Financial Institutions Assess Their Own Performance in 1995

[Editor's Note: Each financial institution with operations in Lafayette was sent a form requesting the following information: earnings and related financial data, an overview of performance in 1995, highlights from the year and plans for new products or expansion. Rayne State Bank, St. Landry Bank & Trust Co., Bank of Lafayette, Teche Federal Savings Bank and LBA Savings Bank either did not return their forms or did not complete the sections requesting this information.]

MAJOR BANK HOLDING COMPANIES

WHITNEY HOLDING CORP.

Whitney officials report that the bank holding company achieved solid earnings in 1995, earning $2.77 per share, with a return on average assets of 1.39 percent and return on average equity of 12.97 percent.

In August of last year the bank opened a new branch in Lafayette, located at 4524 Ambassador Caffery Parkway. Senior vice president Robert Tujague says a new branch facility is being constructed in Youngsville, which will have an ATM and three drive-thru windows.

In March, the bank completed a merger with First Citizens BancStock Inc., the parent company of First National Bank of St. Mary Parish. First National had assets in excess of $240 million and banking locations throughout the northern portion of Acadiana from New Iberia to Morgan City. Also, in January Whitney announced a pending merger with The New Iberia Bancorp, which has assets of about $250 million.

Whitney Holding Corp., parent company of Whitney National Bank, has also expanded its Whitney Bank of Alabama operations, Tujague says, opening several new branches and beginning construction on additional ones.

Once all mergers are completed, Whitney Holding will have more than 90 branches.

FIRST COMMERCE CORP.

First Commerce's officials point to several events in 1995 which caused a 5-percent decline in earnings. Among those were the completion of five mergers and the elimination of a negative provision for loan losses. A contributing factor was weakness in the gaming industry, which led to a $10 million addition to the provision in the fourth quarter.

Recurring revenues rose 8 percent, and the completion of five mergers added $1.5 billion in assets. Net charges related to the mergers totaled $19.1 million, which were taken mainly to write off computer and software no longer needed by the acquired banks, provide severance to employees whose jobs were eliminated and close branches no longer needed. FCC's return on assets was .93 percent, and return on equity was 11.05 percent.

One highlight was the acquisition of Central Bank of Monroe, which marked the company's first entrance into the North Louisiana market and its first new market since 1985.

First National Bank of Lafayette, FCC's local affiliate, experienced loan growth of almost 20 percent and had a $438 million loan portfolio at year-end. Barry Berthelot, FNB's president, says assets grew by 16 percent and deposits grew by almost 11 percent.

Berthelot says FNB acquired City Bank of New Iberia in 1995, which expanded its presence in Iberia Parish. FNB also opened its third in-store branch in Albertsons at Northgate Mall.

In March the bank opened its new Winnwood Branch on Johnston Street, a much larger and modernized facility which has replaced the former Winnwood location. FNB is planning to refurbish its Northside branch on Moss Street and make improvements to its main office on Jefferson Street. It is also adding ATM and cash machines in its markets, at locations which include convenience stores, supermarkets and the Lafayette Regional Airport.

HIBERNIA CORP.

Hibernia's net income increased 30 percent from 1994 to 1995, and loans grew by 23 percent to $4.5 billion. Of that, commercial loans were up by 17 percent and consumer loans by 30 percent.

The bank's return on assets was 1.78 percent, and return on equity was 19.22 percent.

In 1995 Hibernia Corp., parent company of Hibernia National Bank, completed mergers with four institutions with combined assets of $447 million and 19 offices and then completed two more mergers, with total assets of $160 million, in January, says Lafayette president Janet Morein. Since the beginning of 1994, she says, Hibernia has completed mergers with 10 institutions with combined assets of $1.8 billion and 64 offices.

Morein says this year Hibernia officially launched its first Financial Marketplace in Lafayette, which is located at the corner of Ambassador Caffery and Kaliste Saloom Road. The concept is to offer a branch that goes beyond consumer banking services by offering experienced bankers in mortgage lending, business banking.

By Leslie Turk
commercial and installment lending and brokerage and investment products, such as annuities and mutual funds.

Hibernia's most recent announcement was the pending merger with Calcasieu Marine National Bank of Lake Charles, the largest independent banking organization in Louisiana. Announced earlier this month, the deal, valued at $202 million, is expected to take place this summer.

Premier's Acadiana Region also has a new president, Randy Prather, who has been with Premier for 16 years, replaced John Dejean.

