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3 major La. banks plan plan merger

By CARL REDMAN
Advocate staff writer

With the ink barely dry on the state’s new multibanking law, the parent companies of three of Louisiana’s bigger banks have taken the first step toward merging into the state’s largest bank holding company.

With Louisiana National Bank of Baton Rouge taking something of a lead position, the parent holding companies of LNB, First National Bank of Shreveport and Ouachita National Bank of Monroe on Tuesday entered a “definitive agreement” to form what is apparently the state’s first multibank holding company — Louisiana Bancshares Inc.

If the proposed merger clears all regulatory and stockholder hurdles, it will combine the assets of the biggest banks in three of Louisiana’s prime markets and create the largest bank holding company in the state.

Louisiana Bancshares will have assets of $2.7 billion, about half a billion more than The Whitney in New Orleans.

If the merger is consummated, LNB chairman C.W. “Chuck” McCoy will be named president and chief executive officer of the new company. FNB chairman J. Hugh Watson will be chairman of the board of Louisiana Bancshares and Ouachita National president R. Lee Vanderpool Jr. will be chairman of the executive committee.

The product of the merger will be so large that it likely will move into the state’s other major markets — New Orleans, Lafayette, Alexandria and Lake Charles — by acquisition rather than merger, LNB Chief Executive Officer Lee Griffin said.

McCoy said the merger will give the three banks under Louisiana Bancshares an aggregate lending capacity of $34 million.

That should allow Louisiana Bancshares to service some of Louisiana’s largest businesses without passing as much of the business to larger, out-of-state banks, he said.

C.W. “Chuck” McCoy
LNB chairman

“In the long run, it will be beneficial to the Baton Rouge economy,” McCoy said during a Tuesday afternoon press conference. “The fact the headquarters will be in Baton Rouge is good. There are eight major market areas in this state, and our strategy is to get in all of them. This gets us in three right off the bat.”

McCoy said the nature of the state’s first multibanking combination is proof that the big city banks are not going to gobble up the little banks around the state.

“I have always argued that smaller banks had nothing to fear,” McCoy said. “This is a merger of people desiring to get together. Nobody has been gobbled up. This announcement does not involve a small bank.”

LNB has assets in excess of $1 billion, FNB of Shreveport has assets of about $1.1 billion, and Ouachita National has

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more than $800 million in assets. McCoy said the average LNB customer probably won’t see much immediate change in the bank. However, the benefits to the consumer will accrue as the three banks pool their resources to develop new products and services, he said.

The next step in the process is the drafting of proxy statements to send to shareholders of the banks — statements that likely will run more than 200 pages, McCoy said. Bank officials hope to have the proxy statements approved by the Securities and Exchange Commission in early fall so that shareholders can vote on the merger well before year’s end.

The merger gives each bank six members on Louisiana Bancshares’ 18-member board of directors.

Ouachita National is an “all or none” proposal that will require ratification by the shareholders of all three banks, McCoy said. The arrangement could have been structured so that any two could combine without the third, but that would have been very cumbersome, he added.

Griffin said First BANCshares of Louisiana Inc. — the parent of LNB — will continue to exist until sometime in the first quarter of 1985 when the merger is consummated.

At that time, each of the single bank holding companies that exist to exist and Louisiana BANCshares will become the parent of all three banks.

There will be 17.4 million shares of stock outstanding when the merger is closing, and each bank will pool their stock in the new holding company. McCoy said stock in the old holding companies will be changed out in the following ratio: First National Bancorp shareholders will receive just over 1.6 shares of Louisiana BANCshares stock for each share of FNB stock; one share of Ouachita BANCcorp stock for the new stock, McCoy said. First BANCshares will swap one-for-one for the new stock, McCoy said.

The swap will leave First BANCshares stockholders with 43 percent of the new holding company, First National Bancorp shareholders with 37.75 percent and Ouachita BANCcorp shareholders with 19.25 percent, McCoy said.

McCoy, Vanderpool and Watson emphasized the merger arrangement leaves each bank autonomous in its own market.

“IT is expected that the banks will retain their distinctive personalities while working to offer statewide services for their customers,” McCoy said.

Under the proposed merger, each bank will be responsible for developing and promoting its own management as well as its own customer relationships and rates on loans and other products, McCoy said.

Each bank will have goals and objectives, and the progress of each will be monitored by the holding company and a management committee, McCoy said.

Although the new multibanking law limits the number of branches that can be opened in the wake of a merger, that restriction does not present any problems to orderly growth, McCoy said.

The individual banks can open as many branches as they want before the merger, and each bank can open a branch a year afterwards, he said.

McCoy said the LNB-FNB-Ouachita National link is a natural combination when one looks at the state banking situation.

Because of LNB’s wish to be a lead bank in any multibank holding company, there was no reason for the Baton Rouge bank to approach Hibernia, Whitney or First National Bank of Commerce in New Orleans, McCoy said. The other banks in New Orleans that might have made good partners would appear to have their own plans, he said.

Rumors that something was in the wind were floating around as early as July 2.

With roots in the last century, Ouachita National has been around in its present structure for more than 50 years.

We’ve known each other for a long time,” FNB’s Watson said in a telephone interview from his Shreveport home. “We figured our institutions are compatible. We’re proud to be able to join with other institutions that will make good partners. We only wanted banks that had good management and were good, solid banks. There’s been a lot of conversation going on, but no serious discussion.”

Whether FNB is the oldest and largest bank in the Shreveport area, the combination will give the bank’s customers access to the resources of an even larger institution, Watson said.

Since the banks will be pooling their management talent and development resources, customers of the banks will likely see new products that are competitive with those being offered by the banks and near-banks from out of state, he said.

We expect to provide more services by virtue of our size, to offer more products to our customers” Ouachita National’s Vanderpool said.

First National Bank in Shreveport celebrated its 107th birthday July 2. With roots in the last century, Ouachita National has been around in its present structure for more than 50 years.