IberiaBank to buy Teche Federal Bank

Duplicate branches to be closed, but details not released

BY TED GRIGGS and BILLY GUNN

IberiaBank Corp., of Lafayette, which has grown to be the largest bank with headquarters in Louisiana and a regional power through out-of-state acquisitions, reset its sights in-state Monday with a $161 million stock deal to buy Teche Federal Bank, of New Iberia.

The acquisition is expected to result in a significant consolidation of overlapping headquarters and branch operations.

The two banks' headquarters are 30 miles apart. Eight of Teche's 20 branches lie within a mile of an existing IberiaBank branch, an investor presentation filed with the U.S. Securities and Exchange Commission shows.

The overlap affects all four of Teche's branches in Lafayette, all three in New Iberia and one of three in Baton Rouge.

The deal will generate pre-tax savings of $19 million a year, with $11.4 million coming from reduced employee compensation and benefits costs, said John Davis, IberiaBank's senior executive vice president.

The total savings amounts to more than half of Teche's total expenses, but some cuts will be made on the IberiaBank side.

Davis spoke during a conference call with stock analysts and investors.

IberiaBank President and CEO Daryl Byrd speaks at a news conference Monday at the IberiaBank building in downtown Lafayette.

"Usually that money is saved by the elimination of the front office at the acquired company and then the replication of those branches," said Peter Ricchiuti, who heads Tulane University's small cap research fund.

Teche had 256 full-time employees as of Sept. 30.

IberiaBank Chief Executive

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Officer Daryl Byrd said duplicate branches from either company could be shut down. It depends on which branch performs better, he said.

"I look at it as we're one team today, and we want to pick the very best people."

IberiaBank expects to end up with some large branches in Acadiana, which will increase efficiency and ultimately lower costs, he said.

Byrd steered clear of specifics on layoffs.

"I have an idea, but I really want to be careful in trying to put numbers around that until we get further in the process," Byrd said.

IberiaBank plans to use attrition where possible, he said. "Tell people, try to have a great attitude. We'd love to find jobs for people with great attitudes."

Ricchiuti said the message from IberiaBank is that the Acadiana economy, which is very good now, is going to remain strong.

In essence, IberiaBank is doubling down on its investment in south Louisiana, he said.

"You can argue whether IberiaBank has been good or lucky" in past deals, Ricchiuti said. "But you've got to look at the acquisitions and think, 'They've been on the right side of a lot of deals.'"

Byrd described the deal as a "win-win scenario" for both companies' shareholders and the communities they serve. The deal is expected to boost IberiaBank per-share earnings by 6 percent in 2015.

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