Highlighting 1995's Performance

**Major Bank Holding Companies**

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<td>HIBERNIA CORP.</td>
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<td>PREMIER BANCORP</td>
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<td>WHITNEY HOLDING CORP.</td>
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**Independent Banks and Thrifts**

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**American Bancorp**

Opelousas-based American Bancorp's net income increased slightly, from $962,000 to $963,000, and average assets grew by 71 percent in 1995. "All goals set by management were surpassed during 1995," says chief executive officer Ronni Lashute. "This growth was accomplished without acquiring assets of other financial institutions," he says.

**MidSouth Bancorp**

MidSouth's net income rose slightly from 1994 to 1995, up by about $100,000. Its return on assets was 15 percent, and its return on equity was 14.84 percent. Total assets increased by 45 percent, rising to $151 million.

On Sept. 15 MidSouth effected a four for three stock split by way of a stock dividend to its common stock shareholders of record on Sept. 7. The stock split increased the common shares outstanding from 720,415 to 960,553 and adjusted the conversion rate on MidSouth's preferred stock to 1.33 shares of common stock for each share of preferred stock converted.

In 1993 MidSouth Bancorp, parent company of MidSouth National Bank, was the first bank in the area to begin offering Saturday banking. Now it has expanded to offer Sunday banking as well.

Last year MidSouth completed the acquisition of Sugarland State Bank, which added $17 million in assets and allowed for the entrance into New Iberia and Jeanerette. MidSouth also opened a full-service branch in Super 1 Food Store in New Iberia and is anticipating a May opening inside the new Lafayette Super 1 store.

A loan production office in Morgan City was opened last year, and the bank increased its ATM count from four to 10 machines.

Dumesnil says Premier has paid close attention to innovative services and has stayed on the leading side of technological improvements. Now, he says, the merger will further enhance the product line and services currently available to Premier customers. The name change and conversion to Banc One products is expected to take place this summer.

Premier's Acadiana Region also has a new president, Randy Prather, who has been with Premier for 16 years, replaced John Dejean.

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**Numbers are from Sheeshunoff Information Services**

Net income from 1994 to 1995 increased 2 percent among Louisiana's major bank holding companies, after decreasing by 11 percent from 1993 to 1994. Assets, which had increased 3.5 percent from '93 to '94, grew again, this time by a healthy 9 percent.

Earnings at independent banks and thrifts, which were about even from 1993 to 1994, decreased 3 percent from 1994 to 1995. Assets, however, grew 13 percent in 1995, as compared to a 2 percent increase from '93 to '94.
Lashute also says dividends paid to shareholders increased 31 percent over those paid in 1994.

American Bancorp, parent company of American Bank & Trust Co., is preparing to introduce its new 24-hour telephone banking service and also will soon offer electronic payroll deposit for its commercial customers and electronic payment services for business accounts. Future services in the works include debit cards and home banking.

American, which is locally owned, has been operating since 1958.

ISB Financial Corp.

ISB's net income increased by about $770,000 from 1994 to 1995, with a return on assets of 1.26 percent, and a return on equity of 7.14 percent. ISB, the parent company for Iberia Savings Bank, last year signed a definitive agreement to buy Royal Bank Group, whose principal operating company is the Bank of Lafayette. At the end of September, Royal had assets of about $63 million. ISB also went public last year, by way of a conversion from mutual to stock ownership. It is listed on the NASDAQ exchange. Last month ISB announced another pending acquisition, this one with Jefferson Bancorp, parent company of Jefferson Federal Savings Bank, which has a significant presence in the New Orleans market. The deal is valued at $51.2 million.

According to Larrey Mouton, president and chief executive officer of ISB, the merger will result in ISB becoming an $840 million banking company with 21 offices in an eight-parish area in South Louisiana. That deal should be finalized in the fall. Iberia Savings is planning to open two supermarket branches in Lafayette this year and should complete the Bank of Lafayette merger within a few weeks.

Gulf Coast Bank

Gulf Coast Bank's net income was relatively stable from 1994 to 1995, declining by $100,000, and its return on assets was .017 percent, with a return on equity of 15 percent. Charles A. Patout, the bank's chairman and chief executive officer, says capital equity increased 10 percent from 1994 to 1995. In fact, says Patout, Gulf Coast ranks third in capital adequacy among all Louisiana banks of $100 million or more in assets.

Gulf Coast has been extremely active in the U.S. Small Business Administration's loan programs, having ranked first in both 1993 and 1994 in the number of loans approved by SBA.

Patout says the bank will open at least two new branches this year.

New Iberia Bancorp

New Iberia Bancorp's net income increased by about $150,000, with a return on assets of 1.17 percent and a return on equity of 13.19 percent. Shareholders equity exceeded $23.6 million at the end of 1995, a $3.6 million increase over 1994. Not only did earnings and equity increase, says Ernest Freyou, president and chief executive officer, but the corporation also grew in assets. Assets increased by more than $30 million, rising to $263 million.
he really big boys are on the banking block for the first time in Louisiana, with the arrival this year of Banc One Corp. as the parent of Premier Bank. But bankers and analysts believe it is only a matter of time before, as in Texas, Top Ten banks become bigger players in the Louisiana market.

