New leader at Premier plans growth

By CYNDY FALGOUT
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Premier Bancorp chairman-elect G. Lee Griffin said his goal will be to let the Baton Rouge-based bank holding company “grow with Louisiana.”

“I hope Premier, as long as I am here, will be committed to local communities,” Griffin said. While expansion across state lines may come in the future, Premier will focus on expanding within the major Louisiana markets, he said.

“A bank is more than just a profit-making company,” Griffin said. “A bank is a source of economic development in a community. It should contribute to the quality of life in a community and supply some of that leadership.”

For the moment, expansion plans have been put on the back burner while Premier attempts to clear its books of about $400 million in troubled loans through the creation of a separate, liquidating bank, Griffin said.

Originally targeted for completion in October, Premier officials last week announced the spin-off bank will be delayed beyond year-end because federal regulators had not approved the plan.

The outcome of the spin-off will determine Premier’s profit margin and, thus, the timetable and rate of future expansion, Griffin said.

Griffin, president and CEO of Premier Bancorp and chairman and CEO of Premier Bank, will become chairman of the holding company on Dec. 31. He replaces Charles M. McCoy, who is stepping down in accordance with Premier’s policy of mandatory retirement at age 70.

McCoy said he is not retiring, just “changing jobs.”

“I’m not going to go into hibernation,” he said. “A lot of things are going to keep me busy. I’ve always been active in the community.”

McCoy said he is considering several business ventures but would not elaborate.

“I am not going with a local bank,” he said.

McCoy’s involvement with Premier will be “zero,” he said. McCoy will resign from the boards of directors of Premier Bancorp and Premier Bank.

He will, however, keep an office in the bank building, he said.

“I’ll know where he is if I need him,” Griffin said.

After 30 years together, McCoy said he probably has taught Griffin everything he knows. Griffin joined Louisiana National Bank, Premier Bank’s predecessor, as a management trainee in 1962, a year after McCoy’s graduation from Louisiana State University.

McCoy had come to Baton Rouge in 1959 to be senior vice president with LNB after working 15 years at his family’s bank, Bane One, in Columbus, Ohio.

During McCoy’s tenure, the $58 million LNB grew and became the $1.3 billion Premier Bank in Baton Rouge. McCoy also spearheaded the creation in 1984 of the bank holding company, which now owns 7 banks in the state and counts $4.2 billion in assets.

McCoy said he is most proud of his efforts to form the holding company and to change the state banking laws that allowed it.

“It’s been good for the state,” McCoy said. “Some of the individual banks wouldn’t have survived without the holding company.”

Premier Bank has survived the economic scourge of recent years but bears the scars in its troubled loans, which have drained earnings and kept the bank from paying dividends since October 1986.

McCoy said he would have preferred leaving when Premier was not under such a cloud.

“But the posturing of Premier in this new restructuring makes things well for the bank,” he said. “I don’t look at it as being at the bottom of things. I look at it as that we’re rising.”

Added Griffin: “We made money in the third quarter. So the bank has turned around.”

Premier Bancorp reported earnings of $374,000 in the quarter ending Sept. 30 — the first quarter the company has made money in two years. It has not earned an annual profit since 1985.


But projections for the holding company and its bank, as well as the local and state economy, are favorable, Griffin said.

“Dividends can’t come until profitability is here,” he said. “After two or three quarters, circumstances might allow us to pay dividends.”

Premier pulled from earnings in the second quarter this year to boost loan loss reserves by $78 million to $120 million, a level at which it could write down its troubled loans whether or not the spin-off goes through, Griffin said.

“If Florida Street is completed, then our profitability will be much greater,” Griffin said. “Then we would be in a position to expand much faster than we would otherwise.”

If the spin-off plan fails, “we would still be making money but would not be in a position to expand as much,” he said.

Premier has had some recent success resolving the problem loans on its own, Griffin said.

Premier will continue to focus on expanding in its Louisiana markets, Griffin said. Despite the economic downturn of recent years, Griffin said he does not believe Premier necessarily needs to look beyond Louisiana to grow.

Analyst Elizabeth B. Roy of Morgan Keegan Co., Inc., said New Orleans-based First Commerce Corp., which owns City National Bank in Baton Rouge, has a strategy similar to Premier’s.

“They’re very much a Louisiana bank and also are very profitable,” Roy said. “I think there is a lot of room for improvement that can come without expansion.”

Griffin said: “I think Louisiana has a great future. I think the forecast for slow growth in jobs and population growth will be proved wrong.”

However, “I definitely feel that, in time, we will be expanding into neighboring states but we’ll have plenty of opportunity to do that,” Griffin said.

The bank will consider markets in Mississippi, Alabama, Florida, Texas, Oklahoma and Arkansas, he said.

CONTINUED FROM 1E