, new loans to these borrowers amounted to approximately \$27,000 and repayments amounted to approximately \$683,000.

Note 9: Commitments, contingencies and financial instruments

In the normal course of business there are various commitments outstanding and contingent liabilities, such as commitments to extend credit, including standby letters of credit to assure performance or to support debt obligations, which are not reflected in the accompanying consolidated financial statements. These arrangements have credit risk essentially the same as that involved in extending loans to customers.

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 expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held varies but may include real estate, accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2005, 2004 and 2003****Note 9: Commitments, contingencies and financial instruments (continued)**

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowings arrangements and similar transactions.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, standby letters of credit and loans sold subject to repurchase agreements is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments whose contractual amounts represent credit risk at December 31 are as follows:

	2005	2004
Commitments to extend credit:		
Credit card lines	\$ 70,240,000	\$ 106,182,000
Other	29,200,000	25,579,000
Standby letters of credit	948,000	964,000

At December 31, 2005, future minimum payments for the next five years under noncancelable operating leases with initial or remaining terms of one year or more are approximately \$1,385,000, \$896,000, \$678,000, \$528,000 and \$445,000, for 2006 through 2010, respectively. Rental expense for all operating leases amounted to approximately \$1,800,000, \$1,500,000 and \$1,400,000 in 2005, 2004 and 2003, respectively.

Certain of the Company's subsidiaries are defendants in certain claims and legal actions 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 adverse effect on the consolidated financial condition of the Company.

See Note 19 for a discussion of interest rate lock commitments and mortgage loan hedging program.

Note 10: Regulatory matters

Bank regulatory agencies restrict the amount available for the payment of dividends by the Bank, without obtaining prior approval of the regulatory agencies, to 75% of current year net income plus 75% of retained net income for the preceding year.

The Company 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 or the Bank'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 the Company's and the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2005, 2004 and 2003****Note 10: Regulatory matters (continued)**

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2005, that the Company and the Bank met all capital adequacy requirements to which they are subject.

As of the most recent notification from the regulatory agencies, the Bank was categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the Bank's category.

As more fully discussed in Note 6, the Company has a wholly-owned trust subsidiary which issued \$6,000,000 of Capital Securities. The transaction resulted in an increase in consolidated Tier I and total capital since regulatory accounting practices consider such securities, subject to the limitations defined in the regulations, as Tier I capital.

The actual amounts and ratios of the Company (consolidated) and the Bank as of December 31, 2005 and 2004 are presented in the table on the following page.

	Actual Amount	Ratio	For Minimum Capital Adequacy Amount	Ratio	Minimum To Be Well Capitalized Amount	Ratio
(dollars in thousands)						
<u>As of December 31, 2005</u>						
Leverage (Tier I Capital to Average Assets)						
Consolidated	\$ 45,302	9.7	\$ 18,703	4.0	\$ 23,379	5.0
Bank	38,037	8.2	18,533	4.0	23,166	5.0
Tier I Capital (to Risk-Weighted Assets)						
Consolidated	45,302	13.6	13,331	4.0	19,996	6.0
Bank	38,037	11.4	13,339	4.0	20,008	6.0
Total Capital (to Risk-Weighted Assets)						
Consolidated	49,473	14.8	26,662	8.0	33,327	10.0
Bank	48,208	14.5	26,678	8.0	33,347	10.0
<u>As of December 31, 2004</u>						
Leverage (Tier I Capital to Average Assets)						
Consolidated	\$ 40,543	9.7	\$ 16,751	4.0	\$ 20,938	5.0
Bank	33,343	8.1	16,418	4.0	20,523	5.0
Tier I Capital (to Risk-Weighted Assets)						
Consolidated	40,543	12.9	12,620	4.0	18,931	6.0
Bank	33,343	10.6	12,548	4.0	18,822	6.0
Total Capital (to Risk-Weighted Assets)						
Consolidated	43,902	13.9	25,241	8.0	31,551	10.0
Bank	42,702	13.6	25,096	8.0	31,370	10.0

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PULASKI INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 11: Fair values of financial instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments for the years ended December 31, 2005 and December 31, 2004:

Cash, due from banks, and federal funds sold: The carrying amounts for these assets reported in the balance sheet approximate their fair values.

Investment securities: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for fixed-rate loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Deposits: The fair values of noninterest bearing deposits, interest bearing transaction accounts and savings accounts are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts for variable-rate, fixed-term money market accounts and certificates of deposits approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities of such deposits.

Federal funds purchased: The carrying amount of federal funds purchased approximates the fair value of such borrowings.

Other borrowed funds: Fair values are estimated using rates currently offered for borrowings of similar maturities.

Accrued interest: The carrying amounts of accrued interest approximate their fair values.

Commitments to extend credit and standby letters of credit: Due to the insignificance of the fees for such agreements and the short-term nature of the current agreements, no fair value estimates have been made for commitments to extend credit and standby letters of credit.

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2005, 2004 and 2003****Note 11: Fair values of financial instruments (continued)**

The estimated fair values of the Company's financial instruments were as follows at December 31, 2005 and 2004:

	2005		2004	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and due from banks and federal funds sold	\$ 28,117,268	\$ 28,117,268	\$ 18,114,442	\$ 18,114,442
Held-to-maturity securities	230,000	227,781	285,000	287,984
Available-for-sale securities	76,245,144	76,245,144	43,820,608	43,820,608
Loans total	332,675,068	335,700,000	323,548,840	330,000,000
Accrued interest receivable	1,649,042	1,649,042	1,065,572	1,065,572
Financial liabilities				
Deposits	\$ 395,771,117	\$ 395,200,000	\$ 318,305,312	\$ 318,000,000
Federal funds purchased	-0-	-0-	8,000,000	8,000,000
Other borrowed funds	26,679,783	27,300,000	50,475,365	51,300,000
Accrued interest payable	616,273	616,273	457,130	457,130

Note 12: Supplemental cash flows information

The Company paid \$7,661,000, \$4,189,403 and \$5,250,151 in interest on deposits and other borrowings during 2005, 2004 and 2003, respectively.

Note 13: Concentrations of credit risk

Most of the Company's business activity is with customers located in the state of Arkansas and Shelby County, Tennessee. The concentrations of credit by major category of loan type are set forth in Note 3.

The Company's asset base is exposed to risk, including the risk resulting from changes in interest rates, market values of collateral for loans to customers and changes in the timing of cash flows. The Company monitors the effect of such risk by considering the mismatch of the maturities of its assets and liabilities in the current interest rate environment and the sensitivity of assets and liabilities to changes in interest rates. The Company's management has considered the effect of significant increases and decreases in interest rates and believes such changes, if they occurred, would be manageable and would not affect the ability of the Company to hold its assets to maturity. However, the Company is exposed to significant market risk in the unlikely event of significant and prolonged interest rate changes.

Note 14: Restrictions on cash and due from banks

The Bank is required to maintain certain minimum cash reserves based upon liabilities to depositors. The minimum cash reserve requirements were approximately \$7,138,000 and \$7,830,000 at December 31, 2005 and 2004, respectively.

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PULASKI INVESTMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 15: Other intangible assets

Other intangible assets consisted of the following:

	Carrying Amount	Accumulated Amortization	Net Carrying Amount
<u>December 31, 2005</u>			
Indefinite life intangible:			
Branching rights	\$ 225,000	\$ -0-	\$ 225,000
Intangible assets subject to amortization:			
Agreements not to compete	708,750	(412,345)	296,405
Other	100,970	(54,799)	46,171
	\$ 1,034,720	\$ (467,144)	\$ 567,576
<u>December 31, 2004</u>			
Indefinite life intangible:			
Branching rights	\$ 225,000	\$ -0-	\$ 225,000
Intangible assets subject to amortization:			
Agreements not to compete	645,000	(350,461)	294,539
Other	100,379	(28,702)	71,677
	\$ 970,379	\$ (379,163)	\$ 591,216

Aggregate amortization expense (included in Other expenses in the accompanying Income Statements) for the years ended December 31, 2005, 2004 and 2003 was \$96,585, \$80,722 and \$57,955, respectively. Estimated amortization expense for the next five years is as follows as of December 31, 2005: 2006 - \$63,409; 2007 - \$49,047; 2008 - \$49,047; 2009 - \$44,047; and 2010 - \$34,047.

Note 16: Title company operations

Included in other income are the following significant categories of income from title company operations for the years ended December 31:

	2005	2004	2003
Title insurance fees	\$ 9,601,269	\$ 8,694,412	\$ 9,376,099
Closing fees	3,762,407	3,491,792	3,990,753
Search fees	946,925	802,446	928,553
Other fees	1,637,220	1,456,413	1,776,884
	\$ 15,947,821	\$ 14,445,063	\$ 16,072,289

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On August 9, 2005, LTC acquired the assets of a title insurance company located in north central Arkansas (the Acquired Company) for \$981,000 in cash. The results of operations of the Acquired Company have been included in the consolidated financial statements since the date of acquisition. The purchase price was assigned as follows: Title plant - \$827,250; agreements not to compete - \$63,750; goodwill (which is deductible for income tax reporting purposes) - \$58,750; other assets - \$31,250.

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PULASKI INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005, 2004 and 2003

Note 17: Employee benefit plan

The Company maintains a defined contribution retirement plan for the benefit of all eligible employees. Employees are eligible to participate if they have completed at least three months of service. The plan qualifies under Section 401(k) of the Internal Revenue Code, thereby allowing eligible employees to make tax deductible contributions to the plan and the Company to make matching contributions at its discretion. The Company's expense for matching contributions amounted to approximately \$109,000, \$113,000 and \$128,000 in 2005, 2004 and 2003, respectively.

Note 18: Common stock

The authorized number of Class A and Class B shares are 200,000 and 3,800,000, respectively, of which 121,414 shares of Class A and 2,317,942 shares of Class B were issued and outstanding at December 31, 2005 and 2004, respectively. The Class B common stock has identical rights as the Class A common stock with the exception of the absence of voting rights.

Note 19: Interest rate lock commitments and mortgage loan hedging program

During 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* (FASB 149). FASB 149 provides that loan commitments that relate to the origination of mortgage loans held for sale, generally referred to as interest rate lock commitments, are accounted for as derivative instruments by the issuer of the loan commitment and marked to market in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (FASB 133).

To mitigate the exposure of interest rate changes on the value of mortgage loans that are originated for sale to investors in the secondary loan market, the Company enters into interest rate lock commitments. A rate lock is given to a borrower, subject to conditional performance obligations, for a specified period of time that typically does not exceed 60 days. Simultaneously with the issuance of the rate lock to the borrower, a rate lock is received from an investor for a best efforts delivery of the loan. Under the terms of the best efforts delivery lock, the investor commits to purchase the loan at a specified price, provided the loan is funded and delivered prior to a specified date and provided that the credit and loan characteristics meet pre-established criteria for such loans.

Management believes that the fair value of the Company's interest rate lock commitments approximated zero at December 31, 2005 and 2004.

During 2005, the Company initiated a hedging program for a portion of its mortgage loan production. Under the program, the Company enters into forward sale commitments for mortgage backed securities in order to reduce its market risk on certain loans in process. The Company also executes put option contracts of U.S. Treasury obligations to minimize the risk of interest rate movements. The hedging program transactions are derivative transactions as defined in FASB 133 and, accordingly, must be marked to market during the period they are outstanding. The gross notional amounts of forward contracts and written options were \$3,050,000 and \$3,076,000, respectively, at December 31, 2005. The fair market value adjustments for outstanding derivative transactions under the hedging program were not significant at December 31, 2005.

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PULASKI INVESTMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FISCAL YEARS ENDED

DECEMBER 31, 2003-2005

The following discussion and analysis is intended to assist readers in understanding the consolidated financial condition of Pulaski Investment Corporation and subsidiaries as of December 31, 2004 and 2005 and the results of operations for the years ended December 31, 2003 through 2005. References to Pulaski Investment Corporation under this section refer to the company and its subsidiaries on a consolidated basis. This review should be read in conjunction with the audited consolidated financial statements, accompanying footnotes and supplemental financial data which are included herein.

Pulaski Investment Corporation's performance during 2005 was significantly impacted by a \$5.9 million gain on the sale of \$34.0 million of credit card loans on December 20, 2005.

Overview

Pulaski Investment Corporation's net income for 2005 totaled \$6.3 million. This is a 33.6% increase compared to the \$4.7 million earned for 2004. In addition to the sale of credit card loans, earnings performance for 2005 was influenced by other factors, the key components of which are summarized below.

Total assets at December 31, 2005 were \$471.8 million, up \$52.5 million, or 12.5%, from \$419.3 million at December 31, 2004. Shareholders' equity increased by \$4.6 million, or 13.1%, from \$35.4 million at December 31, 2004 to \$40.0 million at December 31, 2005.

Total loans at December 31, 2005 were \$332.7 million, an increase of \$9.2 million, or 2.8%, from \$323.5 million at December 31, 2004. The increase in real estate loans of \$35.6 million helped to offset the decrease in credit card loans resulting from the December 20, 2005 sale.

Total customer deposits increased \$77.5 million, or 24.3%, from \$318.3 million at December 31, 2004 to \$395.8 million at December 31, 2005. This growth was due primarily to an increase of \$61.1 million in Pulaski Investment Corporation's savings accounts and an increase of \$16.1 million in certificates of deposit less than \$100,000,

Net interest income for the year increased \$2.2 million, or 12.4%, in 2005 versus 2004. This increase is largely attributable to a \$51.4 million increase in average earning assets. The corresponding net interest margin ratio on a tax-equivalent basis increased 11 basis points to 5.01% from 5.12% for the years ended December 31, 2005 and 2004, respectively, due to the re-pricing mix of Pulaski Investment Corporation's assets and liabilities.

Noninterest income increased \$8.3 million, or 26.6%, for 2005 as compared to 2004. The increase was due primarily to the \$5.9 million gain on sale of credit card loans and an increase of \$1.5 million in title company fees.

Noninterest expense increased by \$7.1 million, or 17.8%, for 2005 as compared to 2004. The largest components of the increase were higher compensation expense, occupancy expense and other expenses as a result of the increase in the number of branch banking locations during 2005.

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Pulaski Investment Corporation provided \$1.8 million for possible loan losses during 2005, compared to \$838,000 in 2004. As of December 31, 2005, the allowance for loan losses as a percent of total loans was 1.31%, compared to 1.04% at December 31, 2004. Net charge-offs for 2005 were \$797,000, or .23% of average loans on an annualized basis, compared to \$520,000, or .18%, a year earlier. The coverage of net charge-offs by the provision for loan losses was 2.24 times for 2005 and 1.61 times for 2004. The coverage of nonperforming assets by the allowance for loan losses was 2.91 times at the end of 2005, as compared to 6.47 times at December 31, 2004.

Pulaski Investment Corporation's focus is that of a high performing institution that provides outstanding customer service. Annual earnings variability is due to periodic sales of credit card loans and operating a large mortgage banking and title business relative to the size of the overall company.

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Inherent in any organization are risks associated with the industry in which it operates. The most important risk factors affecting the success of Pulaski Investment Corporation are believed to be the management of loan credit risk and interest rate risk, which are discussed under their respective sections entitled *Asset Quality and Allowance for Loan Losses* and *Asset/ Liability Management and Market Risk* later in this discussion. Other key risks include, but are not limited to, operating risk, legal risk and acquisition risk. Operating risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. Legal risk is the risk of legal proceedings against Pulaski Investment Corporation and regulatory reviews that arise in the course of business. Acquisition risk is the risk that Pulaski Investment Corporation may not realize expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition.

Application of Critical Accounting Policies

In preparing financial reports, management is required to apply significant judgment to various accounting, reporting and disclosure matters. Management must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. The accounting principles and methods used by Pulaski Investment Corporation conform with accounting principles generally accepted in the United States and general banking practices. Estimates and assumptions most significant to Pulaski Investment Corporation relate primarily to the allowance for loan losses, valuation of title plants and other intangible assets. These significant estimates and assumptions are summarized in the following discussion and are further analyzed in the footnotes to the consolidated financial statements.

Allowance for Loan Losses

The determination of the allowance for loan losses, which represents management's estimate of probable losses inherent in Pulaski Investment Corporation's credit portfolio, involves a high degree of judgment and complexity. Pulaski Investment Corporation's policy is to establish reserves for estimated losses on delinquent and other problem loans when it is determined that losses are expected to be incurred on such loans. Management's determination of the adequacy of the allowance is based on various factors, including an evaluation of the portfolio, past loss experience, current economic conditions, the volume and type of lending conducted by Pulaski Investment Corporation, composition of the portfolio, the amount of Pulaski Investment Corporation's classified assets, seasoning of the loan portfolio, the status of past due principal and interest payments, and other relevant factors. Changes in such estimates may have a significant impact on the financial statements. For further discussion of the allowance for loan losses, see the *Asset Quality and Allowance for Loan Losses* section of this analysis and Note 1 to the Consolidated Financial Statements.

Valuation of Title Plants and Intangible Assets

Capitalized costs of Pulaski Investment Corporation's title plants are not depreciated for financial reporting purposes unless circumstances indicate that the value of the title plants have been impaired. Other intangible assets subject to amortization, principally agreements not to compete, are evaluated for impairment if events and circumstances indicate a possible impairment. No impairment charges were recorded during 2005, 2004 or 2003.

Financial Condition

Earning Assets

Earning assets are composed of interest or dividend-bearing assets, including loans, securities, short-term investments and loans held for sale. Interest income associated with earning assets is Pulaski Investment Corporation's primary source of income. Earning assets averaged \$395.2 million during 2005, a \$51.4 million, or 14.9%, increase compared to \$343.9 million during 2004.

The increase in investment securities of \$32.4 million at December 31, 2005 compared to 2004 was due primarily to the reinvestment of proceeds received from the December 20, 2005 sale of credit card loans.

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Loans and Leases. The loan portfolio increased \$9.1 million, or 2.8%, to \$332.7 million at December 31, 2005, compared to \$323.6 million at December 31, 2004. Loan growth during 2005 was tempered by the sale of credit card loans during December 2005. Pulaski Investment Corporation's loan to deposit ratio at December 31, 2005 and December 31, 2004 was 84.1% and 101.7%, respectively.

The following table sets forth the composition of Pulaski Investment Corporation's loan portfolio as of December 31, 2005 and for the years indicated.

(dollars in thousands)	December 31,									
	2005		2004		2003		2002		2001	
Commercial, financial and Agricultural	\$ 26,335	8%	\$ 30,567	9%	\$ 32,479	12%	\$ 34,910	14%	\$ 37,016	14%
Real estate - construction	77,293	23	48,892	15	31,726	12	31,854	12	36,789	14
Real estate - mortgage	161,577	49	151,274	47	117,225	46	88,731	34	70,265	26
Residential mortgage loans held for sale	27,751	8	30,886	10	24,534	9	61,345	23	50,696	19
Credit cards	27,245	8	51,215	16	40,319	16	33,855	13	60,548	22
Installment	12,474	4	10,715	3	11,626	5	11,625	4	14,277	5
Total loans receivable	\$ 332,675	100%	\$ 323,549	100%	\$ 257,909	100%	\$ 262,320	100%	\$ 269,591	100%

Commercial Loans. Commercial loans generally have shorter repayment periods and more frequent repricing opportunities than real estate loans. Commercial loans decreased \$4.2 million during 2005. The decrease is a continuation of the trend during the last five years of a shift in loan mix to higher yielding components in Pulaski Investment Corporation's loan portfolio.

Pulaski Investment Corporation originates commercial loans on a secured and, to a lesser extent, unsecured basis. Pulaski Investment Corporation's commercial loans may be structured as term loans or revolving lines of credit. Term loans are generally structured with terms of no more than three to five years, with amortization schedules of no more than seven years. Pulaski Investment Corporation's commercial term loans are generally secured by equipment, machinery or other corporate assets. Pulaski Investment Corporation also provides for revolving lines of credit generally structured as advances upon perfected security interests in accounts receivable and inventory. Revolving lines of credit generally have an annual maturity. As a rule, Pulaski Investment Corporation generally obtains personal guarantees or endorsements of the principals as additional security for commercial loans.

Mortgage Loans. Real estate construction loans increased \$28.4 million, or 58.1% during 2005 compared to 2004 and were the second largest component of Pulaski Investment Corporation's loan portfolio at December 31, 2005. Pulaski Investment Corporation benefited greatly from strong local market demand, the expansion of the construction portfolio in Northwest Arkansas and the addition of the Memphis, Tennessee market. Underwriting standards remained consistent during this growth period. Real estate construction loans generally have maturities of one year or less.

Real estate mortgage loans consisted of the following at December 31, 2005 and 2004 (dollar in thousands):

	2005	2004
Commercial real estate	\$ 77,996	\$ 77,257
Residential 1-4 family loans not held for sale	74,173	69,049
Multifamily residential loans	9,408	4,968
	\$ 161,577	\$ 151,274

Pulaski Investment Corporation's commercial real estate loans increased during 2005 by only 1.0% compared to 2004. The vast majority of properties securing Pulaski Investment Corporation's commercial real estate loans are located in Pulaski Investment Corporation's market area, and include owner-occupied, multi-family, strip shopping centers, professional office buildings, small retail establishments and warehouses. Pulaski Investment Corporation's underwriting standards generally provide for loan terms of three to five years, with

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amortization schedules generally of no more than twenty years. Low loan-to-value ratios are maintained and usually limited to no more than 85% to comply with Regulation H. Regulation H required ratios were within guidelines as of December 31, 2005. As a rule, Pulaski Investment Corporation generally obtains personal guarantees or endorsements of the principals as additional security for most commercial real estate loans.

Residential 1-4 family loans not held for sale increased by \$5.1 million, or 7.4%, compared to 2004. Larger mortgage loans of certain banking clients and prospects are generally retained due to the expected shorter durations and relatively lower servicing costs associated with loans of this size.

Residential mortgage loans held for sale are generally originated by Pulaski Investment Corporation's mortgage banking subsidiary, which has various offices in Arkansas and surrounding states. Pulaski Investment Corporation continues to sell the majority of conforming mortgage loan originations in the secondary market and recognize the associated fee income rather than assume the rate risk associated with these longer term assets. Pulaski Investment Corporation also releases the servicing of these loans. Total residential mortgage loans held for sale decreased \$3.1 million compared to December 31, 2004. This decrease is primarily related to the increase in the national market rates for such loans during 2005 and the reduction in the number of refinancings compared to prior years.

Consumer Loans. Pulaski Investment Corporation operates a nationwide credit card business which offers a competitively priced fixed rate credit card to high credit quality customers. Credit card loans decreased during 2005 by \$24.0 million, or 46.8% due to the sale of \$34.0 million of such loans on December 20, 2005. Credit bureau scores on average exceed 700 on approved credit card loans.

Pulaski Investment Corporation also offers consumer loans in order to provide a full range of retail financial services to its customers. Pulaski Investment Corporation originates substantially all of such loans in its primary market area. Total consumer loans increased during 2005 by \$1.8 million, or 16.4%, compared to December 31, 2004.

Loans secured by automobiles comprised the largest component of Pulaski Investment Corporation's installment loan portfolio at December 31, 2005. The balance of automobile loans decreased \$700,000, or 12.6% from \$5.4 million at December 31, 2004 to \$4.7 million at December 31, 2005.

Loan Maturities. The following table sets forth the scheduled contractual maturities of Pulaski Investment Corporation's loan portfolio at December 31, 2005, unadjusted for scheduled principal reductions, prepayments or repricing opportunities. Demand loans, loans having no stated schedule of repayments and no stated maturity and overdraft loans are reported as due in one year or less. The average life of a loan may be substantially less than the contractual terms because of prepayments. As a result, scheduled contractual amortization of loans is not reflective of the expected term of Pulaski Investment Corporation's loan portfolio. Of the loans with maturities greater than one year, approximately 70% of the value of these loans bears a fixed rate of interest.

(dollars in thousands)	One Year or Less	One Through Five Years	After Five Years	Total
Commercial, financial and agricultural	\$ 13,289	\$ 12,063	\$ 983	\$ 26,335
Real estate construction	63,630	13,616	47	77,293
Real estate mortgage	41,442	95,274	24,861	161,577
Residential mortgage loans held for sale	27,751			27,751
Credit cards		27,245		27,245
Installment	5,112	7,123	239	12,474
Total	\$ 151,224	\$ 155,321	\$ 26,130	\$ 332,675

Asset Quality and Allowance for Loan Losses. Approximately 31% of Pulaski Investment Corporation's loan portfolio consists of real estate construction loans and credit card loans. These categories of loans are generally associated with higher levels of risk of loss. Accordingly, there is the potential for higher charge-off and nonperforming levels. In recognition of this, management has developed underwriting guidelines and

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procedures to address the higher levels of risk, maintained an independent internal loan review function and increased the allowance for loan losses. As a result of management's enhancements to underwriting risk/return dynamics within the loan portfolio over time, the credit quality of Pulaski Investment Corporation's assets has remained strong. Management believes that historically it has recognized and disclosed significant problem loans quickly and taken prompt action in addressing material weaknesses in those credits. Pulaski Investment Corporation will continue to monitor the risk adjusted level of return within the loan portfolio.

Written underwriting standards established by the Board of Directors and management govern the lending activities of Pulaski Investment Corporation. Established loan origination procedures require appropriate documentation including financial data and credit reports. For loans secured by real property, Pulaski Investment Corporation generally requires property appraisals, title insurance or a title opinion, hazard insurance and flood insurance, where appropriate.

Loan payment performance is monitored and late charges are assessed on past due accounts. Every effort is made to minimize any potential loss, including instituting legal proceedings, as necessary. Larger loans and classified loans of Pulaski Investment Corporation are periodically reviewed through a loan review process. All other loans are also subject to loan review through a periodic sampling process.

Pulaski Investment Corporation utilizes an asset risk classification system in compliance with guidelines established by the Federal Reserve Board as part of its efforts to monitor asset quality. In connection with examinations of insured institutions, both federal and state examiners also have the authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: substandard, doubtful and loss. Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full questionable and there is a high probability of loss based on currently existing facts, conditions and values. An asset classified as loss is not considered collectable and of such little value that continuance as an asset of Pulaski Investment Corporation is not warranted. Loans with adverse classifications are reviewed by the Loan Committee of the Board of Directors at least monthly. Loans are placed on nonaccrual status when, in the judgment of management, the probability of collection of interest is deemed to be insufficient to warrant further accrual. When a loan is placed on nonaccrual status, previously accrued but unpaid interest for the current year is deducted from interest income. Prior year interest is charged-off to the allowance for loan losses.

At December 31, 2005, Pulaski Investment Corporation had \$1.2 million of assets internally classified as substandard, no assets classified as doubtful, and no assets classified as loss. At such date, the aggregate of Pulaski Investment Corporation's classified assets amounted to 0.24% of total assets.

Real estate acquired by Pulaski Investment Corporation as a result of foreclosure or by deed-in-lieu of foreclosure is classified as real estate owned until sold, and is carried at the balance of the loan at the time of acquisition or at estimated fair value less estimated costs to sell, whichever is less.

Under Generally Accepted Accounting Principles, Pulaski Investment Corporation is required to account for certain loan modifications or restructurings as troubled debt restructurings. In general, the modification or restructuring of a debt constitutes a troubled debt restructuring if Pulaski Investment Corporation for economic or legal reasons related to the borrower's financial difficulties grants a concession to the borrower that Pulaski Investment Corporation would not otherwise consider under current market conditions. Debt restructurings or loan modifications for a borrower do not necessarily always constitute troubled debt restructurings, however, and troubled debt restructurings do not necessarily result in nonaccrual loans. Pulaski Investment Corporation had no troubled debt restructurings as of December 31, 2005.

Nonperforming loans, defined for these purposes as nonaccrual loans plus accruing loans past due 90 days or more, totaled \$1.2 million and \$495,000 at December 31, 2005 and 2004, respectively. Pulaski Investment Corporation's foreclosed property amounted to \$323,000 and \$24,000 at December 31, 2005 and 2004,

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respectively. Nonperforming assets, which consist of nonperforming loans plus foreclosed property, were \$1.5 million, or 0.32% of total assets at December 31, 2005, compared to \$519,000, or 0.12% of total assets at December 31, 2004.

The following table sets forth the composition of Pulaski Investment Corporation's nonperforming assets, including accruing loans past due 90 or more days, as of the dates indicated.

(dollars in thousands)	December 31,				
	2005	2004	2003	2002	2001
Nonaccrual loans:					
Commercial, financial and agricultural	\$ 893	\$ 255	\$ 45	\$ 254	\$ 793
Mortgage	59	88	111	35	1,131
Loans to individuals	85	63	63	41	92
Total nonaccrual loans	1,037	406	219	330	2,016
Accruing loans 90 days or more past due	133	89	72	51	82
Total nonperforming loans ⁽¹⁾	1,170	495	291	381	2,098
Foreclosed property	323	24	979	1,059	793
Total nonperforming assets ⁽¹⁾	1,493	519	1,270	1,440	2,891
Performing troubled debt restructurings					
Total nonperforming assets and troubled debt restructurings ⁽¹⁾	\$ 1,493	\$ 519	\$ 1,270	\$ 1,440	\$ 2,891
Nonperforming loans to total loans ⁽¹⁾	0.35%	0.15%	0.11%	0.15%	0.78%
Nonperforming assets to total assets ⁽¹⁾	0.32%	0.12%	0.35%	0.39%	0.87%
Nonperforming assets and troubled debt restructurings to total assets ⁽¹⁾	0.32%	0.12%	0.35%	0.39%	0.87%

(1) Nonperforming loans and assets include accruing loans 90 days or more past due

Allowance For Loan Losses. Based on facts and circumstances available, management of Pulaski Investment Corporation believes that the allowance for loan losses was adequate at December 31, 2005 to cover any potential losses in Pulaski Investment Corporation's loan portfolio. However, future adjustments to this allowance may be necessary, and Pulaski Investment Corporation's results of operations could be adversely affected if circumstances differ substantially from the assumptions used by management in determining the allowance for loan losses. Losses in the loan portfolio, net of recoveries, are charged-off against the allowance and reduce the balance. Provisions for loan losses, which are charged against income, increase the allowance.

In determining the amount of the allowance for loan losses, management uses information from its portfolio management process, loan officers and ongoing loan review efforts to stratify the loan portfolio into asset risk classifications. Based on this information, management assigns a general or specific reserve allocation. The foundation for the allowance is a detailed review of the overall loan portfolio and its performance. The portfolio is analyzed based on risk factors, current and historical performance and specific loan reviews (for significant loans). Consideration is given to the specific risk within loan categories, the maturity of the loans (e.g., rapid growth versus fully seasoned), and the historical loss rate for these segments both at Pulaski Investment Corporation and its peers. Consideration is also given to the impact of a number of relevant external factors that influence components of the loan portfolio or the portfolio as a whole, including current and projected economic conditions.

General reserve estimated loss percentages are based on the current and historical loss experience of the various loan categories, regulatory guidelines for losses, the status of past due payments, and management's judgment of economic conditions and the related level of risk assumed. Relative to homogenous loan pools such as mortgage, consumer, and credits cards, Pulaski Investment Corporation has established a general reserve level

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using information such as actual loan losses, the seasoning of the pool, identified loan impairment, and current and projected economic conditions. General reserves for these pools are adjusted for loans that are considered past due, based on the correlation between historical losses and the payment performance of a loan pool.

Reserves are set based on management's assessment of the risk of loss. As loans deteriorate, Pulaski Investment Corporation reviews each for impairment and proper loan grading. Loans on Pulaski Investment Corporation's Watch List carry higher levels of reserve based largely on a higher level of loss experience for these loans. Loss experience for Watch List loans is reviewed periodically during the year.

Specific reserves are determined for certain loans individually based on management's evaluation of loss exposure for each credit, given current payment status of the loan and the value of any underlying collateral. Loans for which specific reserves are provided are excluded from the general reserve calculations described above to prevent duplicate reserves. Additionally, an unallocated reserve for the total loan portfolio is established to address the imprecision and estimation risk inherent in the calculations of general and specific reserves, and management's evaluation of various conditions that are not directly measured by any other component of the allowance. Such components would include current economic conditions affecting key lending areas, credit quality trends, collateral values, loan volumes and concentrations, seasoning of the loan portfolio and the findings of internal credit examinations.

Based on the allowance determination process, Pulaski Investment Corporation determines the current potential risk of loss that exists in the portfolio, even if not fully reflected in current credit statistics, such as nonperforming assets or nonperforming loans. To determine risk of loss, and in turn the appropriateness of the allowance, Pulaski Investment Corporation extends its analysis to a number of other factors, including the level of delinquencies and delinquency trends; the level and mix of Criticized, Classified and Pass/Watch loans; reserve levels relative to nonperforming assets, nonperforming loans, and net charge-offs; the level and trend in consumer and commercial bankruptcies; and financial performance trends in specific businesses and industries to which Pulaski Investment Corporation lends. In response to rapid growth and changes in the mix of the loan portfolio, Pulaski Investment Corporation has increased its required allowance over time and feels that the allowance adequately reflects the current level of risk and incurred losses within the loan portfolio.

The following table presents the allocation of the allowance for loan losses and the percentage of the total amount of loans in each loan category listed as of the dates indicated.

(dollars in thousands)	December 31,									
	2005		2004		2003		2002		2001	
Commercial, financial and agricultural	\$ 334	8%	\$ 319	10%	\$ 389	13%	\$ 459	16%	\$ 556	19%
Real estate - construction	980	22	510	15	380	12	419	15	552	18
Real estate - mortgage	2,048	47	1,578	47	1,403	46	1,166	40	1,055	35
Residential mortgage held for sale	0	0	0	0	0	0	0	0	0	0
Credit cards	521	12	504	15	365	12	405	14	512	17
Installment	158	4	112	3	139	5	153	5	214	7
Unallocated	304	7	336	10	365	12	289	10	120	4
Total allowance for loan losses	\$ 4,345	100%	\$ 3,359	100%	\$ 3,041	100%	\$ 2,891	100%	\$ 3,009	100%

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The allowance for loan losses amounted to \$4.3 million, or 1.31% and 371.4% of total loans and total nonperforming loans, respectively, at December 31, 2005 compared to 1.04% and 678.6%, respectively, at December 31, 2004. The allowance for loan losses increased \$1.0 million, or 29.4%, from \$3.4 million at December 31, 2004. The increase was principally due to the increase in loans outstanding, increased exposure in the credit card portfolio and the increase in construction lending. Net charge-offs for 2005 were \$797,000, or .23% of total average loans, up from \$520,000, or .18% in 2004. The increase in net charge offs was due primarily to credit card loans. The following table sets forth the activity in Pulaski Investment Corporation's allowance for loan losses during the periods indicated.

(dollars in thousands)	Years Ended December 31,				
	2005	2004	2003	2002	2001
Allowance at beginning of period	\$ 3,359	\$ 3,041	\$ 2,890	\$ 3,009	\$ 2,396
Allowance from acquisition					
Adjustment for loans transferred to held for sale					
Provisions	1,783	838	720	400	1,310
Charge-offs:					
Commercial, financial and agricultural	22	25	69	45	42
Real Estate construction	45	55	158	35	276
Real Estate mortgage	38	3	0	6	23
Residential mortgage loans held for sale	0	0	0	0	0
Credit Cards	769	482	380	372	448
Installment	0	51	39	109	13
Total charge-offs	874	616	646	567	802
Recoveries:					
Commercial, financial and agricultural	6	18	7	5	\$ 6
Real Estate- construction	4	14	18	20	36
Real Estate- mortgage	5	3	30	5	17
Residential mortgage loans held for sale	0	0	0	0	0
Credit Cards	53	50	14	16	30
Installment	9	11	8	2	16
Total recoveries	77	96	77	48	105
Net charge-offs	797	520	569	519	697
Allowance at end of period	\$ 4,345	\$ 3,359	\$ 3,041	\$ 2,890	\$ 3,009
Allowance for loan losses to nonperforming assets ⁽¹⁾	291.0%	647.2%	239.4%	200.7%	104.1%
Allowance for loan losses to total loans at end of period	1.31%	1.04%	1.18%	1.10%	1.12%
Net charge-offs to average loans	0.23%	0.18%	0.22%	0.23%	0.30%

(1) Nonperforming loans and assets include accruing loans 90 days or more past due.

Investment Securities. Pulaski Investment Corporation's investment securities consist primarily of securities issued by the U.S. Government and federal agency obligations, obligations of state and political subdivisions and mortgage-backed securities. As of December 31, 2005, Pulaski Investment Corporation's investment securities available for sale amounted to \$76.2 million, which includes a pre-tax net unrealized loss of \$682,000, and its investment securities held to maturity, issues of states and political subdivisions, amounted to \$230,000, which approximated the fair value of such securities. At such date, investment securities available for sale consisted of \$50.6 million of U.S. Government and federal agency obligations, \$24.5 million of mortgage-backed securities, and \$1.1 million of other securities.

Investment securities increased by an aggregate of \$32.4 million, or 73.4%, to \$76.5 million at December 31, 2005. This is compared to \$44.1 million at December 31, 2004. This increase was due primarily to

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the purchase of securities with the proceeds from the December 2005 sale of credit card loans. Note 2 of the Consolidated Financial Statements provides further information on Pulaski Investment Corporation's investment securities.

Other Assets. The following table details the changes in other assets at the dates indicated.

(dollars in thousands)	December 31,				
	2005	2004	2003	2002	2001
Cash and due from banks	\$ 28,117	\$ 18,114	\$ 21,110	\$ 23,095	\$ 16,970
Premises and equipment	23,841	21,919	12,634	10,228	8,887
Accrued interest receivable	1,649	1,066	1,091	1,463	1,276
Title plants and other intangible assets	7,413	6,551	6,542	6,375	6,601
Other	5,991	7,340	6,948	5,872	6,608
Total	\$ 67,011	\$ 54,990	\$ 48,325	\$ 47,033	\$ 40,342

The \$10.0 million increase in cash and due from banks was primarily due to the high level of deposit growth experienced during 2005.

The \$1.9 million increase in premises and equipment was primarily the result of branch remodeling and business continuity technology during 2005.

The \$827,000 increase in title plants was due to acquisitions by the title company subsidiary during 2005.

Funding Sources

Deposits. The Company has been successful in raising deposits in the markets in which it has a presence. The following table sets forth the composition of the Company's deposits at the dates indicated.

(dollars in thousands)	2005		2004		2003	
	\$	%	\$	%	\$	%
Noninterest bearing	\$ 82,183	21%	\$ 71,254	22%	\$ 67,889	22%
NOW accounts	54,095	13	56,783	18	47,471	15%
Savings and money market	142,646	36	88,919	28	102,020	33%
Time deposits of less than \$100,000	74,663	19	58,549	19	54,091	18%
Time deposits, \$100,000 and over	42,184	11	42,800	13	36,741	12%
Total deposits	\$ 395,771	100%	\$ 318,305	100%	\$ 308,212	100%

Deposits obtained from clients in its primary market areas are Pulaski Investment Corporation's principal source of funds for use in lending and other business purposes. Pulaski Investment Corporation attracts local deposit accounts by offering a wide variety of accounts, competitive interest rates and convenient branch office locations and service hours. Increasing core deposits through the development of client relationships is a continuing focus of Pulaski Investment Corporation. Borrowings have become an increasingly important funding source as Pulaski Investment Corporation has grown. Other funding sources include short-term and long-term borrowings, subordinated debt and shareholders equity. The following discussion highlights the major changes in the mix of deposits and other funding sources during 2005.

Deposits at December 31, 2005 reflected an increase of \$77.5 million, or 24.3%, to \$395.8 million as compared to \$318.3 million at December 31, 2004. Significant components of the overall increase were savings accounts, which increased \$61.1 million, or 109.7% and certificates of deposit less than \$100,000, which increased \$16.1 million, or 27.5%. At December 31, 2005, \$82.2 million, or 20.8%, of Pulaski Investment Corporation's total deposits were noninterest-bearing, compared to \$71.3 million, or 22.4%, at December 31, 2004.

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Certificates of deposit \$100,000 and over decreased \$616,000, or 1.4%, from \$42.8 million at December 31, 2004 to \$42.2 million at December 31, 2005. The following table shows large-denomination certificates of deposit by remaining maturities. Additional information regarding deposits is provided in Note 5 of the Consolidated Financial Statements.

(dollars in thousands)	December 31,		
	2005	2004	2003
3 months or less	\$ 10,256	\$ 12,929	\$ 13,469
Over 3-12 months	20,141	20,954	15,828
Over 12-36 months	10,801	7,367	7,100
More than 36 months	986	1,550	344
Total	\$ 42,184	\$ 42,800	\$ 36,741

Borrowings and Debt. Advances from the Federal Home Loan Bank of Dallas may be obtained by Pulaski Investment Corporation upon the security of the common stock it owns in that bank and certain of its real estate loans, provided certain standards related to creditworthiness have been met. Such advances are made pursuant to several credit programs, each of which has its own interest rate and range of maturities. The level of short-term borrowings can fluctuate significantly on a daily basis depending on funding needs and the source of funds chosen to satisfy those needs. There were no short-term borrowings outstanding at December 31, 2005. The average amount of short-term borrowings in 2005 was \$14.0 million, compared to \$14.5 million in 2004.

Pulaski Investment Corporation's short-term borrowings at December 31, 2004 were comprised of \$35.0 million of advances from the Federal Home Loan Bank of Dallas and \$8.0 million federal funds purchased. The weighted average rate on short-term borrowings was 2.3% at December 31, 2004. Pulaski Investment Corporation did not have any short-term borrowings at December 31, 2005.

Pulaski Investment Corporation's long-term borrowings increased \$11.2 million, or 72.4%, to \$26.7 million at December 31, 2005, compared to \$15.5 million at December 31, 2004. The primary reason for the increase was due to a \$15.0 million long-term advance from the FHLB of Dallas during 2005. The majority of Pulaski Investment Corporation's long-term borrowings, \$20.5 million, were comprised of advances from the Federal Home Loan Bank of Dallas.

Pulaski Investment Corporation's remaining debt of \$6.2 million consists of junior subordinated debentures of Pulaski Investment Corporation issued to a statutory trust that was funded by the issuance of fixed rate capital securities of the trust. The debentures qualify as Tier 1 Capital for regulatory purposes. For additional information, see Note 6 of the Consolidated Financial Statements.

Shareholders Equity. Shareholders' equity provides a source of permanent funding, allows for future growth and provides Pulaski Investment Corporation with a cushion to withstand unforeseen adverse developments. At December 31, 2005, shareholders' equity totaled \$40.0 million, an increase of \$4.6 million, or 13.1%, compared to \$35.3 million at December 31, 2004. The following table details the changes in shareholders' equity during 2005.

(dollars in thousands)	Amount
Balance, December 31, 2004	\$ 35,381
Net income	6,329
Cash dividends declared	(1,504)
Decrease in other comprehensive income	(185)
Balance, December 31, 2005	\$ 40,021

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Results of Operations

Pulaski Investment Corporation reported net income of \$6.3 million, \$4.7 million and \$7.1 million for the years ended December 31, 2005, 2004 and 2003, respectively. During 2005, interest income increased \$5.8 million, interest expense increased \$3.6 million, the provision for loan losses increased \$1.0 million, noninterest income increased \$8.2 million, noninterest expense increased \$7.1 million and income tax expense increased \$766,000.

Net Interest Income. Net interest income is the difference between interest realized on earning assets and interest paid on interest-bearing liabilities and is also the driver of core earnings. As such, it is subject to constant scrutiny by management. The rate of return and relative risk associated with earning assets are weighed to determine the appropriateness and mix of earning assets. Additionally, the need for lower cost funding sources is weighed against relationships with clients and future growth requirements. Pulaski Investment Corporation'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 4.60%, 4.80% and 4.85% during the years ended December 31, 2005, 2004 and 2003, respectively. Pulaski Investment Corporation's net interest margin, which is net interest income as a percentage of average earning assets, was 5.01%, 5.12% and 5.26% during the years ended December 31, 2005, 2004 and 2003, respectively.

Net interest income increased \$2.2 million, or 12.4%, in 2005 to \$19.8 million compared to \$17.6 million in 2004. This increase was due primarily to a \$5.8 million, or a 26.4% increase in interest income, which was partially offset by a \$4.2, or an 84.9% increase in interest expense. The improvement in net interest income was the result of increased volumes and an improved mix of earning assets. Although earnings improved through increased net interest income, the related net interest spread ratio compressed, driven in part by the rise in short-term interest rates and the associated repricing of Pulaski Investment Corporation's assets and liabilities.

In 2004, net interest income decreased \$839,000, or 4.6%, to \$17.6 million compared to \$18.5 million in 2003. This decrease was due to a \$1.7 million, or 7.2% decrease in interest income, which was partially offset by a \$900,000 decrease, or 16.9% decrease in interest expense.

Average loans made up 87.1% of average earning assets as of December 31, 2005 as compared to 82.6% at December 31, 2004. Overall, average loans increased 21.1% in 2005. The increase in average loans was funded by increased customer deposits. Average investment securities made up 10.2% of average earning assets at December 31, 2005 compared to 13.3% at December 31, 2004. Average interest-bearing deposits made up 88.2% of average interest-bearing liabilities at December 31, 2005 compared to 88.4% at December 31, 2004. Average borrowings made up 11.8% of average interest-bearing liabilities at December 31, 2005 compared to 11.6% at December 31, 2004. Tables 12 and 13 further explain the changes in net interest income.

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The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest income of Pulaski Investment Corporation 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. Investment security market value adjustments and trade-date accounting adjustments are not considered to be earning assets and, as such, the net effect is included in nonearning assets.

(dollars in thousands)	2005			Years Ended December 31, 2004			2003		
	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:									
Mortgage loans	\$ 222,853	\$ 18,265	8.20%	\$ 175,571	\$ 13,777	7.85%	\$ 138,919	\$ 13,809	9.94%
Commercial loans	25,715	1,621	6.30%	25,361	1,407	5.55%	29,244	1,701	5.82%
Mortgage loans held for sale	31,620	1,980	6.26%	28,159	1,723	6.12%	49,223	3,029	6.15%
Consumer and other loans	63,868	3,988	6.24%	54,961	3,380	6.15%	46,431	3,013	6.49%
Total loans	344,056	25,854	7.51%	284,052	20,287	7.14%	263,817	21,552	8.17%
Investment securities (TE) ⁽²⁾⁽³⁾	40,429	1,243	3.07%	45,681	1,361	2.98%	63,905	1,741	2.72%
Other earning assets	10,750	521	4.85%	14,144	198	1.40%	23,032	249	1.08%
Total earning assets	395,235	27,618	6.99%	343,877	21,846	6.35%	350,754	23,542	6.71%
Allowance for loan losses	(3,547)			(3,102)			(2,839)		
Nonearning assets	58,441			44,341			33,112		
Total assets	\$ 450,129			\$ 385,116			\$ 381,027		
Interest-bearing liabilities:									
Deposits:									
NOW accounts	\$ 51,674	\$ 509	0.99%	\$ 49,207	\$ 329	0.67%	\$ 38,763	\$ 310	0.80%
Savings and money market accounts	121,556	2,405	1.98%	95,906	834	0.87%	107,897	1,293	1.20%
Certificates of deposit	115,303	3,144	2.73%	95,850	1,794	1.87%	99,089	2,270	2.29%
Total interest-bearing deposits	288,533	6,058	2.10%	240,963	2,957	1.23%	245,749	3,873	1.58%
Short-term borrowings	13,989	365	2.61%	14,474	267	1.84%	7,747	98	1.27%
Long-term debt	24,658	1,397	5.67%	17,109	1,005	5.87%	19,694	1,115	5.66%
Total interest-bearing liabilities	327,180	7,820	2.39%	272,546	4,229	1.55%	273,190	5,086	1.86%
Noninterest-bearing demand deposits	73,113			67,159			64,798		
Noninterest-bearing liabilities	13,645			11,900			11,341		
Total liabilities	413,938			351,605			349,329		
Shareholders equity	36,191			33,511			31,698		
Total liabilities and shareholders equity	\$ 450,129			\$ 385,116			\$ 381,027		
Net earning assets	\$ 68,055			\$ 71,331			\$ 77,564		
Net Interest Spread		\$ 19,798	4.60%		\$ 17,617	4.80%		\$ 18,456	4.85%
Net Interest Income (TE) / Net Interest Margin (TE) ⁽¹⁾		\$ 19,804	5.01%		\$ 17,623	5.12%		\$ 18,462	5.26%

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- (1) Annualized.
- (2) Fully taxable equivalent (TE) calculations include the tax benefit associated with related income sources that are tax-exempt using a marginal tax rate of 38.29%.
- (3) Balances exclude unrealized gain or loss on securities available for sale and impact of trade date accounting.

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The following table analyzes the dollar amount of changes in interest income and interest expense of Pulaski Investment Corporation for major components of earning assets and interest-bearing liabilities. The table distinguishes between (i) changes attributable to volume (changes in average volume between periods times the average yield/rate for the two periods), (ii) changes attributable to rate (changes in average rate between periods times the average volume for the two periods), and (iii) total increase (decrease).

(dollars in thousands)	2005/2004			2004/2003		
	Change Attributable to		Total Increase (Decrease)	Change Attributable to		Total Increase (Decrease)
	Volume	Rate		Volume	Rate	
Earning assets:						
Loans:						
Mortgage loans	\$ 3,851	\$ 637	\$ 4,488	\$ 3,213	(\$3,245)	(\$32)
Commercial loans	20	194	214	(218)	(76)	(294)
Loans held for sale	217	40	257	(1,289)	(17)	(1,306)
Consumer and other loans	558	50	608	531	(164)	367
Investment securities	(161)	43	(118)	(533)	153	(380)
Other earning assets	(59)	382	323	(112)	61	(51)
Total net change in income on earning assets	4,426	1,346	5,772	1,592	(3,288)	(1,696)
Interest bearing liabilities:						
Deposits:						
Now accounts	18	162	180	75	(56)	19
Savings and money market accounts	272	1,299	1,571	(132)	(327)	(459)
Certificates of deposit	414	936	1,350	(72)	(404)	(476)
Borrowings	309	181	490	172	(113)	59
Total net change in expense on interest-bearing liabilities	1,013	2,578	3,591	43	(900)	(857)
Change in net interest income	\$ 3,413	(\$1,232)	\$ 2,181	\$ 1,549	(\$2,388)	(\$839)

Interest income includes interest income earned on earning assets as well as applicable loan fees earned. Interest income that would have been earned on nonaccrual loans had they been on accrual status is not included in the data reported above.