How exactly that occurs is the target of much discussion in the banking industry. As such discussions usually involve publicly traded companies, banks cannot make speculative public disclosures that would affect stock prices. But one does not have to call many bankers before the possible scenarios start to Surface.

Much speculation involves national banks buying other big Louisiana players like Premier, which have statewide reach and substantial market shares. Premier had $5.5 billion in assets and 150 Louisiana banking locations when it was bought by Banc One, which had more than $88 billion in assets, making it the nation's eighth-largest bank.

Many analysts and bankers speculate that Nationsbank, the $182 billion bank based in Charlotte, N.C., will eventually buy one of Louisiana's larger statewide banks. It is a natural extension across the South for the bank, which did very well by picking up the then-risky failed First Republicbank of San Francisco. Where the economy has rebounded nicely since the 1980s depression.

Banc One wants to expand its market share in Louisiana by buying another statewide bank to merge with Baton Rouge-based Premier. Some bankers suggest the best “fit” would be Whitney Holding Corp., which is much stronger in the New Orleans area than Premier, but either Hibernia or First Commerce would also fit the bill.

First Commerce Corp., based in New Orleans and parent of First National in Lafayette, could also be an attractive buy for a super-regional bank seeking to enter — or dominate — the Louisiana market. The $8.5 billion bank says that it is not currently talking with suitors, and its board adopted a “poison pill” plan in February to ward off any hostile takeover bids. It was only a precaution given the “ongoing parlance, banks with more than $10 or $20 billion in assets. Suitors for Louisiana banks could be giants like Nationsbank (or Citibank in New York) or super-regionals like Wachovia, a $43 billion bank based in Georgia and the Carolinas.

Insiders also tend to eye the personal connections - Banc One, for example, is headed by a relative of the former chairman of Premier, Chuck McCoy. Premier’s Lee Griffin, McCoy’s protégé, eventually led the Louisiana bank out of near-bankruptcy. (and the Bane One Group.}

But for the near term, bigger banks are tending nationally to slow their pace of acquisitions. In part, this is because the very-large banks are now more productive is very costly; integration of computer networks is essential to profitability. Big banks may find in some markets that the buying of a bank with branches and staff is less attractive when national competition is increasingly focused on borderless banking via computers, credit card accounts and — as regulatory barriers erode — financial services like insurance.

The Wall Street Journal reports that many smaller banks — those of some $2 billion in assets or less — are no longer able to attract the premium prices that they did in the big buying wave of the last few years. That is because the very large banks are either looking to larger buys, in the $4 billion- to $10 billion-asset range, or they are absorbing big deals they’ve already made, such as First Union Corp. of Charlotte, the nation's sixth-largest bank, which is buying big banks in the mid-Atlantic states after years of growing by purchase of smaller banks.

That doesn’t mean that small banks — even very small ones by national standards — aren’t in the merger picture. One is more likely to see deals with larger banks rounding out a geographic niche, as in Hibernia's purchase in the same week of the $774 million Calcasieu Marine in Lake Charles, and the much smaller St. Bernard Bank and Trust in suburban New Orleans. Both added to the statewide bank's reach in markets where it was previously absent (Lake Charles) or in hot competition with others (St. Bernard Parish).

Additionally, there are several regional banks with footholds in Louisiana that might wish to expand their reach here. Deposit Guaranty Corp. of Jackson, Miss., bought the $1 billion Commercial National in Shreveport, and has since expanded to Monroe along the Interstate 20 corridor. Big regional banks like Union Planters of Memphis and RegionsBank of Birmingham are also active in the Baton Rouge market and are likely to look for other buying opportunities — or they could be the smaller fish in the acquisition food chain.

-LANNY KELLER
Last year the bank had its stock listed on the American Stock Exchange. The stock opened at $14 per share on Aug. 31 and closed at the end of the year at $23.38 per share, Freyou says.

New Iberia Bank has 12 branch locations, the last of which opened in April of last year on Johnston Street, near Acadiana Mall. In March of this year, the bank introduced Security First Investment Services, a program that delivers a broad range of investment services.

New Iberia Bancorp also recently agreed to negotiate a merger with Whitney Holding Corp.

Return on assets at Home Savings for 1995 was 1.01 percent, and return on equity was 10.92 percent. Net income was down slightly, falling by about $152,000.

"The bank was a market leader in mortgage loan closings, helping over 500 families purchase a home," says Home Savings president John Bordelon.

