The Bank of Lafayette has agreed to be merged into LBA Savings Bank here.

According to a joint announcement Friday by Don D. Guidry, president of LBA Savings Bank and W. David Sweatt, president of the Bank of Lafayette, LBA Savings Bank will convert from a mutual to stock ownership and reorganize into a holding company with a commercial bank subsidiary.

Immediately following the reorganization, the commercial bank subsidiary will acquire the Bank of Lafayette and operate under the name LBABank.

The conversion of LBA Savings Bank to stock is subject to several conditions, including approval by the majority of LBA Savings Bank's eligible members and from regulatory agencies. The merger of the Bank of Lafayette into the commercial bank subsidiary of LBA Savings Bank's new holding company is also subject to regulatory approval and to the approval of Bank of Lafayette shareholders.

Completion of the transaction is expected during the first quarter of 1995.

LBA Savings Bank, founded in 1900, operates four offices in Lafayette and has a loan production office in Eunice. It has assets of some $228 million and deposits of some $211 million.

The Bank of Lafayette operates two offices in Lafayette and has assets of some $47 million and deposits of about $40 million.

Lawrence Gankendorff, longtime chairman of LBA Savings Bank, noted that the proposed combination will enable LBA Savings Bank "to continue the role that it has played in Lafayette and will produce a strong community bank."

According to Guidry, "The management of the Bank of Lafayette has a proven track record in operating successful commercial banks. LBA has a long history of a deep commitment to mortgage lending. The combination of these forces will produce fuel for the local economy and, by these two institutions working together, the citizens of Lafayette will be the winners."

Sweatt said, "We are proud to become a part of LBA, which has such a long history of providing mortgage services to Lafayette Parish. Our combination will produce one of the strongest and best capitalized community banks in Louisiana. Safety, soundness and taking care of our customers are our highest concerns, and this combination will only enhance that mission."