Banc One, the Ohio-based holding company which has acquired an option to purchase Premier Bancorp Inc., is an aggressive, well-capitalized institution with a track record of introducing innovative retail products.

The company has posted strong profits in recent years and has avoided heavy lending in the depressed real estate sector, say observers of Banc One.

Premier Bancorp announced last week that Banc One would purchase $65 million of its newly-issued capital notes. The move is designed to strengthen Premier's capital base and improve its liquidity.

As part of the deal, Banc One will receive an option to acquire Premier by merger during the fourth or fifth year following the date of the $65 million investment or under certain other conditions.

Premier Bancorp is the Baton Rouge-based parent of Premier Bank, which has banking operations in most of the state's major markets, including Lafayette and New Iberia. Premier suffered financial problems through most of the second half of the 1980s as a result of loan losses, but posted a modest profit in 1990.

Premier had attempted to transfer its problem loans to a separate bank called Florida Street National, but could never attract the financing necessary to complete the project. The deal with Banc One will allow Premier to address those problems without setting up a separate entity.

"This will give us the time and staying power to work them out on our own," says Neil Williams, chief financial officer for Premier. The deal will also provide additional capital to allow Premier to expand and grow.

Banc One, based in Columbus, Ohio, owns and operates 51 banks in five Midwestern states. The company has assets of $26.6 billion, making it the 25th largest holding company in the country.

In 1989, the company purchased an interest in a so-called "bridge bank" in Texas, which had been created by the FDIC to manage 20 failed banks in that state. Over the next five years, Banc One is committed to purchase the remainder of the FDIC's interest in the bank which is called Banc One, Texas.

“They’ve been and will continue to be aggressive because of their capital position,” says Chris Caton, who analyzes Banc One for The Ohio Company, a regional brokerage firm. Banc One has capital reserves of 9 percent, which is very solid in today’s financial environment. The bank is also very profitable.

Chris Amatos, assistant business editor of the Columbus Dispatch, says Banc One typically centralizes some operations after acquiring a new bank, but leaves many functions in the hands of local officers. “They leave local management in place and let them continue running the bank and making loans,” says Amatos, who reports on Banc One for the Dispatch.

“Their culture is to become a part of the community and establish a strong branch-banking situation,” says Caton.

Banc One has received national recognition for its innovations in the area of consumer banking. It was the first bank in the country to offer automated teller machines and was an early leader in marketing consumer credit cards. A recent story in USA Today described a Banc One branch in Ohio as “looking more like a shopping mall court than a bank...” with “a real estate office, travel agency and half a dozen other banking departments ringing the lobby.”

The branch was open on Sunday afternoon.

Williams of Premier says that in the short run Banc One will not be involved in day-to-day management of the bank since regulations require that the two parties maintain an arms-length relationship. “We may work together with them on some things,” says Williams, for example, in offering credit cards.

Though stockholders will be required to approve the Banc One-Premier merger immediately, it won’t be consummated for at least four years. (A change in federal banking regulations could push that date forward.) At that point, a decision will be made whether Premier shareholders receive Banc One stock or a combination of stock and cash to complete the acquisition.

—Richard Baudouin