Near the end of the year, Home Savings opened a new branch at Kaliste Saloom and Feu Follet, he says. The temporary office will be replaced by a new main bank office, which is under construction at the site. Also, once the city’s downtown improvements in the 500 block of Jefferson Street are completed, Home’s downtown location will get a new facade.

Home Savings is upgrading its in-house delivery with a new platform automation software for new deposit accounts, and a telephone inquiry system will go on line this year.

St. Martin Bancshares, parent company of St. Martin Bank & Trust, had a return on assets of 1.45 percent and return on equity of 9.95 percent. Earnings increased slightly over 1994, rising from $1,257,000 to $1,265,000.

"The bank experienced its highest net profit of its 63-year history in 1992," says chief financial officer Guy Labbe. "Earnings during the past three years approached those record levels. The four-year earnings for the period ending Dec. 31, 1995, are, by far, the most consistently high level of earnings ever achieved by the bank," he says.

Last year marked the bank’s first full year of operating the Lafayette branch on Johnston Street. The branch is undergoing a renovation at a cost of about $200,000. St. Martin acquired the branch, a former Oak Tree location, from the Resolution Trust Corp. in August of 1994. Labbe says the acquisition has had a positive impact on earnings. The bank’s earnings also indicate that the bank has absorbed the cost of the acquisition, staffing and operating of the branch.

The bank recently completed a $1.5 million renovation of its main office in St. Martinville.

"St. Martin experienced significant loan growth during 1995, most of which occurred during the first six months of the year," Labbe says. The areas of strength were commercial real estate and residential real estate construction, he says.

Last year the bank engaged Sheshunoff Management Services to begin a bank-wide study to make recommendations for restructuring, streamlining and improving efficiency of operations. The study is continuing into 1996, with recommendations already being implemented, Labbe says.
NEW RESIDENCES
January's number of housing starts, 87, beats every amount logged for each month in 1995. So does the current number, 82, tallied in March. For the year, housing starts in the parish are already ahead by 26 percent. Most economic indicators point to growth, all of which should have a positive impact on people making decisions to build new homes. (This chart does not take into account those adding on to their homes.) The total in 1995 was down 11 percent for the year, but that downward trend may be quickly broken if the numbers keep outpacing 1995.

TRAVEL TOTALS
Up, up, up - that's how the tally keeps going in the local tourism industry. From December of 1994 to December of 1995, hotel-motel tax collections increased just upwards of 8 percent. For the year so far, however, it's only increased about a percentage point. Still, the activity has been stable enough — long enough — to encourage new hotel construction. Several are underway, and others developers are looking.

OUT OF WORK
The unemployment picture is never really pretty at the beginning of the year, because of the impact of post-holiday unemployment. Patty Lopez, a labor market analyst with the State Department of Labor, says the February decline in unemployment, however, is already a positive sign. "That's a good drop," she says of the number, which fell from 7.2 percent in February of last year to 6.5 percent for this year. She says the Lafayette area gained 5,200 jobs from February of '94 to this year, mostly in the service producing area, where 4,200 jobs were gained. Of that number, 2,100 were in retail trade.
COLD WEATHER HEATS GAS PRICES

Although natural gas price levels have risen since September, the year still ended lower, averaging $1.65/mcf, versus $1.88 in 1994. Prices this year have taken off, thanks to the extreme cold and continuing unusually cold weather. In fact, the bitter cold caused January's price to spike to $3.28. So far, 1996 is ahead of 1995's prices by a huge 87 percent. By the summer they'll drop down from the current $2.86 average, but the yearly average should certainly outpace 1995, and probably 1994 as well.

RINGING REGISTERS

Only a little pessimism among retailers had Lafayette Parish residents wondering if the year would end ahead of 1994, as they anxiously awaited word on December's figures. Taxable sales in December, as it turned out, were ahead of 1994; and at $280 million they set a record, as did the $2.6 billion recorded for the year. For the first two months of this year, figures are 12 percent higher than those two months last year. Carl Meche, sales tax director for the Lafayette Parish School Board, says the areas of increase over the last six months (Sept '95-Feb '96), as compared with the same months of the previous years, are as follows: automobiles, 11.5 percent increase; apparel, 9.75; furniture and home furnishings, 9.5; and building materials, 7.5.

RIGS RUNNING

Like natural gas prices, which are up a strong 87 percent, and oil prices, which have increased 7 percent over the first three months of last year, the rig count is returning to healthier numbers. Every month so far has indicated more activity than in the corresponding months last year, with the rig tally for the first quarter up almost 10 percent. Activity in the energy sector is on an upswing, and is expected to remain there for at least 12 to 18 months. A drilling incentive package passed on the state level as well as royalty relief enacted by the federal government last year are contributing to more activity.