Provision for Loan Losses. Management of Pulaski Investment Corporation assesses the allowance for loan losses monthly and will make provisions for loan losses as deemed appropriate in order to maintain the adequacy of the allowance for loan losses. Increases to the allowance for loan losses are achieved through provisions for loan losses that are charged against income. Adjustments to the allowance may also result from purchase accounting adjustments associated with loans acquired in mergers.

Overall, Pulaski Investment Corporation increased the provision for loan losses by 112.8% from \$838,000 in 2004 to \$1.8 million in 2005. The provision for loan losses was \$720,000 in 2003. Net loan charge-offs were \$797,000 for 2005 compared to \$520,000 for 2004 and \$570,000 in 2003. The allowance for loan losses as a percentage of outstanding loans, net of unearned income, was 1.31% at December 31, 2005, compared to 1.04% at year-end 2004. A discussion of credit quality can be found in the section on Asset Quality and Allowance for Loan Losses in this analysis.

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Noninterest Income. Pulaski Investment Corporation reported noninterest income of \$39.2 million in 2005 compared to \$30.9 million for 2004 and \$37.5 million for 2003. The following table illustrates the primary components of noninterest income for the years indicated.

(dollars in thousands)	2005	2004	Percent Increase (Decrease)	2003	Percent Increase (Decrease)
Title insurance company fees	\$ 15,948	\$ 14,445	10.4%	\$ 16,072	(10.1)%
Service charges on deposit accounts	1,691	1,376	22.9	1,451	(5.2)
Income from fiduciary activities	857	998	(14.1)	843	18.4
Gain on sale of loans, net	15,363	9,467	62.3	14,150	(33.1)
Gain (loss) on sale of investments, net	0	0	0	384	(100.0)
Other income	5,307	4,655	14.0	4,620	0.8
Total noninterest income	\$ 39,166	\$ 30,941	26.6%	\$ 37,520	(17.5)%

Title insurance company fees increased \$1.5 million in 2005 due primarily to the number of closings compared to 2004.

Service charges on deposit accounts increased \$315,000 in 2005 primarily due to increased deposit volume.

Gain on sale of loans increased \$5.9 million in 2005 as a result of the gain on sale of credit card loans during December 2005.

Noninterest income decreased \$6.6 million from 2003 to 2004 primarily due to a \$1.6 million decrease in title company fees and a \$4.7 million decrease in gains on the sale of mortgage loans in the secondary market as refinance activity slowed from 2003's record level.

Noninterest Expense Pulaski Investment Corporation reported noninterest expense of \$47.0 million in 2005 compared to \$39.9 million for 2004. The following table illustrates the primary components of noninterest expense for the years indicated.

(dollars in thousands)	2005	2004	Percent Increase (Decrease)	2003	Percent Increase (Decrease)
Salaries and employee benefits	\$ 29,055	\$ 26,461	9.8%	\$ 30,031	(11.9)%
Occupancy and equipment	5,954	4,806	23.9	4,483	7.2
Advertising	1,517	1,072	41.5	1,142	(6.1)
Telephone	773	710	8.9	746	(4.8)
Postage	476	438	8.7	470	(6.8)
Data processing	1,554	1,359	14.3	1,057	28.6
Printing, stationery and supplies	833	790	5.4	820	(3.7)
Utilities	410	299	37.1	268	11.6
Professional services	1,013	881	15.0	823	7.0
Other expenses	5,400	3,067	76.1	3,818	(19.7)
Total noninterest expense	\$ 46,985	\$ 39,883	17.8%	\$ 43,658	(8.6)%

Salaries and employee benefits increased \$2.6 million in 2005 partially due to increased staffing associated with branch office expansion.

Occupancy and equipment, data processing and other noninterest expenses increased \$1.1 million, \$195,000 and \$2.3 million, respectively, in 2005 primarily due to infrastructure expansion and improvements.

Advertising expense increased \$445,000 in 2005 as Pulaski Investment Corporation expanded advertising and business development programs.

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Noninterest expense decreased \$3.8 million from 2003 to 2004 primarily due to decreased salaries and benefits expense as a result of the decrease in personnel and bonuses following the 2003 record level year for mortgage banking activity and title company closings.

Income Taxes. For the years ended December 31, 2005, 2004 and 2003 Pulaski Investment Corporation incurred income tax expense of \$3.9 million, \$3.1 million and \$4.5 million, respectively. Pulaski Investment Corporation's effective tax rate amounted to 37.9%, 39.6% and 38.9% during 2005, 2004 and 2003, respectively. The difference between the effective tax rate and the statutory tax rate primarily relates to variances in items that are non-taxable or non-deductible, primarily the effect of tax-exempt income. For more information, see Note 7 of the Consolidated Financial Statements.

Capital Resources

Federal regulations impose minimum regulatory capital requirements on all institutions with deposits insured by the Federal Deposit Insurance Corporation. The Federal Reserve Board imposes similar capital regulations on bank holding companies. Compliance with bank and bank holding company regulatory capital requirements, which include leverage and risk-based capital guidelines, are monitored by Pulaski Investment Corporation on an ongoing basis. Under the risk-based capital method, a risk weight is assigned to balance sheet and off-balance sheet items based on regulatory guidelines. At December 31, 2005, Pulaski Investment Corporation exceeded all regulatory capital ratio requirements with a Tier 1 leverage capital ratio of 9.7%, a Tier 1 risk-based capital ratio of 13.6% and a total risk-based capital ratio of 14.8%. At December 31, 2005, Pulaski Bank and Trust also exceeded all regulatory capital ratio requirements with a Tier 1 leverage capital ratio of 8.2%, a Tier 1 risk-based capital ratio of 11.4% and a total risk-based capital ratio of 14.5%.

In addition, Pulaski Investment Corporation has \$6.2 million of junior subordinated debt which may be included in Tier 1 capital up to 25% of the total of Pulaski Investment Corporation's core capital elements, including the junior subordinated debt. For additional information, see Note 6 of the Consolidated Financial Statements.

Liquidity

Pulaski Investment Corporation's liquidity, represented by cash and cash equivalents, is a product of its operating, investing and financing activities. Pulaski Investment Corporation manages its liquidity with the objective of maintaining sufficient funds to respond to the needs of depositors and borrowers and to take advantage of earnings enhancement opportunities. The primary sources of funds for Pulaski Investment Corporation are deposits, borrowings, repayments and maturities of loans and investment securities, securities sold under agreements to repurchase, as well as funds provided from operations. Certificates of deposit scheduled to mature in one year or less at December 31, 2005 totaled \$105.0 million. Based on past experience, management believes that a significant portion of maturing deposits will remain with Pulaski Investment Corporation. Additionally, the majority of the investment security portfolio is classified by Pulaski Investment Corporation as available-for-sale which provides the ability to liquidate securities as needed. Due to the relatively short planned duration of the investment security portfolio, Pulaski Investment Corporation continues to experience significant cash flows on a normal basis.

While scheduled cash flows from the amortization and maturities of loans and securities are relatively predictable sources of funds, deposit flows and prepayments of loan and investment securities are greatly influenced by general interest rates, economic conditions and competition. The Federal Home Loan Bank of Dallas provides an additional source of liquidity to make funds available for general requirements and also to assist with the variability of less predictable funding sources. At December 31, 2005, Pulaski Investment Corporation had \$20.5 million of outstanding advances from the Federal Home Loan Bank of Dallas. Additional advances available at December 31, 2005 from the Federal Home Loan Bank of Dallas amounted to \$193 million. Pulaski Investment Corporation and Pulaski Bank and Trust also have various funding arrangements with commercial banks providing up to \$11 million in the form of federal funds and other lines of credit. At December 31, 2005, there was no balance outstanding on these lines and all of the funding was available to Pulaski Investment Corporation.

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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, Pulaski Investment Corporation maintains a strategy of investing in various lending and investment security products. Pulaski Investment Corporation uses its sources of funds primarily to meet its ongoing commitments and fund loan commitments. Pulaski Investment Corporation has been able to generate sufficient cash through its deposits as well as borrowings and anticipates it will continue to have sufficient funds to meet its liquidity requirements.

Asset/ Liability Management and Market Risk

The principal objective of Pulaski Investment Corporation's asset and liability management function is to evaluate the interest rate risk included in certain balance sheet accounts, determine the appropriate level of risk given Pulaski Investment Corporation'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, Pulaski Investment Corporation seeks to reduce the vulnerability of its operations to changes in interest rates. Pulaski Investment Corporation's actions in this regard are taken under the guidance of the ALM Committee. The ALM Committee normally meets monthly to review, among other things, the sensitivity of Pulaski Investment Corporation's assets and liabilities to interest rate changes, local and national market conditions and interest rates. In connection therewith, the ALM Committee generally reviews Pulaski Investment Corporation's liquidity, cash flow needs, maturities of investments, deposits, 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 Pulaski Investment Corporation's earning assets and interest-bearing liabilities. Management and the board of directors of Pulaski Bank and Trust are responsible for managing interest rate risk and employing risk management policies that monitor and limit this exposure. Interest rate risk is measured using net interest income simulation and asset/liability net present value sensitivity analyses. Pulaski Investment Corporation uses financial modeling to measure the impact of changes in interest rates on the net interest margin and predict market risk. 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. These analyses provide a range of potential impacts on net interest income and portfolio equity caused by interest rate movements.

Included in the modeling are instantaneous parallel rate shifts scenarios, which are utilized to establish exposure limits. These scenarios are known as "rate shocks" because all rates are modeled to change instantaneously by the indicated shock amount, rather than a gradual rate shift over a period of time that has traditionally been more realistic. As of December 31, 2005, the simulation of these shocks indicated that an instantaneous and sustained 200 basis point rise in rates would increase net interest income over the following 12 months by approximately 8%, while a 200 point decline in rates would decrease net interest income over the following 12 months by approximately 9% from an unchanged rate environment. For the same period, the model indicated that an instantaneous and sustained 100 basis point rise in rates would increase net interest income over the following 12 months by approximately 4%, while a 100 point decline in rates would decrease net interest income over the following 12 months by approximately 4% from an unchanged rate environment. Computations of interest rate risk under these scenarios do not necessarily include certain actions that management may undertake to manage this risk in response to anticipated changes in interest rates.

The rate environment is a function of the monetary policy of the Federal Reserve Board. The principal tools of the Federal Reserve Board for implementing monetary policy are open market operations, or the purchases and sales of U.S. Treasury and federal agency securities. The Federal Reserve Board's objective for open market operations has varied over the years, but the focus has gradually shifted toward attaining a specified level of the federal funds rate to achieve the long-run goals of price stability and sustainable economic growth. The federal funds rate is the basis for overnight funding and drives the short end of the yield curve. Longer maturities are influenced by Federal Reserve Board purchases and sales and also expectations of monetary policy going

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forward. The Federal Reserve Board began to increase the targeted level for the federal funds rate in June 2004 after reaching an all-time low of 1.00% in mid-2003. The targeted fed funds rate has increased at each Federal Open Market Committee meeting by 25 basis points and ended the year at 4.25%. Although each Federal Reserve Board rate increase becomes more challenging to offset, the ability to delay deposit rate increases and less aggressive repricing of the maturing certificate of deposit portfolio has allowed Pulaski Investment Corporation to partially offset the negative impact of recent Federal Reserve Board rate movements. Although management believes that Pulaski Investment Corporation is not significantly affected by changes in interest rates over an extended period of time, the continued flattening of the yield curve has and will exert downward pressure on the net interest margin and net interest income. Under traditional measures of interest rate gap positions, Pulaski Investment Corporation is slightly asset sensitive in the short-term.

As part of its asset/liability management strategy, Pulaski Investment Corporation has emphasized the origination of commercial and construction loans, which typically have shorter terms than residential mortgage loans and/or adjustable or variable rates of interest. The majority of fixed-rate, long-term residential loans were sold in the secondary market during the last three years to avoid assumption of the rate risk associated with longer duration assets in the current low rate environment. As of December 31, 2005, \$98.5 million, or 29.6%, of Pulaski Investment Corporation's total loan portfolio had adjustable interest rates. Pulaski Bank and Trust has no significant concentration to any single loan component or industry segment other than real estate.

Pulaski Investment Corporation's strategy with respect to liabilities in recent periods has been to emphasize transaction and savings accounts, particularly noninterest bearing transaction accounts, which are not sensitive to changes in interest rates. At December 31, 2005, 66.0% of Pulaski Investment Corporation's deposits were in transaction and limited-transaction accounts, compared to 64.6% at December 31, 2004. Noninterest bearing transaction accounts totaled 15.6% of total deposits at December 31, 2005, compared to 12.3% of total deposits at December 31, 2004.

As part of an overall interest rate risk management strategy, off-balance sheet derivatives may also be used as an efficient way to modify the repricing or maturity characteristics of on-balance sheet assets and liabilities. Management may from time to time engage in a hedging program to help manage interest rate risk with respect to mortgage loans held for sale. As of December 31, 2005, the gross notional amounts of forward contracts and written options associated with hedging activities were \$3.1 million each. The fair market value adjustments for the outstanding derivative transactions were not significant at December 31, 2005.

Other Off-Balance Sheet Activities

In the normal course of business, Pulaski Investment Corporation is a party to a number of activities that contain credit, market and operational risk that are not reflected in whole or in part in Pulaski Investment Corporation's consolidated financial statements. Such activities include traditional off-balance sheet credit-related financial instruments, commitments under operating leases and long-term debt. Pulaski Investment Corporation provides customers with off-balance sheet credit support through loan commitments, lines of credit and standby letters of credit. Many of the unused commitments are expected to expire unused or be only partially used; therefore, the total amount of unused commitments does not necessarily represent future cash requirements. Pulaski Investment Corporation anticipates it will continue to have sufficient funds together with available borrowings to meet its current commitments. At December 31, 2005, the total approved loan commitments outstanding amounted to \$4.6 million. At the same date, commitments under unused lines of credit, including credit card lines, amounted to \$16.8 million. Included in these totals are commercial commitments amounting to \$6.8 million as shown in the following table.

	Less Than	1 - 3	4 - 5	Over 5	
(dollars in thousands)	1 Year	Years	Years	Years	Total
Unused commercial lines of credit	\$ 15,069	\$ 1,300	\$ 448	\$	\$ 16,817
Unused loan commitments	1,312	\$ 1,642	1,681		4,635
Standby letters of credit	913	\$ 15	20		948
Total	\$ 17,294	\$ 2,957	\$ 2,149	\$	\$ 22,400

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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 Pulaski Investment Corporation's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on Pulaski Investment Corporation's performance than does the effect of inflation. Although fluctuations in interest rates are neither completely predictable nor controllable, Pulaski Investment Corporation regularly monitors its interest rate position and oversees its financial risk management by establishing policies and operating limits. 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. Although not as critical to the banking industry as to other industries, inflationary factors may have some impact on Pulaski Investment Corporation's growth, earnings, total assets and capital levels. Management does not expect inflation to be a significant factor in 2006.

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PULASKI INVESTMENT CORPORATION
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AT SEPTEMBER 30, 2006 AND 2005

PULASKI INVESTMENT CORPORATION

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	(Unaudited) September 30, 2006	December 31, 2005
ASSETS		
Cash and due from banks	\$ 22,623	\$ 28,117
Investment securities		
Held-to-maturity securities	150	230
Available-for-sale securities	54,741	76,245
	54,891	76,475
Loans - net	385,037	328,330
Premises and equipment, net	24,398	23,841
Accrued interest receivable	1,870	1,649
Other real estate owned	3	323
Goodwill	613	613
Title plants	6,233	6,233
Other intangible assets, net	496	568
Other assets	7,249	5,668
	\$ 503,413	\$ 471,817
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest bearing	\$ 68,367	\$ 82,183
Interest bearing	338,244	313,588
	406,611	395,771
Federal funds purchased	4,000	-0-
Other borrowed funds	45,439	26,680
Accrued interest payable	866	616
Other liabilities	5,039	8,729
Total liabilities	461,955	431,796
Shareholders' equity:		
Common stock	610	610
Additional paid-in capital	699	699
Retained earnings	40,569	39,133
Accumulated other comprehensive income	(420)	(421)
Total shareholders' equity	41,458	40,021

\$ 503,413 \$ 471,817

See notes to consolidated financial statements.

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PULASKI INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(dollars in thousands)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Interest income:				
Loans, including fees	\$ 21,765	\$ 18,885	\$ 7,956	\$ 6,952
Investment securities:				
Taxable	2,112	864	655	264
Tax exempt	5	7	2	2
Other	442	370	158	166
	24,324	20,126	8,771	7,384
Interest expense:				
Deposits	7,543	4,125	2,911	1,775
Other	1,836	1,372	763	422
	9,379	5,497	3,674	2,197
Net interest income	14,945	14,629	5,097	5,187
Provision for loan losses	299	903	299	372
Net interest income after provision for loan losses	14,646	13,726	4,798	4,815
Other income:				
Income from fiduciary activities	692	650	235	221
Service charges on deposit accounts	1,665	1,178	581	450
Gain on sale of mortgage loans held for sale	6,592	7,173	2,121	2,801
Other	14,884	15,720	4,940	5,628
	23,833	24,721	7,877	9,100
Other expenses:				
Salaries and employee benefits	21,538	21,007	7,227	7,443
Occupancy and equipment expense	4,796	4,497	1,619	1,647
Other	7,871	8,558	2,806	3,199
	34,205	34,062	11,652	12,289
Income before income taxes	4,274	4,385	1,023	1,626
Income taxes	1,710	1,745	450	628
Net income	\$ 2,564	\$ 2,640	\$ 573	\$ 998

See notes to consolidated financial statements.

Table of Contents**PULASKI INVESTMENT CORPORATION****CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (Unaudited)****For the Nine Months Ended September 30, 2005 and September 30, 2006****(dollar in thousands)**

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2004	\$ 610	\$ 699	\$ 34,308	\$ (236)	\$ 35,381
Comprehensive income					
Net income			2,640		2,640
Other comprehensive income					
Change in unrealized losses on available-for-sale securities, net of deferred income taxes				(140)	(140)
Total comprehensive income					2,500
Cash dividends declared			(1,128)		(1,128)
Balance at September 30, 2005	\$ 610	\$ 699	\$ 35,820	\$ (376)	\$ 36,753
Balance at December 31, 2005	\$ 610	\$ 699	\$ 39,133	\$ (421)	\$ 40,021
Comprehensive income					
Net income			2,564		2,564
Other comprehensive income				1	1
Change in unrealized losses on available-for-sale securities, net of deferred income taxes					
Total comprehensive income					2,565
Cash dividends declared			(1,128)		(1,128)
Balance at September 30, 2006	\$ 610	\$ 699	\$ 40,569	\$ (420)	\$ 41,458

See notes to consolidated financial statements.

Table of Contents**PULASKI INVESTMENT CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)****For the Nine Months Ended September 30, 2006 and September 30, 2005****(dollars in thousands)**

	2006	2005
Operating activities:		
Net income	\$ 2,564	\$ 2,640
Adjustments to reconcile net income to net cash used by operating activities:		
Provision for loan losses	287	903
Depreciation and amortization	1,999	1,910
Net change in mortgage loans held for sale	(12,617)	(15,547)
Other operating activities, net	(5,242)	945
Net cash used by operating activities	(13,009)	(9,149)
Investing activities:		
Net increase in loans not held for sale	(44,377)	(31,560)
Purchases of premises and equipment	(5,412)	(2,984)
Proceeds from maturities of held-to-maturity securities	80	55
Proceeds from maturities of available-for-sale securities	21,505	9,327
Other investing activities, net	3,248	(1,024)
Net cash used by investing activities	(24,956)	(26,186)
Financing activities:		
Net increase in deposits	10,840	73,959
Net increase (decrease) in federal funds purchased	4,000	(5,000)
Cash dividends paid	(1,128)	(1,128)
Principal payments on other borrowed funds	(61,741)	(37,920)
Proceeds from other borrowed funds	80,500	15,000
Net cash provided by financing activities	32,471	44,911
Cash and cash equivalents:		
Net increase (decrease)	(5,494)	9,576
Balance at January 1	28,117	18,114
Balance at September 30	\$ 22,623	\$ 27,690

See notes to consolidated financial statements.

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****Note 1: Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the audited financial statements and note disclosures for Pulaski Investment Corporation for the years ended December 31, 2005, 2004 and 2003, included herein. The balance sheet at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the nine-month period ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ended December 31, 2006.

The consolidated financial statements include the accounts of Pulaski Investment Corporation, a bank holding company, and its wholly owned subsidiary, Pulaski Bank and Trust Company (the Bank) and the following wholly owned subsidiaries of the Bank: Pulaski Mortgage Company and its wholly owned subsidiary, PMC Mortgage Company, Pulaski Building, Inc., Lenders Title Company, Directors Properties, Inc., Pulaski Services, Inc. and Pulaski Insurance Agency, Inc. (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

All normal, recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of the financial statements, have been included. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Material estimates that are susceptible to significant change in the near term are the allowance for loan losses, valuation of title plants and other intangible assets.

Note 2: Supplemental Cash Flows Information

The Company paid \$9,129,000 and \$5,544,000 in interest on deposits and other borrowings during the nine-month periods ended September 30, 2006 and 2005, respectively. During the nine-month periods ended September 30, 2006 and 2005, the Company made income tax payments of \$2,075,000 and \$1,111,000, respectively.

Note 3: Other Borrowed Funds

Other borrowed funds consisted of the following at (dollars in thousands):

	September 30, 2006	December 31, 2005
Federal Home Loan Bank advances:		
Long-term, due monthly through 2010	\$ 17,253	\$ 20,494
Short-term	22,000	-0-
Junior Subordinated Debt Securities due to Pulaski Capital Trust I, 10 7/8%, due in 2030	6,186	6,186
	\$ 45,439	\$ 26,680

Table of Contents**PULASKI INVESTMENT CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****Note 4: Title Company Operations**

Included in other income are the following significant categories of income from title company operations for the nine months ended September 30, 2006 and September 30, 2005:

	2006	2005
Title insurance fees	\$ 6,812	\$ 7,201
Closing fees	2,587	2,812
Search fees	751	693
Other fees	913	1,130
	\$ 11,063	\$ 11,836

Note 5: Recent Accounting Pronouncements

In February 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments, an amendment of SFAS No. 133 and 140*. SFAS No. 155 permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends SFAS No. 140 to eliminate the prohibition on a qualifying special purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company anticipates that the adoption of SFAS No. 155 will not have a material impact on the Company's financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets, an amendment of SFAS No. 140*. SFAS No. 156 requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in selected situations; requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable; permits an entity to choose either the amortization or fair value measurement method for each class of separately recognized servicing assets and servicing liabilities; at its initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available-for-sale securities under SFAS No. 115, provided that the available-for-sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value; and requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. This Statement is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company anticipates that the adoption of SFAS No. 156 will not have a material impact on the Company's financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company

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PULASKI INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 5: Recent Accounting Pronouncements (continued)

anticipates that the adoption of SFAS No. 157 will not have a material impact on the Company's financial position or results of operations.

Note 6: Agreement and Plan of Merger

On August 9, 2006, the Company entered into an agreement with IBERIABANK Corporation (IBERIABANK), Lafayette, Louisiana, for the sale of all of the Company's outstanding stock. If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Pulaski Investment Corporation common stock will be converted into (i) cash (without interest) equal to \$26.6464 per share (approximately \$65,000,000 in the aggregate), (ii) 0.2274 shares of IBERIABANK Corporation common stock for each share of common stock of Pulaski Investment Corporation (approximately \$32,500,000 in the aggregate based upon the closing price of IBERIABANK Corporation common stock on August 8, 2006 of \$58.60 per shares), and (iii) the number of shares of IBERIABANK Corporation common stock determined by the quotient obtained by dividing \$13.323 by the average trading price of the IBERIABANK Corporation common stock on the 15 trading days ending one business day prior to the effective date of the merger (approximately \$32,500,000 in aggregate market value). Completion of the transaction is subject to regulatory and shareholders' approvals.

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PULASKI INVESTMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS - NINE MONTHS ENDED

SEPTEMBER 30, 2006 AND 2005

The purpose of this discussion and analysis is to focus on significant changes in the financial condition and results of operations of Pulaski Investment Corporation during the nine months ended September 30, 2006. This discussion and analysis highlights and supplements information contained elsewhere herein, particularly the unaudited consolidated financial statements and notes which are included in this information statement-prospectus. This discussion and analysis should be read in conjunction with Pulaski Investment Corporation's audited financial statements contained herein and the related management's discussion and analysis for the years ended December 31, 2005, 2004 and 2003.

Third Quarter Overview

During the third quarter of 2006, Pulaski Investment Corporation earned \$573,000. This represents an 42.6% decrease compared to the \$998,000 earned for the third quarter of 2005. Net income for the nine months ended September 30, 2006 totaled \$2.56 million, down 2.9%, compared to the \$2.64 million earned during the first nine months of 2005. The key components of Pulaski Investment Corporation's performance are summarized below.

Total assets at September 30, 2006 were \$503.4 million, up \$31.6 million, or 6.7%, from \$471.8 million at December 31, 2005. Shareholders' equity increased by \$1.4 million, or 3.6%, from \$40.0 million at December 31, 2005 to \$41.5 million at September 30, 2006.

Total loans at September 30, 2006 were \$389.5 million, an increase of \$56.8 million, or 17.1%, from \$332.7 million at December 31, 2005. Real estate loans continue to drive loan growth.

Total customer deposits increased \$10.8 million, or 2.7%, from \$395.8 million at December 31, 2005 to \$406.6 million at September 30, 2006. The decrease in noninterest bearing deposits of \$13.8 million, was offset by a \$24.7 million increase in interest bearing deposits as of September 30, 2006.

Net interest income decreased \$90,000, or 1.7%, for the three months ended September 30, 2006, compared to the same period of 2005 as the cost of deposits and other borrowings increased significantly during the 2006 period. For the nine months ended September 30, 2006, net interest income increased \$316,000, or 2.2%, compared to the same period of 2005. This increase was largely attributable to increased volume as Pulaski Investment Corporation's net interest margin ratio declined during the nine months ended September 30, 2006.

Noninterest income decreased \$1.2 million, or 13.4%, for the third quarter of 2006 as compared to the same period of 2005. For the nine months ended September 30, 2006, noninterest income decreased \$888,000, or 3.6%, compared to the same period of 2005. Increases in service charges on deposit accounts due to increased volume during the 2006 periods compared to the corresponding periods in 2005 were offset by decreases in income from title company, mortgage banking operations and fees on credit card accounts for those periods.

Noninterest expense decreased \$637,000, or 5.2%, for the quarter ended September 30, 2006, as compared to the same quarter last year due primarily to the decreases in title company and mortgage banking operations during the 2006 period. For the nine months ended September 30, 2006, noninterest expense increased \$143,000, or 0.4%, compared to the same period of 2005.

Financial Condition

Earning Assets

Earning assets are composed of interest or dividend-bearing assets, including loans, securities, short-term investments and loans held for sale. Interest income associated with earning assets is Pulaski Investment

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Corporation's primary source of income. At September 30, 2006, earning assets increased 8.7% from the year ended December 31, 2005. Commercial and real estate loan growth was the primary driver of the increase.

Loans and Leases. The loan portfolio increased \$56.8 million, or 17.1%, during the first nine months of 2006. Loan growth was primarily driven by increases in commercial loans by \$5.0 million, or 19.0%, real estate construction loans by \$27.2 million, or 35.2%, and mortgage loans held for sale by \$12.6 million or 45.5%. Construction loans continue the growth trend targeted by management during 2005. The increase in mortgage loans held for sale at September 30, 2006 is indicative of the improvement in the rate environment in the secondary market since December 31, 2005.

Pulaski Investment Corporation's loan to deposit ratios at September 30, 2006 and December 31, 2005 were 95.8% and 84.1%, respectively. The following table sets forth the composition of the company's loan portfolio as of the dates indicated.

(dollars in thousands)	Unaudited			% Incr/ (Decr)
	September 30, 2006	December 31, 2005	\$Incr/(Decr)	
Commercial, financial and Agricultural	31,342	26,335	5,007	19.0%
Real estate - construction	104,536	77,293	27,243	35.2%
Real estate - mortgage	167,855	161,577	6,278	3.9%
Residential mortgage loans held for sale	40,368	27,751	12,617	45.5%
Credit cards	35,300	27,245	8,055	29.6%
Installment	10,109	12,474	(2,365)	(19.0%)
Total loans receivable	389,510	332,675	56,835	17.1%

Pulaski Investment Corporation remains focused on growing the loan portfolio as evidenced by the increase in loans during 2006. This strategy is essential due to the increasing costs of deposits and short-term borrowings.

Pulaski Investment Corporation continues to sell the majority of conforming mortgage loan originations in the secondary market and recognize the associated fee income rather than assume the rate risk associated with these longer term assets.

Investment Securities. During the first nine months of 2006, no investment securities were purchased and approximately \$21.6 million of securities matured or were called. Management evaluates securities for other-than-temporary impairment at least quarterly, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to 1) the length of time and the extent to which the fair value has been less than cost, 2) the financial condition and near-term prospects of the issuer, and 3) the intent and ability of Pulaski Investment Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and insight provided by industry analysts' reports. As of September 30, 2006, management's assessment concluded that no declines are deemed to be other than temporary.

Asset Quality and Allowance for Loan Losses

Pulaski Investment Corporation determines its allowance for loan losses in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan-an Amendment of FASB Statements No. 5 and 15* and SFAS No. 5, *Accounting for Contingencies*. For a detailed description of Pulaski Investment Corporation's process for determining the amount of the allowance for loan losses, refer to Pulaski Investment Corporation's Management's Discussion and Analysis for the years ended December 31, 2005, 2004 and 2003, included elsewhere herein.

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Nonperforming assets, defined as nonaccrual loans, accruing loans past due 90 days or more and foreclosed property, amounted to \$3.8 million, or 0.75% of total assets at September 30, 2006, compared to \$1.5 million, or 0.32% of total assets at December 31, 2005. The allowance for loan losses amounted to \$4.5 million, or 1.15% of total loans and 118% of total nonperforming loans at September 30, 2006, compared to 1.31% and 371%, respectively, at December 31, 2005. The following table sets forth the composition of Pulaski Investment Corporation's nonperforming assets, including accruing loans past due 90 days or more as of the dates indicated.

(dollars in thousands)	Unaudited September 30, 2006	December 31, 2005
Nonaccrual loans:		
Commercial, financial and agricultural	\$ 9	\$ 893
Mortgage	3,530	59
Loans to individuals	66	85
Total nonaccrual loans	3,605	1,037
Accruing loans 90 days or more past due	184	133
Total nonperforming loans ⁽¹⁾	3,789	1,170
Foreclosed property	3	323
Total nonperforming assets ⁽¹⁾	3,792	1,493
Performing troubled debt restructurings		
Total nonperforming assets and troubled debt restructurings ⁽¹⁾	\$ 3,792	\$ 1,493
Nonperforming loans to total loans ⁽¹⁾	0.97%	0.35%
Nonperforming assets to total assets ⁽¹⁾	0.75%	0.32%
Allowance for loan losses to nonperforming loans	118%	371%
Allowance for loan losses to total loans	1.15%	1.31%

(1) Nonperforming loans and assets include accruing loans 90 days or more past due

The percentage of nonperforming assets to total loans increase from 0.45% at the end of 2005 to 0.97% at September 30, 2006, primarily due to a \$2.3 million increase in real estate nonaccrual loans. Two related real estate loans totaling \$1.8 million are at the center of this increase. Net charge-offs for the nine months ended September 30, 2006 were \$170,000. The provision for loan losses for the nine months ended September 30, 2006, amounted to \$299,000 compared to a \$903,000 provision during the same period of 2005.

Other Assets

Cash and due from banks at September 30, 2006 decreased by \$5.5 million, or 19.5%, compared to December 31, 2005. This is due to the timing and collection of items.

Funding Sources

Deposits obtained from customers in its primary market areas are Pulaski Investment Corporation's principal source of funds for use in lending and other business purposes. Pulaski Investment Corporation attracts local deposit accounts by offering a wide variety of accounts, competitive interest rates and convenient branch office locations and service hours. Increasing core deposits through the development of client relationships is a continuing focus of Pulaski Investment Corporation. Borrowings have become an increasingly important funding source as Pulaski Investment Corporation has grown. Other funding sources include short-term and long-term borrowings, subordinated debt and shareholders equity. The following discussion highlights the major changes in the mix of deposits and other funding sources during the first nine months of the year.

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Deposits. Total end of period deposits increased \$10.8 million, or 2.7%, to \$406.6 million at September 30, 2006, compared to \$395.8 million at December 31, 2005. Noninterest bearing deposits decreased by \$13.8 million, or 16.8%. This decrease was offset by an increase of \$24.7 million, or 7.9%, in interest bearing deposits.

Short-term Borrowings. Short-term borrowings increased to \$26.0 million at September 30, 2006, compared to zero at December 31, 2005. Pulaski Investment Corporation's short-term borrowings at September 30, 2006 were comprised of \$22.0 million in Federal Home Loan Bank of Dallas advances with maturities of less than one year and \$4.0 million of federal funds purchased. The short-term borrowings were necessary to fund loan growth during 2006.

Long-term Borrowings. Long-term borrowings decreased \$3.2 million, or 12.1%, to \$23.4 million at September 30, 2006, compared to \$26.7 million at December 31, 2005. At September 30, 2006, Pulaski Investment Corporation's long-term borrowings were comprised of \$17.3 million of advances from the Federal Home Loan Bank of Dallas and \$6.2 million in junior subordinated debt.

Shareholders' Equity. Shareholders' equity provides a source of permanent funding, allows for future growth and provides Pulaski Investment Corporation with a cushion to withstand unforeseen adverse developments. At September 30, 2006, shareholders' equity totaled \$41.5 million, an increase of \$1.4 million, or 3.6%, compared to \$40.0 million at December 31, 2005. The changes in shareholders' equity during the first nine months of 2006 are summarized in the Consolidated Statement of Shareholders' Equity included elsewhere herein.

Results of Operations

Net income for the third quarter of 2006 totaled \$573,000, compared to \$998,000 earned during the third quarter of 2005, a decrease of \$425,000, or 42.6%. For the nine months ended September 30, 2006, Pulaski Investment Corporation reported net income of \$2.56 million, compared to \$2.64 million earned during the same period of 2005, a decrease of \$76,000, or 2.9%.

Net Interest Income. Net interest income is the difference between interest realized on earning assets and interest paid on interest-bearing liabilities and is also the driver of core earnings. As such, it is subject to constant scrutiny by management. The rate of return and relative risk associated with earning assets are weighed to determine the appropriateness and mix of earning assets.

Net interest income decreased \$90,000, or 1.7%, to \$5.1 million for the three months ended September 30, 2006, compared to \$5.2 million for the three months ended September 30, 2005. The decrease was due to a \$1.4 million, or 18.8%, increase in interest income, which was offset by a \$1.5 million, or 67.2%, increase in interest expense.

For the nine months ended September 30, 2006, net interest income increased \$316,000, or 2.2%, to \$14.9 million, compared to \$14.6 million for the first nine months of 2005. The increase was due to a \$4.2 million, or 20.9%, increase in interest income, which was partially offset by a \$3.9 million, or 70.6%, increase in interest expense. The increase in net interest income was primarily attributable to increased volume of net interest earning assets as Pulaski Investment Corporation's net interest margin ratio declined during the nine months period ended September 30, 2006.

Pulaski Investment Corporation continues to monitor investment opportunities and weigh the associated risk/return. Volume increases in earning assets and improvements in the mix of earning assets and interest-bearing liabilities are expected to improve net interest income, but may negatively impact the net interest margin ratio.

As part of an overall interest rate risk management strategy, derivatives may be used as an efficient way to modify the repricing or maturity characteristics of assets and liabilities. Management may from time to time

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engage in a hedging program to help manage interest rate risk with respect to mortgage loans held for sale. As of September 30, 2006, the gross notional amounts of forward contracts and written options associated with hedging activities were \$5.5 million and \$5.7 million, respectively. The net fair market value adjustments for the outstanding derivative transactions were not significant at September 30, 2006.

Provision For Loan Losses. Management of Pulaski Investment Corporation assesses the allowance for loan losses monthly and will make provisions for loan losses as deemed appropriate in order to maintain the adequacy of the allowance for loan losses. Increases to the allowance for loan losses are achieved through provisions for loan losses that are charged against income.

The provision for loan losses during the nine months and three months ended September 30, 2006, amounted to \$299,000 compared to a provision of \$903,000 and \$372,000 for the nine months and three months ended September 30, 2005, respectively. The allowance for loan losses as a percentage of outstanding loans, net of unearned income, decreased from 1.31% at December 31, 2005, to 1.15% at September 30, 2006. The allowance for loan losses as a percentage of outstanding loans, net of unearned income, was 1.02% as of September 30, 2005.

Noninterest Income. Pulaski Investment Corporation's total noninterest income was \$7.9 million for the three months ended September 30, 2006, \$1.2 million, or 13.4%, lower than the \$9.1 million earned for the same period in 2005. For the nine months ended September 30, 2006, total noninterest income decreased \$888,000, or 3.6%, from \$24.7 million to \$23.8 million compared to the nine months ended September 30, 2005. The most significant components of the decrease were attributable to the decline in title company and mortgage banking operations during the periods.

Noninterest Expense. Pulaski Investment Corporation's total noninterest expense was \$11.7 million for the three months ended September 30, 2006, \$637,000, or 5.2%, lower than the \$12.3 million expense incurred for the same period in 2005. Noninterest expense increased \$143,000, or 0.4%, for the nine months ended September 30, 2006, to \$34.2 million, compared to \$34.1 million for the nine months ended September 30, 2005.

Salaries and employee benefits decreased \$216,000, or 2.9%, for the third quarter and increased \$531,000, or 2.5%, for the first nine months of 2006.

Other expenses decreased \$393,000, or 12.3%, for the third quarter and \$687,000, or 8.0% for the first nine months of 2006 primarily due to the decline in title company and mortgage banking operations.

Income Tax Expense. Income tax expense decreased \$178,000, or 28.3%, for the three months ended September 30, 2006 to \$450,000, compared to \$628,000 for the three months ended September 30, 2005. For the nine months ended September 30, 2006, income tax expense decreased \$35,000, or 2.0%. The decreases in income tax expense were principally due to the decreases in pre-tax earnings during the periods.

The effective tax rates for the nine months ended September 30, 2006 and 2005 were 40.0% and 39.8%, respectively.

Liquidity and Capital Resources

Pulaski Investment Corporation's liquidity, represented by cash and cash equivalents, is a product of its operating, investing and financing activities. Pulaski Investment Corporation manages its liquidity with the objective of maintaining sufficient funds to respond to the needs of depositors and borrowers and to take advantage of earnings enhancement opportunities. The primary sources of funds for Pulaski Investment Corporation are deposits, borrowings, repayments and maturities of loans and investment securities, securities sold under agreements to repurchase, as well as funds provided from operations. Certificates of deposit scheduled to mature in one year or less at September 30, 2006 totaled \$145.9 million. Based on past experience,

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management believes that a significant portion of maturing deposits will remain with Pulaski Investment Corporation, including those obtained through acquisitions. Additionally, the majority of the investment securities portfolio is classified by Pulaski Investment Corporation as available-for-sale, which provides the ability to liquidate securities as needed. Due to the relatively short planned duration of the investment security portfolio, Pulaski Investment Corporation continues to experience significant cash flows.

While scheduled cash flows from the amortization and maturities of loans and securities are relatively predictable sources of funds, deposit flows and prepayments of loans and investment securities are greatly influenced by general interest rates, economic conditions and competition. The Federal Home Loan Bank of Dallas provides an additional source of liquidity to make funds available for general requirements and also to assist with the variability of less predictable funding sources. The Bank also has various funding arrangements with commercial banks in the form of federal funds. In addition, Pulaski Investment Corporation issued junior subordinated debt totaling \$6.2 million, which may be included in Tier 1 capital up to 25% of the total of Pulaski Investment Corporation's core capital elements, including the junior subordinated debt.

Pulaski Investment Corporation has been able to generate sufficient cash through its deposits as well as borrowings and anticipates it will continue to have sufficient funds to meet its liquidity requirements. At September 30, 2006, commitments under unused lines of credit, including credit card lines, amounted to \$97.4 million.

At September 30, 2006, Pulaski Investment Corporation and the Bank had regulatory capital that was in excess of regulatory requirements.

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POCAHONTAS BANCORP, INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS AT
SEPTEMBER 30, 2006 AND 2005 AND FOR THE THREE YEARS IN
THE PERIOD ENDED SEPTEMBER 30, 2006
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors

Pocahontas Bancorp, Inc.

Jonesboro, Arkansas

We have audited the accompanying consolidated statement of financial condition of Pocahontas Bancorp, Inc. and subsidiaries (the Company) as of September 30, 2006, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended. 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 audit. The consolidated financial statements of Pocahontas Bancorp, Inc. and subsidiaries for the years ended September 30, 2005 and 2004, were audited by other auditors whose report, dated December 22, 2005 (December 21, 2006 and May 19, 2006 as to the effects of the restatements of those financial statements, as described in the first and second paragraphs, respectively, of Note 26 thereof), expressed an unqualified opinion on those statements.

We conducted our audit of the 2006 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pocahontas Bancorp, Inc. and subsidiaries as of September 30, 2006, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ KRAFTCPAs PLLC

Nashville, Tennessee

November 21, 2006

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Pocahontas Bancorp, Inc.

Jonesboro, Arkansas

We have audited the accompanying consolidated statement of financial condition of Pocahontas Bancorp, Inc. and subsidiaries (the Company) as of September 30, 2005, and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended September 30, 2005 and 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2005, and the results of its operations and its cash flows for the years ended September 30, 2005 and 2004, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 26, the consolidated financial statements for the years ended September 30, 2005 and 2004 have been restated.

/s/ Deloitte & Touche LLP

Little Rock, Arkansas

December 22, 2005 (December 21, 2006 and May 19, 2006 as to the effects of the restatements described in the first and second paragraphs, respectively, in Note 26)

Table of Contents**POCAHONTAS BANCORP, INC.****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION****SEPTEMBER 30, 2006 AND 2005**

	2006	2005
ASSETS		
Cash and due from banks:		
Interest bearing	\$ 17,055	\$ 14,600
Noninterest bearing	23,808,233	23,396,851
	23,825,288	23,411,451
Cash surrender value of life insurance	8,392,191	8,019,097
Securities held-to-maturity, at amortized cost (fair value of \$130,187,272 and \$127,755,514 in 2006 and 2005, respectively)	133,120,083	129,952,373
Securities available-for-sale, at fair value (amortized cost of \$97,152,528 and \$102,343,904 in 2006 and 2005, respectively)	93,561,067	99,460,045
Trading securities, at fair value		3,126,044
Loans receivable, net	431,768,328	426,538,047
Loans receivable, held for sale	3,243,591	3,057,985
Accrued interest receivable	5,037,759	4,487,837
Premises and equipment, net	15,876,493	16,716,912
Federal Home Loan Bank stock, at cost	6,571,500	7,962,000
Goodwill	8,847,572	8,847,572
Core deposit premiums, net	4,350,114	5,323,319
Other assets	3,859,743	4,360,885
TOTAL ASSETS	\$ 738,453,729	\$ 741,263,567
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Deposits	\$ 557,788,431	\$ 514,043,734
Federal Home Loan Bank advances	104,398,292	148,645,397
Deferred compensation	1,788,721	2,176,859
Accrued interest payable	1,243,944	1,289,978
Accrued expenses and other liabilities	3,294,690	5,776,662
Trust preferred securities	16,983,450	16,962,683
Total liabilities	685,497,528	688,895,313
STOCKHOLDERS EQUITY:		
Common stock, \$0.01 par value, 8,000,000 shares authorized; 7,602,492 shares issued and 4,641,717 shares outstanding at 2006 and 2005	76,024	76,024
Additional paid-in capital	57,134,937	57,275,390
Unearned ESOP shares	(1,799,459)	(2,076,856)
Accumulated other comprehensive loss	(2,837,087)	(2,517,282)
Retained earnings	24,784,330	24,013,522
	77,358,745	76,770,798
Less treasury stock at cost, 2,960,775 shares at 2006 and 2005	(24,402,544)	(24,402,544)
Total stockholders equity	52,956,201	52,368,254

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 738,453,729	\$ 741,263,567
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See notes to consolidated financial statements.

Table of Contents**POCAHONTAS BANCORP, INC.****CONSOLIDATED STATEMENTS OF INCOME****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

	2006	2005	2004
INTEREST INCOME:			
Loans receivable	\$ 28,771,889	\$ 23,804,611	\$ 23,997,993
Securities:			
Taxable	8,527,625	10,772,099	11,158,113*
Nontaxable	1,882,097	1,054,706	924,043*
Total interest income	39,181,611	35,631,416	36,080,149
INTEREST EXPENSE:			
Deposits	17,105,078	12,232,219	11,619,647
Borrowed funds	5,415,796	5,269,259	3,751,246
Trust preferred securities	1,610,239	1,440,363	1,286,688
Total interest expense	24,131,113	18,941,841	16,657,581
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	15,050,498	16,689,575	19,422,568
PROVISION FOR LOAN LOSSES	845,000	525,000	3,900,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	14,205,498	16,164,575	15,522,568
NON-INTEREST INCOME:			
Dividends	386,678	319,108	135,413
Fees and service charges	3,083,804	3,187,079	3,081,843
Trading gains, net	337	240,736	398,165
Gain on sales of loans	777,312	1,056,477	1,239,706
Gain on sales of securities, net	269,941	565,939	385,866
Gain on sale of branches			136,834
Gain on sale of loan servicing	159,148		
Other	344,314	306,465	294,690
Total non-interest income, net	5,021,534	5,675,804	5,672,517
NON-INTEREST EXPENSES:			
Compensation and benefits	9,350,132	9,342,144	9,539,845
Occupancy and equipment	2,941,812	2,779,615	2,723,191
Insurance premiums	406,065	373,886	334,768
Professional fees	1,478,705	1,008,483	826,156
Data processing	765,205	668,737	675,485
Advertising and donations	478,135	1,193,756	408,480
Office supplies	290,779	373,345	234,129
REO and other repossessed assets	89,889	210,695	321,249
Other	1,303,230	1,554,128	1,211,924
Total non-interest expenses	17,103,952	17,504,789	16,275,227
INCOME BEFORE INCOME TAXES	2,123,080	4,335,590	4,919,858

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INCOME TAX EXPENSE (BENEFIT)	(90,550)	1,096,534	1,463,244
NET INCOME	\$ 2,213,630	\$ 3,239,056	\$ 3,456,614
EARNINGS PER SHARE:			
Basic earnings per share	\$ 0.49	\$ 0.72	\$ 0.77
Diluted earnings per share	\$ 0.48	\$ 0.71	\$ 0.75
DIVIDENDS PAID	\$ 0.32	\$ 0.32	\$ 0.32

* 2004 amounts as restated, see Note 26

See notes to consolidated financial statements.

Table of Contents**POCAHONTAS BANCORP, INC.****CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

	Common Stock			Accumulated		Treasury Stock		Total	
	Shares	Amount	Capital	Unearned ESOP Shares	Other Comprehensive Income (Loss)	Retained Earnings	Shares		Amount
BALANCE, OCTOBER 1, 2003	7,497,066	\$ 74,970	\$ 56,533,430	\$ (538,121)	\$ 899,339	\$ 20,199,149	2,947,275	\$ (24,172,200)	\$ 52,996,567
Comprehensive income (loss)									
Net change in unrealized gain on available-for-sale securities, net of tax					(478,727)				(478,727)
Unrealized loss for securities transferred to held-to-maturity					(906,107)				(906,107)
Amortization of unrealized loss on securities transferred to held-to-maturity					23,082				23,082
Less reclassification adjustment for (gains) losses included in net income					(254,672)				(254,672)
Net income						3,456,614			3,456,614
Total comprehensive income									1,840,190
Repayment of ESOP loan and related increase in share value			(9,424)	692,663					683,239
Purchase of stock for ESOP				(2,270,740)					(2,270,740)
Options exercised	105,426	1,054	923,649						924,703
Treasury stock purchased							13,500	(230,344)	(230,344)
Dividends						(1,442,791)			(1,442,791)
BALANCE, SEPTEMBER 30, 2004	7,602,492	76,024	57,447,655	(2,116,198)	(717,085)	22,212,972	2,960,775	(24,402,544)	52,500,824
Comprehensive income (loss)									
Net change in unrealized loss on available-for-sale securities, net of tax					(1,695,767)				(1,695,767)
Amortization of unrealized loss on securities transferred to held-to-maturity					269,090				269,090
Less reclassification adjustment for (gains) losses included in net income					(373,520)				(373,520)
Net income						3,239,056			3,239,056
Total comprehensive income									1,438,859
Repayment of ESOP loan and related increase in share value			(172,265)	508,252					335,987
Purchase of stock for ESOP				(468,910)					(468,910)
Dividends						(1,438,506)			(1,438,506)
BALANCE, SEPTEMBER 30, 2005	7,602,492	76,024	57,275,390	(2,076,856)	(2,517,282)	24,013,522	2,960,775	(24,402,544)	52,368,254

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Comprehensive income (loss)			
Net change in unrealized gain on available-for-sale securities, net of tax		(288,856)	(288,856)
Amortization of unrealized loss on securities transferred to held-to-maturity		147,212	147,212
Less reclassification adjustment for (gains) losses included in net income		(178,161)	(178,161)
Net income		2,213,630	2,213,630
Total comprehensive income			1,893,825
Repayment of ESOP loan and related increase in share value	(140,453)	353,509	213,056
Purchase of stock for ESOP		(76,112)	(76,112)
Dividends		(1,442,822)	(1,442,822)

BALANCE, SEPTEMBER 30, 2006 7,602,492 \$ 76,024 \$ 57,134,937 \$ (1,799,459) \$ (2,837,087) \$ 24,784,330 2,960,775 \$ (24,402,544) \$ 52,956,201

See notes to consolidated financial statements.

