Making of a smart deal

IberiaBank surprises competitors with coup

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LAFAYETTE — In a memorable two-week period, IberiaBank whistled into contention for the 25 First Commerce branches placed in the market by order of the Justice Department.

First Commerce wasn't able to pick and choose the branches it sold. The Justice Department did. IberiaBank emerged from the forced financial institution fire sale with an agreement to buy 17 of the available branches.

"It was very tight," Mouton said. "We didn't inspect the facilities or the assets we were going to acquire. It was all done through paper."

The deal was a calculated gamble, he said.

"Buying branches is a unique transaction," Mouton said. "We assume the deposit liability and pay $12 million for the facilities. IberiaBank used the cash to develop $470 million in deposits and $128 million in loans. We're getting it handed to us in one package. There's no start-up costs involved.

"This is a tremendous advantage to us. We'll come out from day one in a profit position."

The merger mania involving financial institutions is driven by the cost savings involved in becoming larger, Mouton said. In IberiaBank's case, increasing market share was the driving force for the deal.

"There are no cost savings with this purchase," he said. "We are not eliminating people. We have no overhead to eliminate but we will spread back office costs to the various facilities.

"The 152 employees involved are guaranteed a year's employment or a 'handsome severance package,' Mouton said. The expected date of the merger is Sept. 11.

"We're really excited about the people and the facilities we gained in this transaction," he said.

Larrey Mouton with IberiaBank stands Thursday in the lobby of the bank on Admiral Doyle in New Iberia.