It certainly can be said that 1993 was eventful for both the Acadiana and statewide banking communities. Locally, there was the battle over the Bank of Lafayette, a heated one which after a year is only now coming to a close.

On the state level, it was the year of the merger. A series of ongoing announcements of acquisitions or mergers by Louisiana's major bank holding companies, all of which have a local presence, is a trend analysts say may be even more prevalent in 1994. (See related story Page 20.)

"There will continue to be a move toward consolidation of the banking industry throughout our country, including the Acadiana market," says Barry Berthelot of First National Bank of Lafayette, a wholly owned subsidiary of First Commerce Corp.

Relative to other markets, Louisiana is late getting into this consolidation trend, says Stephen Hansel, president and chief executive of Hibernia Corp. Until last year, he says, there had been little if any of this type of merger activity, with the exception of failed institutions being taken over by others.

"Now it is happening, really, in a pretty big way," Hansel says. Hibernia, in fact, took the lead last year, announcing four mergers. Hansel says in one way or another Hibernia was approached about the deals.

Analysts argue that such consolidations have become necessary, many saying that more than ever banks need this asset strength to compete with stockbrokers and mutual-fund managers.

That is, monies once invested in traditional banking products like certificates of deposit are flowing into mutual funds, annuities and similar investment areas. Because banks themselves are prohibited by regulations from offering financial services such as mutual funds, they are setting up independent companies or subsidiaries, such as Hibernia Investment Securities, to sell these services to their customers.

Such non-traditional products as mutual funds are not insured by the Federal Deposit Insurance Corp., and it's up to the consumer to decide whether he wants to risk losing his principal. Obviously, though, the popularity of such products is evidence that people are taking risks for higher yields.

Analysts say this concept of banks being all things to all people is likely to grow, possibly even with the state-chartered—and usually smaller—banks.

"Banks will continue to work toward being providers of all financial services required by consumers," Berthelot says. Unlike banks, thrifts could do this with little investment or regulatory worry, says Patrick Little of Teche Federal Savings and Loan. He says because his primary regulator is the Office of Thrift Supervision, he is not prohibited from offering such services.

"It would be much easier for me if we wanted to," says Little. He has looked into this option and recognizes that it is probably an area he will get into eventually, but Teche doesn't have any plans to implement such services anytime soon.

"We have some problems about it," he says. "There's the problem of the customer buying something that he's not aware of the risk."

And while keeping up with brokers and others is certainly one of the reasons for consolidations, Berthelot says, mergers are done mainly as a way of buying market share and ensuring that shareholders' earnings will be increasing. "You have to basically go out and buy growth, when there is not a whole lot of activity in a market, he says.

Berthelot predicts Acadiana will be seeing some other names in this market in the future. "There will likely be the entrance into Louisiana and Acadiana of large regional banks with branches crossing state lines," he says.

The belt-tightening of recent years will likely continue in light of even more and better competition. "There will be increasing pressure on banks whose stock is publicly traded to reduce operating expenses and improve the efficiency of the services provided in order to provide adequate returns to their shareholders," Berthelot says.

Fueled by an improving economy, consumer optimism and a host of other factors, all of Louisiana's publicly traded bank holding companies experienced impressive gains in 1993. Officials say consumer loans for new homes and automobiles led the way that new activity on the commercial side meant much higher profits as well.

Thanks in large part to HiberniaCorp.'s ability to turn a net loss of $64 million ($7.9 million before a one-time debt-restructuring charge) in 1992 into a net income of $47.35 million, the powerhouses combined saw net income rise 264 percent over the course of the year. It was the first time since 1989 that the institution reported a full year of profit, according to city executive Janet Morein. Hibernia's performance also is a tribute to the success of a major restructuring it began in 1992.

Asset growth of just less than 4 percent for the four majors was a big improvement over the 1 percent posted from 1991 to 1992.

For Acadiana's locally owned banks and thrifts, the profit margins were not as substantial as they were from 1991 to 1992, although some posted impressive year-end results.

MidSouth National Bank, which early in 1993 became the first bank holding company in the United States to be listed on the American Stock Exchange, saw its earnings rise 38 percent over 1992, says Jen Fontenot, senior vice president. Like in 1992, last year marked a banner year for the bank.

From 1992 to 1993 the group of local banks' assets grew by 2 percent, and net income increased by 10 percent, compared with a 45 percent increase from 1991 to 1992. For the most part, though, an increase of 10 percent in net income is still a sign of a healthy financial atmosphere, local bankers say.

"It's hard to make a blanket statement. It was a combination of things," which affected earnings from 1992 to 1993, says Berthelot.

Since the problems of the 1980s, banks for the most part didn't begin to make money until 1991. And when low interest rates kicked in two years ago, the rate of profitability was very much accelerated.

So earnings in 1992 were terrific for most Louisiana banks, Berthelot says. And these earnings were compounded by the fact that many banks had been able to write off bad loans in 1992 because of an improved profit picture.