Table of Contents**POCAHONTAS BANCORP, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

	2006	2005 (As restated, see Note 26)	2004
OPERATING ACTIVITIES:			
Net income	\$ 2,213,630	\$ 3,239,056	\$ 3,456,614
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	845,000	525,000	3,900,000
Depreciation of premises and equipment	1,297,821	1,302,848	1,259,864
Deferred income tax provision (benefit)	(533,993)	487,640	(1,324,590)
Amortization of deferred loan fees	(60,390)	(67,185)	(66,577)
Amortization of premiums and discounts, net	153,163	244,153	147,083
Amortization of core deposit premium	973,205	973,204	944,696
Adjustment of ESOP shares and release of shares under recognition and retention plan	213,056	335,987	683,239
(Increase) decrease in loans held for sale	591,706	(507,309)	2,875,744
Net gains on sales of loans	(777,312)	(1,056,477)	(1,239,706)
Net gains on sales of investment securities	(269,941)	(565,939)	(385,866)
Net gains on sales of branches			(136,834)
Net gain on sale of mortgage servicing rights	(159,148)		
Increase in cash surrender value of life insurance policies	(373,093)	(334,846)	(343,633)
Stock dividends on FHLB stock	(348,700)	(257,700)	(113,400)
Changes in operating assets and liabilities, net			
Trading securities	(442,256)	(1,143,679)	(485,113)
Accrued interest receivable	(549,921)	(291,734)	964,903
Accrued interest payable	(46,034)	263,943	(21,783)
Other assets	1,298,788	(1,123,662)	1,832,607
Deferred compensation	(388,139)	(253,235)	(455,144)
Accrued expenses and other liabilities	(51,973)	1,313,021	(798,322)
Net cash provided by operating activities	3,585,469	3,083,086	10,693,782
INVESTING ACTIVITIES:			
Sale of branches to Bank of Cave City, Arkansas			(9,697,800)
Purchases of available for sale and held to maturity securities	(36,868,631)	(80,574,357)	(112,557,349)
Proceeds from sale of securities available-for-sale	2,900,647	49,180,848	86,953,100
Proceeds from maturities, calls and principal prepayment of investment securities	37,414,708	49,787,128	76,386,821
Net (increase) decrease in FHLB Bank stock	1,739,200	221,600	(2,228,800)
Increase in loans, net	(6,819,525)	(46,043,012)	(1,834,799)
Proceeds from sale of REO	940,713	988,675	881,693
Proceeds from sale of premises and equipment	3,235	13,456	7,567
Purchases of premises and equipment	(460,638)	(4,270,778)	(1,042,267)
Net cash provided (used) by investing activities	(1,150,291)	(30,696,440)	36,868,166

(Continued)

Table of Contents**POCAHONTAS BANCORP, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

	2006	2005	2004
		(As restated, see Note 26)	
FINANCING ACTIVITIES:			
Net increase (decrease) in deposits other than in acquisitions and branch sales	\$ 43,744,697	\$ 22,965,201	\$ (84,548,016)
Federal Home Loan Bank advances	1,446,820,000	1,000,211,000	877,684,600
Repayment of Federal Home Loan Bank advances	(1,491,067,104)	(1,005,462,472)	(824,481,358)
Exercise of stock options			924,703
Purchase of treasury shares			(230,344)
Purchase of stock for ESOP	(76,112)	(468,909)	(2,270,740)
Dividends paid	(1,442,822)	(1,438,506)	(1,442,791)
Net cash provided (used) by financing activities	(2,021,341)	15,806,314	(34,363,946)
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	413,837	(11,807,040)	13,198,002
CASH AND DUE FROM BANKS, BEGINNING OF YEAR	23,411,451	35,218,491	22,020,489
CASH AND DUE FROM BANKS, END OF YEAR	\$ 23,825,288	\$ 23,411,451	\$ 35,218,491
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 24,177,147	\$ 18,677,897	\$ 16,679,365
Income taxes	\$ 533,026	\$ 1,138,685	\$ 2,884,070
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Transfers from loans to real estate acquired, or deemed acquired, through foreclosure	\$ 1,188,433	\$ 2,184,747	\$ 2,706,959
Loans originated to finance the sale of real estate acquired through foreclosure	\$ 383,799	\$ 821,500	\$ 1,149,662
Trading securities transferred to available-for-sale	\$ 3,568,300	\$	\$
Securities purchased not settled	\$	\$ 2,430,000	\$
Securities transferred to held-to-maturity	\$	\$	\$ 86,089,901

(Concluded)

See notes to consolidated financial statements.

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Principles of Consolidation The accompanying consolidated financial statements include the accounts of Pocahontas Bancorp, Inc. (Bancorp), its wholly owned subsidiary, First Community Bank (the Bank), as well as the Bank's subsidiaries, Southern Mortgage Corporation, P.F. Service, Inc. and Sun Realty, Inc. (collectively referred to as the Company). All significant intercompany transactions have been eliminated in consolidation. The Bank operates 21 offices in northeastern Arkansas and Tulsa County Oklahoma, as a federally chartered savings and loan.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

Cash and Due From Banks For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents are defined as those amounts included in the statement of financial condition captioned cash and due from banks. This includes cash on hand and amounts due from depository institutions and highly-liquid investments having a maturity at acquisition of three months or less.

Trading Securities Equity securities held principally for resale in the near term are classified as trading securities and reported at their fair values. Unrealized gains and losses on trading securities are included in other income.

Securities Held-to-Maturity Bonds, notes, and debentures for which the Company has the positive intent and ability to hold to maturity are reported at cost, adjusted for the amortization of premiums and the accretion of discounts, which are recognized in income using the level-yield method over the assets' remaining lives and adjusted for anticipated prepayments. Should other than a temporary decline in the fair value of a security occur, the carrying value of such security would be written down to current market value by a charge to operations. As of September 30, 2006 and 2005, no securities were determined to have other than a temporary decline in fair value below cost. For a debt security transferred into the held-to-maturity category from the available-for-sale category, the unrealized holding gain or loss at the date of the transfer, which is included in accumulated other comprehensive income, is amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount.

Securities Available-for-Sale Available-for-sale securities consist of securities that the Company intends to hold for an indefinite period of time and are reported at fair value. Unrealized holding gains and losses, net of tax, on available-for-sale securities are reported as accumulated other comprehensive income (loss), a separate component of stockholders' equity, until realized. Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. Declines in the fair value of individual available-for-sale securities below their cost that are other than temporary would result in a write-down of the individual security to its fair value. The related write-down would be included in earnings as a realized loss. As of September 30, 2006, no securities were determined to have other than a temporary decline in fair value below cost.

Loans Receivable Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge offs, the allowance for loan losses, and any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

Discounts and premiums on purchased residential real estate loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments. Discounts and premiums on purchased consumer loans are recognized over the expected lives of the loans using methods that approximate the interest method. Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield over the life of the related loan.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet contractual principal or interest obligations or where interest or principal is 90 days or more past due. When a loan is placed on nonaccrual status, accrual of interest ceases and, in general, uncollected past due interest (including interest applicable to prior reporting periods, if any) is reversed and charged against current income. Therefore, interest income is not recognized unless the financial condition or payment record of the borrower warrants the recognition of interest income. Interest on loans that have been restructured is generally accrued according to the renegotiated terms.

Loans Receivable Held for Sale Loans receivable, held for sale are carried at the lower of cost or market, which is computed by the aggregate method (unrealized losses are offset by unrealized gains). Gains or losses on loan sales are recognized at the time of sale and are determined by the difference between net sales proceeds and the unpaid principal balance of loans sold, adjusted for unamortized discount points and fees collected from borrowers, deferred origination costs and amounts allocated to retained servicing rights.

Allowance for Loan Losses The allowance for loan losses is a valuation allowance to provide for incurred but not yet realized losses. The Company reviews its loans for impairment on a quarterly basis. Impairment is determined by assessing the probability that the borrower will not be able to fulfill the contractual terms of the agreement. If a loan is determined to be impaired, the amount of the impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or by use of the observable market price of the loan or fair value of collateral if the loan is collateral dependent. Throughout the year management estimates the level of probable losses to determine whether the allowance for loan losses is appropriate considering the estimated losses existing in the portfolio. Based on these estimates, an amount is charged to the provision for loan losses and credited to the allowance for loan losses in order to adjust the allowance to a level determined by management to be appropriate relative to losses. The allowance for loan losses is increased by charges to income (provisions) and decreased by charge offs, net of recoveries. Loans are charged off by reducing the loan balance and the allowance in the period in which the loans are deemed uncollectible in whole or in part.

Management's periodic evaluation of the appropriateness of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current economic conditions.

Homogeneous loans are those that are considered to have common characteristics that provide for evaluation on an aggregate or pool basis. The Company considers the characteristics of (1) one-to-four family residential first mortgage loans; (2) automobile loans; and (3) consumer and home improvement loans to permit consideration of the appropriateness of the allowance for losses of each group of loans on a pool basis. The primary methodology used to determine the appropriateness of the allowance for losses includes segregating certain specific, poorly performing loans based on their performance characteristics from the pools of loans as to type and then applying a loss factor to the remaining pool balance based on several factors including classification of the loans as to grade, past loss experience, inherent risks, economic conditions in the primary

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

market areas and other factors which usually are beyond the control of the Company. Those segregated specific loans are evaluated using the present value of future cash flows, usually determined by estimating the fair value of the loan's collateral reduced by any cost of selling and discounted at the loan's effective interest rate if the estimated time to receipt of monies is more than three months.

Non-homogeneous loans are those loans that can be included in a particular loan type, such as commercial loans and multi-family and commercial first mortgage loans, but which differ in other characteristics to the extent that valuation on a pool basis is not valid. After segregating specific, poorly performing loans and applying the methodology as noted in the preceding paragraph for such specific loans, the remaining loans are evaluated based on payment experience, known difficulties in the borrowers business or geographic area, loss experience, inherent risks and other factors usually beyond the control of the Company. These loans are then graded and a factor, based on experience, is applied to estimate the probable loss.

Estimates of the probability of loan losses involve an exercise of judgment. While it is possible that in the near term the Company may sustain losses which are substantial in relation to the allowance for loan losses, it is the judgment of management that the allowance for loan losses reflected in the consolidated statements of financial condition is appropriate considering the estimated probable losses in the portfolio.

Servicing Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Capitalized servicing rights are reported in other assets and are amortized into noninterest income in proportion to, and over the period of the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights by predominant characteristics, such as interest rates and terms. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount for the stratum.

Interest Rate Risk The Company's asset base is exposed to risk including the risk resulting from changes in interest rates and changes in the timing of cash flows. The Company monitors the effect of such risks by considering the mismatch of the maturities of its assets and liabilities in the current interest rate environment and the sensitivity of assets and liabilities to changes in interest rates. The Company's management has considered the effect of significant increases and decreases in interest rates and believes such changes, if they occurred, would be manageable and would not affect the ability of the Company to hold its assets as planned. However, the Company is exposed to significant market risk in the event of significant and prolonged interest rate changes.

Foreclosed Real Estate Real estate properties acquired through, or in lieu of, loan foreclosure are initially recorded at fair value, less estimated costs to sell, at the date of foreclosure establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Revenues and expenses from operations and changes in the valuation allowance are included in non-interest expenses. Properties obtained in this matter are also referred to as real estate owned (REO).

Premises and Equipment Land is carried at cost. Buildings and furniture, fixtures, and equipment are carried at cost, less accumulated depreciation. Depreciation for financial statement purposes is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

Core Deposit Premiums Core deposit premiums paid are being amortized over ten years which approximates the estimated life of the purchased deposits. The carrying value of core deposit premiums is periodically evaluated to estimate the remaining periods of benefit. If these periods of benefit are determined to be less than the remaining amortizable life, an adjustment to reflect such shorter life will be made.

Goodwill Goodwill is tested periodically for impairment and written down to fair value as necessary. As of April 1, 2006 and 2005, the Company performed its annual impairment test and concluded there was no impairment of the carrying value of the Company's goodwill. Absent any impairment indicators, the Company expects to perform its next impairment test as of April 1, 2007.

Income Taxes Deferred tax assets and liabilities are recorded for temporary differences between the carrying value and tax bases of assets and liabilities. Such amounts are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. Valuation allowances are established when necessary to reduce the deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in applicable deferred tax assets and liabilities.

Stock Compensation At September 30, 2006, the Company has two stock-based employee compensation plans, which are more fully described in Note 21. Financial Accounting Standards Board Statement Number 123 (revised 2004) (FAS 123 (R)), *Share-Based Payments*, requires all entities to recognize compensation expense in an amount equal to the fair value of share-based payments such as stock options granted to employees. As of October 1, 2005, the Company adopted FAS 123(R) using the modified prospective method. Under this method, the Company is required to record compensation expense (as previous awards continue to vest) for the unvested portion of previously granted awards that remained outstanding at the date of adoption. As of October 1, 2005, the Company's options were fully vested, requiring no expense to be recorded for the year ended September 30, 2006.

Recently Adopted or Issued Accounting Standards In November 2005, *FSP FAS 115-1 and FAS 124-1 The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* was issued. The FSP addressed the determination as to when an investment is considered impaired, whether that impairment is other-than-temporary, and the measurement of an impairment loss. It also included accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance of the FSP amended FASB Statements No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and APB Opinion No 18, *The Equity Method of Accounting for Investments in Common Stock*. The FSP nullified certain requirements of Emerging Issues Task Force (EITF) Issue 03-1 and supersedes EITF Topic No. D-44, *Recognition of Other-Than-Temporary Impairment upon the Planned Sale of a Security Whose Cost Exceeds Fair Value*. The FSP gives guidance regarding how to determine whether an investment is impaired, if impaired how to evaluate whether the impairment is other-than-temporary, and proper accounting and disclosures for the investments. The Guidance is effective for reporting periods beginning after December 15, 2005; earlier application is permitted. The adoption of EITF 03-1 did not have an effect on the Company's consolidated financial statements.

In July 2006, the Financial Accounting Standards Board (FASB) issued Financial Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* which is

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effective for fiscal years beginning after December 15, 2006. FIN No. 48 provides guidance regarding the recognition, measurement, presentation and disclosure in the financial statements of tax positions taken or expected to be taken on a tax return, including the decision whether to file or not file in a particular jurisdiction. The cumulative effect of the changes arising from the initial application of FIN 48 is required to be reported as an adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently evaluating the impact, if any, of the adoption of FIN 48 on our financial statements.

Reclassifications Certain 2004 and 2005 amounts have been reclassified to conform to the 2006 presentation. Accrued interest payable is being presented as a separate line item on the Consolidated Statements of Financial Condition in 2006 compared to 2005, dividends are being presented as a separate line item on the Consolidated Statements of Income in 2006 compared to 2005 and 2004, and other comprehensive income is presented in the Consolidated Statements of Stockholders' Equity in 2006 instead of in a Statement of Income and Other Comprehensive Income in 2005 and 2004.

2. FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair value amounts of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying amounts and estimated fair values of financial instruments at September 30, 2006 and 2005, were as follows (items which are not financial instruments are not included):

	2006		2005	
	Carrying Amounts	Estimated Fair Value	Carrying Amounts	Estimated Fair Value
Financial assets and liabilities:				
Cash and due from banks	\$ 23,825,288	\$ 23,825,288	\$ 23,411,451	\$ 23,411,451
Cash surrender value of life insurance	8,392,191	8,392,191	8,019,097	8,019,097
Securities held-to-maturity	133,120,083	130,187,272	129,952,373	127,755,514
Securities available-for-sale	93,561,067	93,561,067	99,460,045	99,460,045
Trading securities			3,126,044	3,126,044
Loans receivable, net	431,768,328	432,669,000	426,538,047	423,664,000
Loans receivable held for sale	3,243,591	3,308,000	3,057,985	3,260,000
Accrued interest receivable	5,037,759	5,037,759	4,487,837	4,487,837
Federal Home Loan Bank stock	6,571,500	6,571,500	7,962,000	7,962,000
Demand and savings deposits	216,605,387	216,605,387	246,257,677	245,604,000
Time deposits	341,183,044	339,821,000	267,786,057	267,157,000
Federal Home Loan Bank advances	104,398,292	104,198,000	148,645,397	147,967,000

For purposes of the above disclosures of estimated fair value, the following assumptions were used. The estimated fair values for cash and due from banks, cash surrender value of life insurance, accrued interest receivable, and FHLB stock are considered to approximate cost. The estimated fair values for securities are based on quoted market values for the individual securities or for equivalent securities. The fair value for loans is

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

estimated by discounting the future cash flows using the current rates the Company would charge for similar such loans at the applicable date. The estimated fair values for demand and savings deposits are based on the amounts for which they could be settled on demand. The estimated fair values for time deposits and FHLB advances are based on estimates of the rate the Company would pay on such deposits and borrowed funds at the applicable date, applied for the time period until maturity. The estimated fair values for other financial instruments approximate cost and are not considered significant to this presentation. Fair values for the Company's off-balance-sheet instruments, which consist of lending commitments and standby and commercial letters of credit, are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. Management believes that the fair value of these off-balance-sheet instruments is not significant.

3. SECURITIES

The amortized cost and estimated fair values of securities at September 30 are as follows:

	2006			Estimated
	Amortized	Gross	Gross	Fair
	Cost	Unrealized Gains	Unrealized Losses	Value
Held-to-Maturity				
US Government Agencies	\$ 4,000,000	\$	\$ 133,380	\$ 3,866,620
US Government Treasury Notes	19,920,698		176,948	19,743,750
Mortgage Backed Securities	61,329,055		2,755,893	58,573,162
Municipal bonds	47,870,330	268,955	135,545	48,003,740
Total	\$ 133,120,083	\$ 268,955	\$ 3,201,766	\$ 130,187,272

	2006			Estimated
	Amortized	Gross	Gross	Fair
	Cost	Unrealized Gains	Unrealized Losses	Value
Available-for-sale				
Mortgage backed securities	\$ 95,214,934	\$	\$ 3,520,437	\$ 91,694,497
Preferred Security	111,350		3,325	108,025
Equity Securities (Common Stock)	826,244	26,000	56,799	795,445
Mutual fund	1,000,000		36,900	963,100
Total	\$ 97,152,528	\$ 26,000	\$ 3,617,461	\$ 93,561,067

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	2005			Estimated
	Amortized	Gross	Gross	Fair
	Cost	Unrealized Gains	Unrealized Losses	Value
Held-to-Maturity				
US Government Agencies	\$ 4,000,000	\$	\$ 74,057	\$ 3,925,943
US Government Treasury Notes	19,844,509		133,571	19,710,938
Mortgage Backed Securities	76,704,653	9,560	2,101,766	74,612,447
Municipal bonds	29,403,211	257,902	154,927	29,506,186
Total	\$ 129,952,373	\$ 267,462	\$ 2,464,321	\$ 127,755,514

	2005			Estimated
	Amortized	Gross	Gross	Fair
	Cost	Unrealized Gains	Unrealized Losses	Value
Available-for-sale				
Mortgage backed securities	\$ 101,343,904	\$	\$ 2,859,874	\$ 98,484,030
Mutual fund	1,000,000		23,985	976,015
Total	\$ 102,343,904	\$	\$ 2,883,859	\$ 99,460,045

The amortized cost and estimated fair value of securities at September 30, 2006, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 11,643,160	\$ 11,582,568	\$	\$
Due from one year to five years	18,784,018	18,607,185		
Due from five years to ten years	9,630,181	9,629,987		
Due after ten years	31,733,669	31,794,370		
Mortgage backed securities	61,329,055	58,573,162	95,214,934	91,694,497
Preferred Security			111,350	108,025
Equity Securities (Common Stock)			826,244	795,445
Mutual fund			1,000,000	963,100
Total	\$ 133,120,083	\$ 130,187,272	\$ 97,152,528	\$ 93,561,067

Available-for-sale securities with a carrying value and a fair value of \$41,759,272 and \$16,440,711 at September 30, 2006 and 2005, respectively, and held-to-maturity securities with a carrying value of \$65,953,046 and a fair value of \$64,641,364 at September 30, 2006, and a

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carrying value of \$87,277,527 and a fair value of \$85,722,293 at September 30, 2005, were pledged to collateralize public and trust deposits.

For the years ended September 30, 2006, 2005, and 2004, proceeds from the sales of securities available-for-sale amounted to \$2,900,647, \$49,180,848, and \$86,953,100, respectively. Gross realized gains amounted to \$295,059, \$566,790, and \$845,892, respectively. Gross realized losses amounted to \$25,118, \$851, and \$460,026, respectively.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

The following table presents those investments of the Company with gross unrealized losses, along with the related fair value, by investment category and length of time in a loss position. These individual securities have been in a continuous unrealized loss position as of September 30, 2006.

Security Description	Less than 12 months		12 months or longer		Total	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Held-to-Maturity						
U.S. Government agency obligations	\$	\$	\$ 3,866,620	\$ (133,380)	\$ 3,866,620	\$ (133,380)
U.S. Government Treasury obligations			19,743,750	(176,948)	19,743,750	(176,948)
Mortgage-backed securities			58,573,162	(2,755,893)	58,573,162	(2,755,893)
Municipal Bonds	7,406,237	(35,967)	7,177,054	(99,578)	14,583,291	(135,545)
	\$ 7,406,237	\$ (35,967)	\$ 89,360,586	\$ (3,165,799)	\$ 96,766,823	\$ (3,201,766)
Available-for-Sale						
Mortgage-backed securities	\$ 12,688,113	\$ (107,337)	\$ 79,006,384	\$ (3,413,100)	\$ 91,694,497	\$ (3,520,437)
Preferred Security	108,025	(3,325)			108,025	(3,325)
Equity Securities (Common Stock)	486,945	(34,049)	58,500	(22,750)	545,445	(56,799)
Mutual Fund	963,100	(36,900)			963,100	(36,900)
	\$ 14,246,183	\$ (181,611)	\$ 79,064,884	\$ (3,435,850)	\$ 93,311,067	\$ (3,617,461)

Management of the Company anticipates that the market values of its investments which have unrealized losses for 12 months or longer at September 30, 2006, will increase to at least the cost of the investment to the Company. The investments with indicated losses above include debt securities whose market values have declined due to interest rate fluctuations and equity securities whose decline appears to be due to normal market factors including the issuer's financial performance. In determining that the investment is not other-than-temporarily impaired the Company considered reports of financial specialists and the volatility of the investment's fair value.

U.S. Government Obligations. The unrealized losses on the Company's investments in U.S. Treasury obligations and direct obligations of U.S. government agencies were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Company has the ability and intent to hold those investments until a recovery of fair value, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2006.

Federal Agency Mortgage-Backed Securities. The unrealized losses on the Company's investment in federal agency mortgage-backed securities were caused by interest rate increases. The Company purchased those investment securities at a premium relative to their face amount, and the contractual cash flows of those investments are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost of the Company's investment. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company has the ability and intent to hold those investments until a recovery of fair value, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2006.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

Municipal Bonds. The unrealized losses on the Company's investments in municipal bonds were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Company has the ability and intent to hold those investments until a recovery of fair value, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2006.

Mutual Fund. The unrealized loss on the Company's investment in the CRA Mutual Fund was caused by interest rate increases. The composition of the Fund includes Asset Backed Securities/CMOs, Targeted Mortgage-backed Securities, FNMA, Taxable Municipal Bonds, Money markets, and project loans. Because the Company has the ability and intent to hold this investment until a recovery of fair value, the Company does not consider this investment to be other-than-temporarily impaired at September 30, 2006.

4. LOANS RECEIVABLE

Loans receivable at September 30 are summarized as follows:

	2006	2005
Real estate loans:		
Single-family residential	\$ 127,993,914	\$ 133,438,043
Multifamily residential	9,623,559	8,812,085
Agricultural	18,095,981	20,190,397
Commercial	130,415,628	135,810,958
Total real estate loans	286,129,082	298,251,483
Other loans:		
Savings account loans	6,669,883	6,279,261
Commercial business	78,594,307	80,695,014
Other	69,313,129	52,150,010
Total other loans	154,577,319	139,124,285
Total loans receivable	440,706,401	437,375,768
Less:		
Undisbursed loan proceeds	5,796,604	7,456,048
Unearned fees, net	147,412	172,412
Allowance for loan losses	2,994,057	3,209,261
Loans receivable, net	\$ 431,768,328	\$ 426,538,047

The Company originates adjustable rate mortgage loans to hold for investment. The Company also originates 15 year, 20 year and 30 year fixed-rate mortgage loans and sells substantially all new originations of such loans to outside investors. Such loans are typically originated for sale. These loans are typically held for sale only a short time, and were approximately \$3.2 million and \$3.1 million as of September 30, 2006 and 2005, respectively. Normally the short time between origination and sale does not provide for significant differences between cost and market values.

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During 2006, the Company sold the servicing rights on \$97.2 million of loans previously sold to Fannie Mae for a net gain of \$159 thousand.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

The Company is not committed to lend additional funds to debtors whose loans have been modified.

The Company grants real estate, commercial, consumer and agricultural real estate loans, primarily in northeastern Arkansas and Tulsa County Oklahoma. Substantially all loans are collateralized by real estate or consumer assets.

5. ACCRUED INTEREST RECEIVABLE

Accrued interest receivable at September 30 is summarized as follows:

	2006	2005
Securities	\$ 1,191,180	\$ 1,050,443
Loans receivable	3,846,579	3,437,394
TOTAL	\$ 5,037,759	\$ 4,487,837

6. ALLOWANCE FOR LOAN AND FORECLOSED REAL ESTATE LOSSES

Activity in the allowance for losses on loans and foreclosed real estate for the years ended September 30, 2006, 2005 and 2004 is as follows:

	Loans	Foreclosed Real Estate
BALANCE, OCTOBER 1, 2003	\$ 4,067,660	\$ 88,293
Provision for losses	3,900,000	272,515
Charge-offs	(4,645,193)	(317,717)
Recoveries	443,033	34,264
BALANCE, SEPTEMBER 30, 2004	3,765,500	77,355
Provision for losses	525,000	161,200
Charge-offs	(2,309,202)	(201,244)
Recoveries	1,227,963	7,000
BALANCE, SEPTEMBER 30, 2005	3,209,261	44,311
Provision for losses	845,000	76,700
Charge-offs	(1,522,663)	(111,939)
Recoveries	462,459	4,411
BALANCE, SEPTEMBER 30, 2006	\$ 2,994,057	\$ 13,483

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

The following is a summary of information pertaining to impaired and non-accrual loans:

	September 30, 2006 2005 (in thousands)	
Impaired loans with a valuation allowance	\$ 1,875	\$ 937
Impaired loans without a valuation allowance		
Total Impaired Loans	\$ 1,875	\$ 937
Valuation allowance related to impaired loans	\$ 409	\$ 229
Total non-accrual loans	\$ 2,059	\$ 3,936
Total loans past-due ninety days or more and still accruing	\$ 4	\$ 161

	Years Ended September 30, 2006 2005 (in thousands)	
Average investment in impaired loans	\$ 1,354	\$ 4,700
Interest income recognized on impaired loans	\$ 69	\$ 35

Interest income recognized on a cash basis on impaired loans is not significantly different from interest recognized on impaired loans above. No additional funds are committed to be advanced in connection with impaired loans.

7. PREMISES AND EQUIPMENT

Premises and equipment at September 30 are summarized as follows:

	2006	2005
Cost:		
Land	\$ 3,654,614	\$ 3,654,614
Buildings and improvements	14,429,261	14,186,463
Furniture, fixtures, and equipment	5,638,965	5,481,484
	23,722,840	23,322,561
Less accumulated depreciation	(7,846,347)	(6,605,649)
TOTAL	\$ 15,876,493	\$ 16,716,912

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

The Company is obligated under various non-cancelable operating leases for premises and equipment. Rental expense was \$125,000, \$122,000, and \$131,000 for the years ended September 30, 2006, 2005 and 2004, respectively. Most of the leases contain options to extend for periods of 5 years. As of September 30, 2006, the approximate future minimum lease payments due under the aforementioned operating leases for their base terms are as follows:

Years ending September 30:	
2007	\$ 125,931
2008	117,216
2009	69,927
2010	55,539
2011	4,177
Total	\$ 372,792

8. GOODWILL AND CORE DEPOSIT PREMIUMS, NET

There has been no change in the \$8,847,572 carrying amount of goodwill for the years ended September 30, 2006 and 2005.

As of September 30, 2006, the Company has total core deposit intangible assets of \$4,350,114 net of accumulated amortization of approximately \$5,240,092. Core deposit intangible assets are estimated to have a useful life of 10 years.

The amortization of core deposit premiums is reported in the interest expense on deposits line item of the Company's Consolidated Statements of Income. Total amortization expense for core deposit intangible assets was approximately \$973,204, \$973,204, and \$944,696 for the years ended September 30, 2006, 2005, and 2004 respectively. Amortization expense for the net carrying amount of core deposit intangible assets at September 30, 2006 is estimated to be as follows:

Years ending September 30:	
2007	\$ 973,204
2008	838,883
2009	794,109
2010	794,109
2011	643,060
After September 30, 2011	306,749
Total	\$ 4,350,114

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****9. DEPOSITS**

Deposits at September 30 are summarized as follows:

	2006	2005
Checking accounts, including noninterest-bearing deposits of \$32,426,589 and \$40,043,005 in 2006 and in 2005, respectively	\$ 181,900,018	\$ 200,411,165
Passbook savings	34,705,369	45,846,512
Certificates of deposit	341,183,044	267,786,057
TOTAL	\$ 557,788,431	\$ 514,043,734

The aggregate amount of jumbo certificates of deposit with a minimum denomination of \$100,000 was \$152,742,712 and \$115,268,031 at September 30, 2006 and 2005, respectively.

At September 30, 2006, scheduled maturities of certificates of deposit, net are as follows:

	Total
Years ending September 30:	
2007	\$ 271,418,792
2008	39,774,661
2009	17,591,134
2010	8,396,597
2011	4,132,360
Subtotal	\$ 341,313,544
Unamortized acquisition adjustment	(130,500)
TOTAL	\$ 341,183,044

Interest expense on deposits for the years ended September 30, 2006, 2005, and 2004, is summarized as follows:

	2006	2005	2004
Checking	\$ 3,905,559	\$ 3,191,612	\$ 3,529,430
Savings	921,980	851,069	585,210
Certificates of deposit	12,277,539	8,189,538	7,505,007
TOTAL	\$ 17,105,078	\$ 12,232,219	\$ 11,619,647

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****10. FEDERAL HOME LOAN BANK STOCK AND ADVANCES**

The Company is required to purchase stock in the FHLB. Such stock may be redeemed at par but is not readily marketable. At September 30, 2006 and 2005, the Company had stock of \$6,571,500 and \$7,962,000, respectively. Pursuant to collateral agreements with the FHLB, advances are collateralized by all of the Company's stock in the FHLB and by 75% of qualifying loans with a carrying value at September 30, 2006 and 2005, of approximately \$138,991,000 and \$136,740,000, respectively. Advances at September 30, 2006 and 2005, have maturity dates as follows:

	2006		2005	
	Weighted Average Rate	Amount	Weighted Average Rate	Amount
September 30:				
2006		\$	2.93%	\$ 76,980,000
2007	3.99%	75,500,000	3.31%	49,500,000
2008	3.91%	10,357,965	3.95%	10,574,980
2009	4.43%	5,000,000	4.43%	5,000,000
2010	7.03%	4,000,000	7.03%	4,000,000
2011	5.06%	7,000,000		
Thereafter	6.97%	2,540,327	6.97%	2,590,417
TOTAL	4.26%	\$ 104,398,292	3.36%	\$ 148,645,397

Interest expense on FHLB advances was \$5,195,592, \$4,997,198, and \$3,657,921, for the years ended September 30, 2006, 2005, and 2004, respectively. Interest rates on all FHLB advances are fixed as of September 30, 2006.

11. TRUST PREFERRED SECURITIES

On March 28, 2001, Pocahontas Capital Trust I, a Delaware statutory business trust wholly owned by Pocahontas Bancorp, Inc., sold to qualified buyers in a private placement offering \$7.5 million of 10.18% cumulative trust preferred securities. The proceeds were used to purchase an equal principal amount of 10.18% subordinated debentures of Pocahontas Bancorp, Inc. Pocahontas Bancorp, Inc. has, through various contractual arrangements, fully and unconditionally guaranteed all obligations of Pocahontas Capital Trust I on a subordinated basis with respect to the preferred securities. Subject to certain limitations, the preferred securities qualify as regulatory Tier 1 capital and are presented in the consolidated statements of financial condition as liabilities. The sole asset of Pocahontas Capital Trust I is the subordinated debentures issued by Pocahontas Bancorp, Inc. Both the preferred securities of Pocahontas Capital Trust I and the subordinated debentures of Pocahontas Bancorp, Inc. will mature on June 6, 2031; however, they may be prepaid, prior to maturity at any time on or after June 8, 2011, or earlier upon the occurrence of a special event as defined as certain changes in tax or investment company laws or regulatory capital requirements.

On November 28, 2001, Pocahontas Capital Trust II, a Delaware statutory business trust wholly owned by Pocahontas Bancorp, Inc., sold to qualified buyers in a private placement offering \$10.0 million of variable rate (LIBOR +3.75%) cumulative trust preferred securities. The coupon resets semi-annually and has a coupon cap of 11.0% until December 8, 2006. The proceeds were used to purchase an equal principal amount of variable rate (LIBOR +3.75%) subordinated debentures of Pocahontas Bancorp, Inc. Pocahontas Bancorp, Inc. has, through various contractual arrangements, fully and unconditionally guaranteed all obligations of Pocahontas Capital

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

Trust II on a subordinated basis with respect to the preferred securities. Subject to certain limitations, the preferred securities qualify as regulatory Tier 1 capital and are presented in the consolidated statements of financial condition as liabilities. The sole asset of Pocahontas Capital Trust II is the subordinated debentures issued by Pocahontas Bancorp, Inc. Both the preferred securities of Pocahontas Capital Trust II and the subordinated debentures of Pocahontas Bancorp, Inc. will mature on December 8, 2031; however, they may be prepaid, prior to maturity and upon prior approval from the OTS at any time on or after December 8, 2006, or earlier upon the occurrence of a special event as defined as certain changes in tax or investment company laws or regulatory capital requirements.

For the years ended September 30, 2006, 2005 and 2004, interest expense incurred on the trust preferred securities totaled \$1,610,239, \$1,440,363, and \$1,286,688, respectively. Such interest is shown under interest expense as a separate line item, in the consolidated statements of income.

12. DEFERRED COMPENSATION

The Company has funded and unfunded deferred compensation agreements with a former executive and non-officer members of the Board of Directors. The plans limit the ability of the executive to compete with the Company and require that the directors continue to serve for a specified period of time. The amount of expense related to such plans for the years ended September 30, 2006, 2005, and 2004, was approximately \$1,700, \$14,000, and \$13,000, respectively. As of September 30, 2006 and 2005, approximately \$23,000, and \$302,000, respectively was payable under the remaining agreements.

On March 2, 1999, the Company, the Bank, and an executive entered into an Employment Separation Agreement and Release (the Agreement). The Agreement provides, among other things, for the payment by the Company to the executive of \$2,750,000, plus interest on the unpaid balance at the federal funds rate as determined monthly, in installments of not less than \$150,000 annually, with the entire unpaid amount due upon the executive's death. The unpaid balance, including accrued interest, was approximately \$1,766,000 and \$1,875,000 at September 30, 2006 and 2005, respectively.

13. RETIREMENT PLAN AND 401K AND EMPLOYEE STOCK OWNERSHIP PLAN

The Company has a 401K and Employee Stock Ownership Plan (ESOP). The 401K portion of the plan has semi-annual open enrollment dates and covers all employees who have accumulated one hour of service in each year. The Company can make either matching contributions or contribute an amount equal to a flat percentage rate, selected by discretion of the Board of Directors, applied to the base salary of each eligible employee. The Company made no contributions to the 401K portion of the plan for the years ended September 30, 2006, 2005 and 2004.

The Company established the ESOP on March 31, 1998. The plan covers all employees who have accumulated one year with 1,000 hours of service in each year. In 2003, the ESOP established a \$2.0 million line of credit with the Company that was to be used to purchase additional shares of Company stock. In 2004, the ESOP established a second \$2.0 million line of credit with the Company that was to be used to purchase additional shares of Company stock. Both loans were collateralized by the shares that were purchased with the proceeds of the loan; as of September 30, 2004, the ESOP owed \$0.3 million on the first line of credit and \$1.8 million on the second line of credit.

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During October 2004, the ESOP established a third line of credit for \$3.1 million with the Company to be used to payoff the outstanding balances of \$0.3 million on the first line of credit and the \$1.8 million on the second line of credit and purchase up to \$1.0 million in additional shares of Company stock on or before December 31, 2005. The loan is collateralized by shares that were purchased with the proceeds of the loans; as of September 30, 2005, the ESOP owed \$1.8 million on the line of credit. As the loan is repaid, ESOP shares will be allocated to participants of the ESOP and are available for release to the participants subject to the vesting provisions of the ESOP. The Company contributed \$316,757, \$503,605, and \$717,636, respectively, to the ESOP in years ended September 30, 2006, 2005, and 2004.

The Company also has a supplemental retirement plan for certain executive officers. The plan requires that a set amount be deposited into a trust each year until the executive officers reach 60 years of age. The amount of expense related to such plans was approximately \$122,000, for each of the years ended September 30, 2006, 2005, and 2004, respectively.

14. INCOME TAXES

Bancorp and its subsidiaries file consolidated federal income tax returns on a fiscal year basis. During the year ended September 30, 1997, new legislation was enacted which provides for the recapture into taxable income of certain amounts previously deducted as additions to the bad debt reserves for income tax purposes. The Company began changing its method of determining bad debt reserves for tax purposes following the year ended September 30, 1996. The amounts to be recaptured for income tax reporting purposes are considered by the Company in the determination of the net deferred tax liability.

Income tax provision (benefit) for the years ended September 30 is summarized as follows:

	2006	2005	2004
Current tax			
Federal	\$ 498,393	\$ 535,991	\$ 2,335,897
State	(54,950)	72,903	451,937
	443,443	608,894	2,787,834
Deferred tax			
Federal	(478,401)	404,860	(1,117,427)
State	(55,592)	82,780	(207,163)
	(533,993)	487,640	(1,324,590)
Total	\$ (90,550)	\$ 1,096,534	\$ 1,463,244

For the year ended September 30, 2006, the Company incurred federal alternative minimum tax of approximately \$269,000 due principally to significant earnings from tax-exempt municipal bonds and the increase in the cash surrender value of officers' life insurance. This amount will be available as a credit to offset regular federal tax in future years.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

The income tax provision differed from the amounts computed by applying the federal income tax rates as a result of the following:

	2006		2005		2004	
Expected income tax expense	34.0%	\$ 721,847	34.0%	\$ 1,496,541	34.0%	\$ 1,672,752
Exempt income	(30.1)	(639,913)	(8.1)	(358,600)	(6.4)	(314,175)
Cash surrender value of life insurance	(5.5)	(117,257)	(2.4)	(104,851)	(2.2)	(107,839)
State tax, net of federal benefit	(3.4)	(72,958)	2.4	104,345	3.3	161,551
Other	0.8	17,731	(0.6)	(40,901)	1.0	50,955
TOTAL	(4.3)%	\$ (90,550)	25.3%	\$ 1,096,534	29.7%	\$ 1,463,244

The net deferred tax amount, which is included in other assets (liabilities), consisted of the following:

	2006	2005
Deferred tax assets:		
Deferred compensation	\$ 712,092	\$ 869,288
Allowance for loan losses	1,633,504	1,857,974
Unrealized loss on available-for-sale securities	1,221,097	980,512
Acquired deposit discount	75,779	
Acquired loan premium	170,790	
Tax credits	268,789	
Other	17,271	17,946
Total deferred tax assets	4,099,321	3,725,720
Deferred tax liabilities:		
Acquired core deposit intangible	(740,068)	(1,001,136)
Acquired deposit discount		(156,643)
Acquired loan premium		(21,351)
FHLB stock dividends	(315,956)	(214,572)
Other	(407,145)	(470,444)
Total deferred tax liabilities	(1,463,169)	(1,864,146)
Net deferred tax asset (liability)	\$ 2,636,152	\$ 1,861,574

The Company provides for the recognition of a deferred tax asset or liability for the future tax consequences of differences in carrying amounts and tax bases of assets and liabilities. Specifically exempted from this provision are bad debt reserves for tax purposes of U.S. savings and loan associations in the association's base year, as defined. Base year reserves total approximately \$3,600,000. Consequently, a deferred tax liability of approximately \$1,378,000 related to such reserves is not provided for in the statement of financial condition.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****15. REGULATORY MATTERS**

The Bank is subject to various regulatory capital requirements administered by the federal 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 Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of tangible and core capital (as defined in the regulations) to adjusted total assets (as defined), and of total capital (as defined) to risk weighted assets (as defined). Management believes, as of September 30, 2006, that the Bank met all capital adequacy requirements to which it is subject.

As of September 30, 2006 and 2005, the most recent notification from the Office of Thrift Supervision (OTS) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total, tangible, and core capital ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual capital amounts (in thousands) and ratios are also presented in the table:

	Actual		Required For Capital Adequacy Purposes		Required To Be Categorized As Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2006:						
Tangible capital to tangible assets	\$ 54,579	7.51%	\$ 10,906	1.50%	N/A	N/A
Core capital to adjusted tangible assets	54,579	7.51	29,084	4.00	\$ 36,355	5.00
Total capital to risk weighted assets	57,573	12.39	37,176	8.00	46,471	10.00
Tier I capital to risk weighted assets	54,579	11.74	18,588	4.00	27,882	6.00
As of September 30, 2005:						
Tangible capital to tangible assets	\$ 49,414	6.80%	\$ 10,903	1.50%	N/A	N/A
Core capital to adjusted tangible assets	49,414	6.80	29,074	4.00	\$ 36,343	5.00
Total capital to risk weighted assets	52,623	11.50	36,595	8.00	45,743	10.00
Tier I capital to risk weighted assets	49,414	10.80	18,297	4.00	27,446	6.00

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****16. RETAINED EARNINGS**

The Bank may not declare or pay cash dividends on its shares of common stock if the effect thereof would cause the Bank's stockholder's equity to be reduced below applicable regulatory capital maintenance requirements for insured institutions. This requirement effectively limits the dividend paying ability of the Company in that the Company must maintain an investment in equity of the Bank sufficient to enable the Bank to meet its requirements as noted above. Required capital amounts are shown in Note 15 to the consolidated financial statements. Liquidation account balances are not maintained because of the cost of maintenance and the remote likelihood of complete liquidation. Additionally, the Bank is limited to distributions it may make to Bancorp without OTS approval if the distribution would cause the total distributions to exceed the Bank's net income for the year to date plus the Bank's net income (less distributions) for the preceding two years. Bancorp may use assets other than its investment in the Bank as a source of dividends.

17. EARNINGS PER SHARE

The earnings per share amounts were computed using the weighted average number of shares outstanding during the periods presented. In accordance with Statement of Position No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*, issued by the American Institute of Certified Public Accountants, shares owned by the Company's Employee Stock Ownership Plan that have not been committed to be released are not considered to be outstanding for the purpose of computing earnings per share.

The weighted average numbers of shares used in the basic and diluted earnings per share calculation are set out in the table below:

	Year Ended September 30		
	2006	2005	2004
Basic EPS weighted average shares	4,508,501	4,492,462	4,470,913
Add dilutive effect of unexercised options	68,764	78,772	126,184
Dilutive EPS weighted average shares	4,577,265	4,571,234	4,597,097

18. CONTINGENCIES

The Company is a defendant in certain claims and legal actions 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 adverse effect on the consolidated financial statements of the Company and subsidiaries.

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

19. OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

The Company, in the normal course of business, makes commitments to buy or sell assets or to incur or fund liabilities. Commitments include, but are not limited to the origination, purchase, or sale of loans, the purchase of investment securities, fulfillment of commitments under letters-of-credit, extensions of credit on home equity lines of credit and construction loans, and the commitment to fund withdrawals of savings accounts at maturity.

At September 30, 2006, the Company's off-balance sheet arrangements principally included lending commitments, which are described below. At September 30, 2006, the Company had no interests in non-consolidated special purpose entities. At September 30, 2006, commitments included:

Total approved loan origination commitments outstanding were \$6.4 million.

Rate lock agreements with customers of \$3.7 million, all of which have been locked with an investor.

Undisbursed balances of construction loans of \$5.8 million.

Total unused lines of credit of \$26.9 million.

Outstanding letters of credit of \$0.7 million.

Total certificates of deposit scheduled to mature in one year or less of \$271.3 million.

Total unfunded commitments to originate loans for sale and the related commitments to sell of \$3.7 million meet the definition of a derivative financial instrument; the related asset and liability are considered immaterial at September 30, 2006.

Based on historical experience, management believes that a significant portion of maturing deposits will remain with the Company. The Company anticipates that it will continue to have sufficient funds, through repayments, deposits and borrowings, to meet its current commitments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Unless noted otherwise, the Company does not require collateral or other security to support such financial instruments with credit risk.

Commitments to Extend Credit and Financial Guarantees 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 expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty.

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds marketable securities as collateral supporting these commitments for which collateral is deemed necessary.

The Company has not incurred any losses on its commitments in any of the three years in the period ended September 30, 2006.

20. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has made loans to its directors, officers, and their related business interests. In the opinion of management, related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than the normal risk of collectability. The aggregate dollar amount of loans outstanding to directors, officers, and their related business interests total approximately \$14,886,239, and \$13,110,829 at September 30, 2006, and 2005, respectively. During the year ended September 30, 2006, total principal additions were \$7,977,280 and total principal reductions were \$6,201,870.

Deposits from related parties held by the Company at September 30, 2006, and 2005, amounted to \$5,586,355 and \$4,823,108, respectively.

21. RESTRICTED STOCK AWARD PROGRAMS AND STOCK OPTION PLANS

1998 Stock Option Plan

The Company's stockholders adopted the 1998 Stock Option Plan (SOP) on October 23, 1998. The SOP provides for a committee of the Company's Board of Directors to award any one or a combination of incentive stock options, non-statutory or compensatory stock options, limited rights, dividend equivalent rights and reload options, representing up to 357,075 shares of the Company's stock. The options will vest in equal amounts over five years beginning one year from the date of grant. Options granted vest immediately in the event of retirement, disability, or death and are generally exercisable for a three year period following such event. Outstanding stock options expire no later than 10 years from the date of grant. Under the SOP, options have been granted to directors and key employees of the Company. The exercise price in each case equals the fair market value of the Company's stock at the date of grant. The Company granted 350,000 options on October 23, 1998, which have an exercise price of \$9.00 per share, the fair value of the stock on that date. The weighted average remaining contractual life of the options as of September 30, 2006, is 2.1 years.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004*****Stock Options Assumed in Acquisition***

During the year ended September 30, 2002, the Company completed its acquisition of North Arkansas Bancshares, Inc. The Company assumed 30,970 in stock options granted to employees and directors of North Arkansas Bancshares, Inc. related to such acquisition. All options granted to non-employee directors shall expire one year after the non-employee director ceases to maintain continuous service.

A summary of the activity of the Company's stock option plans is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at October 01, 2004	190,831	\$ 8.77
Granted		
Exercised		
Forfeited		
Outstanding at September 30, 2005	190,831	\$ 8.77
Granted		
Exercised		
Forfeited		
Outstanding at September 30, 2006	190,831	\$ 8.77
Options exercisable at September 30, 2004	190,831	\$ 8.77
Options exercisable at September 30, 2005	190,831	\$ 8.77
Options exercisable at September 30, 2006	190,831	\$ 8.77

1998 Recognition Plan

The 1998 Recognition and Retention Plan (RRP) provides for a committee of the Company's Board of Directors to award restricted stock to key officers as well as non-employee directors. The RRP authorizes the Company to grant up to 142,830 shares of the Company's common stock. The Committee granted 142,830 shares to key officers and non-employee directors on October 23, 1998.

Compensation expense was recognized based on the fair market value of the shares on the grant date of \$9.00 over the vesting period. The shares vested equally over a five year period with the first vesting date of January 3, 2000. All expense associated with this plan has been recognized.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****22. OTHER COMPREHENSIVE INCOME**

	Year Ended September 30, 2006		
	Before Tax Amount	Tax Benefit	Net-of-Tax Amount
UNREALIZED GAINS (LOSSES) ON SECURITIES:			
Unrealized holding gain (loss) on securities arising during period	\$ (214,612)	\$ 72,968	\$ (141,644)
Less reclassification adjustment for gains included in net income	(269,941)	91,780	(178,161)
Other comprehensive income (loss)	\$ (484,553)	\$ 164,748	\$ (319,805)

	Year Ended September 30, 2005		
	Before Tax Amount	Tax Benefit	Net-of-Tax Amount
UNREALIZED GAINS (LOSSES) ON SECURITIES:			
Unrealized holding gain (loss) on securities arising during period	\$ (2,161,632)	\$ 734,955	\$ (1,426,677)
Less reclassification adjustment for gains included in net income	(565,939)	192,419	(373,520)
Other comprehensive income (loss)	\$ (2,727,571)	\$ 927,374	\$ (1,800,197)

	Year Ended September 30, 2004		
	Before Tax Amount	Tax Benefit	Net-of-Tax Amount
UNREALIZED GAINS (LOSSES) ON SECURITIES:			
Unrealized holding gain (loss) on securities arising during period	\$ (2,063,261)	\$ 701,509	\$ (1,361,752)
Less reclassification adjustment for gains included in net income	(385,867)	131,195	(254,672)
Other comprehensive income (loss)	\$ (2,449,128)	\$ 832,704	\$ (1,616,424)

23. MERGER AGREEMENT

On July 26, 2006, the Company entered into a definitive agreement with IBERIABANK Corporation (IBERIABANK) pursuant to which IBERIABANK will acquire the Company. According to the agreement, shareholders of Bancorp will receive 0.2781 share of IBERIABANK common stock per outstanding share of Bancorp common stock. The merger consideration is not subject to caps or collars. The transaction is expected to be consummated in the first calendar quarter of 2007, subject to regulatory and Bancorp shareholder approvals. Subsequent to completion of the merger, First Community Bank will operate as a separately chartered banking subsidiary of IBERIABANK.

24. PARENT COMPANY ONLY FINANCIAL INFORMATION

The following condensed statements of financial condition as of September 30, 2006 and 2005, and condensed statements of income and cash flows for the years ended September 30, 2006, 2005 and 2004, for Pocahontas Bancorp, Inc. should be read in conjunction with the consolidated financial statements and the notes herein.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****POCAHONTAS BANCORP, INC.**

(PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF FINANCIAL CONDITION**SEPTEMBER 30, 2006 AND 2005**

	2006	2005
ASSETS		
Cash	\$ 20,690	\$
Deposit in Bank	4,916,039	6,297,468
Investment in Bank	65,340,575	62,061,533
Loan receivable	1,815,885	2,056,529
Investment securities	903,470	3,126,044
Other assets	1,747,576	1,323,652
TOTAL ASSETS	\$ 74,744,235	\$ 74,865,226
LIABILITIES AND STOCKHOLDERS EQUITY		
Accrued expenses and other liabilities	\$ 3,038,363	\$ 3,659,300
Deferred compensation	1,766,221	1,874,989
Trust preferred securities	16,983,450	16,962,683
Stockholders equity	52,956,201	52,368,254
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 74,744,235	\$ 74,865,226

CONDENSED STATEMENTS OF INCOME**YEARS ENDED SEPTEMBER 30, 2006, 2005 AND 2004**

	2006	2005	2004
INCOME:			
Dividend from the Bank	\$	\$ 4,000,000	\$ 5,500,000
Interest and investment income	543,898	497,144	536,154
Total Income	543,898	4,497,144	6,036,154
EXPENSES:			
Interest expense	1,703,511	1,568,526	1,335,162
Operating expenses	1,090,918	748,985	671,960
Total Expenses	2,794,429	2,317,511	2,007,122

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EARNINGS (LOSS) BEFORE INCOME TAXES AND EQUITY IN UNDISTRIBUTED EARNINGS OF BANK SUBSIDIARY	(2,250,531)	2,179,633	4,029,032
INCOME TAX BENEFIT	887,836	726,535	517,437
EARNINGS (LOSS) BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF BANK SUBSIDIARY	(1,362,695)	2,906,168	4,546,469
EQUITY IN UNDISTRIBUTED EARNINGS (DISTRIBUTIONS IN EXCESS OF EARNINGS) OF BANK SUBSIDIARY	3,576,325	332,888	(1,089,855)
NET INCOME	\$ 2,213,630	\$ 3,239,056	\$ 3,456,614

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****POCAHONTAS BANCORP, INC.**

(PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF CASH FLOWS**YEARS ENDED SEPTEMBER 30, 2006, 2005 AND 2004**

	2006	2005	2004
OPERATING ACTIVITIES:			
Net income	\$ 2,213,630	\$ 3,239,056	\$ 3,456,614
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed earnings of Bank subsidiary	(3,576,325)	(332,888)	1,089,855
ESOP allocation	213,056	335,987	
Amortization	20,767	20,766	20,767
Gain on sales of securities	(265,857)		
Changes in operating assets and liabilities:			
Trading securities	(442,256)	(1,143,679)	(485,113)
Loan receivable	240,644	34,696	(1,553,104)
Other assets	(412,324)	(559,079)	166,505
Accrued expenses and other liabilities	(697,046)	623,938	(74,045)
Deferred compensation	(108,769)	(107,945)	(125,737)
Net cash (used) provided by operating activities	(2,814,480)	2,110,852	2,495,742
INVESTING ACTIVITIES:			
Proceeds from sales of investments	2,896,563		
Net cash provided by investing activities	2,896,563		
FINANCING ACTIVITIES:			
Options exercised			924,703
Dividends paid	(1,442,822)	(1,438,506)	(1,442,791)
Purchase of treasury stock			(230,344)
Net cash used by financing activities	(1,442,822)	(1,438,506)	(748,432)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,360,739)	672,346	1,747,310
CASH AND CASH EQUIVALENTS:			
Beginning of year	6,297,468	5,625,122	3,877,812
End of year	\$ 4,936,729	\$ 6,297,468	\$ 5,625,122

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004****25. QUARTERLY FINANCIAL DATA (UNAUDITED)**

The following tables represent summarized data for each of the four quarters in the years ended September 30, 2006 and 2005:

	2006			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(in thousands, except per share data)			
Interest income	\$ 10,145	\$ 9,816	\$ 9,770	\$ 9,451
Interest expense	6,550	6,204	5,879	5,498
Net interest income	3,595	3,612	3,891	3,953
Provision for loan losses	535		310	
Net interest income after provision for loan losses	3,060	3,612	3,581	3,953
Non-interest income	1,065	1,150	1,352	1,455
Non-interest expense	4,247	4,161	4,379	4,317
Income before income taxes	(122)	601	554	1,091
Income tax expense (benefit)	(209)	(38)	(77)	234
Net income	\$ 87	\$ 639	\$ 631	\$ 857
Basic earnings per share	\$ 0.02	\$ 0.14	\$ 0.14	\$ 0.19
Diluted earnings per share	\$ 0.01	\$ 0.14	\$ 0.14	\$ 0.19
Cash dividends declared per common share	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08

	2005			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(in thousands, except per share data)			
Interest income	\$ 9,071	\$ 9,059	\$ 8,724	\$ 8,778
Interest expense	5,102	4,862	4,567	4,411
Net interest income	3,969	4,197	4,157	4,367
Provision for loan losses	400			125
Net interest income after provision for loan losses	3,569	4,197	4,157	4,242
Non-interest income	1,572	1,734	819	1,551
Non-interest expense	4,427	4,653	4,325	4,100
Income before income taxes	714	1,278	651	1,693
Income tax expense (benefit)	(140)	440	221	576

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Net income	\$ 854	\$ 838	\$ 430	\$ 1,117
Basic earnings per share	\$ 0.19	\$ 0.19	\$ 0.09	\$ 0.25
Diluted earnings per share	\$ 0.19	\$ 0.19	\$ 0.09	\$ 0.24
Cash dividends declared per common share	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08

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POCAHONTAS BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004

26. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to the issuance of the Company's consolidated financial statements included in its Form 10-K/A for the year ended September 30, 2005, the Company determined that a restatement of the amounts for the taxable and nontaxable securities interest income line items of the consolidated statement of income for the year ended September 30, 2004 was necessary due to a classification error. The previously reported nontaxable securities interest income of \$0.3 million was understated by \$0.6 million and the previously reported taxable securities interest income of \$11.8 million was overstated by \$0.6 million for the year ended September 30, 2004. The reclassification within securities interest income had no effect on total interest income or any other financial statement line item. In addition, the Company determined that amounts previously presented in the Company's consolidated statements of cash flows for the years ended September 30, 2005 and 2004 contained errors related to the Company's transfers from loans to real estate acquired, or deemed acquired, through foreclosure and the loans originated to finance the sale of real estate acquired through foreclosure. As a result, the accompanying consolidated statements of cash flows for the years ended September 30, 2005, and 2004 have been restated to eliminate the effect of the non cash transactions from both the investing activities and operating activities sections. These corrections resulted in an increase in net cash provided by operating activities and a corresponding decrease in cash provided by (or increase in cash used in) investing activities of \$2.2 million, and \$2.7 million from those amounts previously restated in the consolidated statements of cash flows for the years ended September 30, 2005 and 2004, respectively. There was no change in the net increase (decrease) in cash resulting from these corrections. Further, these changes had no effect on the Company's consolidated statements of income, consolidated statements of financial condition, or consolidated statements of shareholders' equity.

As previously reported in its Form 10-K/A for the year ended September 30, 2005, the Company had also previously determined that amounts presented in the Company's consolidated statement of cash flows for the year ended September 30, 2005, reflected an error in the presentation of the Company's investment securities that were purchased, but not yet settled, at September 30, 2005. An error in the presentation of the receipt of stock dividends paid on FHLB stock has also been corrected for the years ended September 30, 2005 and 2004. As a result, the consolidated statement of cash flows for the year ended September 30, 2005 has previously been restated to present the purchase of securities not yet settled at September 30, 2005 as a non-cash activity rather than in the investing activities and operating activities sections. The amounts presented in the Company's consolidated statements of cash flows for the years ended September 30, 2005 and 2004 also reflect a correction in the presentation of the receipt of stock dividends on FHLB stock as an adjustment to reconcile net income to net cash provided by operating activities rather than investing activities. There was no change in the net increase (decrease) in cash resulting from either of these corrections. Further, these changes had no effect on the Company's consolidated statements of income, consolidated statements of financial condition, or consolidated statements of shareholders' equity.

Table of Contents**POCAHONTAS BANCORP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****YEARS ENDED SEPTEMBER 30, 2006, 2005, AND 2004**

The effect of the restatements on the Company's consolidated statements of cash flows for the years ended September 30, 2005 and 2004 is reflected in the table below:

Consolidated statement of cash flows:

	As originally reported	2005 As previously restated	As currently restated	As originally reported	2004 As previously restated	As currently restated
OPERATING ACTIVITIES:						
Stock dividends on FHLB stock	\$	\$ (257,700)	\$ (257,700)	\$	\$ (113,400)	\$ (113,400)
Changes in operating assets and liabilities:						
Other assets	(3,308,409)	(3,308,409)	(1,123,662)	(874,352)	(874,352)	1,832,607
Accrued expenses and other liabilities	3,743,021	1,313,021	1,313,021	(798,322)	(798,322)	(798,322)
Net cash provided by operating activities	3,586,039	898,339	3,083,086	8,100,223	7,986,823	10,693,782
INVESTING ACTIVITIES:						
Purchases of available for sale and held to maturity securities	(83,004,357)	(80,574,357)	(80,574,357)	(112,557,349)	(112,557,349)	(112,557,349)
Net (increase) decrease in FHLB Bank stock	(36,100)	221,600	221,600	(2,342,200)	(2,228,800)	(2,228,800)
Increase in loans, net	(44,679,765)	(44,679,765)	(46,043,012)	(277,502)	(277,502)	(1,834,799)
Proceeds from sale of REO	1,810,175	1,810,175	988,675	2,031,355	2,031,355	881,693
Net cash provided (used) by investing activities	(31,199,393)	(28,511,693)	(30,696,440)	39,461,725	39,575,125	36,868,166
FINANCING ACTIVITIES:						
Net cash provided (used) by financing activities	15,806,314	15,806,314	15,806,314	(34,363,946)	(34,363,946)	(34,363,946)
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	(11,807,040)	(11,807,040)	(11,807,040)	13,198,002	13,198,002	13,198,002
CASH AND DUE FROM BANKS, AT BEGINNING OF PERIOD	35,218,491	35,218,491	35,218,491	22,020,489	22,020,489	22,020,489
CASH AND DUE FROM BANKS, AT END OF PERIOD	\$ 23,411,451	\$ 23,411,451	\$ 23,411,451	\$ 35,218,491	\$ 35,218,491	\$ 35,218,491
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:						
Purchase of securities not yet settled	\$	\$ 2,430,000	\$ 2,430,000	\$	\$	\$

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EXPERTS

The consolidated financial statements of IBERIABANK Corporation as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, and IBERIABANK Corporation's management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005, included in this information statement-prospectus, have been included herein in reliance upon the report of Castaing, Hussey & Lolan, LLC, independent registered public accountants, which is included herein and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Pulaski Investment Corporation as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, included in this information statement-prospectus, have been included herein in reliance upon the report of Kemp & Company, independent accountants, which is included herein and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Pocahontas Bancorp, Inc. and subsidiaries as of September 30, 2006 and for the year ended September 30, 2006, included in this information statement-prospectus, have been audited by KraftCPAs, an independent registered public accounting firm, as stated in their report appearing herein, and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Pocahontas Bancorp, Inc. and subsidiaries as of September 30, 2005 and for each of the two years in the period ended September 30, 2005, included in this information statement-prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the financial statements and includes an explanatory paragraph referring to the restatements of the financial statements for the years ended September 30, 2005 and 2004), and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

LEGAL OPINIONS

The validity of the common stock to be issued in the merger will be passed upon by Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., Washington, DC, special counsel to IBERIABANK Corporation. The United States federal income tax consequences of the merger transaction will be passed on by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, counsel to Pulaski Investment Corporation.

Table of Contents**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF****PULASKI INVESTMENT CORPORATION**

The following table sets forth, to the best knowledge and belief of Pulaski Investment Corporation, certain information regarding the beneficial ownership of the Pulaski Investment Corporation common stock as of _____, 2006 by (i) each person known to Pulaski Investment Corporation to be the beneficial owner of more than 5% of the outstanding Pulaski Investment Corporation Class A and Class B common stock, (ii) each director of Pulaski Investment Corporation and (iii) all of Pulaski Investment Corporation's directors and executive officers as a group.

Name and Address of Beneficial Owner*	Title	Number of Class A Shares ⁽¹⁾	Beneficial Ownership Percent of Class A	Number of Class B Shares	Percent of Class B
James C. East	Chairman	107,388 ⁽²⁾	88.4%		
J. Hunter East	Vice Chairman/ CEO			315,571.15 ⁽³⁾	13.6%
James C. East Family Limited Partnership				1,724,794 ⁽⁷⁾	74.4%
Mark V. Williamson Co., Inc. Profit Sharing Plan		6,139 ⁽⁴⁾⁽¹¹⁾	5.1%	116,641 ⁽⁴⁾⁽¹¹⁾	5.0%
East Family Irrevocable Trust		4,556 ⁽⁵⁾⁽⁶⁾⁽⁸⁾	3.8%	86,564 ⁽⁶⁾⁽⁸⁾	3.7%
East Family Irrevocable Trust Two					
East Family Irrevocable Trust Three					
Robert C. Magee	Director/ President/CFO				
Mark V. Williamson	Director	391 ⁽⁴⁾⁽¹²⁾	0.3%	7,429 ⁽⁴⁾⁽¹²⁾	0.3%
Dan Boland	Secretary				
All directors and executive officers as a group (5 persons)					

* Except as otherwise disclosed, the address of each person below is c/o Pulaski Bank and Trust Company, 5800 R Street, Little Rock, Arkansas 72207.

- Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them. Information relating to beneficial ownership of shares is based upon beneficial ownership concepts set forth in rules promulgated under the Securities Exchange Act of 1934, as amended. Under such rules a person is deemed to be a beneficial owner of a security if that person has or shares the power to vote or sell the security. A person is also deemed to be a beneficial owner of any security of which that person has the right to acquire beneficial ownership within 60 days.
- This does not include shares beneficially owned by Mr. James C. East in the James C. East Family Limited Partnership. Mr. East serves as co-general partner and is a limited partner of the partnership.
- This does not include shares held directly by the East Family Irrevocable Trust, and those held indirectly (as limited partners in the James C. East Family Limited Partnership) by the East Family Irrevocable Trust Two or the East Family Irrevocable Trust Three. Mr. J. Hunter East serves as co-trustee of each of these trusts and has the authority to direct the vote of a majority of the Pulaski Investment Corporation shares held in the East Family Irrevocable Trust.
- The business address of both the Mark V. Williamson Co., Inc. Profit Sharing Plan and Mark V. Williamson is 1910 N. Grant, Little Rock, Arkansas 72207.
- Includes all Pulaski Investment Corporation shares held in trust. Mr. J. Hunter East generally has voting authority with respect to three-fourths of such shares.

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- (6) This does not include shares owned by the East Family Irrevocable Trust in the James C. East Family Limited Partnership. This trust serves as co-general partner and is a limited partner of the partnership.
- (7) The James C. East Family Limited Partnership has three classes of partnership interests outstanding. The general partner interests are owned 99.58% by James C. East and 0.42% by the East Family Irrevocable Trust. The common limited partner interests are owned 79.5873% by James C. East, 0.4127% by the East Family Irrevocable Trust, 15.50% by the East Family Irrevocable Trust Two, and 3.50% by the East Family Irrevocable Trust Three. The preferred limited partner interests are owned 99.5831% by James C. East and 0.4169% by the East Family Irrevocable Trust.
- (8) The trustees and primary beneficiaries of the East Family Irrevocable Trust are: J. Hunter East, Lindsey Robinson East, Letitia Jane East and Jack Collier East. Separate equal shares within the East Family Irrevocable Trust have been established for each beneficiary with respect to Pulaski Investment Corporation shares held by the trust. Lindsey Robinson East and Letitia Jane East have granted a power of attorney to J. Hunter East authorizing Mr. East to vote the shares of Pulaski Investment Corporation held by their respective shares of the East Family Irrevocable Trust.
- (9) The trustees and primary beneficiaries of the East Family Irrevocable Trust Two are: J. Hunter East, Lindsey Robinson East, Letitia Jane East and Jack Collier East. Separate equal shares within the East Family Irrevocable Trust Two have been established for each beneficiary with respect to limited partnership interests in the James C. East Family Limited Partnership.
- (10) The primary beneficiaries of the East Family Irrevocable Trust Three are: J. Hunter East, Lindsey Robinson East, Letitia Jane East and Jack Collier East. The trustees are: J. Hunter East, Letitia Jane East and Jack Collier East. Separate equal shares within the East Family Irrevocable Trust Three have been established for each beneficiary with respect to limited partnership interests in the James C. East Family Limited Partnership.
- (11) This does not include Pulaski Investment Corporation shares owned individually by Mark V. Williamson. Mr. Williamson serves as trustee of the Mark V. Williamson Co., Inc. Profit Sharing Plan.
- (12) This does not include Pulaski Investment Corporation shares owned by the Mark V. Williamson Co., Inc. Profit Sharing Plan. Mr. Williamson serves as trustee of this plan.

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**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
OF IBERIABANK CORPORATION**

The following table includes, as of December 31, 2006, certain information as to the IBERIABANK Corporation common stock beneficially owned by (i) the only persons or entities, including any group as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, who or which was known to the company to be the beneficial owner of more than 5% of its common stock, (ii) the directors of the company, (iii) executive officers of the company and (iv) all directors and executive officers of the company as a group.

Name of Beneficial Owner	Common Stock Beneficially Owned as of Record Date ⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾	
	Amount	Percentage
Goldman Sachs Asset Management, L.P. 32 Old Slip New York, New York 10005	544,627 ⁽⁵⁾	5.30%
IBERIABANK Corporation Retirement Savings Plan Trust 200 West Congress Street Lafayette, Louisiana 70501	603,792 ⁽⁶⁾	5.87%
Directors:		
Elaine D. Abell	47,154	*
Harry V. Barton, Jr.	27,824	*
Ernest P. Breaux, Jr.	23,814	*
Daryl G. Byrd	406,986	3.85%
John N. Casbon	15,250	*
William H. Fenstermaker	48,364	*
Larrey G. Mouton	112,062	1.09%
Jefferson G. Parker	48,301	*
O. Miles Pollard, Jr.	5,188	*
E. Stewart Shea III	84,739	*
David H. Welch	1,626	*
Executive officers who are not directors:		
Michael J. Brown	166,675	1.60%
John R. Davis	175,182	1.69%
Michael A. Naquin	87,456	*
George J. Becker III	134,537	1.30%
All directors and executive officers as a group (17 persons)	1,506,968	13.61%

* Represents less than 1% of the outstanding common stock.

(1) Unless otherwise indicated, shares are held with sole voting and investment power.

(2) Includes shares of common stock owned directly by directors and executive officers as well as shares held by their spouses, minor children and trusts of which they are trustees. Also includes shares allocated to the accounts of participants in the company's Retirement Savings Plan.

(3) Includes all shares that may be acquired upon the exercise of stock options as of December 15, 2006, as follows: 3,125 shares by Ms. Abell; 3,125 shares by Mr. Barton; 10,291 shares by Mr. Breaux; 274,902 shares by Mr. Byrd; 10,313 shares by Mr. Casbon; 3,125 shares by Mr. Fenstermaker; 3,125 shares by Mr. Mouton; 9,415 shares by Mr. Parker; 3,125 shares by Mr. Pollard; 3,125 shares by Mr. Shea; 116,245 shares by Mr. Brown; 112,019 shares by Mr. Davis; 101,736 shares by Mr. Becker; 57,621 by Mr. Naquin and 786,644 shares by

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- all directors and executive officers as a group.
- (4) Includes unvested restricted shares that may be voted by the following persons: 45,863 shares by Mr. Byrd; 23,613 shares by each of Messrs. Brown and Davis; 12,817 shares by Mr. Becker; 22,946 shares by Mr. Naquin; and 37,817 shares by all directors and executive officers as a group.

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- (5) Shares are as reported in the latest Schedule 13G filed by Goldman Sachs Asset Management, L.P., an investment advisor, which disclaims ownership of any securities managed on its behalf by third parties.
- (6) Under the terms of the IBERIABANK Corporation Retirement Savings Plan, the Trustee must vote all shares held therein in accordance with the instructions of the participating employees. Shares for which employees do not give instructions are voted in the in the same proportion as shares for which voting instructions were provided by participants on any matter.

OTHER MATTERS

As of the date of this document, the Pulaski Investment Corporation board of directors knows of no matters that will be presented for consideration at its special meeting other than as described in this document.

WHERE YOU CAN FIND MORE INFORMATION

IBERIABANK Corporation has filed with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 that registers the shares of IBERIABANK Corporation common stock to be issued to Pulaski Investment Corporation stockholders in connection with the merger. The registration statement, including the attached exhibits and schedules, contains additional relevant information about IBERIABANK Corporation and Pulaski Investment Corporation's stock.

The rules and regulations of the Securities and Exchange Commission allow us to omit certain information included in the registration statement from this information statement prospectus. You may read and copy this information at the Public Reference Room of the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Securities and Exchange Commission's Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains an internet website that contains reports, proxy and information statements and other information about issuers, like IBERIABANK Corporation, that file electronically with the Securities and Exchange Commission. The address of the site is www.sec.gov. The reports and other information filed by IBERIABANK Corporation with the Securities and Exchange Commission are also available at IBERIABANK Corporation's website. The address is www.iberiabank.com. We have included the web addresses of the Securities Exchange Commission and IBERIABANK Corporation as inactive textual references only.

You should also be able to inspect reports, proxy statements and other information about IBERIABANK Corporation at the offices of the Nasdaq Global Market, Inc.

The Securities and Exchange Commission allows IBERIABANK Corporation to incorporate certain information into this information statement-prospectus by reference to other information that has been filed with the Securities and Exchange Commission. The information incorporated by reference is deemed to be part of this information statement-prospectus, except for any information that is superseded by information in this information statement-prospectus. The documents that are incorporated by reference contain important information about IBERIABANK Corporation, and you should read this document together with any other documents incorporated by reference in this information statement-prospectus.

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This document incorporates by reference the following documents that have previously been filed with the Securities and Exchange Commission by IBERIABANK Corporation (File No. 000-25756):

Annual Report on Form 10-K for the year ended December 31, 2005.

Definitive Proxy Statement filed on April 4, 2006.

A copy of IBERIABANK Corporation's Annual Report on Form 10-K for the year ended December 31, 2005 (excluding certain exhibits) is attached as Appendix C to this information statement-prospectus. A copy of IBERIABANK Corporation's Proxy Statement for the 2006 Annual Meeting of Stockholders is attached as Appendix D to this information statement-prospectus.

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006.

A copy of IBERIABANK Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 is attached as Appendix E to this information statement-prospectus.

Current Reports on Form 8-K dated May 17, 2006, July 26, 2006 (as amended), August 9, 2006, October 31, 2006, November 10, 2006, and November 16, 2006.

IBERIABANK Corporation has supplied all information contained or incorporated by reference in this information statement-prospectus relating to IBERIABANK Corporation, Pulaski Investment Corporation has supplied all information contained in this information statement-prospectus relating to Pulaski Investment Corporation. Pocahontas Bancorp has supplied all information contained in this information statement-prospectus relating to Pocahontas Bancorp.

Neither IBERIABANK Corporation nor Pulaski Investment Corporation has authorized anyone to give any information or make any representation about the merger or our companies that is different from, or in addition to, that contained in this document or in any of the materials that have been incorporated into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this document or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference herein, may contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to statements about, (a) the separate financial condition, results of operations and business of IBERIABANK Corporation, Pulaski Investment Corporation and Pocahontas Bancorp; (b) the benefits of the merger, including future financial and operating results, cost savings, enhancement to revenue and accretion to reported earnings that may be realized from the merger; (c) our respective plans, objectives, expectations and intentions and other statements that are not historical facts; and (d) other statements identified by words such as expects, anticipates, intends, plans, believes, estimates or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

our businesses may not be combined successfully, or these combinations may take longer to accomplish than expected;

the growth opportunities and cost savings from the merger and/or the proposed acquisition of Pocahontas Bancorp may not be fully realized or may take longer to realize than expected;

operating costs, customer losses and business disruption following the merger and/or the proposed acquisition of Pocahontas Bancorp, including adverse affects of relationship with employees, may be greater than expected;

governmental approvals of the merger and/or the proposed acquisition of Pocahontas Bancorp may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals;

adverse governmental or regulatory policies may be enacted;

the interest rate environment may change, causing margins to compress and adversely affecting net interest income;

the risks associated with continued diversification of assets and adverse changes to credit quality;

competition from other financial services companies in our markets; and

the risk of an economic slowdown that would adversely affect credit quality and loan originations.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in IBERIABANK Corporation's reports filed with the Securities and Exchange Commission.

All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to either of us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements above. Neither of us undertakes any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

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Appendix A

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (Agreement) is dated as of August 9, 2006, between Pulaski Investment Corporation (PIC), a bank holding company with principal offices in Little Rock, Arkansas, and IBERIABANK Corporation (IBKC), a bank holding company with principal offices in Lafayette, Louisiana.

RECITALS

1. The Board of Directors of each party hereto believes that the transactions described in this Agreement are in the best interests of such party and its stockholders.
2. By virtue of the reorganization that is effectuated by this Agreement, PIC will be merged with and into IBERIABANK Acquisition Corporation (IBAC), a wholly-owned subsidiary of IBKC (the Merger), and except as provided in this Agreement, the then outstanding shares of PIC Common Stock will be converted into shares of IBKC Common Stock and cash.
3. The Merger is subject to prior stockholder and regulatory approvals and the prior satisfaction of certain other conditions set forth in this Agreement.
4. The parties hereto intend that the reorganization contemplated by this Agreement qualify for federal income tax purposes as a tax-free reorganization under the Internal Revenue Code of 1986, as amended.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the mutual warranties, representations, covenants and agreements set forth herein, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, the parties to this Agreement agree as follows:

SECTION I.

DEFINITIONS

Except as may otherwise be provided in this Agreement, the capitalized terms set forth below shall have the following respective meanings, in their singular or plural forms as applicable:

- 1.1 Acquisition Proposal** shall mean any tender offer or exchange offer or any proposal for a merger, acquisition of all of the capital stock or assets of, share exchange, or other business combination involving the acquisition of PIC or any of its Subsidiaries or the acquisition of a substantial equity interest in, or a substantial portion of the assets of, PIC or any of its Subsidiaries, or any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing, other than the transactions contemplated under this Agreement.
- 1.2 Agreement** this Agreement and Plan of Merger, including any amendment hereto.
- 1.3 ABCA** the Arkansas Business Corporation Act.
- 1.4 BCL** the Louisiana Business Corporation Law.
- 1.5 BHC Act** the federal Bank Holding Company Act of 1956.
- 1.6 Business Day** Monday through Friday of each week, except a legal holiday recognized as such by the U.S. Government or any day on which banking institutions in the states of Louisiana and/or Arkansas are authorized or obligated to close.

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- 1.7 Certificates** the certificates representing shares of PIC Common Stock on or prior to the Effective Date.
- 1.8 Closing** the closing of the transactions contemplated hereunder as described in Section 3.1 of this Agreement.
- 1.9 Code** the Internal Revenue Code of 1986, as amended.
- 1.10 Effective Date** the date and time at which the Merger becomes effective, as described in Section 3.2 of this Agreement.
- 1.11 ERISA** the Employee Retirement Income Security Act of 1974, as amended.
- 1.12 Exchange Agent** IBKC's stock transfer agent or such other third party experienced in the stock transfer business reasonably acceptable to PIC which shall act as the exchange agent pursuant to Section 2.2(f) hereof.
- 1.13 Exchange Ratios** the Fixed Exchange Ratio and the Floating Exchange Ratio.
- 1.14 Federal Reserve** the Board of Governors of the Federal Reserve System.
- 1.15 Financial Statements** (i) the audited consolidated balance sheets (including related notes and schedules, if any) of a Warrantor, as of December 31, 2005 and 2004 with respect to IBKC and as of December 31, 2005 and 2004 with respect to PIC, and the related consolidated statements of income (or statements of income and comprehensive income), changes in stockholders' equity, and cash flows (including related notes and schedules, if any) for the respective years then ended, and (ii) the unaudited consolidated balance sheets of such Warrantor (including related notes and schedules, if any) and related consolidated statements of income (or statements of income and comprehensive income), changes in stockholders' equity, and cash flows (including related notes and schedules, if any) with respect to the quarterly periods ended subsequent thereto.
- 1.16 Fixed Exchange Ratio** - .2274 shares of IBKC Common Stock (rounded to the nearest ten-thousandth of a share).
- 1.17 Floating Exchange Ratio** the quotient (rounded to the nearest ten-thousandth of a share) obtained by dividing \$13.323 by the Market Value.
- 1.18 GAAP** generally accepted accounting principles in the United States of America.
- 1.19 IBERIABANK** IBERIABANK, a Louisiana banking corporation and a wholly owned subsidiary of IBKC.
- 1.20 IBAC** IBERIABANK Acquisition Corporation, a Louisiana corporation and a wholly owned subsidiary of IBKC.
- 1.21 IBKC** IBERIABANK Corporation, a Louisiana corporation.
- 1.22 IBKC Common Stock** the common stock, par value \$1.00 per share, of IBKC.
- 1.23 Market Value** the average of the daily weighted average trading prices of the IBKC Common Stock on the NASDAQ Global Market (as calculated by Bloomberg Screen AQR) on each of the fifteen (15) trading days ending one (1) Business Day prior to the Effective Date.
- 1.24 Material Adverse Effect** with respect to a Warrantor, means any change, effect, event, occurrence or state of facts that (a) is, or would reasonably be expected to be, materially adverse to the business, financial condition or results of operations of such Warrantor and its Subsidiaries taken as a whole, or (b) materially

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and adversely affects the ability of the Warrantor to perform its obligations hereunder or materially and adversely affects the timely consummation of the transactions contemplated hereby; provided, however, that Material Adverse Effect shall not be deemed to include the impact of (i) any change in the value of the securities or loan portfolio of the Warrantor, whether held as available for sale or held to maturity, resulting from changes in the prevailing level or interest rates; (ii) any change, effect, event or occurrence relating to the announcement or performance of this Agreement and the transactions contemplated hereby, including the expenses incurred by the Warrantor in consummating the transactions contemplated by this Agreement; (iii) with respect to PIC and its Subsidiaries, any change, effect, event or occurrence resulting from any action or omission taken with the prior consent of IBKC; (iv) any change in banking, or similar laws, rules or regulations of general applicability or interpretations thereof by courts or governmental authorities; (v) any change in GAAP or regulatory accounting requirements applicable to banks or their holding companies generally; and (vi) the payment of any amounts due to, or the provision of any other benefits to, any directors, officers or employees of PIC and its Subsidiaries pursuant to employment agreements, plans and other arrangements described in this Agreement.

1.25 Merger the merger of PIC with and into IBAC.

1.26 Merger Agreement the Merger Agreement, substantially in the form attached hereto as Exhibit I, providing for the Merger.

1.27 1933 Act the Securities Act of 1933, as amended.

1.28 1934 Act the Securities Exchange Act of 1934, as amended.

1.29 PBT Pulaski Bank & Trust Company, an Arkansas banking corporation and a wholly owned subsidiary of PIC.

1.30 PIC Pulaski Investment Corporation, an Arkansas corporation.

1.31 PIC Common Stock the common stock, par value \$0.25 per share, of PIC.

1.32 Person any individual, bank, corporation, partnership, association, joint stock company, business trust, limited liability company or unincorporated association.

1.33 Proxy Statement the proxy or information statement to be used by PIC and, if required by law or applicable NASDAQ listing standards, IBKC in connection with the Stockholders Meeting to consider and vote upon the transactions contemplated by this Agreement, together with any and all amendments or supplements thereto.

1.34 Registration Statement the Registration Statement on Form S-4 (or other appropriate form) and all amendments and supplements thereto filed with the SEC by IBKC under the 1933 Act in connection with the transactions contemplated by this Agreement.

1.35 Regulatory Authorities collectively, any federal or state banking, insurance, securities or other governmental or regulatory authority whose approval is necessary to consummate the transactions contemplated by this Agreement.

1.36 SEC - the United States Securities and Exchange Commission.

1.37 SEC Documents all reports, proxy statements, registration statements and other documents filed by any Warrantor pursuant to the Securities Laws.

1.38 Securities Laws the 1933 Act, the 1934 Act, the Investment Company Act of 1940, the Investment Advisors Act of 1940, the Trust Indenture Act of 1939, and the rules and regulations of the SEC under each of such acts.

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1.39 Stockholders Meeting the meeting of the stockholders of PIC and, if required by law or applicable NASDAQ listing standards, of IBKC to be held pursuant to Section 7.1(b) of this Agreement, including any adjournments thereof.

1.40 Subsidiaries - all those corporations, banks, savings banks, associations and other entities of which the Person in question owns or controls 100% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 100% or more of the outstanding equity securities is owned directly or indirectly by such Person; provided, however, there shall not be included any such entity acquired in good faith through foreclosure, or any such entity to the extent that the equity securities of such entity are owned or controlled in a bona fide fiduciary capacity, through a small business investment corporation or otherwise as an investment by an entity that invests in unaffiliated companies in the ordinary course of business.

1.41 Warrantor IBKC or PIC, as the case may be.

1.42 Warrantor Benefit Plans the benefit plans of IBKC or PIC, as defined in Section 5.11(a) of this Agreement and as the context shall require, which shall depend on whether the Warrantor is IBKC or PIC and shall correspond therewith.

1.43 Warrantor Common Stock the IBKC Common Stock or the PIC Common Stock, as the context shall require, which shall depend on whether the Warrantor is IBKC or PIC and shall correspond therewith.

1.44 Warrantor Companies collectively, PIC and all PIC Subsidiaries or, collectively, IBKC and all IBKC Subsidiaries, as the context shall require.

1.45 Warrantor Financial Statements the Financial Statements of Warrantor.

1.46 Warrantor Subsidiaries the Subsidiaries of PIC or IBKC, as the context shall require, which shall include the Subsidiaries described in Section 1.40 of this Agreement and any corporation, bank, savings bank, association or other entity that becomes or is acquired as a Subsidiary of a Warrantor in the future.

Other terms are defined as set forth below.

SECTION II.

CERTAIN TRANSACTIONS AND TERMS OF MERGER

2.1 Merger. Subject to the terms and conditions of this Agreement, at the Effective Date, PIC will be merged with and into IBAC in accordance with the Merger Agreement, this Agreement, the ABCA and the BCL.

2.2 Conversion of PIC Common Stock.

(a) As used herein, the term **Total Merger Consideration** shall mean: (i) a number of shares of IBKC Common Stock with a total market value of \$32.5 million based upon the trading price of IBKC Common Stock applicable to the Fixed Exchange Ratio (\$58.60 per share); plus (ii) a number of shares of IBKC Common Stock with a total Market Value of \$32.5 million based upon the trading prices of IBKC Common Stock to be applicable to the Floating Exchange Ratio; plus (iii) cash (without interest) in the total amount of \$65.0 million, subject to adjustment under Sections 7.8 and 8.7 of this Agreement.

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(b) Except for shares of PIC Common Stock as to which dissenters' rights have been perfected and not withdrawn or otherwise forfeited (Dissenters' Shares) under the ABCA, and as otherwise provided herein, at the Effective Date each issued and outstanding share of PIC Common Stock will be converted into the Per Share Merger Consideration which shall mean:

(i) shares of IBKC Common Stock based upon the Fixed Exchange Ratio; plus

(ii) shares of IBKC Common Stock based upon the Floating Exchange Ratio; plus

(iii) an amount of cash (without interest) determined by dividing \$65.0 million by the number of shares of PIC Common Stock outstanding on the Effective Date (rounded to the nearest whole cent).

(c) Shares of PIC Common Stock that are held by PIC and any PIC Subsidiary (other than shares held in a fiduciary capacity) shall not be considered to be outstanding and shall be cancelled (and not converted) by virtue of the Merger at the Effective Date and without any further action by any party.

(d) If, before the Effective Date, IBKC should split, reclassify, recapitalize or combine the IBKC Common Stock, or pay a stock dividend in IBKC Common Stock, or otherwise change the IBKC Common Stock into any other securities, or make any other dividend or distribution in respect of the IBKC Common Stock (other than normal cash dividends consistent with past practices as the same may be adjusted from time to time in accordance with or not in violation of this Agreement), and the record date therefore is prior to the Effective Date, then the Exchange Ratios will be appropriately and proportionately adjusted to reflect such split, reclassification, recapitalization, combination, stock dividend or other distribution or change.

(e) In lieu of issuing any fractional share of IBKC Common Stock which would otherwise be distributable to a PIC stockholder as determined following application of Section 2.2(a), each holder of PIC Common Stock who would otherwise be entitled thereto, after aggregating into whole shares all fractional shares of IBKC Common Stock to which such holder is entitled by virtue of the Merger, upon surrender of the certificate(s) which represented PIC Common Stock, will receive, without interest, cash equal to such fractional share multiplied by \$58.60.

(f) No later than the Effective Date, IBKC shall deposit, or shall cause to be deposited, with the Exchange Agent for the benefit of the holders of PIC Common Stock, for exchange in accordance with this Section 2.2, certificates and cash (in immediately available funds) representing the Total Merger Consideration to be paid. After the Effective Date, each holder of PIC Common Stock (other than Dissenters' Shares), upon surrender of such holder's Certificates in accordance herewith, will be entitled to receive the shares of IBKC Common Stock and cash into which such holder's shares have been converted, less any applicable tax withholding. Until then, each Certificate for PIC Common Stock will represent the Per Share Merger Consideration into which the shares of PIC Common Stock represented thereby were converted, except that IBKC may refuse to pay any dividend or other distribution payable to holders of any unsurrendered Certificate for PIC Common Stock (without any interest thereon) until surrender or if such dividend or distribution has reverted in full ownership to IBKC under its Articles of Incorporation. Whether or not a Certificate for PIC Common Stock is surrendered, after the Effective Date it will not represent any interest in any Person other than IBKC.

(g) Prior to the Effective Date, IBKC or the Exchange Agent shall mail to each holder of record of a Certificate or Certificates a form of letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Certificates in exchange for the Per Share Merger Consideration into which the shares of PIC Common Stock represented by such Certificate or Certificates shall have been converted pursuant to this Section 2.2. Upon proper surrender of a Certificate for exchange and cancellation to the Exchange Agent, together with a properly completed letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefore (i) a certificate representing that number of shares of IBKC Common Stock to which such former holder of PIC Common Stock shall have become entitled pursuant to this Agreement and (ii) a check (or, as provided in Section 2.2(h) below, wire transfer of immediately available funds) representing that amount of cash to which such former holder of PIC Common Stock shall have become entitled pursuant to this Agreement.

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(h) IBKC and the Exchange Agent shall within one (1) Business Day after the Effective Date wire the cash amount of the Per Share Merger Consideration and deliver by overnight courier certificates for shares of IBKC Common Stock to any former holders of PIC Common Stock who request such payment and have properly surrendered Certificates in exchange for the Merger Consideration prior to the Effective Date.

(i) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and the posting by such person of a bond in such amount as IBKC may reasonably direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the Per Share Merger Consideration deliverable in respect thereof.

(j) If the Person surrendering a Certificate and signing the accompanying letter of transmittal is not the record holder thereof, then it shall be a condition of the payment of the Per Share Merger Consideration that: (i) such Certificate is properly endorsed to such Person or is accompanied by appropriate stock powers, in either case signed exactly as the name of the record holder appears on such Certificate, and is otherwise in proper form for transfer, or is accompanied by appropriate evidence of the authority of the Person surrendering such Certificate and signing the letter of transmittal to do so on behalf of the record holder; and (ii) the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other similar taxes required by reason of the payment to a Person other than the registered holder of the Certificate surrendered, or required for any other reason, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

2.3 Employee Agreements.

(a) Schedule 2.3(a) sets forth a list of all of the Executive Phantom Ownership Plan Agreements, Deferred Compensation Agreements and Retention Agreements (collectively, the Agreements) between PIC or its applicable Subsidiary and their respective employees and the estimated amounts to be paid by PIC or its applicable Subsidiary, at or immediately prior to the Effective Date, to the employees as set forth on Schedule 2.3(a) pursuant to said Agreements. At or prior to the Effective Date, PIC or its applicable Subsidiary shall pay to the employees listed on Schedule 2.3(a) the amounts, without material deviation, as set forth on Schedule 2.3(a) against delivery by each listed employee of an instrument in writing signed by the employee acknowledging (i) receipt of said payment as full payment for all amounts due and payable to such employee thereunder and (ii) the termination of said agreement, effective immediately upon the execution and delivery of said acknowledgment. In addition, at or prior to the Effective Date, PIC and its applicable Subsidiaries shall terminate the Executive Phantom Ownership Plan and Deferred Compensation Plan under which such Agreements were executed.

(b) Schedule 2.3(b) sets forth a list of all of the Stay Agreements which PIC has or expects to enter between PIC (or its applicable Subsidiary) and their respective employees.

SECTION III.

CLOSING AND EFFECTIVE DATE

3.1 Time and Place of Closing.

(a) The Closing will take place on a mutually agreed upon Business Day within twenty-one (21) days, or such lesser number of days as is reasonably practical, subsequent to the last of (i) the date of receipt of all required federal or state regulatory agency approvals of the Merger and the expiration of all required waiting periods, and (ii) the date on which the stockholders of PIC approve this Agreement at the Stockholders Meeting to be held pursuant to Section 7.1(b) of this Agreement; or such other date as the parties hereto may mutually agree. If all conditions in Section VIII hereof are satisfied, or waived by the party entitled to grant such waiver, at the Closing (i) the parties shall each provide to the others such proof of satisfaction of the conditions in Section VIII as the party whose obligations are conditioned upon such satisfaction may reasonably request, (ii) the certificates, letters and opinions required by Section VIII shall be delivered, (iii) the directors and appropriate officers of the parties shall authorize, execute, deliver and acknowledge the articles and certificate of merger, and (iv) the parties shall take such further action, including (without limitation) filing the Merger Agreement and any other necessary filings with the Secretary of State of Louisiana and necessary filings with the Secretary of State of Arkansas, to consummate the transactions contemplated by this Agreement.

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(b) If on any date established for the Closing all conditions in Section VIII hereof have not been satisfied or waived by each Warrantor entitled to grant such waiver, then either Warrantor, on one or more occasions, may declare a delay of the Closing of such duration, not exceeding ten (10) days, as the declaring Warrantor shall select, but no such delay shall extend beyond the last date set forth in subparagraph (c) of Section 9.1(c), and no such delay shall interfere with the right of either Warrantor to declare a termination pursuant to Section IX. The place of Closing shall be at the office of IBKC set forth in Section 10.7.

3.2 Effective Date. Subject to the satisfaction or waiver of the conditions set forth in Article VIII, the Merger shall become effective upon the approval of the Merger by the Board of Governors of the Federal Reserve System and necessary filings with the Louisiana Secretary of State in accordance with the BCL and the Arkansas Secretary of State in accordance with the ABCA, or such later date and time or may be set forth in such filings (the time the Merger becomes effective being referred to as the Effective Date.).

SECTION IV.

MANAGEMENT AND RELATED MATTERS FOLLOWING MERGER

4.1 Board of Directors and Officers of IBAC. At the Effective Date, the board of directors and officers of IBAC shall consist of those persons serving as directors and officers of IBKC immediately prior to the Effective Date.

4.2 Board of Directors and Officers of PIC Subsidiaries. At the Effective Date, the directors and officers of the PIC Subsidiaries shall consist of those persons designated by IBKC prior to the Effective Date.

4.3 Employees and Benefits.

(a) The employees of PIC and its Subsidiaries who remain employed after the Effective Date (Continuing Employees) shall be given credit under each employee benefit plan, policy, program and arrangement maintained by IBERIABANK after the Closing for their service with PIC or its Subsidiary prior to the Closing for all purposes, including severance, vacation and sick leave, eligibility to participate, vesting, satisfying any waiting periods, evidence of insurability requirements, seniority or the application of any pre-existing condition limitations, other than benefit accrual under a defined benefit plan (as defined in Section 3(35) of ERISA); provided, however, that accrued vacation taken subsequent to the Effective Date may be subject to such limitations as IBKC or IBERIABANK may reasonably require. Any employee of PIC or its Subsidiaries who does not remain employed by PIC or its Subsidiaries after the Effective Date or does not receive a severance payment in connection with the Merger shall receive a severance payment as if he or she were an employee of IBKC for the entire time he or she were an employee of PIC.

(b) In the event of any termination of any PIC or PIC Subsidiary health plan (collectively, a PIC health plan), IBKC and IBERIABANK shall make available to Continuing Employees and their dependents, employer-provided health care coverage under health plans provided by IBKC and IBERIABANK. Unless a Continuing Employee affirmatively terminates coverage under a PIC health plan prior to the time that such Continuing Employee becomes eligible to participate in the IBKC health plan, no coverage of any of the Continuing Employees or their dependents shall terminate under any of the PIC health plans prior to the time such Continuing Employees and their dependents become eligible to participate in the health plans, programs and benefits common to all employees and their dependents of IBKC and IBERIABANK. In the event IBKC terminates any PIC health plan or consolidates of any PIC health plan with any IBKC health plan, individuals covered by the PIC health plan shall be entitled to immediate coverage under the IBKC health plan in accordance with the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations issued thereunder, including limitations on pre-existing condition exclusions, nondiscrimination and special enrollment rights. All PIC employees who cease participating in a PIC health plan and become participants in a comparable IBKC health plan shall receive credit for any co-payment and deductibles paid under PIC s health plan, to the extent such credit would be provided under PIC s health plan, for purposes of satisfying any applicable deductible or out-of-pocket requirements under the IBKC health plan, upon substantiation, in a form reasonably satisfactory to IBKC, that such co-payment and/or deductible has been satisfied.

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4.4 Indemnification and Insurance.

(a) IBKC agrees that all rights to indemnification and all limitations of liability existing in favor of any director or officer of PIC or any PIC Subsidiary (the Indemnified Parties) as provided in PIC s or the PIC Subsidiary s articles of incorporation or bylaws (including without limitation the right to the advancement of expenses) with respect to matters occurring on or prior to the Effective Date shall survive the Merger and shall continue in full force and effect, without any amendment thereto, for a period of six (6) years from the Effective Date; *provided, however*, that all rights to indemnification in respect of any claim, suit, proceeding, investigation, or other action (Claim) asserted or made within such period shall continue until the final disposition of such Claim; *provided further*, however, that nothing contained in this Section 4.4(a) shall be deemed to preclude the liquidation, consolidation or merger of PIC or any PIC Subsidiary, in which case all of such rights to indemnification and limitations on liability shall be deemed to so survive and continue notwithstanding any such liquidation, consolidation or merger and shall constitute rights which may be asserted against IBKC. Nothing contained in this Section 4.4(a) shall be deemed to preclude any rights to indemnification or limitations on liability provided in PIC s or any PIC Subsidiary s articles of incorporation with respect to matters occurring subsequent to the Effective Date to the extent that the provisions establishing such rights or limitations are not otherwise amended to the contrary.

(b) Any Indemnified Party wishing to claim indemnification under Section 4.4, upon learning of any claim, shall notify IBKC thereof in writing as promptly as is practicable; provided, however, that failure to so notify IBKC shall not relieve IBKC from any liability that would otherwise arise under this Section 4.4 except to the extent such failure prejudices IBKC. IBKC shall have the right to assume the defense thereof and shall not be liable for any expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, except that if IBKC does not assume or continue to pursue such defense, or counsel for the Indemnified Party advises in writing that issues raise conflicts of interest between IBKC and the Indemnified Party, then the Indemnified Party may retain counsel satisfactory to such Indemnified Party (and reasonably satisfactory to IBKC) at IBKC s expense; provided, however, that (i) IBKC shall not be obligated to pay for more than one counsel for all Indemnified Parties in any jurisdiction except as may be required due to conflicts of interest; (ii) the Indemnified Parties will cooperate (to the extent reasonably appropriate under the circumstances) in the defense of any such claim; and (iii) IBKC shall not be liable for any settlement effected without the prior written consent of IBKC, which consent may be withheld unless such settlement is reasonable in light of such claims, actions, suits, proceedings or investigations against, and defenses available to, such Indemnified Party.