**Balance Sheets**

Highlighting 1993's Performance

<table>
<thead>
<tr>
<th>Holding Companies</th>
<th>Assets (as of Dec. 31)</th>
<th>Net Income (for year)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIRST COMMERCE CORP. (includes First Ac. Nat. Bancshares Inc.)</strong></td>
<td>$6.34 billion</td>
<td>$6.1 billion</td>
</tr>
<tr>
<td>HIBERNIA CORP.</td>
<td>$4.8 billion</td>
<td>$4.73 billion</td>
</tr>
<tr>
<td>PREMIER BANCORP</td>
<td>$4.22 billion</td>
<td>$3.9 billion</td>
</tr>
<tr>
<td>WHITNEY HOLDING CORP.</td>
<td>$3.5 billion</td>
<td>$2.95 billion</td>
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<tbody>
<tr>
<td>IBERIA SAVINGS BANK</td>
<td>$847 million</td>
<td>$487.48 million</td>
<td>$7.55 million</td>
<td>$6.56 million</td>
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<tr>
<td>FNB OF LAFAYETTE (reports local figures also)</td>
<td>$466.33 million</td>
<td>$452.3 million</td>
<td>$6.09 million</td>
<td>$7.4 million</td>
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<tr>
<td>TECHE FEDERAL SAVINGS BANK</td>
<td>$253.15 million</td>
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<tr>
<td>LBA SAVINGS BANK</td>
<td>$233.45 million</td>
<td>$228.2 million</td>
<td>$1.89 million</td>
<td>$1.46 million*</td>
</tr>
<tr>
<td>ST. LANDRY BANK &amp; TRUST CO.</td>
<td>$225 million</td>
<td>$224.01 million</td>
<td>$2.97 million</td>
<td>$2.41 million</td>
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<tr>
<td>NEW IBERIA BANK</td>
<td>$224.86 million</td>
<td>$228.61 million</td>
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<td>HOME SAVINGS BANK</td>
<td>$182.38 million</td>
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<td>GULF COAST BANK</td>
<td>N/A</td>
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<td>MIDSOUTH NATIONAL BANK</td>
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<td>$572.06 million</td>
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<tr>
<td>THE AMERICAN &amp; TRUST CO. OF OPELOUSAS</td>
<td>$51.75 million</td>
<td>$53 million</td>
<td>$726,068</td>
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<tr>
<td>BANK OF LAFAYETTE</td>
<td>$46.19 million</td>
<td>$45.79 million</td>
<td>$656,000</td>
<td>$746,000</td>
</tr>
</tbody>
</table>

*Net income revised due to five

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**Continued from Page 17**

those years, he says, "measurements were done
citizens what went into earnings was going into loan loss reserves."

Tecche Federal had its best year ever in 1993, with about 95 percent of its loans
citizens. "We are very residential-oriented," Little says.

Low interest rates continued through

1993, but the refinancing surge
tapered off somewhat. Additionally,

Betheholt says many banks invested in securities
matured, and they had to invest the money in lower yielding securities. "So it
cased our return to drop, and it's con-
tinuing in 1994," he says.

First National Bank, for one, saw its
net income fall from 1992 to 1993, drop-
ning from $7.4 million to $6.1 million. This was partially attributable, Betheholt
says, to an internal accounting issue relat-
el to the sale of CNB's remaining stock to First Corp.

Most local bankers acknowledge the
trend toward mergers and acquisitions,

But Rusty Cloutier of MidSouth says there's still strong demand among consum-
cani who will only do business with
locally based institutions. "Customers tell us the ability to get loan approvals that facilitate both business and personal purchase decisions locally greatly enhance their own opportunities in the marketplace. Referring to Baton Rouge or New Orleans many times is simply too lengthy a process to facilitate good busi-
ness," he says.

Little of Tecche Federal's the institution,
although it did merge with two insti-
tutions in recent years, continues to hold

onto its philosophy of the effectiveness of
down-home banking. "Nine-five percent of our deposits are in loans, which
means we're a community bank," Little says. "Customers can talk to the gentle-
man who's approving the loan. And that
gentleman is talking on a day-to-day basis
to people who service that loan." Hibernia's Hansel also disagrees with
disservice those who suggest the community or
neighborhood banks will disappear like
the mom-and-pop operations did when
community banks," he says. Still, the number of institutions on the
history books is growing. In fact, missing from this year's chart (see Page 18) of
banks with local operations is First
Acadiana National Bank of Opelousas. Late last year it merged with First National Bank of Lafayette.

Much of the success of the
majors, as well as local banking institutions, is attributable to lower interest rates on loans, but there's some senti-
ment that this may be changing.

"That nice spread that we've contin-
ued to enjoy will come down, no doubt
about it," Morein says. As the economy has improved, the
general, the banking community has
begun to pay off its delinquent loans, further bolstering banks' ability to post better gains.

"LBA Savings Bank's 1993 perfor-
mance can be compared directly to the performance of our local economy," says
Dennis Sullivan, marketing and promo-
tion manager for LBA.

Says Sullivan: "The economy of the
Lafayette area has improved greatly, as
evidenced by lower unemployment and
stronger consumer confidence. We have increased our activity in commercial real
estate lending to help business people
such as physicians, dentists, attorneys and
architects to purchase or refinance the
buildings they occupy."

However, one problem facing bankers is
stiff competition. The financial market in
Lafayette has been set ablaze in recent
years with competitors from all over the
state, and now there may be the entrance
of those from across state lines. Bankers
have become extremely aggressive in
seeking out new loan business. And while
residential growth has been phenomenal
lately, the commercial sector is still some-
what slow.

So until the economy's improvement
stands the test of time, Sullivan says, busi-
ness and industry will not seek out the
kind of borrowed capital needed for
major expansions and improvements.
"We're not looking for a rapid rise, and
we're certainly not looking for a decline,
just slow sustained growth," he says.

"Business needs some decent assur-
ance that the economy will maintain
steady growth. If there's any suspicion
that we're going to experience a
downslide, that will scare some people
off."