(c) PIC will, for total premiums not to exceed \$161,000 (the Maximum Amount), purchase a continuation of their current directors and officers liability insurance for a coverage period of three (3) years after the Merger, provided that if the amount of the annual premiums necessary to maintain or procure such insurance coverage exceeds the Maximum Amount, IBKC shall maintain the most advantageous policies of directors and officers insurance obtainable for an annual premium equal to the Maximum Amount.

(d) If IBKC or any of its successors or assigns (i) reorganizes or consolidates with or merges into or enters into another business combination transaction with any other Person or entity and is not the resulting, continuing or surviving corporation or entity of such reorganization, consolidation, merger or transaction or (ii) liquidates, dissolves or transfers all or substantially all of its properties and assets to any Person or entity, then, and in each such case, proper provisions will be made so that such surviving corporation or transferee and its successors and assigns assume the obligations of IBKC set forth in this Agreement. The obligations of IBKC under this Section 4.4 are intended to be for the benefit of, and enforceable against IBKC directly by, the Indemnified Parties and their heirs and representatives and shall be binding on all respective successors and permitted assigns of IBKC. IBKC shall pay all reasonable costs, including attorneys fees, that may be incurred by any Indemnified Party in successfully enforcing the indemnity and other obligations provided for in this Section 4.4 to the fullest extent permitted under applicable law. The rights of each Indemnified Party hereunder shall be in addition to any other rights such Indemnified Party may have under applicable law. The provisions of this Section 4.4 shall survive the Effective Date.

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SECTION V.

REPRESENTATIONS AND WARRANTIES OF IBKC AND PIC

IBKC and PIC hereby represent and warrant to the other Warrantor, to the extent pertaining to itself, its Subsidiaries, and/or its business or affairs, subject to the standard set forth in Section 5.21 hereof, that:

5.1 Organization, Standing, and Authority. Warrantor is a corporation duly organized, validly existing, and in good standing under the laws of the state of its incorporation, and is duly qualified to do business and in good standing in the states of the United States and foreign jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. Warrantor has corporate power and authority to carry on its business as now conducted in all material respects, to own, lease and operate its assets, properties and business, and to execute and deliver, and to perform its obligations under, this Agreement. Warrantor is duly registered with the Federal Reserve as a bank holding company under the BHC Act. Warrantor has in effect all federal, state, local and foreign governmental authorizations necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted in all material respects. Each of IBERIABANK and PBT is an insured depository institution as defined in the Federal Deposit Insurance Act and applicable regulations thereunder.

5.2 Capital Stock.

(a) The authorized, issued and outstanding capital stock of Warrantor as of the date of this Agreement, the number of shares of Warrantor Common Stock reserved for issuance under the Warrantor Benefit Plans as of such date and the number of shares of Warrantor Common Stock that are subject to outstanding stock options under such Warrantor Benefit Plans as of such date, are set forth in Schedule 5.2(a) that pertains to Warrantor. All of the issued and outstanding shares of capital stock of Warrantor are duly and validly authorized and issued and are fully paid and non-assessable. None of the outstanding shares of the capital stock of Warrantor has been issued in violation of any preemptive rights of the current or past stockholders of Warrantor. All of the IBKC Common Stock to be issued in exchange for PIC Common Stock upon consummation of the Merger, when issued in accordance with the terms of this Agreement, will be duly and validly authorized and fully paid and non-assessable.

(b) Except as set forth in Section 5.2(a), Section 6.1(e) or Schedule 5.2(a), there are, as of the date of this Agreement and will be, at the Effective Date, no shares of capital stock or other equity securities of PIC outstanding and no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of the capital stock of PIC or contracts, commitments, understandings or arrangements by which PIC is or may be bound to issue additional shares of its capital stock or options, warrants or rights to purchase or acquire any additional shares of its capital stock.

5.3 Subsidiaries. Schedule 5.3 lists all of the Subsidiaries of Warrantor as of the date of this Agreement. Except as provided in Louisiana Revised Statutes 6:262, all of the shares of capital stock of IBERIABANK held by IBKC are fully paid and non-assessable and are owned by IBKC free and clear of any claim, lien or encumbrance. Each Subsidiary of Warrantor is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and is duly qualified to do business and in good standing in the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. Each of PBT and IBERIABANK has the corporate power and authority necessary for it to own or lease its properties and assets and to carry on its business as it is now being conducted, and has all federal, state, local and foreign governmental authorizations necessary for it to own or lease its properties and assets and to carry on its business as it is now being conducted in all material respects.

5.4 Authority.

(a) The execution and delivery of this Agreement and the consummation of the transactions contemplated herein or therein, including the Merger, have been duly and validly authorized by all necessary

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corporate action on the part of Warrantor, subject, with respect to this Agreement, to the approval of the stockholders of PIC and, if necessary, IBKC at the Stockholders Meeting to the extent required by applicable law. This Agreement, subject to any requisite approval by PIC's and, if necessary, IBKC's stockholders, represents the valid and legally binding obligation of Warrantor, enforceable against Warrantor, in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought.

(b) Neither the execution and delivery of this Agreement by Warrantor, nor the consummation by Warrantor of the transactions contemplated herein or therein, nor compliance by Warrantor with any of the provisions hereof or thereof, will (i) conflict with or result in a breach of any provision of the charter or by-laws of IBKC or PIC, or (ii) except as set forth on Schedule 5.4(b), constitute or result in the breach of any term, condition or provision of, or constitute a default under, or give rise to any right of termination, cancellation or acceleration with respect to, or result in the creation of any lien, charge or encumbrance upon any property or assets of Warrantor, pursuant to, any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which any of them is a party or by which any of them or any of their properties or assets may be subject, except such as individually or in the aggregate will not have a Material Adverse Effect, or (iii) subject to receipt of the requisite approvals, authorizations, filings, registrations and notifications referred to in Section 8.5 of this Agreement, violate any order, writ, injunction, decree, statute, rule or regulation applicable to Warrantor, or any of its properties or assets.

(c) Other than in connection or compliance with the provisions of applicable state corporate and securities laws, the Securities Laws and the rules and regulations thereunder, and other than consents, authorizations, approvals or exemptions required from Regulatory Authorities, no notice to, filing with, authorization of, exemption by or consent or approval of any public body or authority is necessary for the consummation by Warrantor of the Merger and the other transactions contemplated by this Agreement.

(d) The Board of Directors of each of the parties hereto (at a meeting duly called and held prior to the execution of this Agreement) has by requisite vote (i) determined that the Merger is in the best interests of such party and its stockholders, (ii) authorized and approved this Agreement and the transactions contemplated hereby, including the Merger, and (iii) directed that the Merger be submitted for consideration to PIC's stockholders and, if necessary, IBKC's stockholders at the Stockholders Meeting.

5.5 Financial Statements; Accounting. Prior to the execution of this Agreement, each Warrantor has delivered to the other Warrantor its Warrantor Financial Statements through the period ended December 31, 2005, and each Warrantor will promptly deliver when available copies of such Warrantor Financial Statements in respect of periods ending after December 31, 2005. Each of the Warrantor Financial Statements (as of the dates thereof and for the periods covered thereby): (i) is (and, in the case of Warrantor Financial Statements in respect of periods ending after December 31, 2005, will be) in accordance with the books and records of the Warrantor, and have been and will continue to be maintained in accordance with GAAP (except as permitted by Regulation S-X of the SEC), in all material respects, and (ii) except as permitted by Regulation S-X of the SEC, presents (and, in the case of Warrantor Financial Statements in respect of periods ending after December 31, 2005, will present) fairly in all material respects the consolidated financial position and the consolidated results of operations, changes in stockholders' equity and cash flows of the Warrantor as of the dates and for the periods indicated, in all material respects in accordance with GAAP applicable to financial institution holding companies applied on a basis consistent with prior periods, except as otherwise described (subject in the case of interim financial statements to normal year-end adjustments and the absence of footnotes).

5.6 Absence of Undisclosed Liabilities. Except as set forth in Schedule 5.6, neither Warrantor has any obligation or liability (contingent or otherwise) that is material, either individually or in the aggregate, to the financial condition, results of operations or, to the Warrantor's knowledge, business prospects of the Warrantor on a consolidated basis, or that when combined with all similar obligations or liabilities would, either individually or in the aggregate, be material to the financial condition, results of operations or, to the Warrantor's knowledge, business prospects of the Warrantor on a consolidated basis, except (i) as reflected in the Warrantor Financial Statements delivered prior to the date of this Agreement, (ii) as reflected by this Agreement, or (iii) for commitments and obligations made, or liabilities incurred, since December 31, 2005, in the ordinary course of its business consistent with past practices.

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5.7 Tax Matters.

(a) All material federal, state, local and foreign tax returns required to be filed by or on behalf of Warrantor have been timely filed or requests for extensions have been timely filed, granted and have not expired. All taxes shown on filed returns have been paid, except for taxes which are being contested in good faith or have not yet been fully determined. There is no audit examination, deficiency, refund litigation or matter in controversy with respect to any taxes, except as reserved against in the Warrantor Financial Statements or as set forth on Schedule 5.7(a). All taxes, interest, additions and penalties which are material in amount and which are due with respect to completed and settled examinations or concluded litigation have been paid or adequately reserved for.

(b) Except as set forth on Schedule 5.7(b), Warrantor has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect.

(c) Adequate provision for any federal, state, local or foreign taxes due or to become due for Warrantor for any period or periods through and including December 31, 2005 has been made and is reflected in the Warrantor Financial Statements, and will be made through and including the Closing.

(d) Deferred taxes of the Warrantor Companies have been provided for in accordance with GAAP.

5.8 Loans, Reserves, and Investments.

(a) All loans (including discounts) and financing leases in which Warrantor is lessor (collectively, Credits) reflected in the Warrantor Financial Statements were (i) made for adequate consideration in the ordinary course of business, (ii) evidenced by instruments that were true and genuine, and (iii) if secured, secured by valid perfected security interests. An accurate trial balance of all such Credits of PIC and of the investment portfolio as of June 30, 2006 has been previously delivered to IBKC.

(b) The aggregate allowances for losses on Credits and other real estate and foreclosed assets owned reflected on the latest Warrantor Financial Statement delivered on or prior to the date of this Agreement were, as of the date of such Financial Statements and will be, at the Closing, adequate, as of the respective dates of the Financial Statements, in accordance with regulatory guidelines and GAAP in all material respects.

5.9 Properties and Insurance. Except as set forth on Schedule 5.9 or as reserved against in the Warrantor Financial Statements, Warrantor, has good and, as to real property, marketable title, free and clear of all material liens, encumbrances, charges or defaults of any character, to all of the material properties and assets, tangible or intangible, reflected in the Warrantor Financial Statements as being owned by the Warrantor as of the dates thereof. To the knowledge of Warrantor's management, (i) all buildings and all fixtures, equipment and other property and assets which are material to its business on a consolidated basis and are held under leases or subleases by the Warrantor are held under valid leases or subleases enforceable in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceedings may be brought); and (ii) the policies of fire, theft, liability, fidelity and other insurance maintained with respect to the assets or businesses of the Warrantor provide adequate coverage against loss.

5.10 Compliance with Laws. Except as set forth in Schedule 5.10, each Warrantor:

(a) Is, to its knowledge, in compliance in all material respects with all laws, regulations, reporting and licensing requirements and orders applicable to its business or to the employees conducting its business;

(b) Has received no notification or communication from any Regulatory Authority (i) threatening to revoke any license, franchise, permit or governmental authorization which is material, either individually or in the aggregate, to the financial condition, results of operations or, to the Warrantor's knowledge, business prospects of

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the Warrantor on a consolidated basis or the ability of the Warrantor to consummate the transactions contemplated under this Agreement, under the terms hereof and thereof, or (ii) requiring Warrantor (or any of its officers, directors or controlling Persons) to enter into a cease and desist order, agreement or memorandum of understanding (or requiring the board of directors thereof to adopt any resolution or policy); and

(c) Has complied in all material respects with the Community Reinvestment Act (CRA) and the rules and regulations thereunder, and has a CRA rating of not less than satisfactory .

5.11 Employee Benefit Plans.

(a) (i) Warrantor has delivered or made available to the other Warrantor, prior to the execution of this Agreement, copies of each pension, retirement, profit sharing, supplemental or excess retirement, stock option, stock purchase, savings, employee stock ownership, restricted stock, phantom stock, stock ownership, life insurance, disability, vacation pay, severance pay (including, without limitation change of control or golden parachute arrangements), incentive, deferred compensation, bonus or benefit arrangement, health or hospitalization program, fringe benefit or perquisite arrangement or other similar plan as in effect on the date of this Agreement, including, without limitation, any employee benefit plan , as that term is defined in Section 3(3) of ERISA, in respect of any of the present or former directors, officers, other employees or independent contractors of, or dependents, spouses or other beneficiaries of any of such directors, officers, other employees or independent contractors of, any of the Warrantor Companies (collectively, the Warrantor Benefit Plans), and (ii) PIC and the PIC Subsidiaries have delivered or made available to IBKC, prior to the execution of this Agreement, copies of each employment or consulting agreement as in effect on the date of this Agreement which provides any benefit or perquisites to or in respect of any of the present or former directors or officers of, or dependents, spouses or other beneficiaries of any of such directors or officers of, PIC and the PIC Subsidiaries, which employment and consulting agreements are, with respect to PIC and the PIC Subsidiaries, included in the term Warrantor Benefit Plans as defined above. Any of the Warrantor Benefit Plans which is an employee pension benefit plan, as that term is defined in Section 3(2) of ERISA, is referred to herein as a Warrantor ERISA Plan . No Warrantor has participated in or been a member of, and no Warrantor Benefit Plan is or has been, a multi-employer plan within the meaning of Section 3(37) of ERISA. Except as set forth on Schedule 5.11(a), the Warrantor Benefit Plans of PIC and the PIC Subsidiaries are terminable on their terms without penalty or payment except for accrued and vested benefits thereunder.

(b) All Warrantor Benefit Plans comply in all material respects with the applicable provisions of ERISA and the Code, and any other applicable laws, rules and regulations the breach or violation of which could result in a liability, either individually or in the aggregate, material to the financial condition, results of operations or prospects of the Warrantor on a consolidated basis. With respect to the Warrantor Benefit Plans, no event has occurred and, to the knowledge of Warrantor s management, there exists no condition or set of circumstances, in connection with which the Warrantor could be subject to any liability (except liability for severance payments, benefit claims, Pension Benefit Guaranty Corporation premiums, and funding obligations payable in the ordinary course). No notice of a reportable event, as that term is defined in Section 4043 of ERISA, for which the 30-day reporting requirement has not been waived has been required to be filed for any Warrantor ERISA Plan which is subject to Title IV of ERISA within the 12-month period ending on the date of this Agreement. No Warrantor has provided, or is required to provide, security to any Warrantor ERISA Plan which is subject to Title IV of ERISA pursuant to Section 401(a)(20) of the Code.

(c) Except as set forth on Schedule 5.11(c), no Warrantor ERISA Plan which is subject to Title IV of ERISA has any unfunded current liability, as that term is defined in Section 302(d)(8)(A) of ERISA, and the present fair market value of the assets of each such plan exceeds the plan s benefit liabilities , as that term is defined in Section 4001(a)(16) of ERISA, when determined under actuarial factors that would apply if the plan terminated as of the date of this Agreement in accordance with all applicable legal requirements.

5.12 Material Contracts. Except as set forth on Schedule 5.12, none of the Warrantor Companies, nor any of their respective assets, businesses or operations, as of the date of this Agreement, is a party to, or is bound or affected by, or receives benefits under, any contract or agreement or amendment thereto that in each case would be required to be filed as an exhibit to a Form 10-K filed by Warrantor as of the date of this Agreement and that was not so filed (each such contract, agreement or amendment, a Warrantor Material Contract). No Warrantor Company is in default in any material respect under any Warrantor Material Contract, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default.

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5.13 Legal Proceedings. Except as set forth on Schedule 5.13, there are no actions, suits or proceedings instituted or pending or, to the knowledge of Warrantor's management, threatened against a Warrantor Company, or affecting any property, asset, interest or right of any of them.

5.14 Absence of Certain Changes or Events. Since December 31, 2005, the Warrantor Companies, taken as a whole on a consolidated basis, have not suffered any change in any respect that has had or is reasonably likely to have a Material Adverse Effect.

5.15 Reports. Since December 31, 2002, each of the Warrantor Companies has filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with (i) the SEC, including, but not limited to, Forms 10-K, Forms 10-Q, Forms 8-K and proxy statements, (ii) the Federal Reserve, (iii) the Federal Deposit Insurance Corporation, and (iv) any applicable state banking, insurance, securities or other regulatory authorities. As of their respective dates (and without giving effect to any amendments or modifications filed after the date of this Agreement with respect to reports and documents filed before the date of this Agreement), each of such reports and documents, including the financial statements, exhibits and schedules thereto, complied in all material respects with all of the statutes, rules and regulations enforced or promulgated by the authority with which they were filed and did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein in light of the circumstances under which they were made not misleading.

5.16 Statements True and Correct. None of the information supplied or to be supplied by Warrantor for inclusion in (i) the Registration Statement, (ii) the Proxy Statement, and (iii) any other documents to be filed with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective times such documents are filed, and, in the case of the Registration Statement, when it becomes effective and, with respect to the Proxy Statement, when first mailed to the stockholders of PIC and, if required by law or applicable NASDAQ listing standards, IBKC, be false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Stockholders Meeting, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading. All documents that Warrantor is responsible for filing with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby will comply in all material respects with the provisions of applicable law including applicable provisions of the Securities Laws.

5.17 Environmental Matters.

(a) To the knowledge of Warrantor's management, Warrantor and each Warrantor Subsidiary (for purposes of this Section 5.17, the term Warrantor Subsidiary shall include small business investment corporations and entities that invest in unaffiliated companies in the ordinary course of business in which Warrantor owns or controls 5% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 5% or more of the outstanding equity securities is owned directly or indirectly by Warrantor), except as set forth in Schedule 5.17(a), the Participation Facilities, the Loan Properties and the Trust Properties (each as defined below) are, and have been, in compliance with all applicable laws, rules, regulations and standards, and all requirements of the United States Environmental Protection Agency (EPA) and of state and local agencies with jurisdiction over pollution or protection of health or the environment.

(b) To the knowledge of Warrantor's management, except as set forth in Schedule 5.17(b), there is no suit, claim, action or proceeding, pending or threatened, before any court, governmental agency, board or other forum pursuant to which Warrantor or any of the Warrantor Subsidiaries or any Loan Property, Participation Facility or Trust Property (or in respect of such Loan Property, Participation Facility or Trust Property) has been or, with respect to threatened proceedings may be, named as a defendant (i) for alleged noncompliance (including by any predecessor) with any environmental law, rule or regulation or (ii) relating to the release into the environment of any Hazardous Material (as defined below) or oil, whether or not occurring at or on any site owned (including as trustee), leased or operated by it or any of its subsidiaries or any Loan Property, Participation Facility or Trust Property.

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(c) To the knowledge of Warrantor's management, except as set forth in Schedule 5.17(c), there is no reasonable basis for any suit, claim, action or proceeding of a type described in Section 5.17(b).

(d) During the period of (i) Warrantor's or any of the Warrantor Subsidiaries' ownership (including as trustee) or operation of any of their respective current properties, (ii) Warrantor's or any of the Warrantor Subsidiaries' participation in the management of any Participation Facility, (iii) Warrantor's or any of the Warrantor Subsidiaries' holding of a security interest in a Loan Property, or (iv) Warrantor or any of the Warrantor Subsidiaries acting as a trustee or fiduciary with respect to a Trust Property, to the knowledge of Warrantor's management, there has been no release of Hazardous Material or oil in, on, under or affecting such property, Participation Facility, Loan Property or Trust Property. Prior to the period of (w) Warrantor's or any of the Warrantor Subsidiaries' ownership (including as trustee) or operation of any of their respective current properties, (x) Warrantor's or any of the Warrantor Subsidiaries' participation in the management of any Participation Facility, (y) Warrantor's or any of the Warrantor Subsidiaries acting as trustee or other fiduciary with respect to Trust Property, or (z) Warrantor's or any of the Warrantor Subsidiaries' holding of a security interest in a Loan Property, to the knowledge of Warrantor's management, there was no release of Hazardous Material or oil in, on, under or affecting any such property, Participation Facility, Loan Property or Trust Property.

(e) The following definitions apply for purposes of this Section 5.17: (i) **Loan Property** means any property in which Warrantor (or a Warrantor Subsidiary) holds a security interest and, where required by the context, includes the owner or operator of such property, but only with respect to such property; (ii) **Participation Facility** means any property in which Warrantor (or a Warrantor Subsidiary) participates in the management of such property and, where required by the context, includes the owner or operator of such property, but only with respect to such property; (iii) **Trust Property** means any property with respect to which Warrantor (or a Warrantor Subsidiary) acts or has acted as a trustee or other fiduciary, directly or indirectly, and includes any trust or similar legal vehicle that owns or controls (or that owned or controlled) such property and, where required by the context, includes the trustee or other fiduciary, but only with respect to such property; and (iv) **Hazardous Material** means any pollutant, contaminant or hazardous substance within the meaning of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq., or any similar federal, state or local law.

5.18 Knowledge as to Conditions. On the date of this Agreement, Warrantor knows of no reason why the regulatory approvals, authorizations, filings, registrations and notices contemplated by Section 8.5 should not be obtained without the imposition of any material and adverse condition or restriction.

5.19 Labor Matters. Except as set forth on Schedule 5.19, neither Warrantor is a party to, or is bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Warrantor the subject of any proceeding asserting that Warrantor has committed an unfair labor practice or seeking to compel Warrantor to bargain with any labor union or labor organization as to wages and conditions of employment; nor is there any strike or other labor dispute involving Warrantor pending or threatened.

5.20 Fairness Opinion. PIC shall have received a written opinion from Stifel, Nicolaus & Company, Incorporated, PIC's financial advisor, dated the date of this Agreement, to the effect that, as of such date, the Per Share Merger Consideration to be received by the holders of PIC Common Stock is fair to PIC's stockholders from a financial point of view.

5.21 Materiality. No representation or warranty by a Warrantor contained in this Section V shall be deemed untrue or incorrect, and no party hereto shall be deemed to have breached a representation or warranty, on account of the existence of any fact, circumstance or event unless, as a direct or indirect consequence of such fact, circumstance or event, individually or taken together with all other facts, circumstances or events inconsistent with any paragraph of Section V, as applicable, there is or is reasonably likely to be a Material Adverse Effect, except that the representations and warranties in Sections 5.1, 5.2, 5.3 and 5.4 shall be true and correct in all respects. PIC's representations, warranties and covenants contained in this Agreement shall not be deemed to be untrue or breached as a result of effects arising solely from actions taken in compliance with this Agreement or a written request of IBKC.

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SECTION VI.

COVENANTS AND AGREEMENTS

Each of the parties to this Agreement hereby covenants and agrees with the other parties as follows:

6.1 Conduct of Business Negative Covenants. From the date of this Agreement until the earlier of the Effective Date or until the termination of this Agreement, except as otherwise permitted by this Agreement or as set forth on Schedule 6.1, PIC will not do, or agree or commit to do, and will cause each of its Subsidiaries not to do or agree to commit to do, any of the following without the prior written consent of a duly authorized officer of IBKC, which consent will not be unreasonably withheld:

(a) Amend its charter, by-laws, or other governing instruments, or

(b) Impose, or suffer the imposition, on any share of capital stock held by it or by one of its Subsidiaries, of any material lien, charge or encumbrance, or permit any such lien, charge or encumbrance to exist, or

(c) Repurchase, redeem, or otherwise acquire or exchange, directly or indirectly, any shares of its capital stock or any securities convertible into any shares of its capital stock, or

(d) Except as expressly contemplated by this Agreement, acquire direct or indirect control over any corporation, association, firm or organization, other than in connection with (i) internal reorganizations or consolidations involving existing Subsidiaries, (ii) good faith foreclosures in the ordinary course of business, (iii) acquisitions of control by a banking Subsidiary in a bona fide fiduciary capacity, (iv) investments made by small business investment corporations or by Subsidiaries that invest in unaffiliated companies in the ordinary course of business, or (v) the creation of new Subsidiaries organized to conduct or continue activities otherwise permitted by this Agreement, or

(e) Except as set forth on Schedule 6.1(e), issue, sell, pledge, encumber, authorize the issuance of, or otherwise dispose of: (i) any shares of its capital stock, including any agreement to issue, sell, pledge, encumber, or authorize the issuance of its capital stock; (ii) any substantial part of its assets or earning power; or (iii) any asset other than in the ordinary course of business for reasonable and adequate consideration, or

(f) Adjust, split, combine, or reclassify any capital stock of PIC or issue or authorize the issuance of any other securities in respect of or in substitution for PIC Common Stock, or

(g) Except as set forth on Schedule 6.1(g), incur any additional material debt obligation or other material obligation for borrowed money, except in the ordinary course of its business consistent with past practices (and such ordinary course of business shall include, but shall not be limited to, Federal Home Loan Bank advances, the creation of deposit liabilities, purchases of federal funds, sales of certificates of deposit and entry into repurchase agreements), or

(h) Except as set forth on Schedule 6.1(h), grant any increase in compensation or benefits to its officers or other employees; pay any bonus not in accordance with Schedule 6.1(h) or as set forth below, enter into any severance agreements with any of its directors or officers; grant any increase in fees or other increases in compensation or other benefits to any of its present or former directors; or effect any change in retirement benefits for any class of its employees or officers (unless such change is required by applicable law or, in the opinion of counsel, is necessary or advisable to maintain the tax qualification of any plan under which the retirement benefits are provided) that would increase the retirement benefit liabilities of PIC and its Subsidiaries.

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- (i) Except as contemplated by this Agreement, or any of the agreements, documents or instruments contemplated hereby, or as set forth on Schedule 6.1(i), amend any existing employment, severance or similar contract between it or any of its Subsidiaries (unless such amendment is required by law), or enter into any new such contract with, any person, or
- (j) Except as contemplated by this Agreement or any of the agreements, documents or instruments contemplated hereby, or set forth in Schedule 6.1(i), adopt any new employee benefit plan or make any material change in or to any existing employee benefit plan, other than any such change that is required by law or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan, or
- (k) Place or suffer to exist on any of its assets or properties any mortgage, pledge, lien, charge or other encumbrance, other than in the ordinary course of business consistent with past practices, or as disclosed in Schedule 6.1(k), cancel any material indebtedness to it or any material claims which it may have had, or waive any right of substantial value or discharge or satisfy any material noncurrent liability, or
- (l) Charge off (except as may otherwise be required by law or by regulatory authorities or by GAAP consistently applied) any material Credit, or make or enter into any commitments to make any Credit which varies materially from its written credit policies, copies of which have been made available to IBKC, or
- (m) Reduce its reserve for loan losses below \$4.0 million, except as may be required by law, regulatory authority or GAAP, or
- (n) Other than in the normal course of providing credit to customers as part of its banking business, accepting deposits and making investments, enter into any contract or series of related contracts involving a payment of more than \$50,000.
- (o) Commit to do any of the foregoing.

6.2 Conduct of Business Affirmative Covenants. Unless the prior written consent of the other Warrantor shall have been obtained, except as otherwise contemplated or permitted hereby or as set forth on Schedule 6.2, each Warrantor shall operate its business only in the ordinary course of business of such Warrantor consistent with past practices, shall preserve intact its business organizations and assets and maintain its rights and franchises, and shall voluntarily take no action which would (i) adversely affect the ability of any of them to obtain any necessary approvals of Regulatory Authorities required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the second sentence of Section 8.5 of this Agreement, (ii) adversely affect the ability of such Warrantor to perform its obligations under this Agreement, or (iii) cause or permit a breach of any of its covenants or cause or permit any representation or warranty of it to become untrue in any material respect, as if each such representation and warranty were continuously made from the date hereof.

6.3 Adverse Changes in Condition. Each Warrantor shall give written notice promptly to the other Warrantor concerning (i) any event which has had, or is reasonably likely to have, a Material Adverse Effect on such Warrantor, or (ii) the occurrence or impending occurrence of any event or circumstance known to such Warrantor which would have needed to be reported in a Disclosure Schedule hereunder if it had occurred or been pending on or prior to the date of this Agreement, or which would cause or constitute a material breach of any of the representations, warranties or covenants of such Warrantor contained herein or that would reasonably be expected to materially and adversely affect the timely consummation of the transactions contemplated hereby. Each Warrantor shall use its reasonable best efforts to prevent or to promptly remedy the same.

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6.4 Investigation and Confidentiality.

Prior to the Effective Date, each Warrantor will keep the other Warrantor promptly advised of all material developments relevant to its business and to the consummation of the Merger and may make or cause to be made such investigation, if any, of the business, properties, operations and financial and legal condition of the other Warrantor and its Subsidiaries as such Warrantor reasonably deems necessary or advisable to familiarize itself and its advisors with such business, properties, operations and condition; provided, however, that such investigation shall be reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations. Each Warrantor agrees to furnish the other Warrantor and the other Warrantor's respective advisors with such financial and operating data and other information with respect to its business, properties and employees as the other Warrantor shall from time to time reasonably request. No investigation by one Warrantor shall affect the representations and warranties of the other Warrantor and, subject to Section 9.3 of this Agreement, each such representation and warranty shall survive any such investigation. Each Warrantor agrees to furnish the other Warrantor with all information necessary to expedite pre-conversion planning and implementation, including, but not limited to, all things necessary, proper or advisable under applicable laws and regulations to plan, make effective and consummate systems and branch conversions. Notwithstanding the foregoing, neither party hereto shall be required to provide access to or to disclose information where such access or disclosure would violate its attorney-client privilege or violate or prejudice the rights of any customer or contravene any law, rule, regulation, order or judgment, nor to disclose board minutes of any confidential discussion of this Agreement and the transactions contemplated hereby. Each Warrantor shall maintain the confidentiality of all confidential information furnished to it by the other Warrantor in accordance with the terms of the confidentiality agreement dated June 12, 2006 between the Warrantors (the Confidentiality Agreement).

6.5 Reports. From the date of this Agreement to the earlier of the Effective Date or the termination of this Agreement, each Warrantor shall, IBKC shall cause IBERIABANK to, and PIC shall cause PBT to, file all reports required to be filed by such Warrantor, PBT and IBERIABANK with any Regulatory Authority, and shall deliver to the other Warrantor copies of all such reports promptly after the same are filed.

6.6 Dividends. From the date of this Agreement to the earlier of the Effective Date or the termination of this Agreement, PIC shall not declare or pay any dividend or other distribution to its stockholders; provided, however, that PIC may (to the extent legally able to do so), but shall not be obligated to, declare and pay consistent with past practices and prior to the Effective Date, a quarterly cash dividend (in an amount per share not to exceed the amount disclosed in Schedule 6.6), which with respect to the fiscal quarter of the Effective Date shall be prorated based on the number of elapsed full weeks prior to thereto and paid prior to the Closing.

6.7 Capital Stock. Except as otherwise contemplated by this Agreement (including Section 6.1(e) hereof), or as set forth on Schedule 6.7, without the prior written consent of IBKC, from the date of this Agreement to the earlier of the Effective Date or the termination of this Agreement, PIC shall not, and shall not enter into any agreement to, issue, sell, or otherwise permit to become outstanding any additional shares of PIC Common Stock or any other capital stock of PIC and any Subsidiary of PIC, or any stock appreciation rights, or any option, warrant, conversion or other right to acquire any such stock, or any security convertible into any such stock.

6.8 Agreement of Affiliates. PIC shall deliver to IBKC, no later than thirty (30) days after the date of this Agreement, a letter identifying each person whom it reasonably believes is an affiliate of PIC for purposes of Rule 145 under the 1933 Act. Thereafter and until the Effective Date, PIC shall identify to IBKC each additional person whom PIC reasonably believes to have thereafter become an affiliate. PIC shall use its best efforts to cause each person who is identified as an affiliate of PIC pursuant to the two (2) immediately preceding sentences who receives IBKC Common Stock in the Merger to deliver to IBKC, prior to the Effective Date, a written agreement, substantially in the form of Exhibit II.

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6.9 Certain Actions.

(a) Subject to Section 6.9(d) of this Agreement, PIC agrees that, from the date of this Agreement until the earlier of the Effective Date or the termination of this Agreement, neither it nor any of its affiliates, nor any of the officers and directors of it or its affiliates shall, and that it shall cause its and its affiliates' employees, agents and representatives (including any investment banker, attorney or accountant retained by it or any of its affiliates) not to, directly or indirectly, (i) initiate, solicit, encourage or knowingly facilitate any inquiries or the making of any Acquisition Proposal, (ii) have any discussion with or provide any confidential information or data to any Person relating to an Acquisition Proposal, or engage in any negotiations concerning an Acquisition Proposal, or knowingly facilitate any effort or attempt to make or implement an Acquisition Proposal, (iii) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal or (iv) approve or recommend, or propose to approve or recommend, or execute or enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement or propose publicly or agree to do any of the foregoing related to any Acquisition Proposal.

(b) PIC agrees that it will, and will cause its officers, directors and representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations existing as of the date of this Agreement with any parties conducted heretofore with respect to any Acquisition Proposal informing them that the Board of Directors no longer seeks the making of any Acquisition Proposals.

(c) PIC agrees that it will use reasonable best efforts to promptly inform its directors, officers, key employees, agents and representatives of the obligations undertaken in this Section 6.9.

(d) Notwithstanding the provisions of Section 6.9(a) of this Agreement, if any Person after the date of this Agreement submits to PIC's board of directors an unsolicited, bona fide, written Acquisition Proposal, and PIC's board of directors reasonably determines in good faith, after receipt of advice from outside legal counsel, that the failure to engage in discussions with such Person concerning such Acquisition Proposal may cause PIC's board of directors to breach its fiduciary duties to PIC and its stockholders, and after consultation with its financial advisor, then, in such case, (i) PIC may (A) furnish information about its business to such Person under protection of an appropriate confidentiality agreement containing customary limitations on the use and disclosure of all non-public written or oral information furnished to such Person, provided that PIC must contemporaneously furnish to IBKC all such non-public information furnished to such Person, and (B) negotiate and participate in discussions and negotiations with such Person; and (ii) if PIC's board of directors determines that such an Acquisition Proposal is a Superior Proposal (defined below), PIC's board of directors may (subject to the provisions of this Section 6.9) (A) withdraw or adversely modify its approval or recommendation of the Merger and recommend such Superior Proposal or (B) terminate this Agreement, in each case, (i) at any time after five (5) Business Days following IBKC's receipt of written notice (a Notice of Superior Proposal) advising IBKC that PIC's board of directors has received a Superior Proposal and enclosing a copy of the Acquisition Proposal, identifying the Person submitting the Superior Proposal, specifying the material terms and conditions of such Superior Proposal, and (ii) subject to IBKC's Right of First Refusal (defined below). In the event IBKC elects not to exercise the Right of First Refusal, PIC shall provide IBKC with a final written notice of acceptance before or simultaneous with accepting any Superior Proposal. For purposes of this Agreement, Superior Proposal means any unsolicited, bona fide, written Acquisition Proposal for consideration consisting of cash and/or securities, and otherwise on terms which PIC's board of directors determines, after consultation with its financial advisor, are more favorable to PIC's stockholders (in their capacities as stockholders) from a financial point of view than the Merger after giving effect to the provisions of Section 9.2 (or other revised proposal submitted by IBKC). For the purposes of this Section 6.9(d), an Acquisition Proposal shall be bona fide if the board of directors of PIC reasonably determines that the Person submitting such Acquisition Proposal is capable, from a financial, regulatory and other appropriate perspectives, of consummating such Acquisition Proposal on the terms proposed.

(e) IBKC shall have the right (Right of First Refusal) for five (5) Business Days after receipt of Notice of Superior Proposal to make such adjustments in the terms and conditions of this Agreement as would enable PIC to proceed with the Merger on the basis of such adjusted terms. If IBKC fails to exercise such Right of First Refusal within the time herein specified, PIC shall be at liberty to accept the Superior Proposal, subject to the obligations of PIC pursuant to Section 9.2 hereof.

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6.10 Agreement as to Efforts to Consummate. Subject to the terms and conditions of this Agreement and its fiduciary duties under applicable law, each Warrantor agrees to use, and to cause its Subsidiaries to use, its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things, necessary, proper or advisable under applicable laws and regulations to consummate and make effective, as soon as practicable after the date of this Agreement, the transactions contemplated by this Agreement, including, without limitation, using its best efforts to lift or rescind any injunction or restraining order or other order adversely affecting the ability of any party hereto to consummate the transactions contemplated hereby. Each Warrantor shall use, and shall cause each of its Subsidiaries to use, its reasonable best efforts to obtain consents of all third parties and governmental bodies necessary or desirable for the consummation of the transactions contemplated by this Agreement. This Section 6.10 shall not require either Warrantor to waive any condition to such Warrantor's obligation to consummate the Merger.

6.11 Operating Functions. PIC and PBT shall cooperate with IBKC and IBERIABANK in connection with planning for the efficient and orderly combination of the parties and the operation of PBT after the Merger, and in preparing for the consolidation of appropriate operating functions to be effective on the Effective Date.

6.12 Preservation of Business. PIC shall use its reasonable best efforts to preserve the possession and control of all of PIC's and PBT's assets (other than those consumed or disposed of for value in the ordinary course), and the goodwill of customers and others having business relations with them, and will do nothing knowingly to impair their ability keep and preserve their businesses as they exist on the date hereof. From the date hereof until the Effective Date, PBT (i) shall notify IBERIABANK prior to establishing the rates to be paid by PBT on its deposit accounts, (ii) shall meet with IBERIABANK biweekly at PIC's offices to review conduct of PIC's loan approval process, and (iii) shall notify IBERIABANK promptly of any change that is material to the Credits identified in Section 5.8(a).

6.13 Issuance of IBKC Common Stock. IBKC shall, prior to the Closing, take such action as is required to authorize and reserve for issuance the IBKC Common Stock to the stockholders of PIC pursuant to the Merger, and to permit such IBKC Common Stock to be approved for listing and quotation on the NASDAQ Global Market.

6.14 Support and Non-Compete Agreements. PIC has delivered, or will deliver, to IBKC Support Agreements executed by James C. East and James Hunter East, substantially in the form of Exhibit III. PIC shall use its reasonable best efforts to deliver to IBKC a Support Agreement executed by Mark Williamson. PIC has also delivered to IBKC Non-Compete Agreements substantially in the form of Exhibit IV.

6.15 IBKC Capital and Financing. To the extent necessary to obtain regulatory approvals required to consummate the Merger, IBKC shall use its best efforts to secure adequate capital financing, through a private placement, underwritten public offering or otherwise, in order to satisfy such regulatory requirements.

6.16 Election of IBKC Director. As of the Effective Date, IBKC shall elect James C. East to IBKC's Board of Directors (subject to the right of removal for cause), to serve until its 2008 Annual Meeting of Shareholders. At that time, the IBKC Board shall nominate Mr. East for an additional three-year term as an IBKC director.

SECTION VII.

ADDITIONAL AGREEMENTS

7.1 Registration Statement; Stockholder Approval.

(a) The Warrantors shall cooperate in the preparation of the Registration Statement. IBKC shall, as soon as practicable, file the Registration Statement with the SEC, and the Warrantors shall use their best efforts to cause the Registration Statement to become effective under the 1933 Act. IBKC shall provide PIC and its counsel with a reasonable opportunity to review and comment on the Registration Statement, and shall incorporate all appropriate comments thereto, prior to the time it is initially filed with the SEC or any amendments are filed with the SEC. IBKC shall take, and PIC shall cooperate with IBKC in connection with, any action required to be taken under the applicable state Blue Sky or securities laws in connection with the issuance of shares of IBKC Common Stock

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upon consummation of the Merger. Each Warrantor shall furnish all information concerning it and the holders of its capital stock as the other Warrantor may reasonably request in connection with such action. PIC and IBKC shall promptly notify the other party if at any time it becomes aware that the Registration Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. In such event, PIC shall cooperate with IBKC in the preparation of a supplement or amendment to such Registration Statement that corrects such misstatement or omission, and IBKC shall file an amended Registration Statement with the SEC, and each of PIC and IBKC shall mail an amended Proxy Statement to PIC's stockholders.

(b) PIC and, if necessary, IBKC shall call a Stockholders Meeting to be held, if practicable, within five (5) Business Days prior to the Effective Date for the purpose of considering and voting upon the Merger. In connection with the Stockholders Meeting, (i) PIC and, if necessary, IBKC shall mail the Proxy Statement to their respective stockholders, (ii) each Warrantor shall furnish to the other Warrantor all information concerning it and its Subsidiaries that the other Warrantor may reasonably request in connection with the Proxy Statement, (iii) the Board of Directors of PIC and, if necessary, IBKC shall, subject to its fiduciary duties under applicable law, recommend to its stockholders the approval of this Agreement and cause PIC and, if necessary, IBKC to use its best efforts to obtain such stockholder approval.

7.2 Filings. Promptly following, or contemporaneous with, the Closing, the parties to this Agreement shall cause to be made all filings as are required by applicable federal and state law, including filings required by the ABCA and BCL.

7.3 Tax Opinion. PIC agrees to use its best efforts to obtain a written opinion of Friday, Eldredge & Clark LLP, addressed to the Warrantors and reasonably satisfactory to IBKC's counsel, dated the date of the Closing, subject to customary representations and assumptions, and substantially to the effect that:

(i) the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a)(1)(A) of the Code, and IBKC and PIC will each be a party to the reorganization within the meaning of Section 368(b) of the Code,

(ii) no gain or loss will be recognized by IBKC or PIC as a result of the Merger,

(iii) a stockholder of PIC who receives IBKC Common Stock and cash in exchange for such stockholder's shares of PIC Common Stock generally will recognize gain, but not loss, to the extent of the lesser of: (1) the excess, if any, of (a) the sum of the aggregate fair market value of the IBKC Common Stock received (including any fractional share of IBKC Common Stock deemed to be received and exchanged for cash) and the amount of cash received (including any cash received in lieu of a fractional share of IBKC Common Stock) over (b) the stockholder's aggregate tax basis in the shares of PIC Common Stock exchanged in the Merger; and (2) the amount of cash received,

(iv) the aggregate tax basis of the IBKC Common Stock received by a stockholder of PIC who exchanges such stockholder's PIC Common Stock in the Merger will equal such stockholder's aggregate tax basis in the shares of PIC Common Stock being exchanged, reduced by any amount allocable to a fractioned share interest of IBKC Common Stock for which cash is received and by the amount of any cash consideration received, and increased by the amount of taxable gain, if any recognized by such stockholder in the Merger, and

(v) the holding period of the shares of IBKC Common Stock received in the Merger will include the period during which the shares of PIC Common Stock surrendered in exchange therefore were held, provided such shares of PIC Common Stock were held as capital assets at the Effective Date.

7.4 Press Releases. IBKC and PIC shall cooperate with each other in the development and distribution of all news releases and other public disclosures with respect to this Agreement or any of the transactions contemplated hereby, and except as may be otherwise required by law, neither IBKC nor PIC shall issue any news release, or other public announcement or communication with respect to this Agreement without first consulting with the other party and using its best efforts to provide the other party with the proposed news release, public announcement or communication prior to its distribution. It is understood that IBKC shall assume primary responsibility for the preparation of joint press releases relating to this Agreement.

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7.5 Applications. The Warrantors shall, and shall cause their Subsidiaries to, as soon as practicable, prepare and file applications with the appropriate Regulatory Authorities seeking the approvals necessary to consummate the transactions contemplated by this Agreement. Each Warrantor shall have the right to review and approve in advance all characterizations of the information relating to that party and any of its Subsidiaries that appear in any filing made in connection with the transactions contemplated by this Agreement with any Regulatory Authority. In addition, each Warrantor shall furnish to the other party for review a copy of each such filing made in connection with the transactions contemplated by this Agreement with any Regulatory Authority prior to its filing. The Warrantors shall provide copies of all such filings to each other within two (2) business days after such filings are made and shall promptly inform each other of all substantive regulatory contacts concerning the transactions contemplated by this Agreement.

7.6 Medical Claims. In the event of any termination or consolidation of any PIC or PIC Subsidiary health plan prior or subsequent to Closing, PIC and its Subsidiaries will use their reasonable best efforts to cause their employees to submit all bills and receipts representing claims for reimbursement of medical expenses incurred prior to the effective date of such termination or consolidation.

7.7 PBT Profit Sharing and 401(k) Plan. The PBT Profit Sharing and 401(k) Plan (the Plan) shall be terminated as of, or immediately prior to, the Effective Date. All outstanding Plan indebtedness shall be repaid as soon as practicable following the Effective Date, and the balance of the shares and any other assets remaining in the loan suspense account shall be allocated and distributed to Plan participants (subject to the receipt of a favorable determination letter from the Internal Revenue Service), as provided for in the Plan and unless otherwise required by applicable law. Prior to the Effective Date, PBT, and following the Effective Date, IBERIABANK, shall use their respective best efforts in good faith to obtain such favorable determination letter (including, but not limited to, making such changes to the Plan and the proposed allocations as may be requested by the Internal Revenue Service as a condition to its issuance of a favorable determination letter). Prior to the Effective Date, PBT, and following the Effective Date, IBERIABANK, will adopt such amendments to the Plan as may be reasonably required by the Internal Revenue Service as a condition to granting such favorable determination letter on termination. Following the effective date of the Plan's termination, neither PBT, prior to the Effective Date, nor IBERIABANK, following the Effective Date, shall make any distribution from the Plan except as may be required by applicable law until receipt of such favorable determination letter. In the case of a conflict between the terms of this Section 7.7 and the terms of the Plan, the terms of the Plan shall control; provided, however, in the event of any such conflict, PBT, before the Effective Date, and IBERIABANK, after the Effective Date, shall use their best efforts to cause the Plan to be amended to conform to the requirements of this Section 7.7.

7.8 Employment Agreements. Prior to the date hereof and effective as of the Effective Date, IBKC agrees that: (i) James Hunter East will enter into an Employment Agreement with PBT substantially in the form of Exhibit V, (ii) Robert C. Magee will enter into an Employment Agreement with PBT substantially in the form of Exhibit VI, (iii) Michael B. Pryor will enter into an Employment Agreement with Lenders Title Company substantially in the form of Exhibit VII, and (iv) Charles Quick will enter into an Employment Agreement with Pulaski Mortgage Company substantially in the form of Exhibit VIII (collectively, the Post-Merger Employment Agreements). Each of the existing employment agreements, if any, of such individuals with PIC and the PIC Subsidiaries listed on Schedule 7.8 (collectively, the Pre-Merger Employment Agreements) shall be terminated as of or immediately prior to the Effective Date and superseded by the respective Post-Merger Employment Agreement, each employee shall receive any payments that such employee is entitled to receive under his existing Pre-Employment Agreement on the Effective Date (and, as applicable, Schedule 2.3(a)); provided, however, that no payments or benefits to officers of PIC or its Subsidiaries in connection with the Merger shall constitute an excess parachute payment under Section 280G of the Code (or, if so, the Total Merger Consideration shall be reduced by an amount equal to the additional income tax incurred by PIC and its Subsidiaries as a result of the disallowance of the deduction applicable thereto).

7.9 Organization of IBAC. IBKC shall cause IBAC to be organized under the laws of Louisiana. The Board of IBAC shall approve this Agreement and the Merger, whereupon IBAC shall become a party to, and be bound by, this Agreement, and IBKC shall adopt and ratify this Agreement in its capacity as the sole stockholder of IBAC.

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SECTION VIII.

CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE

The obligation of each Warrantor to consummate the Merger is subject to the satisfaction of each of the following conditions, unless waived by such party pursuant to Section 10.5 of this Agreement:

8.1 Representations and Warranties. The representations and warranties of the other Warrantor set forth or referred to in this Agreement shall be true and correct as of the date of this Agreement and as of the time of the Closing with the same effect as though all such representations and warranties had been made on and as of the time of the Closing, in each case subject to the standard set forth in Section 5.21 hereof, except (i) for any such representations and warranties made as of a specified date, which shall be true and correct as of such date or (ii) as expressly contemplated or permitted by this Agreement.

8.2 Performance of Agreements and Covenants. Each and all of the agreements and covenants of the other Warrantor to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the time of the Closing shall have been duly performed and complied with by it in all material respects.

8.3 Certificates. Each Warrantor shall have delivered to the other Warrantor a certificate, dated as of the time of the Closing and signed on its behalf by its chief executive officer and its chief financial officer, to the effect that the conditions of its obligations set forth in Section 8.1 and Section 8.2 of this Agreement with respect to it have been satisfied, all in such reasonable detail as the other Warrantor shall request.

8.4 Stockholder Approval. The stockholders of PIC and, if necessary, IBKC shall have approved this Agreement, the Merger and the consummation of the transactions contemplated hereby, as and to the extent required by law and by the provisions of the governing instruments of PIC, and if necessary under applicable law or NASDAQ listing standards, IBKC, and PIC shall have furnished to IBKC certified copies of resolutions duly adopted by its stockholders evidencing the same. Holders of not more than 10% of the PIC Common Stock shall have exercised statutory rights of dissent and appraisal pursuant to the ABCA.

8.5 Consents and Approvals. All material approvals and authorizations of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the Merger shall have been obtained or made and shall be in full force and effect and all waiting periods required by law shall have expired. Any approval obtained from any Regulatory Authority which is necessary to consummate the transactions contemplated hereby shall not contain any material adverse non-standard term or condition which in the reasonable judgment of the Board of Directors of IBKC so materially and adversely affects the economic or business assumptions of the transactions contemplated by this Agreement so as to render inadvisable the consummation of the Merger; provided, however, to the extent the regulatory condition relates to additional capital, IBKC shall comply with its covenant set forth in Section 6.15 of this Agreement. To the extent that any lease, license, loan or financing agreement or other contract or agreement to which Warrantor is a party requires the consent of or waiver from the other party thereto as a result of the transactions contemplated by this Agreement, such consent or waiver shall have been obtained, unless the failure to obtain such consent or waiver would not, following the Merger, have a Material Adverse Effect on such Warrantor.

8.6 Legal Proceedings. No Warrantor shall be subject to any order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits consummation of any of the transactions contemplated by this Agreement.

8.7 Tax Matters. Each Warrantor shall have received the tax opinion addressed to it referred to in Section 7.3 of this Agreement. No payments or benefits to officers of PIC or its Subsidiaries in connection with the Merger shall constitute an excess parachute payment under Section 280G of the Code (or, if so, PIC may satisfy this condition by reducing the Total Merger Consideration by an amount equal to the additional income tax incurred by PIC and its Subsidiaries as a result of the disallowance of the deduction applicable thereto).

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8.8 Registration Statement. The Registration Statement shall be effective under the 1933 Act, no stop order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose shall be pending before or threatened by the SEC.

8.9 Simultaneous Transactions. The Warrantors shall have executed all documents and taken all such other action as are necessary to effectuate the Merger other than filings referred to in Section 7.2, and the Warrantors shall have irrevocably authorized their agents to make such filing in its behalf.

8.10 Legal Opinions. Each Warrantor shall have received an opinion from counsel for the other Warrantor, dated as of the Effective Date, with respect to such matters and in such form as shall be agreed upon between counsel for each Warrantor. As to matters involving the application of Arkansas law, and to the extent reasonably satisfactory in form and scope to counsel for IBKC, counsel for PIC may rely on the opinion of other counsel, provided that a copy of such opinion is delivered to IBKC and its counsel.

8.11 NASDAQ Listing. The shares of IBKC common stock to be issued in the Merger shall have been authorized for listing on the NASDAQ Global Market.

8.12 Payment of Merger Consideration. As a condition to PIC's obligation to consummate the Merger, IBKC shall have delivered the Exchange Fund to the Exchange Agent on or before the Closing Date and the Exchange Agent shall provide PIC with a certificate evidencing such delivery.

8.13 No Material Adverse Effect. Since December 31, 2005, no event has occurred or circumstance arisen that, individually or in the aggregate, has had a Material Adverse Effect on the other Warrantor.

SECTION IX.

TERMINATION

9.1 Termination. Notwithstanding any other provision of this Agreement and notwithstanding the approval of this Agreement by the stockholders of PIC, this Agreement may be terminated and the Merger abandoned at any time prior to the Closing:

- (a) By mutual consent of the Boards of Directors of the Warrantors; or
- (b) By the Board of Directors of either Warrantor (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in this Agreement) in the event of a material breach by the other Warrantor of any representation, warranty, covenant or agreement of such other Warrantor contained herein which would result in the failure to satisfy the closing condition set forth in Section 8.1 or 8.2 of this Agreement, which breach cannot be or has not been cured within thirty (30) days after the giving of a written notice to the breaching Warrantor of such material breach; or
- (c) By the Board of Directors of either Warrantor in the event that the Merger shall not have been consummated within twelve (12) months after the date of this Agreement; or
- (d) By the Board of Directors of either Warrantor in the event any approval of any Regulatory Authority required for consummation of the Merger and the other transactions contemplated hereby shall have been denied by final non-appealable action of such Regulatory Authority or if any such action taken by such Regulatory Authority is not appealed within the time limit for appeal; or
- (e) Subject to the compliance with Section 6.15, by the Board of Directors of IBKC, in the event any such approval of any Regulatory Authority required for consummation of the Merger and the other transactions contemplated hereby is conditioned upon the satisfaction of any material adverse condition or requirement that, in the reasonable opinion of IBKC, would so materially adversely affect its business or the economic benefits of the Merger as to render consummation of the Merger inadvisable or unduly burdensome, and the time period for appeals and request for reconsideration has run; or

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(f) By the Board of Directors of either Warrantor, if the stockholders of PIC or, if necessary under applicable law or NASDAQ listing standards, IBKC fail to approve this Agreement and the consummation of the transactions contemplated hereby at the Stockholders Meeting; or

(g) By the Board of Directors of either Warrantor (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in this Agreement) in the event that any of the conditions precedent to the obligations of such Warrantor to consummate the Merger cannot be satisfied or fulfilled within twelve (12) months after the date of this Agreement; or

(h) By the Board of Directors of IBKC if the Board of Directors of PIC shall, or shall have resolved to, withdraw, modify or change its recommendation to PIC's stockholders of this Agreement or the Merger, or recommend any Acquisition Transaction other than the Merger; or

(i) By the Board of Directors of either Warrantor if the other Warrantor has experienced, or is reasonably likely to experience, a Material Adverse Effect, which is not remedied or cured within thirty (30) days after notice of intention to terminate is given by the Warrantor invoking this Section 9.1(i), which notice shall specify the nature of the matter or matters constituting such Material Adverse Effect and which are the basis of such intention; provided, however, that the right to terminate that is specified in such notice of intention shall itself terminate unless notice of termination is given by such Warrantor within fifteen (15) days following the end of such remedial or curative period; or

(k) By the Board of Directors of PIC, pursuant to Section 6.9(d).

9.2 Effect of Termination.

(a) In the event of the termination and abandonment of this Agreement pursuant to Section 9.1 of this Agreement, this Agreement shall become void and have no effect and the parties hereto will be relieved of all obligations and liabilities under this Agreement, except that: (i) the provisions of Sections IX and X hereof shall survive any such termination and abandonment; (ii) a termination pursuant to Section 9.1(b) of this Agreement shall not relieve a breaching Warrantor from liability for any breach giving rise to such termination and the provisions of Section 9.2(c) or (d), as applicable; (iii) each Warrantor shall remain obligated under, and liable for any breach of, any of the provisions of this Agreement that survive its termination.; and (iv) in the event this Agreement is terminated because of a failure by IBKC to comply with Section 6.15, IBKC shall remain liable for any breach of Section 6.15.

(b) In the event this Agreement is terminated by IBKC pursuant to Section 9.1(b) hereof because of a willful breach of a representation, warranty, covenant or other agreement by PIC, or pursuant to Section 9.1(f) hereof if the failure of the stockholders of PIC to approve this Agreement and the Merger, occurs after the receipt by PIC of an Acquisition Proposal, or pursuant to Section 9.1(h) hereof, or by PIC pursuant to Section 9.1(k) hereof, and within twelve (12) months after the date of any such termination PIC, without IBKC's prior written consent, accepts in a written agreement an Acquisition Proposal, then PIC shall pay IBKC \$6.4 million (the Termination Fee) not later than the fifth Business Day following the date PIC accepts such Acquisition Proposal. Upon payment of the Termination Fee pursuant to this Section 9.2(b), IBKC will not have any other rights or claims against PIC or its Subsidiaries, or their respective officers and directors, under this Agreement.

(c) In the event this Agreement is terminated as a result of IBKC's failure to satisfy any of its representations, warranties or covenants set forth herein, IBKC shall reimburse PIC for its reasonable out-of-pocket expenses relating to the Merger in an amount not to exceed \$200,000, which amount shall not be deemed an exclusive remedy or liquidated damages.

(d) In the event this Agreement is terminated as a result of PIC's failure to satisfy any of its representations, warranties or covenants set forth herein, PIC shall reimburse IBKC for its reasonable out-of-pocket expenses relating to the Merger in an amount not to exceed \$200,000, which amount shall not be deemed an exclusive remedy or liquidated damages.

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9.3 Survival of Representations, Warranties and Covenants. The respective representations, warranties, obligations, covenants and agreements of the Warrantors shall not survive the Effective Date, except for those covenants and agreements contained in this Agreement which by their terms apply in whole or in part after the Effective Date; provided, however, that no such representations, warranties or covenants shall be deemed to be terminated or extinguished so as to deprive any Warrantor (or any director, officer or controlling Person thereof) of any defense in law or equity which otherwise would be available against the claims of any Person, including, without limitation, any stockholder or former stockholder of any Warrantor, the aforesaid representations, warranties and covenants being material inducements to consummation by the Warrantors of the transactions contemplated hereby.

SECTION X.

MISCELLANEOUS

10.1 Expenses.

(a) Except as otherwise provided in this Agreement, each of the parties hereto shall bear and pay all costs and expenses, incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

(b) Final settlement with respect to payment of fees and expenses by the parties hereto shall be made within thirty (30) days of the termination of this Agreement.

10.2 Brokers and Finders. Except as set forth on Schedule 10.2, PIC represents and warrants that neither it nor any of its officers, directors, employees, affiliates or Subsidiaries has employed any broker or finder or incurred any liability for any financial advisory fees, investment bankers fees, brokerage fees, commissions or finders fees in connection with this Agreement or the transactions contemplated hereby.

10.3 Entire Agreement. Except as otherwise expressly provided herein, this Agreement, including the exhibits and schedules hereto, and the Confidentiality Agreement contain the entire agreement among the parties hereto with respect to the transactions contemplated hereunder and thereunder, and such agreements supersede all prior arrangements or understanding with respect thereto, written or oral. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors. Nothing in this Agreement, expressed or implied, is intended to confer upon any party, other than the parties hereto or their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement except for (i) the rights of stockholders of PIC to receive the Merger Consideration following the Effective Date and (ii) the provisions of Section 4.4, which shall inure to the benefit of and be enforceable by the Persons referenced therein.

10.4 Amendments. To the extent permitted by law, this Agreement may be amended by a subsequent writing signed by each of the parties hereto upon the approval of the boards of directors of such parties; provided, however, that the provisions of this Agreement relating to the manner or basis in which shares of PIC Common Stock will be exchanged for IBKC Common Stock and cash shall not be amended after the PIC Stockholders Meeting without the requisite approval of the holders of the issued and outstanding shares of PIC Common Stock entitled to vote thereon. The parties hereto may, without approval of their respective boards of directors, make such technical changes to this Agreement, not inconsistent with the purposes hereof and thereof, as may be required to effect or facilitate any governmental approval or acceptance of the Merger or of this Agreement or to effect or facilitate any filing or recording required for the consummation of any of the transactions contemplated hereby or thereby. PIC agrees to take such reasonable actions requested by IBKC as may be reasonably necessary to modify the structure of, or to substitute parties to (so long as such substitute is a Subsidiary of IBKC) the transactions contemplated hereby; provided, however, that such modification shall not change the amount, kind, manner or basis in which shares of PIC Common Stock will be exchanged for IBKC Common Stock or abrogate the covenants and other agreements contained in this Agreement, result in adverse tax consequences to the stockholders of PIC, materially delay consummation of the Merger or jeopardize the timely receipt of Regulatory Approvals.

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10.5 Waivers. Prior to the Effective Date, each party hereto, acting through its Board of Directors or chief executive officer or other authorized officer, shall, as to such party's rights hereunder, have the right (i) to waive any default in the performance of any term of this Agreement by any other party, (ii) to waive or extend the time for the compliance or fulfillment by any other party of any and all of the obligations under this Agreement, and (iii) to waive any or all of the conditions precedent to the obligations of such party under this Agreement. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence at any proceeding, arbitration, or litigation between the parties hereto arising out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

10.6 No Assignment. No party hereto may assign any of its rights or obligations under this Agreement to any other Persons, without the express written consent of the other parties and any such purported assignment without such requisite consent shall be null and void.

10.7 Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission or by registered or certified mail, postage pre-paid, to the Persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

If to IBKC and/or IBERIABANK:

IBERIABANK Corporation

200 West Congress Street

Lafayette, LA 70501

Attention: Daryl G. Byrd

President and Chief Executive Officer

With a copy to:

Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P.

2600 Virginia Avenue, N.W., Suite 1113

Washington, D.C. 20037

Attention: Edward B. Crosland, Jr., Esq.

If to PIC:

Pulaski Investment Corporation

5800 R Street

Little Rock, AR 72207

Attention: James C. East

Chairman of the Board

With a copy to:

Friday, Eldredge & Clark LLP

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Regions Center

400 West Capitol, Suite 2000

Little Rock, AK 72201

Attention: Walter M. Ebel III, Esq.

10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana without regard to the conflict of laws principles thereof.

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10.9 Counterparts; Facsimile. This Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile signature.

10.10 Captions. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement.

In Witness Whereof, each of the parties to this Agreement has caused this Agreement to be executed on its behalf and attested by officers thereunto duly authorized all as of the day and year first above written.

IBERIABANK CORPORATION

By: /s/ Daryl G. Byrd
Daryl G. Byrd
President and Chief Executive Officer

PULASKI INVESTMENT CORPORATION

By: /s/ James C. East
James C. East
Chairman of the Board

IBAC has joined as a party to this Agreement on this ___ day of _____, 2006.

IBERIABANK ACQUISITION CORPORATION

By:
Daryl G. Byrd
President and Chief Executive Officer

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FIRST AMENDMENT TO AGREEMENT

AND PLAN OF MERGER

THIS FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER (the First Amendment) is dated and is effective as of December 28, 2006, between IBERIABANK Corporation (IBKC) and Pulaski Investment Corporation (PIC).

RECITALS

A. The parties have previously entered into an Agreement and Plan of Merger dated as of August 9, 2006 (the Agreement) pursuant to which PIC will merge with and into IBERIABANK Acquisition Corporation (IBAC).

B. The purpose of this First Amendment is to amend the Agreement to reflect certain modifications as agreed upon by the parties. **NOW, THEREFORE**, the parties hereto agree as follows:

1. **Defined Terms**. Capitalized terms herein which are defined in the Agreement shall be as defined in the Agreement, except as otherwise defined in this First Amendment.

2. **The Merger**. The Merger as defined in Section 1.25 of the Agreement shall mean the merger of PIC with and into IBKC. All references to IBAC are hereby eliminated from the Agreement and the related Agreement of Merger in the form of Exhibit I to the Agreement and substituted with IBKC, and the Agreement and the related Agreement of Merger in the form of Exhibit I to the Agreement are hereby modified accordingly as necessary to be consistent with the amendments herein.

3. **Section 2.2(k)**. The following provision shall be inserted and added as Section 2.2(k) to the Agreement:

(k) In lieu of each individual share of PIC Common Stock being converted in the Merger on the Effective Date into IBKC Common Stock and cash as herein provided, each PIC stockholder shall be entitled to specifically designate particular share(s) of the stockholder's PIC Common Stock to be converted into IBKC Common Stock and particular share(s) of the stockholder's PIC Common Stock to be converted into cash; provided the total aggregate shares of IBKC Common Stock and total aggregate cash to be received by the stockholder in the Merger on the Effective Date shall be the same as the total aggregate shares of IBKC Common Stock and total aggregate cash, respectively, as the stockholder is entitled to receive under this Agreement disregarding this Section 2.2(k).

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4. Amended Employment Agreements. The Employment Agreement with each of Robert C. Magee (Exhibit VI to the Agreement), Michael B. Pryor (Exhibit VII to the Agreement) and Charles Quick (Exhibit VIII to the Agreement) shall be amended by a First Amendment to Employment Agreement substantially in the form of Exhibits A, B and C hereto. Each such First Amendment to Employment Agreement shall be executed prior to the date hereof and, as amended, each such Employment Agreement shall be effective as of the Effective Date.

5. Continued Effect. Except as expressly modified herein, the Agreement shall continue in full force and effect. The Agreement as amended herein is hereby ratified and confirmed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed and delivered by their duly authorized officers as of the date hereinabove provided.

IBERIABANK CORPORATION

By: /s/ Daryl G. Byrd
Daryl G. Byrd
President and Chief Executive Officer

PULASKI INVESTMENT CORPORATION

By: /s/ James C. East
James C. East
Chairman of the Board

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Appendix B

August 8, 2006

Board of Directors

Pulaski Investment Corporation

5800 R Street

Little Rock, Arkansas 72207

Members of the Board:

Stifel, Nicolaus & Company, Incorporated (Stifel or we) has been advised that Pulaski Investment Corporation (Pulaski or the Company) is considering entering into an Agreement and Plan of Merger (the Merger Agreement) with IBERIABANK Corporation (IBERIABANK) and IBERIABANK Acquisition Corporation, a wholly-owned subsidiary of IBERIABANK (IBAC), pursuant to which Pulaski will be merged (the Merger) with and into IBAC, and each outstanding share of common stock, \$0.25 par value, of Pulaski (other than shares as to which dissenters rights have been perfected and not withdrawn or otherwise forfeited under the Arkansas Business Corporation Act and shares held by Pulaski or any Pulaski subsidiary (other than shares held in a fiduciary capacity), each a Share) will be converted into the right to receive (i) shares of IBERIABANK s common stock based upon the Fixed Exchange Ratio (as defined in the Merger Agreement), plus (ii) shares of IBERIABANK s common stock based upon the Floating Exchange Ratio (as defined in the Merger Agreement), plus (iii) an amount of cash (without interest) determined by dividing \$65.0 million by the number of shares of Pulaski common stock outstanding on the Effective Date (as defined in the Merger Agreement), subject to adjustment and on terms and conditions more fully set forth in the Merger Agreement (the Per Share Consideration).

You have requested Stifel s opinion, as investment bankers, as to the fairness, from a financial point of view, to the holders of Shares, of the Per Share Consideration to be received by such holders of Shares from IBERIABANK in the Merger pursuant to the Merger Agreement (the Opinion).

In rendering our Opinion, we have, among other things:

- (i) reviewed and analyzed a draft copy of the Merger Agreement provided to us on August 8, 2006;
- (ii) reviewed and analyzed the audited consolidated financial statements of Pulaski for the five years ended December 31, 2005, unaudited financial statements of Pulaski contained in its quarterly report for the quarter ended June 30, 2006, and consolidated financial statements prepared by Pulaski for the quarter ended June 30, 2006;
- (iii) reviewed and analyzed the audited consolidated financial statements of IBERIABANK included in its Annual Reports on Form 10-K for the five years ended December 31, 2005, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 and its quarterly earnings press release on Form 8-K dated July 13, 2006 for the quarter ended June 30, 2006;
- (iv) reviewed the Agreement and Plan of Merger dated July 26, 2006 between IBERIABANK and Pocahontas Bancorp, Inc. (the Pocahontas Merger Agreement);

STIFEL, NICOLAUS & COMPANY, INCORPORATED

ONE FINANCIAL PLAZA

501 NORTH BROADWAY

ST. LOUIS, MISSOURI 63102

(800) 467-2139

WWW.STIFEL.COM

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Board of Directors Pulaski Investment Corporation

August 8 2006

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- (v) reviewed the reported prices and trading activity of the publicly traded common equity securities of IBERIABANK;
- (vi) reviewed and analyzed certain other publicly available information concerning Pulaski and IBERIABANK;
- (vii) held discussions with IBERIABANK's senior management, including estimates of certain cost savings, operating synergies, merger charges and the pro forma financial impact on IBERIABANK;
- (viii) reviewed certain non-publicly available information concerning Pulaski, including internal financial analyses and forecasts prepared by its management and held discussion with Pulaski's senior management regarding the financial forecasts and recent developments;
- (ix) participated in certain discussions and negotiations between representatives of Pulaski and IBERIABANK;
- (x) analyzed certain publicly available information concerning the terms of selected merger and acquisition transactions that we considered relevant to our analysis;
- (xi) reviewed and analyzed certain publicly available financial and stock market data relating to selected public companies that we deemed relevant to our analysis;
- (xii) conducted such other financial studies, analyses and investigations and considered such other information as we deemed necessary or appropriate for purposes of our opinion; and
- (xiii) took into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuations and our knowledge of the banking industry generally.

In rendering our Opinion, we have relied upon and assumed, without independent verification, the accuracy and completeness of all of the financial and other information that was provided to Stifel, by or on behalf of Pulaski and IBERIABANK, or that was otherwise reviewed by Stifel and have not assumed any responsibility for independently verifying any of such information. With respect to the financial forecasts supplied to us by Pulaski and IBERIABANK (including, without limitation, potential cost savings and operating synergies realized by a potential acquirer), we have assumed that they were reasonably prepared on the basis reflecting the best currently available estimates and judgments of the management of Pulaski and IBERIABANK as to the future operating financial performance of Pulaski and IBERIABANK, the cost saving and operating synergies would be realized in the amounts and time periods estimated by IBERIABANK and that they provided a reasonable basis upon which we could form our opinion. Such forecasts and projections were not prepared with the expectation of public disclosure. All such projected financial information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in such projected financial information. Stifel has relied on this projected information without independent verification or analyses and does not in any respect assume any responsibility for the accuracy or completeness thereof.

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We also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Pulaski or IBERIABANK since the date of the last financial statements made available to us. We have also assumed, without independent verification and with your consent, that the aggregate allowances for loan losses set forth in the financial statements of Pulaski and IBERIABANK are in the aggregate adequate to cover all such losses. We did not make or obtain any independent evaluation, appraisal or physical inspection of Pulaski's or IBERIABANK's assets or liabilities, the collateral securing any of such assets or liabilities, or the collectibility of any such assets nor did we review loan or credit files of Pulaski

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Board of Directors Pulaski Investment Corporation

August 8 2006

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or IBERIABANK. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, Stifel assumes no responsibility for their accuracy. We relied on advice of Pulaski's counsel as to certain legal matters with respect to Pulaski, the Merger Agreement and the Merger and other transactions and other matters contained or contemplated therein. We have assumed, with your consent, that there are no factors that would delay or subject to any adverse conditions any necessary regulatory or governmental approval and that all conditions to the Merger will be satisfied and not waived. In addition, we have assumed that the definitive Merger Agreement will not differ materially from the draft we reviewed. We have also assumed that the Merger will be consummated substantially on the terms and conditions described in the Merger Agreement, without any waiver of material terms or conditions by the Company, and that obtaining any necessary regulatory approvals or satisfying any other conditions for consummation of the Merger will not have an adverse effect on the Company or IBERIABANK. In connection with our Opinion, we further assumed that: (i) IBERIABANK will consummate its pending acquisition of Pocahontas Bancorp, Inc. on the terms and conditions set forth in the Pocahontas Merger Agreement and (ii) IBERIABANK will successfully raise equity financing, on favorable terms to IBERIABANK, in order to finance the cash portion of the Per Share Consideration to be paid to holders of Shares in the Merger pursuant to the Merger Agreement.

Our Opinion is necessarily based on economic, market, financial and other conditions as they exist on, and on the information made available to us as of, the date of this letter. It is understood that subsequent developments may affect the conclusions reached in this Opinion and that Stifel does not have any obligation to update, revise or reaffirm this Opinion. Our Opinion is solely for the information of, and directed to, the Board of Directors of Pulaski (the Board) for its information and assistance in connection with its consideration of the financial terms of the Merger and is not to be relied upon by any shareholder of the Company or any other person or entity. Our Opinion does not constitute a recommendation to the Board as to how the Board should vote on the Merger or to any shareholder of Pulaski or IBERIABANK as to how any such shareholder should vote at any shareholders' meeting at which the Merger is considered, or whether or not any Pulaski shareholder should enter into a voting or shareholders' agreement with respect to the Merger. Nor have we expressed any estimate as to the prices at which any securities of Pulaski or IBERIABANK might trade in the future. In addition, the Opinion does not compare the relative merits of the Merger with any other alternative transaction or business strategy which may have been available to the Company and does not address the underlying business decision of the Board or the Company to proceed with or effect the Merger. The Opinion also does not address or opine on the tax consequences of the Merger to the holders of Shares.

Stifel, as part of its investment banking services, is regularly engaged in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. We have acted as financial advisor to Pulaski in connection with the Merger and will receive a fee for our services, a substantial portion of which is contingent upon the completion of the Merger (the Advisory Fee). We have also acted as financial advisor to the Board and will receive a fee upon the delivery of this Opinion that is not contingent upon consummation of the Merger (the Opinion Fee), provided that such Opinion Fee is creditable against any Advisory Fee. In addition, Pulaski has agreed to indemnify us for certain liabilities arising out of our engagement. In the past, Stifel has provided investment banking services to Pulaski and IBERIABANK from time to time for which we have received customary fees and we may provide investment banking and other brokerage services to IBERIABANK in the future. Stifel may be engaged by IBERIABANK to act as its placement agent or underwriter in connection with a proposed private placement or public offering, respectively, of IBERIABANK's equity securities, with the proceeds of such offering currently anticipated to be used to finance the cash portion of the Per Share Consideration to be paid to holders of Shares in the Merger pursuant to

the Merger Agreement (the Financing), and, if so engaged, will receive customary compensation from

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Board of Directors Pulaski Investment Corporation

August 8 2006

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IBERIABANK upon successful completion of the Financing. Pulaski has received full disclosure of, and waived, any potential conflict of interest resulting from Stifel representing Pulaski in connection with the Merger and potentially representing IBERIABANK in connection with the Financing. Stifel will seek a similar waiver from IBERIABANK in connection with any such engagement regarding the Financing. In the ordinary course of its business, Stifel makes a market in IBERIABANK's equity securities and actively trades IBERIABANK's equity securities for its own account and for the accounts of its customers and, accordingly, we or our affiliates may at any time hold a long or short position in such securities.

Except as required by applicable law, including without limitation federal securities laws, our Opinion may not be published or otherwise used or referred to, nor shall any public reference to Stifel be made, without our prior written consent; provided that this Opinion may be included in its entirety in any proxy statement or registration statement filed by IBERIABANK with the Securities and Exchange Commission with respect to the Merger in accordance with the terms and conditions of Stifel's engagement letter agreement with Pulaski.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof, the Per Share Consideration to be received by holders of Shares from IBERIABANK in the Merger pursuant to the Merger Agreement is fair to such holders of Shares, from a financial point of view.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

Commission File Number 0-25756

IBERIABANK Corporation

(Exact name of registrant as specified in its charter)

Louisiana
(State of incorporation or organization)

72-1280718
(I.R.S. Employer Identification Number)

200 West Congress Street, Lafayette, Louisiana
(Address of principal executive office)

70501
(Zip Code)

Registrant's telephone number, including area code: (337) 521-4003

Securities registered pursuant to Section 12(b) of the Act: Not Applicable

Securities registered pursuant to Section 12(g) of the Act

Common Stock (par value \$1.00 per share)

(Title of Class)

Indicate by check if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act of 1934. Yes No

Indicate by check if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form

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10-K or any amendment to this Form 10-K.

Indicate by check whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Securities Exchange Act Rule 12b-2).

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Indicate by check whether the registrant is a shell company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes No

As of June 30, 2005, the aggregate market value of the voting shares of Common Stock held by non-affiliates of the registrant was approximately \$427.8 million. This figure is based on the closing sale price of \$48.79 per share of the registrant's common stock on June 30, 2005. For purposes of this calculation, the term "affiliate" refers to all executive officers and directors of the registrant and all shareholders beneficially owning more than 10% of the registrant's common stock.

Number of shares of Common Stock outstanding as of February 28, 2006: 9,599,189

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the Annual Report to Shareholders for the fiscal year ended December 31, 2005 are incorporated into Part II, Items 5 through 9B of this Form 10-K; (2) portions of the definitive proxy statement for the 2006 Annual Meeting of Shareholders to be filed within 120 days of Registrant's fiscal year end (the "Proxy Statement") are incorporated into Part III, Items 10 through 14 of this Form 10-K.

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PART 1.

Item 1. Business. General

IBERIABANK Corporation (the Company), a Louisiana corporation, is the bank holding company for IBERIABANK (the Bank), a wholly owned Louisiana-chartered commercial bank subsidiary, both headquartered in Lafayette, Louisiana. The principal business of the Company is conducted through the Bank. The Bank operates 44 full service offices in its market areas including New Orleans, Baton Rouge, Shreveport, Monroe, and the Acadiana region of Louisiana. The Bank provides a variety of financial services to individuals and businesses throughout its service area. Primary deposit products are checking, savings and certificate of deposit accounts and primary lending products are consumer, commercial and mortgage loans. The Bank also offers discount brokerage services through a wholly owned subsidiary. The Company's common stock trades on the NASDAQ Stock Market under the symbol IBKC. At December 31, 2005, the Company had total assets of \$2.9 billion, total deposits of \$2.2 billion and shareholders' equity of \$263.6 million.

Subsidiaries

The Bank has two active, wholly owned non-bank subsidiaries, Iberia Financial Services, LLC and Acadiana Holdings, LLC. Iberia Financial Services offers brokerage services provided through ProEquities, Inc. At December 31, 2005, the Bank's equity investment in Iberia Financial Services was \$2.9 million, and Iberia Financial Services had total assets of \$3.5 million. Acadiana Holdings owns and operates a commercial office building which also serves as the Company's headquarters and the Bank's main office. At December 31, 2005, the Bank's equity investment in Acadiana Holdings was \$9.8 million, and Acadiana Holdings had total assets of \$9.9 million.

Competition

The Company faces strong competition both in attracting deposits and originating loans. Its most direct competition for deposits has historically come from other commercial banks, savings institutions and credit unions located in its market areas, including many large financial institutions that have greater financial and marketing resources available to them. In addition, during times of high interest rates, the Company has faced significant competition for investors' funds from short-term money market securities, mutual funds and other corporate and government securities. The ability of the Company to attract and retain savings deposits depends on its ability to generally provide a rate of return, liquidity and risk comparable to that offered by competing investment opportunities.

The Company experiences strong competition for loan originations principally from other commercial banks, savings institutions and mortgage banking companies. The Company competes for loans principally through the interest rates and loan fees it charges, the efficiency and quality of services it provides borrowers and the convenient locations of its branch office network.

Employees

The Company had 650 full-time employees and 59 part-time employees as of December 31, 2005. None of these employees is represented by a collective bargaining agreement. The Company believes that it enjoys excellent relations with its personnel.

Business Combinations

The Company continually evaluates business combination opportunities and sometimes conducts due diligence activities in connection with them. As a result, business combination discussions and, in some cases, negotiations take place, and transactions involving cash, debt or equity securities can be expected. Any future business combinations or series of business combinations that the Company might undertake may be material in terms of assets acquired or liabilities assumed.

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Available Information

The Company's filings with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments thereto, are available on the Company's website as soon as reasonably practicable after the reports are filed with or furnished to the SEC. Copies can be obtained free of charge in the Investor Relations section of the Company's website at www.iberiabank.com. The Company's SEC filings are also available through the SEC's website at www.sec.gov.

Supervision and Regulation

The banking industry is extensively regulated under both federal and applicable state law. The following discussion is a summary of certain statutes and regulations applicable to bank holding companies and their subsidiaries; and provides specific information relevant to the Company and the Bank. Regulation of financial institutions is intended primarily for the protection of depositors, deposit insurance funds and the banking system, and generally is not intended for the protection of shareholders.

General. The Company, as a bank holding company, is subject to regulation and supervision by the Board of Governors of the Federal Reserve System (FRB) under the Bank Holding Company Act of 1956 (BHCA). The BHCA requires the Company to obtain the prior approval of the FRB for bank and non-bank acquisitions and prescribes certain limitations in connection with acquisitions and the non-banking activities of the Company.

The Bank is a state bank, chartered under the laws of Louisiana, and is a member of the Federal Reserve System. The Bank is subject to regular examination and comprehensive regulation and supervision by the Office of Financial Institutions of the State of Louisiana (OFI), which is the Bank's chartering authority, and the FRB, the Bank's primary federal regulator. The Bank is subject to certain reserve requirements established by the FRB and is a member of the Federal Home Loan Bank (FHLB) of Dallas, which is one of the 12 regional banks comprising the FHLB System. It is also subject to regulation by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures the deposits of the Bank to the maximum extent permitted by law (currently a maximum of \$100,000 for each insured depositor).

The banking industry is affected by the monetary and fiscal policies of the FRB. An important function of the FRB is to regulate the national supply of bank credit to moderate recessions and to curb inflation. Among the instruments of monetary policy used by the FRB to implement its objectives are: open-market operations in U.S. Government securities, changes in the discount rate and the federal funds rate (which is the rate banks charge each other for overnight borrowings) and changes in reserve requirements on bank deposits.

Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 (the SOX Act) implements a broad range of corporate governance, accounting and disclosure requirements for public companies, and also for their directors and officers. SEC rules adopted to implement SOX Act requirements require a reporting company's chief executive and chief financial officers to certify certain financial and other information included in the Company's quarterly and annual reports. The rules also require these officers to certify that they are responsible for establishing, maintaining and regularly evaluating the effectiveness of the Company's financial reporting and disclosure controls and procedures; that they have made certain disclosures to the auditors and to the audit committee of the board of directors about the Company's controls and procedures; and that they have included information in their quarterly and annual filings about their evaluation and whether there have been significant changes to the controls and procedures or other factors which would significantly impact these controls subsequent to their evaluation. Section 404 of the SOX Act requires management to undertake an assessment of the adequacy and effectiveness of the Company's internal controls over financial reporting and requires the Company's auditors to attest to, and report on, management's assessment and the effectiveness of these controls. See Item 9A. Controls and Procedures hereof for the Company's evaluation of disclosure controls and procedures. The certifications required by Sections 302 and 906 of the SOX Act also accompany this Form 10-K.

Check 21. The Check Clearing for the 21st Century Act, or Check 21 , facilitates check collection by creating a new negotiable instrument called a substitute check, which permits, but does not require, banks to replace original checks with substitute checks or information from the original check and process check information electronically. Banks that do use substitute checks must comply with certain notice and recredit rights. Check 21 is expected to cut the time and cost involved in physically transporting paper items and reduce the time between the deposit of a check in a bank and payment, especially in cases in which items were not already being delivered same-day or overnight.

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USA Patriot Act. The USA Patriot Act authorizes regulatory powers to combat international terrorism. The provisions that affect financial institutions most directly provide the federal government with enhanced authority to identify, deter, and punish international money laundering and other crimes. Among other things, the USA Patriot Act prohibits financial institutions from doing business with foreign shell banks and requires increased due diligence for private banking transactions and correspondent accounts for foreign banks. In addition, financial institutions have to follow minimum verification of identity standards for all new accounts and are permitted to share information with law enforcement authorities under certain circumstances that were not previously permitted. Failure of a financial institution to comply with the USA Patriot Act requirements could have serious legal and reputational consequences for the institution.

Financial Modernization Legislation. The Gramm-Leach-Bliley Financial Modernization Act of 1999 (the GLB Act) includes a number of provisions intended to modernize and to increase competition in the American financial services industry, including authority for bank holding companies to engage in a wider range of nonbanking activities. Under the GLB Act, a bank holding company that elects to become a financial holding company may engage in any activity that the FRB, in consultation with the Secretary of the Treasury, determines by regulation or order is (i) financial in nature, (ii) incidental to any such financial activity, or (iii) complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. The GLB Act specifies certain activities that are deemed to be financial in nature, including lending, exchanging, transferring, investing for others, or safeguarding money or securities; underwriting and selling insurance; providing financial, investment, or economic advisory services; underwriting, dealing in or making a market in, securities; and any activity currently permitted for bank holding companies by the FRB. A bank holding company may elect to be treated as a financial holding company only if all depository institution subsidiaries of the holding company are and continue to be well-capitalized and well-managed and have at least a satisfactory rating under the Community Reinvestment Act.

National banks and state banks with requisite investment authority under applicable state law are also authorized by the GLB Act to engage, through financial subsidiaries, in any activity that is permissible for a financial holding company (as described above) and any activity that the Secretary of the Treasury, in consultation with the FRB, determines is financial in nature or incidental to any such financial activity, except (i) insurance underwriting, (ii) real estate development or real estate investment activities (unless otherwise permitted by law), (iii) insurance company portfolio investments and (iv) merchant banking. The authority of a bank to invest in a financial subsidiary is subject to a number of conditions, including, among other things, requirements that the bank must be well-managed and well-capitalized (after deducting from capital the bank's outstanding investments in financial subsidiaries).

At this time, the Company has not determined whether it will become a financial holding company in order to utilize the expanded powers offered by the GLB Act. The Bank believes that the GLB Act's financial subsidiary provisions and consumer protections have not had a material impact on its operations.

Privacy Laws. The GLB Act also adopts a number of significant consumer protections, including provisions intended to protect privacy of bank customers' financial information. Regulations implementing the GLB Act require financial institutions to (i) provide initial notices to customers about their privacy policies, describing the conditions under which they may disclose nonpublic personal financial information to nonaffiliated third parties and affiliates; (ii) provide annual notices of their privacy policies to their current customers; and (iii) provide a reasonable method for customers to opt out of disclosure to nonaffiliated third parties.

The Fair Credit Reporting Act and the Fair and Accurate Credit Transactions Act of 2003 generally require a financial institution to allow customers to opt-out of sharing certain information with affiliates.

In March 2005, the federal banking agencies jointly issued Interagency Guidance on Response Programs for Unauthorized Access to Customer Information and Customer Notice. The guidance requires all financial institutions to implement a response program to address security breaches involving customer information, including procedures for notifying customers regarding incidents of unauthorized access that could result in substantial harm or inconvenience to the customer.

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Community Reinvestment Act. The Community Reinvestment Act (CRA) requires banks to have a continuing and affirmative obligation consistent with safe and sound operation to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular communities. The CRA requires each appropriate federal bank regulatory agency to assess a bank's record in assessing and meeting the credit needs of the communities served by that bank, including low- and moderate-income neighborhoods. The regulatory agency's assessment of the bank's record is made available to the public. The assessment also is part of the FRB's consideration of applications to acquire, merge or consolidate with another banking institution or its holding company, to establish a new branch office that will accept deposits or to relocate an office. In the case of a bank holding company applying for approval to acquire a bank or other bank holding company, the FRB will assess the records of the applicant bank holding company, and such records may be the basis for denying the application. The Bank received a satisfactory CRA rating in its most recent examination.

Dividend Restrictions. Various federal and state requirements limit the amount of dividends the Bank can pay to the Company without regulatory approval. Additional information is provided in Note 20 to the Consolidated Financial Statements incorporated herein by reference.

Capital Adequacy. The Company and the Bank are subject to the risk-based capital requirements and guidelines imposed by the FRB and the FDIC. Failure to meet capital guidelines could subject a bank to a variety of enforcement remedies, including the termination of deposit insurance by the FDIC, and to certain restrictions on its business. The Company and the Bank were in compliance with applicable minimum capital requirements as of December 31, 2005. Additional information is provided in Note 14 to the Consolidated Financial Statements and in Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources in Exhibit 13 to this Form 10-K incorporated herein by reference.

The Federal Deposit Insurance Corporation Improvement Act. The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), among other things, identifies five capital categories for insured depository institutions. A depository institution is well capitalized if it significantly exceeds the minimum level required by regulation for each relevant capital measure, adequately capitalized if it meets each such measure, undercapitalized if it fails to meet any such measure and significantly undercapitalized if it is significantly below such measures. If a depository institution receives an unsatisfactory examination rating, it may be deemed to be in a capitalization category that is lower than is indicated by its actual capital position.

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would be undercapitalized after making the payment. Undercapitalized depository institutions are also subject to restrictions on borrowing from the Federal Reserve System and growth limitations, and are required to submit capital restoration plans.

As of December 31, 2005, the Bank was categorized as well capitalized. Additional information is provided in Note 14 to the Consolidated Financial Statements.

Source of Strength. According to FRB policy, a bank holding company is expected to act as a source of financial strength to its subsidiary bank and to commit resources to support the subsidiary.

Federal Taxation

The Company and the Bank are subject to the generally applicable corporate tax provisions of the Internal Revenue Code (the Code), and the Bank is subject to certain additional provisions of the Code which apply to financial institutions. The Company, the Bank and all subsidiaries file a consolidated federal income tax return on the basis of a fiscal year ending on December 31.

Retained earnings at December 31, 2005 and 2004 included approximately \$21.9 million 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.

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The net deferred tax asset at December 31, 2005 includes \$56.2 million of future deductible temporary differences. Included is \$36.6 million related to book deductions for the bad debt reserve that have not been deducted for tax purposes.

State Taxation

Louisiana does not permit the filing of consolidated income tax returns. The Company is subject to the Louisiana Corporation Income Tax based on its separate Louisiana taxable income, as well as a corporate franchise tax. The Bank is not subject to the Louisiana income or franchise taxes. However, the Bank is subject to the Louisiana Shares Tax which is imposed on the assessed value of its stock. The formula for deriving the assessed value is to calculate 15% of the sum of (a) 20% of the Company's capitalized earnings, plus (b) 80% of the Company's taxable shareholders' equity, and to subtract from that figure 50% of the Company's real and personal property assessment. Various items may also be subtracted in calculating a company's capitalized earnings. The Louisiana shares tax expense is included in noninterest expenses.

Item 1A. Risk Factors.

There are risks, many beyond the Company's control, which could cause the Company's results to differ significantly from management's expectations. Some of these risk factors are described below. Any factor described in this report could, by itself or together with one or more other factors, adversely affect the Company's business, results of operations and/or financial condition.

The most important risk factors affecting the success of the Company are believed to be the management of loan credit risk and interest rate risk.

Loan Credit Risk Loan credit risk is discussed in the Asset Quality and Allowance for Loan Losses section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 hereto.

Interest Rate Risk Interest rate risk is discussed in the Asset/ Liability Management and Market Risk section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 hereto.

Other key risks include, but are not limited to, operating risk, legal risk and acquisition risk.

Operating Risk Operating risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events that are wholly or partially beyond the Company's control. Operational risk includes items such as fraud by employees or persons outside the Company, business interruptions and errors related to processing and systems. Management regularly reviews and updates the Company's internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the Company's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Company's business, results of operations and financial condition.

Legal Risk Legal risk is the risk of legal proceedings against the Company and regulatory reviews that arise in the course of business. The Company operates in a heavily regulated industry. The regulatory framework is discussed further in the Supervision and Regulation section in Item 1 Business of this Form 10-K.

Acquisition Risk The Company regularly explores opportunities to acquire financial institutions and other financial services providers. The Company's ability to complete an acquisition is subject to regulatory approval, which may or may not be granted. The Company might be required to divest branches as a condition to receiving regulatory approval.

Difficulty in integrating an acquired company may cause the Company not to realize expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from the acquisition. Specifically, the integration process could result in higher than expected deposit attrition (run-off), loss of key employees, the disruption of our business or the business of the acquired company, or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the

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acquisition. Also, the negative impact of any divestitures required by regulatory authorities in connection with acquisitions or business combinations may be greater than expected.

There are also other factors not described in this report that could cause results to differ from management's expectations. These factors include:

General business, economic and political conditions in the United States and, in particular, the Company's market areas.

Competition from other banks, as well as securities dealers, brokers, mortgage bankers and specialty finance and insurance companies.

The loss of key members of senior management and the ability to attract and retain additional qualified banking personnel.

The ability of third parties to provide core systems processing, essential web hosting and other Internet systems and deposit and other processing services.

The vulnerability of the Company's network and computer systems to unforeseen problems, including a security breach.

Future legislation affecting the Company's operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of December 31, 2005, the Company, through the Bank, operates 44 branch offices in five areas of Louisiana. The Company also operates seven loan production offices (LPOs) in Mandeville, Morgan City, Houma, Alexandria, Baton Rouge, Prairieville, and Shreveport. The Prairieville and Shreveport LPOs were opened in 2005. During the year, the Company acquired seven branch facilities as a result of the merger with American Horizons Bancorp, Inc of Monroe. The Company closed six of its branches in Monroe, Louisiana due to their proximity to American Horizons branches. Also during 2005, the Company opened two full service branch locations in Mandeville and Broussard, Louisiana. The Company's headquarters is located in Lafayette, Louisiana. The Company's primary operations center is located in New Iberia, Louisiana. A total of 31 offices are owned and 20 are leased. The following table summarizes the Company's locations by geographic market.

Market	No. of Branches	No. of LPOs
Acadiana	22	1
Alexandria		1
Baton Rouge	1	2
New Orleans	8	2
Northeast Louisiana	12	
Shreveport	1	1
Totals	44	7

Item 3. Legal Proceedings.

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.

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Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Executive Officers of the Registrant

Set forth below is information with respect to the executive officers of the Company and principal occupations and positions held for periods including the last five years.

DARYL G. BYRD, age 51, serves as President and Chief Executive Officer of the Company and the Bank. He has served in this capacity since July 1999, with the exception of Chief Executive Officer of the Company and the Bank to which position he was promoted in July 2000. Prior to joining the Company and the Bank, Mr. Byrd was President and Chief Executive Officer of Bank One New Orleans Region from 1998 to 1999.

MICHAEL J. BROWN, age 42, serves as Senior Executive Vice President and Chief Credit Officer of the Company and the Bank, positions he has held since January 2001. Mr. Brown also serves as Commercial Segment Leader for the Bank. Mr. Brown was hired as Executive Vice President of the Company and the Bank in December 1999.

JOHN R. DAVIS, age 45, serves as Senior Executive Vice President of Finance and Investor Relations of the Company and the Bank, positions he has held since January 2001. Mr. Davis was hired as Executive Vice President and Chief Strategic Officer of the Company and the Bank in December 1999.

MICHAEL A. NAQUIN, age 45, serves as Senior Executive Vice President of the Company and the Bank, positions he has held since joining the Company and the Bank in March 2004. In these roles, Mr. Naquin is responsible for all North Louisiana markets, the Retail Banking Segment, Treasury Management and Corporate Facilities. Prior to joining the Company and the Bank, Mr. Naquin served in several senior roles with Bank One, including Commercial Banking Manager for Arizona and California from 2002 until 2004 and Market President & CEO of Northeast Louisiana from 1999 until 2002.

GEORGE J. BECKER III, age 65, has served as Executive Vice President and Director of Organizational Development and Corporate Secretary of the Company and the Bank since February 2005. Mr. Becker previously served as the Director of Corporate Operations and Corporate Secretary of the Company and the Bank. Mr. Becker was hired as Executive Vice President and Northeast Louisiana Market President in 1999. Mr. Becker is a Certified Public Accountant.

MARILYN W. BURCH, age 55, has served as Executive Vice President and Director of Corporate Operations of the Company and the Bank since February 2005. Ms. Burch previously served as Executive Vice President and Chief Financial Officer of the Company and the Bank, roles she assumed in 2001. Ms. Burch joined the Company as Corporate Controller in 1999. Ms. Burch is also a Certified Public Accountant.

ANTHONY J. RESTEL, age 36, has served as Executive Vice President and Chief Financial Officer and Treasurer of the Company and the Bank since February 2005. Mr. Restel was hired as Vice President and Treasurer of the Company and the Bank in March 2001. Prior to joining the Company and the Bank, Mr. Restel served as Vice President in Bank One's Energy Group from 1998 to 2001.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The information required herein is incorporated by reference to Management's Discussion and Analysis of Financial Condition and Results of Operations and Corporate Information Data in Exhibit 13 hereto.

Item 6. Selected Financial Data.

The information required herein is incorporated by reference to Selected Consolidated Financial and Other Data in Exhibit 13 hereto.

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Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation.

The information required herein is incorporated by reference to Management’s Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 hereto.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

The information required herein is incorporated by reference to Management’s Discussion and Analysis of Financial Condition and Results of Operations in Exhibit 13 hereto.

Item 8. Financial Statements and Supplementary Data.

The information required herein is incorporated by reference to IBERIABANK Corporation and Subsidiary Consolidated Financial Statements in Exhibit 13 hereto.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not Applicable.

Item 9A. Controls and Procedures.

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the Exchange Act), the Company performed an evaluation of the effectiveness of the Company’s disclosure controls and procedures as of December 31, 2005. The evaluation was carried out under the supervision, and with the participation of, the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based on that evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be disclosed by the Company in reports that it files or submits under the Exchange Act.

In addition, the Company reviewed its financial reporting internal controls. There was no significant change in the Company’s internal controls over financial reporting during the last fiscal quarter that has materially affected, or is reasonable likely to materially affect, the Company’s internal control over financial reporting. Management’s Annual Report on Internal Control over Financial Reporting, and the attestation report of the registered public accounting firm are included in Exhibit 13 and is incorporated by reference herein.

Item 9B. Other Information.

Effective February 20, 2006, the Compensation Committee of the Board of Directors approved a restricted stock award of 10,420 shares of the Company’s common stock to Daryl G. Byrd, President and Chief Executive Officer of the Company. The value of the shares was \$59.06 per share on the date of the award. On February 20, 2006, Mr. Byrd was also granted options to purchase 25,630 shares of common stock at an exercise price of \$59.06 per share. The term of the options is 10 years. The restricted stock award and the options will vest over a seven-year period commencing with the first anniversary of the date of the award and grant. Effective February 27, 2006, Mr. Byrd’s annual base salary was increased to \$446,900.

Effective March 3, 2006, the Compensation Committee approved restricted stock awards and option grants to the following executive officers:

Award Recipient	Restricted Stock	Common Stock
	Award	Underlying Options
Michael J. Brown	4,741	11,556
Marilyn W. Burch	2,318	3,633

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John R. Davis	4,741	11,556
Michael A. Naquin	4,741	11,556
Anthony J. Restel	2,154	5,250

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The value of the shares on the date of the restricted stock awards and the exercise price of the options each were \$57.66 per share. The term of the options is 10 years. The restricted stock awards and the options will vest over a seven-year period commencing with the first anniversary of the date of the awards and grants.

The restricted stock awards and the options are subject to other terms and conditions of the Restricted Stock Award Agreement and Incentive Stock Option Agreement filed as Exhibit 10.18 and Exhibit 10.19, respectively, hereto and incorporated herein by reference.

PART III.

Item 10. Directors and Executive Officers of the Registrant.

Information concerning the Registrant's executive officers is contained in Part I of this Form 10-K. Other information required herein is incorporated by reference to the Proxy Statement.

Item 11. Executive Compensation.

The information required herein is incorporated by reference to the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required herein is incorporated by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

The information required herein is incorporated by reference to the Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required herein is incorporated by reference to the Proxy Statement.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents Filed as Part of this Report.

(1) The following financial statements are incorporated by reference from Item 8 hereof (see Exhibit No. 13):

Report of Independent Auditors.

Consolidated Balance Sheets as of December 31, 2005 and 2004.

Consolidated Statements of Income for the Years Ended December 31, 2005, 2004 and 2003.

Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2005, 2004 and 2003.

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Consolidated Statements of Cash Flows for the Years Ended December 31, 2005, 2004 and 2003.
Notes to Consolidated Financial Statements.

- (2) All schedules for which provision is made in the applicable accounting regulation of the SEC are omitted because of the absence of conditions under which they are required or because the required information is included in the consolidated financial statements and related notes thereto.
- (3) The following exhibits are filed as part of this Form 10-K, and this list includes the Exhibit Index.

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Exhibit Index

Exhibit No. 2.1	<u>Agreement and Plan of Merger, dated September 22, 2002, by and between the Registrant and Acadiana Bancshares, Inc.</u> incorporated herein by reference to Exhibit 2.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2002.
Exhibit No. 2.2	<u>Agreement and Plan of Merger, dated November 17, 2003, by and among Alliance Bank of Baton Rouge, the Registrant, and IBERIABANK</u> incorporated herein by reference to Exhibit 2.1 to Registrant's Registration Statement on Form S-4 (File No. 333-111308).
Exhibit No. 2.3	<u>Agreement and Plan of Merger, dated September 29, 2004, by and between the Registrant and American Horizons Bancorp, Inc.</u> incorporated herein by reference to Exhibit 10.1 to Registrant's Current Report of Form 8-K dated September 29, 2004.
Exhibit No. 3.1	<u>Articles of Incorporation, as amended</u> incorporated herein by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001.
Exhibit No. 3.2	<u>Bylaws of the Company, as amended</u> incorporated herein by reference to Exhibit 3.1 to Registrant's Current Report of Form 8-K dated December 19, 2005.
Exhibit No. 4.1	<u>Stock Certificate</u> incorporated herein by reference to Registration Statement on Form S-8 (File No. 33-93210).
Exhibit No. 4.2	<u>Junior Subordinated Indenture between the Registrant and Wilmington Trust Company, dated September 20, 2004</u> incorporated herein by reference to Exhibit 4 to Registrant's Current Report of Form 8-K dated September 20, 2004.
Exhibit No. 10.1	<u>Retirement Savings Plan</u>
Exhibit No. 10.2	<u>Employment Agreement with Daryl G. Byrd, as amended and restated</u> incorporated herein by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001.
Exhibit No. 10.3	<u>Indemnification Agreements with Daryl G. Byrd and Michael J. Brown</u> incorporated herein by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1999.
Exhibit No. 10.4	<u>Severance Agreements with Michael J. Brown and John R. Davis</u> incorporated herein by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2000.
Exhibit No. 10.5	<u>Severance Agreements with Marilyn W. Burch and George J. Becker III</u> incorporated herein by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2000.
Exhibit No. 10.6	<u>Severance Agreements with Anthony J. Restel</u> incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 13, 2005.
Exhibit No. 10.7	<u>1996 Stock Option Plan</u> incorporated herein by reference to Exhibit 10.1 to Registration Statement on Form S-8 (File No. 333-28859).
Exhibit No. 10.8	<u>1999 Stock Option Plan</u> incorporated herein by reference to Registrant's definitive proxy statement dated March 19, 1999.
Exhibit No. 10.9	<u>Recognition and Retention Plan</u> incorporated herein by reference to Registrant's definitive proxy statement dated April 16, 1996.
Exhibit No. 10.10	<u>Supplemental Stock Option Plan</u> incorporated herein by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1999.
Exhibit No. 10.11	<u>2001 Incentive Compensation Plan, as amended</u> incorporated herein by reference to Registrant's definitive proxy statement dated April 2, 2003.
Exhibit No. 10.12	<u>2005 Stock Incentive Plan</u> incorporated herein by reference to Registrant's definitive proxy statement dated April 11, 2005.
Exhibit No. 10.13	<u>Purchase Agreement, dated as of June 17, 2003, among IBERIABANK Corporation, IBERIABANK Statutory Trust II and Trapeza CDO III, LLC</u> - incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003.

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Exhibit No. 10.14 Placement Agreement among the Registrant, IBERIABANK Statutory Trust III and Suntrust Capital Markets, Inc., dated as of September 20, 2004 incorporated herein by reference to Exhibit 10.1 to Registrant's Current Report of Form 8-K dated September 20, 2004.

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Exhibit No. 10.15	<u>Guarantee Agreement between the Registrant and Wilmington Trust Company, dated as of September 20, 2004</u> incorporated herein by reference to Exhibit 10.7 to Registrant's Current Report of Form 8-K dated September 20, 2004.
Exhibit No. 10.16	<u>Change in Control Severance Agreement with Michael A. Naquin, dated August 25, 2004</u> - incorporated herein by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.
Exhibit No. 10.17	<u>Indemnification Agreement with Michael A. Naquin, dated March 3, 2004</u> - incorporated herein by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.
Exhibit No. 10.18	<u>Form of Restricted Stock Agreement Under the IBERIABANK Corporation 2001 Incentive Compensation Plan.</u>
Exhibit No. 10.19	<u>Form of Incentive Stock Option Agreement Under the IBERIABANK Corporation 2001 Incentive Compensation Plan.</u>
Exhibit No. 12	<u>Statements: Computations of Ratios.</u>
Exhibit No. 13*	<u>Annual Report to Shareholders</u> Portions of Annual Report to Shareholders for the year ended December 31, 2005, which are expressly incorporated herein by reference.
Exhibit No. 21	<u>Subsidiaries of the Registrant.</u>
Exhibit No. 23	<u>Consent of Castaing, Hussey & Lolan, LLC.</u>
Exhibit No. 31.1*	<u>Certification of principal executive officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).</u>
Exhibit No. 31.2*	<u>Certification of principal financial officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).</u>
Exhibit No. 32.1*	<u>Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
Exhibit No. 32.2*	<u>Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
Exhibit No. 99	<u>Audit Committee Charter, as amended</u> incorporated herein by reference to Exhibit 99 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.

* Included herein.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IBERIABANK CORPORATION

Date: March 15, 2006

By: /s/ Daryl G. Byrd
President/CEO and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Daryl G. Byrd Daryl G. Byrd	President, Chief Executive Officer and Director	March 15, 2006
/s/ John R. Davis John R. Davis	Senior Executive Vice President of Finance and Investor Relations	March 15, 2006
/s/ Anthony J. Restel Anthony J. Restel	Executive Vice President and Chief Financial Officer	March 15, 2006
/s/ Joseph B. Zanco Joseph B. Zanco	Senior Vice President and Controller and Principal Accounting Officer	March 15, 2006
/s/ Elaine D. Abell Elaine D. Abell	Director	March 15, 2006
/s/ Harry V. Barton, Jr. Harry V. Barton, Jr.	Director	March 15, 2006
/s/ Ernest P. Breaux, Jr. Ernest P. Breaux, Jr.	Director	March 15, 2006
/s/ John N. Casbon John N. Casbon	Director	March 15, 2006
/s/ William H. Fenstermaker William H. Fenstermaker	Director	March 15, 2006

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/s/ Larrey G. Mouton	Director	March 15, 2006
Larrey G. Mouton		
/s/ Jefferson G. Parker	Director	March 15, 2006
Jefferson G. Parker		
/s/ O. Miles Pollard, Jr.	Director	March 15, 2006
O. Miles Pollard, Jr.		
/s/ E. Stewart Shea III	Director	March 15, 2006
E. Stewart Shea III		
/s/ David H. Welch	Director	March 15, 2006
David H. Welch		

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Exhibit 13

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 consolidated financial condition and results of operations of IBERIABANK Corporation (the Company) and its subsidiary as of December 31, 2004 and 2005 and for the years ended December 31, 2003 through 2005. This review should be read in conjunction with the audited consolidated financial statements, accompanying footnotes and supplemental financial data included herein.

The Company's performance during 2005 was significantly impacted by two key factors:

The acquisition of American Horizons Bancorp, Inc. (American Horizons) on January 31, 2005. This acquisition significantly increased the Company's presence in Northeast Louisiana, positioning the Company as the second largest bank in the Monroe, West Monroe, Ruston and Bastrop market based on deposits. The Company recorded \$650,000 of one-time expenses associated with the integration and conversion of American Horizons during the first quarter of 2005.

The impact of Hurricanes Katrina and Rita, which struck south Louisiana in August and September, respectively. One-time charges associated with the storms included a loan loss provision of \$14.4 million and expenses of \$401,000 related primarily to facilities damage and employee relocation and assistance. The Company also estimates that fee income was reduced by approximately \$66,000 as a result of the storms.

OVERVIEW

The Company's net income for 2005 totaled \$22.0 million, or \$2.24 per share on a diluted basis. This is a 25.4% decrease compared to the \$3.01 per share, or \$27.3 million earned for 2004. In addition to the American Horizons acquisition and Hurricanes Katrina and Rita, earnings performance for 2005 was influenced by the acquisition of Alliance Bank of Baton Rouge (Alliance) in the first quarter of 2004 and other factors, the key components of which are summarized below.

Total assets at December 31, 2005 were \$2.9 billion, up \$404.0 million, or 16.5%, from \$2.4 billion at December 31, 2004. This growth level resulted from the \$252.2 million asset base obtained through the American Horizons acquisition and strong organic growth totaling \$151.8 million. Shareholders' equity increased by \$43.4 million, or 19.7%, from \$220.2 million at December 31, 2004 to \$263.6 million at December 31, 2005.

Total loans at December 31, 2005 were \$1.9 billion, an increase of \$267.9 million, or 16.2%, from \$1.7 billion at December 31, 2004. The increase from year end 2004 includes the \$199.6 million loan base attributable to the American Horizons acquisition and internally generated growth of \$68.3 million. At year-end, the commercial loan pipeline was strong with activity throughout the markets served by the Company.

Total customer deposits increased \$469.5 million, or 26.5%, from \$1.8 billion at December 31, 2004 to \$2.2 billion at December 31, 2005. The increase from year end 2004 resulted from excellent organic growth of \$276.8 million and \$192.7 million in customer deposits attributable to the American Horizons acquisition. The Company demonstrated strong deposit growth throughout most of 2005. This growth was boosted during the third and fourth quarters by the increased economic activity resulting from the commencement of clean up and rebuilding efforts throughout south Louisiana.

Net interest income for the year increased \$10.2 million, or 13.6%, in 2005 versus 2004. This increase is largely attributable to a \$78.1 million increase in average net earning assets. The corresponding net interest margin ratio on a tax-equivalent basis declined six basis points to 3.54% from 3.60% for the years ended December 31, 2005 and 2004, respectively, due to the re-pricing mix of the

Company's assets and liabilities.

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Noninterest income increased \$2.9 million, or 12.6%, for 2005 as compared to 2004. The increase was driven by higher service charge revenues on deposit accounts, ATM/debit card fees, broker-dealer commissions and gains on the sale of excess properties. These increases were partially offset by reduced gains on the sale of investments and loans.

Noninterest expense increased by \$9.5 million, or 17.4%, for 2005 as compared to 2004. The largest components of the increase were higher compensation expense as a result of additional staff related to the American Horizons acquisition and strategic hires, higher occupancy and equipment costs due to the Company's expansion, one-time expenses associated with the integration and conversion of American Horizons and one-time expenses associated with damages and other costs resulting from Hurricanes Katrina and Rita.

The Company provided \$17.1 million for possible loan losses during 2005, compared to \$4.0 million in 2004. Of the \$17.1 million provision, \$14.4 million relates to the additional credit risk resulting from Hurricanes Katrina and Rita. As of December 31, 2005, the allowance for loan losses as a percent of total loans was 1.98%, compared to 1.22% at December 31, 2004. Net charge-offs for 2005 were \$3.6 million, or 0.20%, of average loans on an annualized basis, compared to \$2.7 million, or 0.18%, a year earlier. The Company incurred \$1.1 million in net charge-offs associated with Hurricane Katrina. No charge-offs were associated with Hurricane Rita during the year. The coverage of net charge-offs by the provision for loan losses was 4.68 times for 2005 and 1.47 times for 2004. The coverage of nonperforming assets by the allowance for loan losses was 6.31 times at the end of 2005, as compared to 3.27 times at December 31, 2004.

In September 2005, the Company announced a significant branch expansion initiative in response to client needs and opportunities presented by Hurricanes Katrina and Rita. Based on the expansion initiative, the Company initially planned to open twelve new banking facilities in existing markets and other Louisiana locations not previously served by the Company. The Company achieved progress toward that goal during 2005 and expanded the initiative further than previously planned, including expansion plans for two new offices in the Shreveport/Bossier City market.

In July 2005, the Company's Board of Directors declared a five-for-four stock split in the form of a 25% stock dividend. The dividend was paid on August 15, 2005 to shareholders of record as of August 1, 2005. As a result of the stock split, shareholders received one additional share for every four shares held. Unless otherwise indicated, all share and per share amounts have been restated to reflect the stock split.

During 2005, the Company's Board of Directors declared cash dividends totaling \$1.00 per common share, an 18% increase compared to 2004.

Given the unprecedented devastation caused by Hurricanes Katrina and Rita, the Company faced unique obstacles in 2005. Compared to many of our competitors, the Company was spared the brunt of these two events. Accordingly, the Company quickly focused on the opportunities presented by the massive rebuilding efforts ahead of the region. The Company's branch expansion initiative is focused on capturing market share in the areas most significantly impacted by the storms and further expansion of existing markets.

Exclusive of the storms, the Company continued its successful expansion into new Louisiana markets and penetration of existing markets in 2005. The American Horizons acquisition vaulted the Company to the #2 position in deposit share in the Monroe, West Monroe, Ruston and Bastrop market. The Company's de novo branch in Shreveport, Louisiana and new loan production offices (LPOs) met management's expectations throughout the year. Given the success of the Company's expansion efforts, the Company analyzes the potential for growth in new and existing markets continually.

The Company's focus is that of a high performing institution. Management believes that improvement in core earnings drives shareholder value and has adopted a mission statement that is designed to provide guidance for management, our associates and Board of Directors regarding the sense of purpose and direction of the Company. We are very shareholder and client focused, expect high performance from our associates, believe in a strong sense of community and strive to make the Company a great place to work. Earnings guidance, based on expectations of the Company, is provided during the year through press releases, which are available on our website at

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www.iberiabank.com and also disclosed through Form 8-K current event filings with the Securities and Exchange Commission (SEC) at www.sec.gov.

Inherent in any organization are risks associated with the industry in which it operates. The most important risk factors affecting the success of the Company are believed to be the management of loan credit risk and interest rate risk, which are discussed under their respective sections entitled Asset Quality and Allowance for Loan Losses and Asset/ Liability Management and Market Risk later in this discussion. Other key risks include, but are not limited to, operating risk, legal risk and acquisition risk. Operating risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. Legal risk is the risk of legal proceedings against the Company and regulatory reviews that arise in the course of business. Acquisition risk is the risk that the Company may not realize expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

In preparing financial reports, management is required to apply significant judgment to various accounting, reporting and disclosure matters. Management must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. The accounting principles and methods used by the Company conform with accounting principles generally accepted in the United States and general banking practices. Estimates and assumptions most significant to the Company relate primarily to the allowance for loan losses, valuation of goodwill, intangible assets and other purchase accounting adjustments and stock based compensation. These significant estimates and assumptions are summarized in the following discussion and are further analyzed in the footnotes to the consolidated financial statements.

Allowance for Loan Losses

The determination of the allowance for loan losses, which represents management's estimate of probable losses inherent in the Company's credit portfolio, involves a high degree of judgment and complexity. The Company's policy is to establish reserves for estimated losses on delinquent and other problem loans when it is determined that losses are expected to be incurred on such loans. Management's determination of the adequacy of the allowance is based on various factors, including an evaluation of the portfolio, past loss experience, current economic conditions, the volume and type of lending conducted by the Company, composition of the portfolio, the amount of the Company's classified assets, seasoning of the loan portfolio, the status of past due principal and interest payments, and other relevant factors. Changes in such estimates may have a significant impact on the financial statements. For further discussion of the allowance for loan losses, see the Asset Quality and Allowance for Loan Losses section of this analysis and Note 1 to the Consolidated Financial Statements.

Valuation of Goodwill, Intangible Assets and Other Purchase Accounting Adjustments

The Company accounts for acquisitions in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, which requires the use of the purchase method of accounting. For purchase acquisitions, the Company is required to record the assets acquired, including identified intangible assets, and liabilities assumed at their fair value, which in many instances involves estimates based on third party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques. The determination of the useful lives of intangible assets is subjective as is the appropriate amortization period for such intangible assets. In addition, purchase acquisitions typically result in recording goodwill. The Company performs a goodwill valuation at least annually. Impairment testing of goodwill is a two step process that first compares the fair value of goodwill with its carrying amount, and second measures impairment loss by comparing the implied fair value of goodwill with the carrying amount of that goodwill. Based on management's goodwill impairment tests, there was no impairment of goodwill at December 31, 2004 or 2005. For additional information on goodwill and intangible assets, see Note 7 to the Consolidated Financial Statements.

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Stock-based Compensation

The Company has historically accounted for its stock option plans under the intrinsic value method of Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*. In accordance with APB Opinion No. 25, compensation expense relating to stock options has not been reflected in net income as the exercise price of the stock options granted equaled or exceeded the market value of the underlying common stock at the date of grant. Given the Company's election to apply the accounting methodology in APB Opinion No. 25, management is required to provide proforma disclosures of net income and earnings per share and other disclosures, as if the fair value based method of accounting had been applied. Management utilizes the Black-Scholes option valuation model to estimate the fair value of stock options. The option valuation model requires the input of highly subjective assumptions, including the expected stock price volatility. These subjective input assumptions materially affect the fair value estimate.

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), *Share-Based Payment*. SFAS No. 123(R) revises SFAS No. 123 and calls for companies to expense the fair value of employee stock options and other forms of stock-based compensation. The Company adopted SFAS No. 123(R) as of January 1, 2006. This represents a significant change in practice for the Company.

SFAS No. 123(R) requires companies to (1) use fair value to measure stock-based compensation awards and (2) cease using the intrinsic value method of accounting, which APB Opinion No. 25 allowed and resulted in no expense for many awards of stock options for which the exercise price of the option equaled the price of the underlying stock at the grant date. Under SFAS No. 123(R), the fair value of a stock-based compensation award is recognized over the employee's service period.

On December 30, 2005, the Board of Directors approved the immediate acceleration of vesting of all outstanding stock options awarded to employees, officers and directors. As a result of the acceleration, the Company recorded \$470,000 of compensation expense in 2005. By accelerating the vesting of these options, the Company estimates that approximately \$6.5 million of pre-tax future compensation expense will be eliminated.

For additional discussion of the Company's stock options plans, see Note 15 to the Consolidated Financial Statements.

FINANCIAL CONDITION

Earning Assets

Earning assets are composed of interest or dividend-bearing assets, including loans, securities, short-term investments and loans held for sale. Interest income associated with earning assets is the Company's primary source of income. Earning assets averaged \$2.5 billion during 2005, a \$333.5 million, or 15.6%, increase compared to \$2.1 billion during 2004. This is primarily the result of the American Horizons acquisition and moderate organic loan growth.

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The year-end mix of earning assets shown in the following chart reflects the mix between investment securities and the major loan groups.

Loans and Leases The loan portfolio increased \$267.9 million, or 16.2%, to \$1.9 billion at December 31, 2005, compared to \$1.7 billion at December 31, 2004. This increase includes the \$199.6 million loan base attributable to the American Horizons acquisition. Loan growth during 2005 was tempered by the Company's portfolio management process associated with the American Horizons acquisition and anticipated pay downs during the first nine months of the year. The commercial loan portfolio was most significantly impacted by these factors.

The Company's loan to deposit ratio at December 31, 2005 and December 31, 2004 was 85.5% and 93.1%, respectively. The percentage of fixed rate loans within the total loan portfolio increased from 65% at the end of 2004 to 70% as of December 31, 2005.

The following table sets forth the composition of the Company's loan portfolio as of December 31 for the years indicated.

TABLE 1 LOAN AND LEASE PORTFOLIO COMPOSITION

<i>(dollars in thousands)</i>	2005		2004		December 31, 2003		2002		2001	
Commercial loans:										
Real estate	\$ 545,868	29%	\$ 419,427	25%	\$ 352,031	25%	\$ 254,688	25%	\$ 228,284	24%
Business	376,966	19	307,614	19	201,020	14	159,339	15	117,530	12
Total commercial loans	922,834	48	727,041	44	553,051	39	414,027	40	345,814	36
Mortgage loans:										
Residential 1-4 family	430,111	22	387,079	23	338,965	24	207,130	20	198,403	21
Construction	30,611	2	33,031	2	50,295	4	16,470	1	5,915	1
Total mortgage loans	460,722	24	420,110	25	389,260	28	223,600	21	204,318	22
Loans to individuals:										
Indirect automobile	229,646	12	222,480	14	229,636	16	219,280	21	220,698	23
Home equity	230,363	12	213,533	13	174,740	12	122,799	12	114,056	12
Other	74,951	4	67,462	4	65,662	5	64,786	6	71,129	7
Total consumer loans	534,960	28	503,475	31	470,038	33	406,865	39	405,883	42
Total loans receivable	\$ 1,918,516	100%	\$ 1,650,626	100%	\$ 1,412,349	100%	\$ 1,044,492	100%	\$ 956,015	100%

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Commercial Loans. Commercial real estate and commercial business loans generally have shorter repayment periods and more frequent repricing opportunities than residential 1-4 family loans. Commercial loans increased \$195.8 million during 2005. The Company acquired \$156.3 million in commercial loans as a result of the American Horizons acquisition. Commercial loans as a percentage of total loans have increased from 44% as of December 31, 2004 to 48% as of December 31, 2005. During the third quarter of 2005, the Company sold a pool of \$3.7 million of nonperforming loans to an unrelated third party. Most of the \$3.7 million balance related to commercial loans.

The Company has increased its investment in commercial real estate loans from \$419.4 million, or 25.4% of the total loan portfolio, as of December 31, 2004, to \$545.9 million, or 28.5% of the total loan portfolio, as of December 31, 2005. The vast majority of properties securing the Company's commercial real estate loans are located in the Company's market area, and include owner-occupied, multi-family, strip shopping centers, professional office buildings, small retail establishments and warehouses. The Company's underwriting standards generally provide for loan terms of three to five years, with amortization schedules of no more than twenty years. Low loan-to-value ratios are maintained and usually limited to no more than 80%. As a rule, the Company obtains personal guarantees of the principals as additional security for most commercial real estate loans.

As of December 31, 2005, the Company's commercial business loans amounted to \$377.0 million, or 19.6% of the Company's gross loan portfolio. This represents a \$69.4 million, or 22.5% increase from December 31, 2004. The Company originates commercial business loans on a secured and, to a lesser extent, unsecured basis. The Company's commercial business loans may be structured as term loans or revolving lines of credit. Term loans are generally structured with terms of no more than three to five years, with amortization schedules of no more than seven years. The Company's commercial business term loans are generally secured by equipment, machinery or other corporate assets. The Company also provides for revolving lines of credit generally structured as advances upon perfected security interests in accounts receivable and inventory. Revolving lines of credit generally have an annual maturity. As a rule, the Company obtains personal guarantees of the principals as additional security for commercial business loans.

The commercial loan pipeline was strong at December 31, 2005 with activity throughout the markets served by the Company.

Mortgage Loans. Residential 1-4 family loans comprise substantially all of the Company's mortgage loans. The vast majority of the Company's residential 1-4 family mortgage loan portfolio is secured by properties located in its market area and originated under terms and documentation which permit their sale in the secondary market. Larger mortgage loans of private banking clients and prospects are generally retained to enhance relationships, and also due to the expected shorter durations and relatively lower servicing costs associated with loans of this size.

The Company continues to sell the majority of conforming mortgage loan originations in the secondary market and recognize the associated fee income rather than assume the rate risk associated with these longer term assets. The Company also releases the servicing of these loans. Excluding \$3.5 million in mortgage loans attributable to the American Horizons acquisition, total residential mortgage loans increased \$37.1 million compared to December 31, 2004. This growth is primarily related to credit extended to high net worth individuals through the private banking area. At December 31, 2005, \$331.8 million, or 72%, of the Company's residential 1-4 family mortgage and construction loans were fixed rate loans and \$128.9 million, or 28%, were adjustable rate loans.

Consumer Loans. The Company offers consumer loans in order to provide a full range of retail financial services to its customers. The Company originates substantially all of such loans in its primary market area. At December 31, 2005, \$535.0 million, or 27.9% of the Company's total loan portfolio, was comprised of consumer loans, compared to \$503.5 million, or 30.5% at the end of 2004. Excluding \$39.8 million in consumer loans attributable to the American Horizons acquisition, total consumer loans decreased \$8.3 million compared to December 31, 2004.

Home equity loans comprised the largest component of the Company's consumer loan portfolio at December 31, 2005. The balance of home equity loans increased \$16.8 million, or 7.9% from \$213.5 million at December 31, 2004 to \$230.4 million at December 31, 2005. The Company acquired \$23.9 million in home equity loans as a result of the American Horizons acquisition.

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Indirect automobile loans comprised the second largest component of the Company's consumer loan portfolio. Independent automobile dealerships originate these loans and forward applications to Company personnel for approval or denial. The Company relies on the dealerships, in part, for loan qualifying information. To that extent, there is risk inherent in indirect automobile loans associated with fraud or negligence by the automobile dealership. To limit this risk, an emphasis is placed on established dealerships that have demonstrated reputable behavior, both within the communities we serve and through long-term relationships with the Company. The balance of indirect automobile loans increased from \$222.5 million, or 13.5% of the Company's total loan portfolio to \$229.6 million, or 12.0% at December 31, 2004 and 2005, respectively, as the Company retained its focus on prime, or low risk, paper.

The remainder of the consumer loan portfolio at December 31, 2005 was composed of direct automobile loans, credit card loans and other consumer loans. At December 31, 2005, the Company's direct automobile loans amounted to \$23.4 million, or 1.2% of the Company's total loan portfolio. The Company's VISA and MasterCard credit card loans totaled \$8.4 million, or 0.4% of the Company's total loan portfolio at such date. The Company's other personal consumer loans amounted to \$43.1 million, or 2.2% of the Company's total loan portfolio, at December 31, 2005.

Loan Maturities. The following table sets forth the scheduled contractual maturities of the Company's loan portfolio at December 31, 2005, unadjusted for scheduled principal reductions, prepayments or repricing opportunities. Demand loans, loans having no stated schedule of repayments and no stated maturity and overdraft loans are reported as due in one year or less. The average life of a loan may be substantially less than the contractual terms because of prepayments. As a result, scheduled contractual amortization of loans is not reflective of the expected term of the Company's loan portfolio. Of the loans with maturities greater than one year, approximately 83% of the value of these loans bears a fixed rate of interest.

TABLE 2 LOAN MATURITIES BY TYPE

	One Year Or Less	One Through	After	Total
		Five Years	Five Years	
<i>(dollars in thousands)</i>				
Commercial real estate	\$ 144,050	\$ 286,638	\$ 115,180	\$ 545,868
Commercial business	155,108	136,871	84,987	376,966
Mortgage	13,018	26,161	421,543	460,722
Consumer	131,675	245,430	157,855	534,960
Total	\$ 443,851	\$ 695,100	\$ 779,565	\$ 1,918,516

Asset Quality and Allowance for Loan Losses Over time, the loan portfolio has transitioned to be more representative of a commercial bank. Accordingly, there is the potential for a higher level of return for investors, but also of the potential for higher charge-off and nonperforming levels. In recognition of this, management has tightened underwriting guidelines and procedures, adopted more conservative loan charge-off and nonaccrual guidelines, rewritten the loan policy, developed an internal loan review function and significantly increased the allowance for loan losses. As a result of management's enhancements to underwriting risk/return dynamics within the loan portfolio over time, the credit quality of the Company's assets has remained strong. Management believes that historically it has recognized and disclosed significant problem loans quickly and taken prompt action in addressing material weaknesses in those credits. The Company will continue to monitor the risk adjusted level of return within the loan portfolio.

Written underwriting standards established by the Board of Directors and management govern the lending activities of the Company. The commercial credit department, in conjunction with senior lending personnel, underwrites all commercial business and commercial real estate loans. The Company provides centralized underwriting of all residential mortgage, construction and consumer loans. Established loan origination procedures require appropriate documentation including financial data and credit reports. For loans secured by real property, the Company generally requires property appraisals, title insurance or a title opinion, hazard insurance and flood insurance, where appropriate.

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Loan payment performance is monitored and late charges are assessed on past due accounts. A centralized department collects delinquent loans. Every effort is made to minimize any potential loss, including instituting legal proceedings, as necessary. Commercial loans of the Company are periodically reviewed through a loan review process. All other loans are also subject to loan review through a periodic sampling process.

The Company utilizes an asset risk classification system in compliance with guidelines established by the Federal Reserve Board as part of its efforts to improve commercial asset quality. In connection with examinations of insured institutions, both federal and state examiners also have the authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: substandard, doubtful and loss. Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full questionable and there is a high probability of loss based on currently existing facts, conditions and values. An asset classified as loss is not considered collectable and of such little value that continuance as an asset of the Company is not warranted. Commercial loans with adverse classifications are reviewed by the Loan Committee of the Board of Directors at least monthly. Loans are placed on nonaccrual status when, in the judgment of management, the probability of collection of interest is deemed to be insufficient to warrant further accrual. When a loan is placed on nonaccrual status, previously accrued but unpaid interest for the current year is deducted from interest income. Prior year interest is charged-off to the allowance for loan losses.

At December 31, 2005, the Company had \$24.0 million of assets classified as substandard, \$804,000 of assets classified as doubtful, and no assets classified as loss. At such date, the aggregate of the Company's classified assets amounted to 0.87% of total assets.

Real estate acquired by the Company as a result of foreclosure or by deed-in-lieu of foreclosure is classified as real estate owned until sold, and is carried at the balance of the loan at the time of acquisition or at estimated fair value less estimated costs to sell, whichever is less.

Under Generally Accepted Accounting Principles, the Company is required to account for certain loan modifications or restructurings as troubled debt restructurings. In general, the modification or restructuring of a debt constitutes a troubled debt restructuring if the Company for economic or legal reasons related to the borrower's financial difficulties grants a concession to the borrower that the Company would not otherwise consider under current market conditions. Debt restructurings or loan modifications for a borrower do not necessarily always constitute troubled debt restructurings, however, and troubled debt restructurings do not necessarily result in nonaccrual loans. The Company had no troubled debt restructurings as of December 31, 2005.

Nonperforming loans, defined for these purposes as nonaccrual loans plus accruing loans past due 90 days or more, totaled \$5.8 million and \$5.7 million at December 31, 2005 and 2004, respectively. The Company's foreclosed property amounted to \$257,000 and \$492,000 at December 31, 2005 and 2004, respectively. Nonperforming assets, which consist of nonperforming loans plus foreclosed property, were \$6.0 million, or 0.21% of total assets at December 31, 2005, compared to \$6.2 million, or 0.25% of total assets at December 31, 2004.

During the third quarter of 2005, the Company offered a 90-day payment deferral program on mortgage, consumer and small business loans in an effort to assist its loan customers in the areas most significantly impacted by the hurricanes. This program was extended beyond the initial 90-day period for selected borrowers. The deferral program could have the effect of reducing past due, charge offs and nonperforming loans at December 31, 2005.

The Company has shown continuing improvement in asset quality despite significant loan growth over the past five years. The following table sets forth the composition of the Company's nonperforming assets, including accruing loans past due 90 or more days, as of the dates indicated.

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<i>(dollars in thousands)</i>	2005	2004	December 31, 2003	2002	2001
Nonaccrual loans:					
Commercial, financial and agricultural	\$ 2,377	\$ 1,936	\$ 1,838	\$ 1,693	\$ 4,088
Mortgage	384	735	552	334	122
Loans to individuals	2,012	1,784	1,512	1,230	1,053
Total nonaccrual loans	4,773	4,455	3,902	3,257	5,263
Accruing loans 90 days or more past due	1,003	1,209	1,220	1,086	1,691
Total nonperforming loans ⁽¹⁾	5,776	5,664	5,122	4,343	6,954
Foreclosed property	257	492	2,134	2,267	6,009
Total nonperforming assets ⁽¹⁾	6,033	6,156	7,256	6,610	12,963
Performing troubled debt restructurings					
Total nonperforming assets and troubled debt restructurings ⁽¹⁾	\$ 6,033	\$ 6,156	\$ 7,256	\$ 6,610	\$ 12,963
Nonperforming loans to total loans ⁽¹⁾	0.30%	0.34%	0.36%	0.42%	0.73%
Nonperforming assets to total assets ⁽¹⁾	0.21%	0.25%	0.34%	0.42%	0.91%
Nonperforming assets and troubled debt restructurings to total assets ⁽¹⁾	0.21%	0.25%	0.34%	0.42%	0.91%

⁽¹⁾ Nonperforming loans and assets include accruing loans 90 days or more past due

Allowance For Loan Losses. Based on facts and circumstances available, management of the Company believes that the allowance for loan losses was adequate at December 31, 2005 to cover any potential losses in the Company's loan portfolio. However, future adjustments to this allowance may be necessary, and the Company's results of operations could be adversely affected if circumstances differ substantially from the assumptions used by management in determining the allowance for loan losses. Losses in the loan portfolio, net of recoveries, are charged-off against the allowance and reduce the balance. Provisions for loan losses, which are charged against income, increase the allowance.

In determining the amount of the allowance for loan losses, management uses information from its portfolio management process, relationship managers and ongoing loan review efforts to stratify the loan portfolio into asset risk classifications. Based on this information, management assigns a general or specific reserve allocation. The foundation for the allowance is a detailed review of the overall loan portfolio and its performance. The portfolio is segmented into homogenous pools (i.e., commercial, business banking, consumer, mortgage, indirect, and credit card), which are analyzed based on risk factors, current and historical performance and specific loan reviews (for significant loans). Consideration is given to the specific risk within these segments, the maturity of these segments (e.g., rapid growth versus fully seasoned), the Company's strategy for each segment (e.g., growth versus maintain), and the historical loss rate for these segments both at the Company and its peers. Consideration is also given to the impact of a number of relevant external factors that influence components of the loan portfolio or the portfolio as a whole, including current and projected economic conditions.

Loan portfolios tied to acquisitions made during the year are incorporated into the Company's allowance process. If the acquisition has an impact on the level of exposure to a particular segment, industry or geographic market, this increase in exposure is factored into the allowance determination process. Generally, acquisitions have higher levels of risk of loss based on differences in credit culture, portfolio management practices and the Company's emphasis on early detection and management of deteriorating loans. The Company added \$4.9 million to the allowance for loan losses as a result of the application of the Company's allowance methodology on the American Horizons loan portfolio.

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General reserve estimated loss percentages are based on the current and historical loss experience of each loan category, regulatory guidelines for losses, the status of past due payments, and management's judgment of economic conditions and the related level of risk assumed. Relative to homogenous loan pools such as mortgage, consumer, indirect and credits cards, the Company has established a general reserve level using information such as actual loan losses, the seasoning of the pool, identified loan impairment, acquisitions, and current and projected economic conditions. General reserves for these pools are adjusted for loans that are considered past due, based on the correlation between historical losses and the payment performance of a loan pool.

The commercial segment of the Company's loan portfolio is initially assigned a general reserve also based on performance of that portion of the loan portfolio and other general factors discussed earlier. The commercial portion of the portfolio is further segmented by collateral type, which based on experience has a direct relationship to the level of loss experienced if a problem develops. Reserves are set based on management's assessment of this risk of loss. As commercial loans deteriorate, the Company reviews each for impairment and proper loan grading. Loans on the Company's Watch List carry higher levels of reserve based largely on a higher level of loss experience for these loans. Loss experience for Watch List loans is reviewed periodically during the year.

Specific reserves are determined for commercial loans individually based on management's evaluation of loss exposure for each credit, given current payment status of the loan and the value of any underlying collateral. Loans for which specific reserves are provided are excluded from the general reserve calculations described above to prevent duplicate reserves. Additionally, an unallocated reserve for the total loan portfolio is established to address the imprecision and estimation risk inherent in the calculations of general and specific reserves, and management's evaluation of various conditions that are not directly measured by any other component of the allowance. Such components would include current economic conditions affecting key lending areas, credit quality trends, collateral values, loan volumes and concentrations, seasoning of the loan portfolio and the findings of internal credit examinations.

Based on the allowance determination process, the Company determines the current potential risk of loss that exists in the portfolio, even if not fully reflected in current credit statistics, such as nonperforming assets or nonperforming loans. To determine risk of loss, and in turn the appropriateness of the allowance, the Company extends its analysis to a number of other factors, including the level of delinquencies and delinquency trends; the level and mix of Criticized, Classified and Pass/Watch loans; reserve levels relative to nonperforming assets, nonperforming loans, and net charge-offs; the level and trend in consumer and commercial bankruptcies; and financial performance trends in specific businesses and industries to which the Company lends. In response to rapid growth and changes in the mix of the loan portfolio, the Company has increased its required allowance over time and feels that the allowance adequately reflects the current level of risk and incurred losses within the loan portfolio.

Due to the unprecedented devastation caused by Hurricanes Katrina and Rita in August and September 2005, respectively, the Company performed an extensive review of the loan portfolios impacted by these storms. Immediately after each of these storms passed, the Company's credit team began intense analysis of affected portfolios, client flood and property and casualty insurance coverage, impacts on sources of repayment and underlying collateral, and client payment probability. This analysis was aided by flood mapping technology, physical inspection, and client contact.

The framework for the analysis involved first determining which clients were in the affected areas. Second, clients were grouped by segment type (e.g., commercial, private banking, mortgage, indirect automobile, etc.). Third, segmented clients were analyzed in detail and divided into three risk categories (i.e., low, medium and high). Low risk clients had no impact, or relatively insignificant impact, as a result of the storm. Medium risk clients had an impact on their primary or secondary sources of repayment, but had adequate liquidity to satisfy their obligations. Finally, high risk clients had potentially significant problems that affected both primary and secondary sources of repayment. Reserve levels were then placed against particular loans based on estimated default levels and loss expectations. For example, for residential mortgage loans, a 50% default rate was assumed for high risk clients on the gross loan balance outstanding (not net of estimated insurance proceeds), and a 40% loss rate was assumed. Medium risk residential mortgage clients were assumed to have a 35% default rate and a loss rate of 20%. Low risk clients were assumed to have a 20% default rate and a 10% loss rate. Similar methodologies were used for other

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segments and risk categories, though default rates and loss expectation levels differed between various segments and categories. No material consideration was given for any federal assistance or private mortgage insurance, and only minimal land values were assumed. Additional federal and/or state assistance may be forthcoming, but the outcome is uncertain at this time. Private mortgage insurance exists for 6% and 11% of residential mortgage loans affected by Hurricanes Katrina and Rita, respectively. Given limited real estate transaction closings since the hurricanes, no reliable determination can be made regarding land values at this stage. The risk classifications and reserve allocation methodology are subject to change as particular situations continue to evolve.

As a result of this analysis, the Company recorded hurricane-related loan loss provisions of \$12.8 million and \$1.6 million for Hurricanes Katrina and Rita, respectively.

The following table presents the allocation of the allowance for loan losses and the percentage of the total amount of loans in each loan category listed as of the dates indicated.

TABLE 4 ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

	2005		2004		December 31, 2003		2002		2001	
	Reserve %	% of Loans	Reserve %	% of Loans	Reserve %	% of Loans	Reserve %	% of Loans	Reserve %	% of Loans
Commercial, financial and agricultural	50%	48%	55%	44%	51%	39%	48%	40%	46%	36%
Real estate mortgage	14	22	5	23	5	24	4	20	5	21
Real estate construction	1	2		2	1	4		1		1
Loans to individuals	28	28	30	31	31	33	38	39	45	42
Unallocated	7		10		12		10		4	
Total allowance for loan losses	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The allowance for loan losses amounted to \$38.1 million, or 1.98% and 659.3% of total loans and total nonperforming loans, respectively, at December 31, 2005 compared to 1.22% and 355.2%, respectively, at December 31, 2004. The allowance for loan losses increased \$18.0 million, or 89.3%, from \$20.1 million at December 31, 2004. The increase included a \$17.1 million provision for loan losses and \$4.9 million assigned to loans acquired as part of the American Horizons acquisition. Net charge-offs for 2005 were \$3.6 million, or 0.20% of total average loans, up from \$2.7 million, or 0.18% in 2004. The increase in net charge offs was due to the \$1.1 million in net charge-offs recorded as a result of Hurricane Katrina. The following table sets forth the activity in the Company's allowance for loan losses during the periods indicated.

Table of Contents**TABLE 5 SUMMARY OF ACTIVITY IN THE ALLOWANCE FOR LOAN LOSSES**

<i>(dollars in thousands)</i>	Years Ended December 31,				
	2005	2004	2003	2002	2001
Allowance at beginning of period	\$ 20,116	\$ 18,230	\$ 13,101	\$ 11,117	\$ 10,239
Addition due to purchase transaction	4,893	587	2,439		
Adjustment for loans transferred to held for sale	(350)				
Provision charged to operations	17,069	4,041	6,300	6,197	5,046
Charge-offs:					
Commercial, financial and agricultural	1,432	986	1,617	1,331	1,861
Mortgage	471	91	37	60	15
Loans to individuals	3,638	3,035	3,128	3,391	2,797
Total charge-offs	5,541	4,112	4,782	4,782	4,673
Recoveries:					
Commercial, financial and agricultural	539	272	504	68	110
Mortgage	3	1	21	35	17
Loans to individuals	1,353	1,097	647	466	378
Total recoveries	1,895	1,370	1,172	569	505
Net charge-offs	3,646	2,742	3,610	4,213	4,168
Allowance at end of period	\$ 38,082	\$ 20,116	\$ 18,230	\$ 13,101	\$ 11,117
Allowance for loan losses to nonperforming assets ⁽¹⁾	631.2%	326.8%	251.2%	198.2%	85.8%
Allowance for loan losses to total loans at end of period	1.98%	1.22%	1.29%	1.25%	1.16%
Net charge-offs to average loans	0.20%	0.18%	0.28%	0.43%	0.44%

⁽¹⁾ Nonperforming loans and assets include accruing loans 90 days or more past due

Investment Securities The Company's investment securities consist primarily of securities issued by the U.S. Government and federal agency obligations, obligations of state and political subdivisions and mortgage-backed securities. As of December 31, 2005, the Company's investment securities available for sale amounted to \$543.5 million, which includes a pre-tax net unrealized loss of \$9.8 million, and its investment securities held to maturity amounted to \$29.1 million with a pre-tax net unrealized gain of \$250,000. At such date, investment securities available for sale consisted of \$406.3 million of mortgage-backed securities, \$39.7 million of obligations of state and political subdivisions, and \$97.4 million of U.S. Government and federal agency obligations. At December 31, 2005, investment securities held to maturity consisted of \$7.7 million of mortgage-backed securities, \$13.3 million of obligations of state and political subdivisions, and \$8.1 million of U.S. Government and federal agency obligations.

Investment securities increased by an aggregate of \$5.6 million, or 1.0%, to \$572.6 million at December 31, 2005. This is compared to \$567.0 million at December 31, 2004. This increase was due to investment securities of \$11.5 million obtained through the acquisition of American Horizons and purchases of investment securities amounting to \$137.5 million, both of which were partially offset by \$106.7 million from maturities, prepayments and calls, \$24.0 million from sales of investment securities, \$1.9 million from the amortization of premiums and accretion of discounts, and a decrease of \$10.8 million in the market value of investment securities available for sale. Funds generated as a result of sales and prepayments were used to fund loan growth and purchase other securities. The Company continues to monitor market conditions and take advantage of market opportunities with appropriate rate and risk return elements. Note 3 of the Consolidated Financial Statements provides further information on the Company's investment securities.

Short-term Investments Short-term investments result from excess funds that fluctuate daily depending on the funding needs of the Company and are currently invested overnight in an interest-bearing deposit account at the Federal Home Loan Bank (FHLB) of Dallas, the total balance of which earns interest at the current FHLB discount rate. The balance in interest-bearing deposits at other institutions increased \$40.8 million, or 211.0%, from \$19.3

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million at December 31, 2004 to \$60.1 million at December 31, 2005. The average rate on these funds during 2005 was 3.20%, compared to 1.46% during 2004.

Mortgage Loans Held for Sale Loans held for sale increased \$2.4 million, or 29.7%, to \$10.5 million at December 31, 2005 compared to \$8.1 million at December 31, 2004. Loans held for sale have primarily been fixed rate single-family residential mortgage loans under contract to be sold in the secondary market. In most cases, loans in this category are sold within thirty days. Buyers generally have recourse to return a purchased loan to the Company under limited circumstances. Recourse conditions may include early payment default, breach of representations or warranties, and documentation deficiencies. During 2005, approximately 81% of total single-family mortgage originations of the Company were sold in the secondary market as compared to 89% in 2004.

Other Assets The following table details the changes in other assets at the dates indicated.

TABLE 6 OTHER ASSETS COMPOSITION

<i>(dollars in thousands)</i>	December 31,				
	2005	2004	2003	2002	2001
Cash and due from banks	\$ 66,697	\$ 33,940	\$ 49,273	\$ 37,022	\$ 35,945
Premises and equipment	55,010	39,557	31,992	18,161	19,455
Goodwill	93,167	64,732	59,523	35,401	35,644
Bank-owned life insurance	44,620	37,640	29,623	21,540	15,276
Other	69,464	47,834	45,350	23,693	22,097
Total	\$ 328,958	\$ 223,703	\$ 215,761	\$ 135,817	\$ 128,417

The \$32.8 million increase in cash and due from banks was primarily due to the high level of deposit growth experienced during 2005.

The \$15.5 million increase in premises and equipment was primarily the result of the \$7.2 million of fixed assets obtained through the American Horizons acquisition and land and building purchases associated with the Company's expansion initiative announced in September 2005.

The \$28.4 million increase in goodwill related to the American Horizons acquisition. The \$7.0 million increase in bank-owned life insurance related primarily to a \$5.0 million policy purchase, coupled with earnings on policies.

Other assets increased \$21.6 million. The largest component of the increase is the result of the core deposit intangible (\$4.6 million amortized value as of December 31, 2005) related to the American Horizons acquisition.

Funding Sources

Deposits obtained from clients in its primary market areas are the Company's principal source of funds for use in lending and other business purposes. The Company attracts local deposit accounts by offering a wide variety of accounts, competitive interest rates and convenient branch office locations and service hours. Increasing core deposits through the development of client relationships is a continuing focus of the Company. Borrowings have become an increasingly important funding source as the Company has grown. Other funding sources include short-term and long-term borrowings, subordinated debt and shareholders' equity. The following discussion highlights the major changes in the mix of deposits and other funding sources during 2005.

Deposits The Company has been successful in raising deposits in the markets in which it has a presence and believes the increase to be the result of several factors including the development of customer relationships and opportunities in the public funds arena. The following table sets forth the composition of the Company's deposits at the dates indicated.

Table of Contents**TABLE 7 DEPOSIT COMPOSITION**

<i>(dollars in thousands)</i>	2005		2004		December 31, 2003		2002		2001	
Noninterest-bearing DDA	\$ 350,065	15%	\$ 218,859	12%	\$ 189,786	12%	\$ 159,005	13%	\$ 154,580	12%
NOW accounts	575,379	26	532,584	30	449,938	28	281,825	23	243,685	20
Savings and money market	554,731	25	393,772	22	350,295	22	319,495	25	305,059	25
Certificates of deposit	762,781	34	628,274	36	599,087	38	481,907	39	534,070	43
Total deposits	\$ 2,242,956	100%	\$ 1,773,489	100%	\$ 1,589,106	100%	\$ 1,242,232	100%	\$ 1,237,394	100%

Deposits at December 31, 2005 reflected an increase of \$469.5 million, or 26.5%, to \$2.2 billion as compared to \$1.8 billion at December 31, 2004. The growth in deposits included \$192.7 million of deposits acquired from the acquisition of American Horizons. Since the end of 2004, noninterest-bearing checking accounts increased \$131.2 million, or 59.9%, interest-bearing checking account deposits increased \$42.8 million, or 8.0%, savings and money market accounts increased \$161.0 million, or 40.9%, and certificate of deposit accounts increased \$134.5 million, or 21.4%. Excluding the effect of American Horizons, noninterest-bearing checking accounts increased \$91.6 million, or 41.9%, interest-bearing checking account deposits increased \$2.4 million, or 0.5%, savings and money market accounts increased \$138.0 million, or 35.0%, and certificate of deposit accounts increased \$44.8 million, or 7.1%. At December 31, 2005, \$350.1 million, or 15.6%, of the Company's total deposits were noninterest-bearing, compared to \$218.9 million, or 12.3%, at December 31, 2004.

Certificates of deposit \$100,000 and over increased \$75.7 million, or 32.1%, from \$235.7 million at December 31, 2004 to \$311.5 million at December 31, 2005. The following table shows large-denomination certificates of deposit by remaining maturities. Additional information regarding deposits is provided in Note 8 of the Consolidated Financial Statements.

TABLE 8 REMAINING MATURITY OF CDS \$100,000 AND OVER

<i>(dollars in thousands)</i>	December 31,		
	2005	2004	2003
3 months or less	\$ 87,411	\$ 53,355	\$ 67,555
Over 3 - 12 months	120,966	81,908	87,869
Over 12 - 36 months	90,681	72,126	35,906
More than 36 months	12,412	28,335	24,329
Total	\$ 311,470	\$ 235,724	\$ 215,659

Borrowings and Debt Advances from the FHLB of Dallas may be obtained by the Company upon the security of the common stock it owns in that bank and certain of its real estate loans and investment securities, provided certain standards related to creditworthiness have been met. Such advances are made pursuant to several credit programs, each of which has its own interest rate and range of maturities. The level of short-term borrowings can fluctuate significantly on a daily basis depending on funding needs and the source of funds chosen to satisfy those needs. Total short-term borrowings decreased \$167.6 million, or 70.9%, to \$68.8 million at December 31, 2005 compared to \$236.5 million at December 31, 2004. The Company's short-term borrowings at December 31, 2005 were comprised of \$745,000 of advances from the FHLB of Dallas and \$68.1 million of securities sold under agreements to repurchase. The average amount of short-term borrowings in 2005 was \$143.1 million, compared to \$188.6 million in 2004.

The Company's short-term borrowings at December 31, 2004 were comprised of \$192.0 million of advances from the FHLB of Dallas and \$44.5 million of securities sold under agreements to repurchase. The average amount of short-term borrowings in 2004 was \$188.6 million. The weighted average rate on short-term borrowings was 1.83% at December 31, 2005, compared to 2.01% at December 31, 2004. For additional information regarding short-term borrowings, see Note 9 of the Consolidated Financial Statements.

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The Company's long-term borrowings increased \$44.1 million, or 21.4%, to \$250.2 million at December 31, 2005, compared to \$206.1 million at December 31, 2004. The primary reason for the increase was due to \$34.2 million in long term debt assumed as a result of the American Horizons acquisition. The majority of the Company's long-term borrowings, \$153.7 million, were comprised of fixed-rate advances from the FHLB of Dallas which cannot be paid off without incurring substantial prepayment penalties. Remaining FHLB advances of \$55.0 million consist of variable rate advances based on three-month LIBOR.

The Company's remaining debt of \$37.3 million consists of junior subordinated deferrable interest debentures of the Company issued to statutory trusts that were funded by the issuance of floating rate capital securities of the trusts. The debentures qualify as Tier 1 Capital for regulatory purposes. Interest is payable quarterly and may be deferred at any time at the election of the Company for up to 20 consecutive quarterly periods. During any deferral period the Company is subject to certain restrictions, including being prohibited from declaring dividends to its common shareholders. The following table summarizes each outstanding issue of junior subordinated debt. For additional information, see Note 10 of the Consolidated Financial Statements.

TABLE 9 JUNIOR SUBORDINATED DEBT COMPOSITION

Date Issued (dollars in thousands)	Term	Callable After	Interest Rate	Amount
November 2002	30 years	5 years ⁽²⁾	LIBOR plus 3.25%	\$ 10,310
June 2003	30 years	5 years ⁽²⁾	LIBOR plus 3.15%	10,310
September 2004	30 years	5 years ⁽²⁾	LIBOR plus 2.00%	10,310
March 2003 ⁽¹⁾	30 years	5 years ⁽²⁾	LIBOR plus 3.15%	6,351
Balance, December 31, 2005				\$ 37,281

⁽¹⁾ Obtained via the American Horizons acquisition.

⁽²⁾ Subject to regulatory requirements.

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, 2005, shareholders' equity totaled \$263.6 million, an increase of \$43.4 million, or 19.7%, compared to \$220.2 million at December 31, 2004. The following table details the changes in shareholders' equity during 2005.

TABLE 10 CHANGES IN SHAREHOLDERS' EQUITY

(dollars in thousands)	Amount
Balance, December 31, 2004	\$ 220,162
Common stock issued for acquisition	47,737
Net income	22,000
Common stock released by the Company's ESOP trust	622
Common stock earned by participants in the Company's RRP trust	2,118
Sale of treasury stock for stock options exercised	3,565
Cash dividends declared	(9,582)
Repurchases of common stock placed into treasury	(17,504)
Decrease in other comprehensive income	(6,019)
Stock based compensation cost	470
Balance, December 31, 2005	\$ 263,569

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On April 20, 2005, the Company announced a new Stock Repurchase Program authorizing the repurchase of up to 375,000 common shares. During the year ended December 31, 2005, the Company repurchased a total of 365,488 shares of its Common Stock under publicly announced Stock Repurchase Programs. The following table details these purchases during 2005.

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Table of Contents**TABLE 11 STOCK REPURCHASES**

Period	Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Repurchase Plans	Maximum Number of Shares that May Yet Be Purchased Under Repurchase Plans
January	52,125	\$ 48.48	52,125	93,666
February	61,875	\$ 48.69	61,875	31,791
April	31,250	\$ 49.14	31,250	541
May	159,250	\$ 47.07	159,250	216,291
June	50,988	\$ 47.70	50,988	165,303
September	10,000	\$ 50.15	10,000	155,303
Total	365,488	\$ 47.89	365,488	

No shares were repurchased during March, July, August, October, November, and December 2005. No shares were repurchased during the year ended December 31, 2005, other than through publicly announced plans.

On July 21, 2005, the Company announced the declaration of a five-for-four stock split in the form of a 25% stock dividend. The dividend was paid August 15, 2005 to shareholders of record as of August 1, 2005. All share and per share amounts have been restated to reflect the stock split.

RESULTS OF OPERATIONS

The Company reported net income of \$22.0 million, \$27.3 million and \$23.6 million for the years ended December 31, 2005, 2004 and 2003, respectively. Earnings per share (EPS) on a diluted basis was \$2.24 for 2005, \$3.01 for 2004 and \$2.74 for 2003. During 2005, interest income increased \$26.7 million, interest expense increased \$16.5 million, the provision for loan losses increased \$13.0 million, noninterest income increased \$2.9 million, noninterest expense increased \$9.5 million and income tax expense decreased \$4.1 million. Cash earnings, defined as net income before the amortization of acquisition intangibles, amounted to \$22.8 million, \$27.9 million and \$24.1 million for the years ended December 31, 2005, 2004 and 2003, respectively. Included in earnings are the results of operations of American Horizons from the acquisition date of January 31, 2005, Alliance from the acquisition date of February 28, 2004 and Acadiana Bancshares, Inc. from the acquisition date of February 28, 2003 forward.

Net Interest Income Net interest income is the difference between interest realized on earning assets and interest paid on interest-bearing liabilities and is also the driver of core earnings. As such, it is subject to constant scrutiny by management. The rate of return and relative risk associated with earning assets are weighed to determine the appropriateness and mix of earning assets. Additionally, the need for lower cost funding sources is weighed against relationships with clients and future growth requirements. 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 3.23%, 3.40% and 3.67% during the years ended December 31, 2005, 2004 and 2003, respectively. The Company's net interest margin on a taxable equivalent (TE) basis, which is net interest income (TE) as a percentage of average earning assets, was 3.54%, 3.60% and 3.89% during the years ended December 31, 2005, 2004 and 2003, respectively.

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Net interest income increased \$10.2 million, or 13.6%, in 2005 to \$84.8 million compared to \$74.6 million in 2004. This increase was due to a \$26.7 million, or 24.6%, increase in interest income, which was partially offset by a \$16.5 million, or 48.7%, increase in interest expense. The improvement in net interest income was the result of increased volumes and an improved mix of earning assets and deposits. Although earnings improved through increased net interest income, the related net interest spread and margin ratios compressed, driven in part by the rise in short-term interest rates and the associated repricing of the Company's assets and liabilities.

In 2004, net interest income increased \$7.0 million, or 10.3%, to \$74.6 million compared to \$67.6 million in 2003. This increase was due to a \$12.0 million, or 12.5%, increase in interest income, which was partially offset by a \$5.1 million, or 17.5%, increase in interest expense.

The Company will continue to monitor investment opportunities and weigh the associated risk/return. Volume increases in earning assets and improvements in the mix of earning assets and interest-bearing liabilities are expected to improve net interest income, but may negatively impact the net interest margin ratio. The Company has engaged in interest rate swap transactions, which are a form of derivative financial instrument, to modify the net interest sensitivity to levels deemed to be appropriate. Through this instrument, interest rate risk is managed by hedging with an interest rate swap contract designed to pay fixed and receive floating interest. The interest rate swaps of the Company were executed to modify net interest sensitivity to levels deemed appropriate. Average loans made up 74.3% of average earning assets as of December 31, 2005 as compared to 71.4% at December 31, 2004. Overall, average loans increased 20.2% in 2005. The increase in average loans was funded by increased customer deposits. Average investment securities made up 23.2% of average earning assets at December 31, 2005 compared to 26.3% at December 31, 2004. Average interest-bearing deposits made up 82.0% of average interest-bearing liabilities at December 31, 2005 compared to 81.0% at December 31, 2004. Average borrowings made up 18.0% of average interest-bearing liabilities at December 31, 2005 compared to 19.0% at December 31, 2004. Tables 12 and 13 further explain the changes in net interest income.

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. Investment security market value adjustments and trade-date accounting adjustments are not considered to be earning assets and, as such, the net effect is included in nonearning assets. Tax equivalent (TE) yields are calculated using a marginal tax rate of 35%.

Table of Contents**TABLE 12 AVERAGE BALANCES, NET INTEREST INCOME AND INTEREST YIELDS / RATES**

<i>(dollars in thousands)</i>	2005			Years Ended December 31, 2004			2003		
	Average Balance	Interest	Average Yield/ Rate	Average Balance	Interest	Average Yield/ Rate	Average Balance	Interest	Average Yield/ Rate
Earning assets:									
Loans receivable:									
Mortgage loans	\$ 438,515	\$ 23,536	5.37%	\$ 399,681	\$ 21,861	5.47%	\$ 340,738	\$ 20,628	6.05%
Commercial loans (TE)	862,799	48,287	5.74	636,359	29,882	4.85	511,634	25,987	5.26
Consumer and other loans	538,761	36,669	6.81	494,348	32,488	6.57	456,766	32,602	7.14
Total loans	1,840,075	108,492	5.96	1,530,388	84,231	5.57	1,309,138	79,217	6.12
Loans held for sale	12,866	709	5.51	10,391	520	5.00	14,172	893	6.30
Investment securities (TE)	574,832	24,192	4.44	563,271	22,974	4.32	434,767	15,667	3.91
Other earning assets	49,773	1,936	3.89	39,986	885	2.21	39,440	785	1.99
Total earning assets	2,477,546	135,329	5.57	2,144,036	108,610	5.18	1,797,517	96,562	5.50
Allowance for loan losses	(27,908)			(19,488)			(16,491)		
Nonearning assets	267,425			213,598			183,669		
Total assets	\$ 2,717,063			\$ 2,338,146			\$ 1,964,695		
Interest-bearing liabilities:									
Deposits:									
NOW accounts	\$ 558,705	\$ 9,239	1.65%	\$ 510,187	\$ 5,613	1.10%	\$ 358,327	\$ 3,245	0.91%
Savings and money market accounts	480,836	6,171	1.28	403,331	3,116	0.77	354,997	2,924	0.82
Certificates of deposit	727,666	21,187	2.91	624,959	15,108	2.42	601,339	14,865	2.47
Total interest-bearing deposits	1,767,207	36,597	2.07	1,538,477	23,837	1.55	1,314,663	21,034	1.60
Short-term borrowings	143,100	3,395	2.34	188,589	2,644	1.38	115,014	1,428	1.22
Long-term debt	245,561	10,539	4.23	173,386	7,501	4.26	148,841	6,467	4.29
Total interest-bearing liabilities	2,155,868	50,531	2.34	1,900,452	33,982	1.78	1,578,518	28,929	1.83
Noninterest-bearing demand deposits	283,396			208,887			183,478		
Noninterest-bearing liabilities	16,170			18,121			22,282		
Total liabilities	2,455,434			2,127,460			1,784,278		
Shareholders equity	261,629			210,686			180,417		
Total liabilities and shareholders equity	\$ 2,717,063			\$ 2,338,146			\$ 1,964,695		
Net earning assets	\$ 321,678			\$ 243,584			\$ 218,999		
Net interest spread		\$ 84,798	3.23%		\$ 74,628	3.40%		\$ 67,633	3.67%
		\$ 88,081	3.54%		\$ 77,490	3.60%		\$ 70,236	3.89%

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Net interest income (TE) / Net
interest margin (TE)

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 volume (changes in average volume between periods times the average yield/rate for the two periods), (ii) changes attributable to rate (changes in average rate between periods times the average volume for the two periods), and (iii) total increase (decrease).

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<i>(dollars in thousands)</i>	2005 / 2004			2004 / 2003		
	Change Attributable To			Change Attributable To		
	Volume	Rate	Total Increase (Decrease)	Volume	Rate	Total Increase (Decrease)
Earning assets:						
Loans:						
Mortgage loans	\$ 2,104	\$ (429)	\$ 1,675	\$ 3,396	\$ (2,163)	\$ 1,233
Commercial loans	11,553	6,852	18,405	6,096	(2,201)	3,895
Consumer and other loans	3,038	1,143	4,181	2,576	(2,690)	(114)
Loans held for sale	130	59	189	(214)	(159)	(373)
Investment securities	445	773	1,218	4,936	2,371	7,307
Other earning assets	290	761	1,051	11	89	100
Total net change in income on earning assets	17,560	9,159	26,719	16,801	(4,753)	12,048
Interest-bearing liabilities:						
Deposits:						
NOW accounts	645	2,981	3,626	1,523	845	2,368
Savings and money market accounts	1,425	1,630	3,055	386	(194)	192
Certificates of deposit	2,686	3,393	6,079	577	(334)	243
Borrowings	1,953	1,836	3,789	2,843	(593)	2,250
Total net change in expense on interest-bearing liabilities	6,709	9,840	16,549	5,329	(276)	5,053
Change in net interest income	\$ 10,851	\$ (681)	\$ 10,170	\$ 11,472	\$ (4,477)	\$ 6,995

Interest income includes interest income earned on earning assets as well as applicable loan fees earned. Interest income that would have been earned on nonaccrual loans had they been on accrual status is not included in the data reported above.

Provision for Loan Losses Management of the Company assesses the allowance for loan losses quarterly and will make provisions for loan losses as deemed appropriate in order to maintain the adequacy of the allowance for loan losses. Increases to the allowance for loan losses are achieved through provisions for loan losses that are charged against income. Adjustments to the allowance may also result from purchase accounting adjustments associated with loans acquired in mergers.

As a result of the significant impact of Hurricanes Katrina and Rita, the Company recorded a one-time loan loss provision of \$14.4 million during the third quarter of 2005. Overall, the Company increased the provision for loan losses by 322.4% from \$4.0 million in 2004 to \$17.1 million in 2005. The provision for loan losses was \$6.3 million in 2003. Net loan charge-offs were \$3.6 million for 2005 compared to \$2.7 million for 2004. The allowance for loan losses as a percentage of outstanding loans, net of unearned income, was 1.98% at December 31, 2005, compared to 1.22% at year-end 2004. A discussion of credit quality can be found in the section on Asset Quality and Allowance for Loan Losses in this analysis.

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Noninterest Income The Company reported noninterest income of \$26.1 million in 2005 compared to \$23.2 million for 2004. The following table illustrates the primary components of noninterest income for the years indicated.

TABLE 14 NONINTEREST INCOME

<i>(dollars in thousands)</i>	2005	2004	Percent Increase (Decrease)	2003	Percent Increase (Decrease)
Service charges on deposit accounts	\$ 13,427	\$ 12,317	9.0%	\$ 11,683	5.4%
ATM/debit card fee income	2,709	2,012	34.6	1,810	11.2
Income from bank owned life insurance	1,979	1,663	19.0	1,521	9.3
Gain on sale of loans, net	2,497	2,794	(10.6)	4,199	(33.5)
Gain on sale of assets	826	220	275.5	334	(34.1)
Gain (loss) on sale of investments, net	(39)	698	(105.6)	267	161.4
Other income	4,742	3,513	35.0	3,250	8.1
Total noninterest income	\$ 26,141	\$ 23,217	12.6%	\$ 23,064	0.7%

Service charges on deposit accounts increased \$1.1 million in 2005 primarily due to increased volume related to the American Horizons acquisition and revenue enhancement initiatives.

ATM/debit card fee income increased \$697,000 in 2005 due to the expanded cardholder base attributable to the American Horizons acquisition and increased usage.

Income from bank owned life insurance increased \$316,000 in 2005 as the Company increased its average investment in bank owned life insurance from \$34.1 million in 2004 to \$42.7 million in 2005.

Gain on sale of loans decreased \$297,000 in 2005 as a result of reduced demand for mortgage refinancings and associated sales of these loans into the secondary market. During the third quarter of 2005, the Company sold \$3.7 million of nonperforming loans to a third party resulting in an aggregate gain of \$290,000.

Gain on sale of assets increased \$606,000 in 2005. This increase is primarily the result of the sale of three excess properties. One of the properties was located in New Orleans, while the other two were located in Northeast Louisiana.

Other noninterest income increased \$1.2 million in 2005. The increase is due to a \$577,000 rise in broker sales commissions, \$259,000 in payments received as a result of the conversion of the Company's ownership interest in the PULSE EFT Association (PULSE) as a result of PULSE's merger with Discover Financial Services and modest increases in several other fee categories.

Noninterest income increased \$153,000 from 2003 to 2004 primarily due to a \$634,000 increase in service charges on deposit accounts as a result of the implementation of revenue enhancement strategies, a \$202,000 increase in ATM/debit card fees from increased usage and a \$431,000 increase in gains on the sale of investment securities. Noninterest income was adversely impacted by a \$1.4 million decrease in gains on the sale of mortgage loans in the secondary market as refinance activity slowed from 2003's record level and a \$114,000 decrease in gains on the sales of assets.

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Noninterest Expense Ongoing attention to expense control is part of the Company's corporate culture. The Company reported noninterest expense of \$64.4 million in 2005 compared to \$54.9 million for 2004. The following table illustrates the primary components of noninterest expense for the years indicated.

TABLE 15 NONINTEREST EXPENSE

<i>(dollars in thousands)</i>	2005	2004	Percent Increase	2003	Percent Increase (Decrease)
Salaries and employee benefits	\$ 33,973	\$ 29,846	13.8%	\$ 26,585	12.3%
Occupancy and equipment	8,319	6,834	21.7	6,273	8.9
Franchise and shares tax	3,161	2,607	21.2	2,086	25.0
Communication and delivery	3,107	2,814	10.4	2,762	1.9
Marketing and business development	1,766	1,582	11.7	1,255	26.1
Data processing	1,837	1,492	23.1	1,663	(10.3)
Printing, stationery and supplies	992	845	17.4	845	
Amortization of acquisition intangibles	1,207	885	36.3	781	13.3
Professional services	2,339	1,802	29.8	2,267	(20.5)
Other expenses	7,737	6,190	25.0	6,112	1.3
Total noninterest expense	\$ 64,438	\$ 54,897	17.4%	\$ 50,629	8.4%

Salaries and employee benefits increased \$4.1 million in 2005 due to increased staffing associated with the American Horizons acquisition and the Company's branch expansion initiative, as well as several strategic hires made during 2004 and 2005. The Company also recorded \$470,000 of compensation expense due to the immediate vesting of all outstanding unvested stock options on December 30, 2005. Due to the completion of funding of the Company's ESOP at the end of the first quarter of 2005, the Company realized savings of \$1.7 million compared to 2004.

Occupancy and equipment, communication and delivery and data processing increased \$1.5 million, \$294,000 and \$345,000, respectively, in 2005 primarily due to infrastructure expansion and improvements.

Franchise and shares tax increased \$553,000 million in 2005 due to growth in capital and income. Both capital and income levels are key components of the Louisiana shares tax calculation.

Marketing and business development expense increased \$184,000 in 2005 as the Company expanded advertising and business development programs in selected markets.

Amortization of acquisition intangibles increased \$322,000 in 2005 due to the amortization of the American Horizons core deposit intangible.

Other noninterest expenses increased \$2.1 million in 2005. The largest components of the increase were \$650,000 of one-time expenses associated with the integration and conversion of American Horizons, \$401,000 of one-time expenses associated with damages and other costs resulting from Hurricanes Katrina and Rita, a \$537,000 increase in professional service expenses and a \$389,000 increase in ATM/debit card expenses. One-time hurricane expenses consist primarily of costs to repair damaged facilities and relocate displaced employees.

Noninterest expense increased \$4.3 million from 2003 to 2004 primarily due to increased salaries and benefits as a result of the Acadiana and Alliance acquisitions, several strategic hires and the rising cost associated with the increased market value of the Company's common stock as it relates to the Company's ESOP. Other significant increases included a \$561,000 increase in occupancy and equipment costs associated with infrastructure improvements, a \$521,000 increase in franchise and shares tax and a \$327,000 increase in marketing and business development expenses.

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Income Taxes For the years ended December 31, 2005, 2004 and 2003 the Company incurred income tax expense of \$7.4 million, \$11.6 million and \$10.2 million, respectively. The Company's effective tax rate amounted to 25.3%, 29.7% and 30.3% during 2005, 2004 and 2003, respectively. The difference between the effective tax rate and the statutory tax rate primarily relates to variances in items that are non-taxable or non-deductible, primarily the effect of tax-exempt income, the non-deductibility of part of the amortization of acquisition intangibles, and the non-deductible portion of the ESOP compensation expense. The decrease in the Company's effective tax rates for 2005 is attributable to the effect of the third quarter net loss and the decrease in ESOP compensation expense, a large portion of which was not deductible for tax purposes, along with increases in the proportional levels of tax-exempt income. For more information, see Note 12 of the Consolidated Financial Statements.

CAPITAL RESOURCES

Federal regulations impose minimum regulatory capital requirements on all institutions with deposits insured by the Federal Deposit Insurance Corporation. The Federal Reserve Board (FRB) imposes similar capital regulations on bank holding companies. Compliance with bank and bank holding company regulatory capital requirements, which include leverage and risk-based capital guidelines, are monitored by the Company on an ongoing basis. Under the risk-based capital method, a risk weight is assigned to balance sheet and off-balance sheet items based on regulatory guidelines. At December 31, 2005, the Company exceeded all regulatory capital ratio requirements with a Tier 1 leverage capital ratio of 7.65%, a Tier 1 risk-based capital ratio of 10.70% and a total risk-based capital ratio of 11.96%. At December 31, 2005, the Bank also exceeded all regulatory capital ratio requirements with a Tier 1 leverage capital ratio of 7.03%, a Tier 1 risk-based capital ratio of 9.81% and a total risk-based capital ratio of 11.07%.

In addition, the Company has junior subordinated debt totaling \$37.3 million, which may be included in Tier 1 capital up to 25% of the total of the Company's core capital elements, including the junior subordinated debt. For additional information, see Note 10 of the Consolidated Financial Statements.

LIQUIDITY

The Company's liquidity, represented by cash and cash equivalents, is a product of its operating, investing and financing activities. The Company manages its liquidity with the objective of maintaining sufficient funds to respond to the needs of depositors and borrowers and to take advantage of earnings enhancement opportunities. The primary sources of funds for the Company are deposits, borrowings, repayments and maturities of loans and investment

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securities, securities sold under agreements to repurchase, as well as funds provided from operations. Certificates of deposit scheduled to mature in one year or less at December 31, 2005 totaled \$459.5 million. Based on past experience, management believes that a significant portion of maturing deposits will remain with the Company. Additionally, the majority of the investment security portfolio is classified by the Company as available-for-sale which provides the ability to liquidate securities as needed. Due to the relatively short planned duration of the investment security portfolio, the Company continues to experience significant cash flows on a normal basis.

While scheduled cash flows from the amortization and maturities of loans and securities are relatively predictable sources of funds, deposit flows and prepayments of loan and investment securities are greatly influenced by general interest rates, economic conditions and competition. The FHLB of Dallas provides an additional source of liquidity to make funds available for general requirements and also to assist with the variability of less predictable funding sources. At December 31, 2005, the Company had \$209.5 million of outstanding advances from the FHLB of Dallas. Additional advances available at December 31, 2005 from the FHLB of Dallas amounted to \$440.7 million. The Company and the Bank also have various funding arrangements with commercial banks providing up to \$75 million in the form of federal funds and other lines of credit. At December 31, 2005, there was no balance outstanding on these lines and all of the funding was available to the Company.

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 and investment security products. The Company uses its sources of funds primarily to meet its ongoing commitments and fund loan commitments. The Company has been able to generate sufficient cash through its deposits as well as borrowings and anticipates it will continue to have sufficient funds to meet its liquidity requirements.

ASSET/ LIABILITY MANAGEMENT AND MARKET RISK

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 appropriate level of risk 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 Senior Management Planning Committee. The Senior Management Planning Committee normally meets monthly 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 Senior Management Planning Committee generally reviews the Company's liquidity, cash flow needs, maturities of investments, deposits, 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 this exposure. Interest rate risk is measured using net interest income simulation and asset/liability net present value sensitivity analyses. The Company uses financial modeling to measure the impact of changes in interest rates on the net interest margin and predict market risk. 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. These analyses provide a range of potential impacts on net interest income and portfolio equity caused by interest rate movements.

Included in the modeling are instantaneous parallel rate shifts scenarios, which are utilized to establish exposure limits. These scenarios are known as "rate shocks" because all rates are modeled to change instantaneously by the indicated shock amount, rather than a gradual rate shift over a period of time that has traditionally been more realistic. As of December 31, 2005, the simulation of these shocks indicated that an instantaneous and sustained 200 basis point rise in rates would increase net interest income over the following 12 months by approximately 4.3%.

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while a 200 point decline in rates would decrease net interest income over the following 12 months by approximately 1.4% from an unchanged rate environment. For the same period, the model indicated that an instantaneous and sustained 100 basis point rise in rates would increase net interest income over the following 12 months by approximately 3.0%, while a 100 point decline in rates would increase net interest income over the following 12 months by approximately 0.9% from an unchanged rate environment. Computations of interest rate risk under these scenarios do not necessarily include certain actions that management may undertake to manage this risk in response to anticipated changes in interest rates.

The rate environment is a function of the monetary policy of the FRB. The principal tools of the FRB for implementing monetary policy are open market operations, or the purchases and sales of U.S. Treasury and federal agency securities. The FRB's objective for open market operations has varied over the years, but the focus has gradually shifted toward attaining a specified level of the federal funds rate to achieve the long-run goals of price stability and sustainable economic growth. The federal funds rate is the basis for overnight funding and drives the short end of the yield curve. Longer maturities are influenced by FRB purchases and sales and also expectations of monetary policy going forward. The FRB began to increase the targeted level for the federal funds rate in June 2004 after reaching an all-time low of 1.00% in mid-2003. The targeted fed funds rate has increased at each Federal Open Market Committee meeting by 25 basis points and ended the year at 4.25%. Although each FRB rate increase becomes more challenging to offset, the ability to delay deposit rate increases and less aggressive repricing of the maturing certificate of deposit portfolio has allowed the Company to offset the negative impact of recent FRB rate movements. Although management believes that the Company is not significantly affected by changes in interest rates over an extended period of time, the continued flattening of the yield curve will exert downward pressure on the net interest margin and net interest income. Under traditional measures of interest rate gap positions, the Company is slightly asset sensitive in the short-term. There was no significant shift in the Bank's interest rate position as a result of the acquisition of American Horizons in January 2005.

As part of its asset/liability management strategy, the Company has emphasized the origination of commercial and consumer loans, which typically have shorter terms than residential mortgage loans and/or adjustable or variable rates of interest. The majority of fixed-rate, long-term residential loans were sold in the secondary market during the last three years to avoid assumption of the rate risk associated with longer duration assets in the current low rate environment. As of December 31, 2005, \$567.9 million, or 29.6%, of the Company's total loan portfolio had adjustable interest rates. The Bank has no significant concentration to any single loan component or industry segment.

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 sensitive to changes in interest rates. At December 31, 2005, 66.0% of the Company's deposits were in transaction and limited-transaction accounts, compared to 64.6% at December 31, 2004. Noninterest bearing transaction accounts totaled 15.6% of total deposits at December 31, 2005, compared to 12.3% of total deposits at December 31, 2004.

As part of an overall interest rate risk management strategy, off-balance sheet derivatives may also be used as an efficient way to modify the repricing or maturity characteristics of on-balance sheet assets and liabilities. Management may from time to time engage in interest rate swaps to effectively manage interest rate risk. As of December 31, 2005, the Company had no derivatives other than interest-rate swaps accounted for as cash-flow hedges, all of which met the criteria to be classified as effective hedges. The interest rate swaps of the Company were executed to modify net interest sensitivity to levels deemed appropriate.

OTHER OFF-BALANCE SHEET ACTIVITIES

In the normal course of business, the Company is a party to a number of activities that contain credit, market and operational risk that are not reflected in whole or in part in the Company's consolidated financial statements. Such activities include traditional off-balance sheet credit-related financial instruments, commitments under operating leases and long-term debt. The Company provides customers with off-balance sheet credit support through loan commitments, lines of credit and standby letters of credit. Many of the unused commitments are expected to expire

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unused or be only partially used; therefore, the total amount of unused commitments does not necessarily represent future cash requirements. The Company anticipates it will continue to have sufficient funds together with available borrowings to meet its current commitments. At December 31, 2005, the total approved loan commitments outstanding amounted to \$48.5 million. At the same date, commitments under unused lines of credit, including credit card lines, amounted to \$397.6 million. Included in these totals are commercial commitments amounting to \$305.1 million as shown in the following table.

TABLE 16 COMMERCIAL COMMITMENT EXPIRATION PER PERIOD

	Less Than	1	3	4	5	Over	
<i>(dollars in thousands)</i>	1 Year	Years	Years	Years	5 Years	Total	
Unused commercial lines of credit	\$ 216,234	\$ 22,165	\$ 4,900	\$ 3,620	\$ 246,919		
Unused loan commitments	44,922				44,922		
Standby letters of credit	11,979	1,262			13,241		
Total	\$ 273,135	\$ 23,427	\$ 4,900	\$ 3,620	\$ 305,082		

The Company has entered into a number of long-term leasing arrangements to support the ongoing activities of the Company. The required payments under such commitments and other debt commitments at December 31, 2005 are shown in the following table.

TABLE 17 CONTRACTUAL OBLIGATIONS AND OTHER DEBT COMMITMENTS

	2011						
<i>(dollars in thousands)</i>	2006	2007	2008	2009	2010	and After	Total
Operating leases	\$ 967	\$ 717	\$ 492	\$ 439	\$ 342	\$ 1,473	\$ 4,430
Certificates of deposit	459,533	198,186	70,733	13,639	16,108	4,582	762,781
Short-term borrowings	68,849						68,849
Long-term debt	24,082	35,969	34,642	78,054	37,167	40,298	250,212
Total	\$ 553,431	\$ 234,872	\$ 105,867	\$ 92,132	\$ 53,617	\$ 46,353	\$ 1,086,272

As of December 31, 2005, the Company had committed to purchasing \$1.8 million in land associated with its branch expansion initiative. These purchases are scheduled to close during the first half of 2006.

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. Although fluctuations in interest rates are neither completely predictable nor controllable, the Company regularly monitors its interest rate position and oversees its financial risk management by establishing policies and operating limits. 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. Although not as critical to the banking industry as to other industries, inflationary factors may have some impact on the Company's growth, earnings, total assets and capital levels. Management does not expect inflation to be a significant factor in 2006.

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ACQUISITION ACTIVITIES

On February 28, 2003, the Company completed its acquisition of Acadiana Bancshares, Inc., in exchange for 1,227,276 shares valued at \$38.6 million and \$9.8 million in cash. The transaction is accounted for under the purchase method of accounting. The consolidated statement of income includes the results of operations for Acadiana from the acquisition date. The transaction resulted in \$24.1 million of goodwill, \$4.0 million of core deposit intangibles and \$313,000 of other intangibles. The amount allocated to the core deposit intangible was determined by an independent valuation and is being amortized over the estimated useful life of eight years using the double declining method. The amount allocated to other intangibles represents the estimated value assigned to mortgage servicing rights and is being amortized over an estimated useful life of seven years using the interest method. For further information, see Note 2 to the Consolidated Financial Statements.

On February 29, 2004, the Company completed its acquisition of Alliance Bank of Baton Rouge in exchange for 359,106 shares of the Company's common stock valued at \$15.5 million. The transaction is accounted for under the purchase method of accounting. The consolidated statement of income includes the results of operations for Alliance from the acquisition date. The transaction resulted in \$5.2 million of goodwill and \$1.2 million of core deposit intangibles. The amount allocated to the core deposit intangible was determined by an independent valuation and is being amortized over the estimated useful life of seven years using the straight line method. For further information, see Note 2 to the Consolidated Financial Statements.

On January 31, 2005, the Company completed its acquisition of American Horizons in exchange for 990,435 shares of the Company's common stock valued at \$47,744,000 and \$653,000 in cash. The transaction is accounted for under the purchase method of accounting. The acquisition expanded the Company's presence in North Louisiana. The consolidated statement of income includes the results of operations for American Horizons from the acquisition date. The transaction resulted in \$28.5 million of goodwill and \$5.0 million of core deposit intangibles. The amount allocated to the core deposit intangible was determined by an independent valuation and is being amortized over the estimated useful life of ten years using the straight line method. For further information, see Note 2 to the Consolidated Financial Statements.

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<i>(dollars in thousands, except per share data)</i>	Years Ended December 31,				
	2005	2004	2003	2002	2001
Balance Sheet Data					
Total assets	\$ 2,852,592	\$ 2,448,602	\$ 2,115,811	\$ 1,570,588	\$ 1,426,825
Cash and cash equivalents	126,800	53,265	69,521	63,775	51,681
Loans receivable	1,918,516	1,650,626	1,412,349	1,044,492	956,015
Investment securities	572,582	566,955	479,622	368,122	321,907
Goodwill and acquisition intangibles	100,576	68,310	62,786	35,401	35,644
Deposit accounts	2,242,956	1,773,489	1,589,106	1,242,232	1,237,394
Borrowings	319,061	442,542	318,881	172,261	43,776
Shareholders' equity	263,569	220,162	195,169	139,598	134,417
Book value per share ⁽¹⁾	\$ 27.60	\$ 25.62	\$ 23.43	\$ 19.90	\$ 18.42
Tangible book value per share ⁽¹⁾⁽²⁾	17.07	17.67	15.89	14.86	13.54

<i>(dollars in thousands, except per share data)</i>	Years Ended December 31,				
	2005	2004	2003	2002	2001
Income Statement Data					
Interest income	\$ 135,329	\$ 108,610	\$ 96,562	\$ 87,552	\$ 100,368
Interest expense	50,531	33,982	28,929	27,958	46,018
Net interest income	84,798	74,628	67,633	59,594	54,350
Provision for loan losses	17,069	4,041	6,300	6,197	5,046
Net interest income after provision for loan losses	67,729	70,587	61,333	53,397	49,304
Noninterest income	26,141	23,217	23,064	17,866	15,144
Noninterest expense	64,438	54,897	50,629	44,032	41,711
Income before income taxes	29,432	38,907	33,768	27,231	22,737
Income taxes	7,432	11,568	10,216	8,778	8,229
Net income	\$ 22,000	\$ 27,339	\$ 23,552	\$ 18,453	\$ 14,508
Earnings per share - basic	\$ 2.40	\$ 3.26	\$ 2.97	\$ 2.61	\$ 1.98
Earnings per share - diluted	2.24	3.01	2.74	2.42	1.89
Cash earnings per share - diluted	2.32	3.07	2.79	2.45	2.21
Cash dividends per share	1.00	0.85	0.72	0.61	0.56

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	At or For the Years Ended December 31,				
	2005	2004	2003	2002	2001
Key Ratios ⁽³⁾					
Return on average assets	0.81%	1.17%	1.20%	1.26%	1.02%
Return on average equity	8.41	12.98	13.05	13.12	10.83
Return on average tangible equity ⁽²⁾	13.96	19.52	19.57	17.78	17.51
Equity to assets at end of period	9.24	8.99	9.22	8.89	9.42
Earning assets to interest-bearing liabilities	114.92	112.82	113.87	116.35	116.83
Interest rate spread ⁽⁴⁾	3.23	3.40	3.67	4.19	3.54
Net interest margin (TE) ^{(4) (5)}	3.54	3.60	3.89	4.53	4.12
Noninterest expense to average assets	2.37	2.35	2.58	3.01	2.94
Efficiency ratio ⁽⁶⁾	58.08	56.11	55.82	56.85	60.02
Tangible efficiency ratio (TE) ^{(2) (5)}	54.85	53.16	52.96	55.03	55.03
Dividend payout ratio	43.56	26.55	25.37	23.68	28.71
Asset Quality Data					
Nonperforming assets to total assets at end of period ⁽⁷⁾	0.21%	0.25%	0.34%	0.42%	0.91%
Allowance for loan losses to nonperforming loans at end of period ⁽⁷⁾	659.29	355.17	355.92	301.64	159.86
Allowance for loan losses to total loans at end of period	1.98	1.22	1.29	1.25	1.16
Consolidated Capital Ratios					
Tier 1 leverage capital ratio	7.65%	7.63%	7.50%	7.62%	6.95%
Tier 1 risk-based capital ratio	10.70	11.13	10.94	10.66	9.96
Total risk-based capital ratio	11.96	12.36	12.20	11.89	11.09

- (1) Shares used for book value purposes exclude shares held in treasury and unreleased shares held by the Employee Stock Ownership Plan at the end of the period.
- (2) Tangible calculations eliminate the effect of goodwill and acquisition related intangible assets and the corresponding amortization expense on a tax-effected basis where applicable.
- (3) With the exception of end-of-period ratios, all ratios are based on average daily balances during the respective periods.
- (4) 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.
- (5) Fully taxable equivalent (TE) calculations include the tax benefit associated with related income sources that are tax-exempt using a marginal tax rate of 35%.
- (6) The efficiency ratio represents noninterest expense as a percentage of total revenues. Total revenues is the sum of net interest income and noninterest income.
- (7) Nonperforming loans consist of nonaccruing loans and loans 90 days or more past due. Nonperforming assets consist of nonperforming loans and repossessed assets.

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MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors of

IBERIABANK Corporation

The management of IBERIABANK Corporation (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework*. Based on our assessment, Management believes that, as of December 31, 2005, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent auditors have issued an audit report on Management's assessment of the Company's internal control over financial reporting.

/s/ Daryl G. Byrd
Daryl G. Byrd
President and Chief Executive Officer

/s/ Anthony J. Restel
Anthony J. Restel
Executive Vice President and Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

IBERIABANK Corporation

We have audited management's assessment, included in the accompanying *Management Report on Internal Control over Financial Reporting*, that IBERIABANK Corporation maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). IBERIABANK Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that IBERIABANK Corporation maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, IBERIABANK Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows of IBERIABANK Corporation and Subsidiary, and our report dated February 15, 2006 expressed an unqualified opinion.

/s/ Castaing, Hussey & Lolan, LLC

New Iberia, Louisiana

February 15, 2006

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REPORT OF CASTAING, HUSSEY & LOLAN, LLC

INDEPENDENT REGISTERED ACCOUNTING FIRM

To the Board of Directors and Shareholders of

IBERIABANK Corporation

We have audited the accompanying consolidated balance sheets of IBERIABANK Corporation and Subsidiary as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2005. 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 the standards of the Public Company Accounting Oversight Board (United States). 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, 2005 and 2004, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of IBERIABANK Corporation's internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 15, 2006 expressed an unqualified opinion of management's assessment of internal control over financial reporting and an unqualified opinion on the effectiveness of internal control over financial reporting.

/s/ Castaing, Hussey & Lolan, LLC

New Iberia, Louisiana

February 15, 2006

Table of Contents**IBERIABANK CORPORATION AND SUBSIDIARY****Consolidated Balance Sheets****December 31, 2005 and 2004**

(dollars in thousands, except share data)	2005	2004
Assets		
Cash and due from banks	\$ 66,697	\$ 33,940
Interest-bearing deposits in banks	60,103	19,325
Total cash and cash equivalents	126,800	53,265
Securities available for sale, at fair value	543,495	526,933
Securities held to maturity, fair values of \$29,337 and \$41,061, respectively	29,087	40,022
Mortgage loans held for sale	10,515	8,109
Loans, net of unearned income	1,918,516	1,650,626
Allowance for loan losses	(38,082)	(20,116)
Loans, net	1,880,434	1,630,510
Premises and equipment, net	55,010	39,557
Goodwill	93,167	64,732
Other assets	114,084	85,474
Total Assets	\$ 2,852,592	\$ 2,448,602
Liabilities		
Deposits:		
Noninterest-bearing	\$ 350,065	\$ 218,859
Interest-bearing	1,892,891	1,554,630
Total deposits	2,242,956	1,773,489
Short-term borrowings	68,849	236,453
Long-term debt	250,212	206,089
Other liabilities	27,006	12,409
Total Liabilities	2,589,023	2,228,440
Shareholders Equity		
Preferred stock, \$1 par value - 5,000,000 shares authorized		
Common stock, \$1 par value - 25,000,000 shares authorized; 11,801,979 and 10,812,221 shares issued, respectively ⁽¹⁾	11,802	10,812
Additional paid-in capital	190,655	136,841
Retained earnings	150,107	137,887
Unearned compensation	(9,594)	(5,581)
Accumulated other comprehensive income	(5,629)	390
Treasury stock at cost - 2,253,167 and 2,206,650 shares, respectively ⁽¹⁾	(73,772)	(60,187)
Total Shareholders Equity	263,569	220,162
Total Liabilities and Shareholders Equity	\$ 2,852,592	\$ 2,448,602

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⁽¹⁾ All share amounts have been restated to reflect the five-for-four stock split, paid August 15, 2005 to shareholders of record as of August 1, 2005.

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

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Table of Contents**IBERIABANK CORPORATION AND SUBSIDIARY****Consolidated Statements of Income****Years Ended December 31, 2005, 2004, and 2003**

(dollars in thousands, except per share data)	2005	2004	2003
Interest and Dividend Income			
Loans, including fees	\$ 108,492	\$ 84,231	\$ 79,217
Mortgage loans held for sale, including fees	709	520	893
Investment securities:			
Taxable interest	21,698	20,425	13,201
Tax-exempt interest	2,494	2,549	2,466
Other	1,936	885	785
Total interest and dividend income	135,329	108,610	96,562
Interest Expense			
Deposits	36,597	23,837	21,034
Short-term borrowings	3,395	2,644	1,428
Long-term debt	10,539	7,501	6,467
Total interest expense	50,531	33,982	28,929
Net interest income	84,798	74,628	67,633
Provision for loan losses	17,069	4,041	6,300
Net interest income after provision for loan losses	67,729	70,587	61,333
Noninterest Income			
Service charges on deposit accounts	13,427	12,317	11,683
ATM/debit card fee income	2,709	2,012	1,810
Income from bank owned life insurance	1,979	1,663	1,521
Gain on sale of loans, net	2,497	2,794	4,199
Gain on sale of assets	826	220	334
Gain (loss) on sale of investments, net	(39)	698	267
Other income	4,742	3,513	3,250
Total noninterest income	26,141	23,217	23,064
Noninterest Expense			
Salaries and employee benefits	33,973	29,846	26,585
Occupancy and equipment	8,319	6,834	6,273
Franchise and shares tax	3,161	2,607	2,086
Communication and delivery	3,107	2,814	2,762
Marketing and business development	1,766	1,582	1,255
Data processing	1,837	1,492	1,663
Printing, stationery and supplies	992	845	845
Amortization of acquisition intangibles	1,207	885	781
Professional services	2,339	1,802	2,267
Other expenses	7,737	6,190	6,112
Total noninterest expense	64,438	54,897	50,629

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Income before income tax expense	29,432	38,907	33,768
Income tax expense	7,432	11,568	10,216
Net Income	\$ 22,000	\$ 27,339	\$ 23,552
Earnings per share - basic ⁽¹⁾	\$ 2.40	\$ 3.26	\$ 2.97
Earnings per share - diluted ⁽¹⁾	\$ 2.24	\$ 3.01	\$ 2.74

⁽¹⁾ All share amounts have been restated to reflect the five-for-four stock split, paid August 15, 2005 to shareholders of record as of August 1, 2005.

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

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Table of Contents**IBERIABANK CORPORATION AND SUBSIDIARY****Consolidated Statements of Shareholders' Equity****Years Ended December 31, 2005, 2004, and 2003**

(dollars in thousands, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned Compensation	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance, December 31, 2002 ⁽¹⁾	\$ 9,226	\$ 72,769	\$ 100,545	\$ (2,690)	\$ 712	\$ (40,964)	\$ 139,598
Comprehensive income:							
Net income			23,552				23,552
Change in unrealized gain on securities available for sale, net of deferred taxes					(993)		(993)
Change in fair value of derivatives used for cash flow hedges, net of tax effect					464		464
Total comprehensive income							23,023
Cash dividends declared, \$0.72 per share			(5,975)				(5,975)
Reissuance of treasury stock under stock option plan, net of shares surrendered in payment, including tax benefit, 158,835 shares		1,653				1,340	2,993
Common stock released by ESOP trust		1,768		473			2,241
Common stock earned by participants of recognition and retention plan trust, including tax benefit		458		613			1,071
Common stock issued for recognition and retention plan		612		(1,064)		452	
Common stock issued for acquisition	1,227	37,414	(246)				38,395
Treasury stock acquired at cost, 159,250 shares						(6,177)	(6,177)
Balance, December 31, 2003	10,453	114,674	117,876	(2,668)	183	(45,349)	195,169
Comprehensive income:							
Net income			27,339				27,339
Change in unrealized gain on securities available for sale, net of deferred taxes					(214)		(214)
Change in fair value of derivatives used for cash flow hedges, net of tax effect					421		421
Total comprehensive income							27,546
Cash dividends declared, \$0.85 per share			(7,257)				(7,257)
Reissuance of treasury stock under stock option plan, net of shares surrendered in payment, including tax benefit, 170,619 shares		1,114				3,005	4,119
Common stock released by ESOP trust		2,135		435			2,570
Common stock earned by participants of recognition and retention plan trust, including tax benefit		745		636			1,381
Common stock issued for recognition and retention plan		2,965		(3,984)		1,019	
Common stock issued for acquisition	359	15,208	(71)				15,496
Treasury stock acquired at cost, 408,334 shares						(18,862)	(18,862)

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Balance, December 31, 2004	10,812	136,841	137,887	(5,581)	390	(60,187)	220,162
Comprehensive income:							
Net income			22,000				22,000
Change in unrealized gain on securities available for sale, net of deferred taxes					(7,030)		(7,030)
Change in fair value of derivatives used for cash flow hedges, net of tax effect					1,011		1,011
Total comprehensive income							15,981
Cash dividends declared, \$1.00 per share			(9,582)				(9,582)
Reissuance of treasury stock under stock option plan, net of shares surrendered in payment, including tax benefit, 203,813 shares		1,539				2,026	3,565
Common stock released by ESOP trust		519		103			622
Common stock earned by participants of recognition and retention plan trust, including tax benefit		564		1,554			2,118
Common stock issued for recognition and retention plan		3,777		(5,670)		1,893	
Common stock issued for acquisition	990	46,945	(198)				47,737
Stock based compensation cost		470					470
Treasury stock acquired at cost, 365,488 shares						(17,504)	(17,504)
Balance, December 31, 2005	\$ 11,802	\$ 190,655	\$ 150,107	\$ (9,594)	\$ (5,629)	\$ (73,772)	\$ 263,569

(1) All share amounts have been restated to reflect the five-for-four stock split, paid August 15, 2005 to shareholders of record as of August 1, 2005.

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

Table of Contents**IBERIABANK CORPORATION AND SUBSIDIARY****Consolidated Statements of Cash Flows****Years Ended December 31, 2005, 2004 and 2003**

(dollars in thousands)	2005	2004	2003
Cash Flows from Operating Activities			
Net income	\$ 22,000	\$ 27,339	\$ 23,552
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,245	4,326	4,112
Provision for loan losses	17,069	4,041	6,300
Noncash compensation expense	2,824	3,334	2,710
Gain on sale of assets	(1,081)	(221)	(414)
Loss (Gain) on sale of investments	39	(698)	(267)
Loss on abandonment of fixed assets	129		
Amortization of premium/discount on investments	1,909	2,807	5,790
Current (benefit) provision for deferred income taxes	(3,236)	1,816	216
Net change in loans held for sale	(2,406)	(2,328)	6,475
Other operating activities, net	(627)	(7,034)	(10,581)
Net Cash Provided by Operating Activities	41,865	33,382	37,893
Cash Flows from Investing Activities			
Proceeds from sales of securities available for sale	23,737	42,762	100,452
Proceeds from maturities, prepayments and calls of securities available for sale	96,071	134,582	145,731
Purchases of securities available for sale	(137,529)	(269,134)	(328,222)
Proceeds from sales of securities held to maturity	231	227	
Proceeds from maturities, prepayments and calls of securities held to maturity	10,605	13,010	30,529
Purchases of securities held to maturity			(8,119)
Proceeds from sale of loans	3,172		26,913
Increase in loans receivable, net	(78,414)	(190,959)	(209,959)
Proceeds from sale of premises and equipment	3,296	76	880
Purchases of premises and equipment	(14,686)	(9,430)	(8,381)
Proceeds from disposition of real estate owned	2,038	3,533	1,881
Cash received in excess of cash paid in acquisition	20,736	4,320	21,120
Other investing activities, net	6,277	(3,510)	(5,030)
Net Cash Used in Investing Activities	(64,466)	(274,523)	(232,205)
Cash Flows from Financing Activities			
Increase in deposits	277,461	123,303	137,915
Net change in short-term borrowings	(167,604)	73,863	64,461
Proceeds from long-term debt	34,255	51,100	20,000
Repayments of long-term debt	(23,037)	(462)	(12,535)
Dividends paid to shareholders	(8,836)	(6,606)	(5,185)
Proceeds from sale of treasury stock for stock options exercised	1,407	2,549	1,770
Costs of issuance of common stock in acquisition	(6)		(191)
Payments to repurchase common stock	(17,504)	(18,862)	(6,177)
Net Cash Provided by Financing Activities	96,136	224,885	200,058
Net Increase (Decrease) In Cash and Cash Equivalents	73,535	(16,256)	5,746
Cash and Cash Equivalents at Beginning of Period	53,265		