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M&A kicks off land grab in the Big Easy

By [Nathan Stovall](#)

A fierce battle for market share in metro New Orleans is fast under way.

[Hancock Holding Co.](#), [IBERIABANK Corp.](#), [First NBC Bank Holding Co.](#) and other nearby banks are looking to build in metro New Orleans and are fighting to take customers from one another and perhaps even more from larger players such as [Capital One Financial Corp.](#), [JPMorgan Chase & Co.](#) and [Regions Financial Corp.](#) The news that [Whitney Holding Corp.](#), then the largest bank based in New Orleans, planned to sell to Hancock really kicked off the competition.

"It was almost a waterfall event. Once Whitney fell, the other banks that were big enough to play rushed in," National Capital LLC President Jeff Fair told SNL.

Hancock won the bidding for Whitney even though IBERIABANK made a [higher](#) competing offer for the New Orleans-based bank. After losing the deal, IBERIABANK responded in kind, buying [Omni Bancshares](#) and then advertising that it would be the largest financial institution based in Louisiana.

IBERIABANK also moved COO Michael Brown to New Orleans, and the company recently [hired](#) Hancock's New Orleans market president and a Capital One [executive](#) as its director of retail and small business.

IBERIABANK President and CEO Daryl Byrd has not been bashful about his plans to build in New Orleans and [told](#) SNL in May that merger disruption and employee defections occur any time a larger market player sells, because the buyer will achieve expense reductions largely through decreases in headcount. Byrd further said he believes IBERIABANK holding the title of the largest bank based in the state will be appealing to many Whitney customers.

Despite competitive threats, Hancock Co-CEO Carl Chaney has maintained confidence in his company's ability to hold its market share in the area. Chaney [told](#) SNL in May that the company has offered three-year retention agreements to Whitney employees it wanted to keep and said not a single person has turned down the offer. Chaney said there will always be some disruption and fallout in mergers, but the company has retained a strong customer base in part because it plans to retain the Whitney brand after the deal closes. He noted that Whitney's issues were well-documented in the press, and he has been gratified by the retention of the customer and employee base to date.

Jon Briggs, managing director at New Orleans-based investment banking firm Chaffe & Associates Inc., also said Whitney customers and employees have dealt with negative headlines for quite some time, and those who have stayed with the company could stick around now that a stronger organization is in control.

"The customers and employees that have made it this far have less incentive to jump ship now," Briggs [told](#) SNL. "I think both [IBERIABANK and Hancock] are going to do everything they can to fend off each other and grow off each other. I think Hancock is probably in a much better position to do that than Whitney was, so I think it makes for a much more competitive environment."

Hancock is not just facing competition from IBERIABANK but a number of other growing banks, including [Home Bancorp Inc.](#), which [purchased](#) Metairie, La.-based [GS Financial Corp.](#) just last week. Briggs said Covington, La.-based [Resource Bankshares Inc.](#) just announced plans to open a new branch in Metairie, and he noted that a few Baton Rouge-based banks are looking to expand into New Orleans.

First NBC is also growing quickly in New Orleans, having built a \$1.6 billion franchise from just \$60 million less than six years ago. First NBC Chairman Ashton Ryan Jr. said the company is looking to raise \$50 million to \$60 million in 2011 — the company has already [secured](#) \$27 million from private equity group Castle Creek Partners — to support the company's strong growth prospects during the next 12 to 18 months.

"We have a market that's not in the ditch like Florida or California or Nevada, Arizona, Detroit or even Chicago, to some extent. We don't have that kind of market where we've had major disruption from damage in credit. What we have had is destruction by hurricanes and, last year, by the environment disaster with the BP spill," Ryan [told](#) SNL. "There is a lot of good financing [opportunities] for banks."

Briggs said First NBC, Hancock, IBERIABANK and others are competing to take away market from larger players such as Capital One, JPMorgan and Regions, which are believed to be either distracted by their own issues or not as focused on retail banking in the area.

"I think from a community banker's perspective, a community bank even as big as Hancock and IBERIABANK is, they feel that there is some opportunity to continue taking customers and employees away from those larger banks," Briggs said.

Further market share gains might come from acquisitions as well. National Capital's Fair said some of his clients are exploring mergers of equals, which he said can offer smaller banks a viable path to compete in an environment with heightened regulatory burdens.

"Odds are those guys don't have all the compliance people regulators want, so by merging, they only have to hire one. It's not the cost savings today; it's the cost savings on future expenses, and if the bankers are forward thinking, it will make sense for them to merge," Fair said.

More traditional bank deals also likely lie on the horizon. Louis Fishman, an attorney at New Orleans-based Fishman Haygood Phelps Walmsley Willis & Swanson LLP who has worked with banks on capital raising and M&A, including Home Bancorp's purchase of GS Financial, said M&A is definitely heating up in the area. Fishman said banks are looking to fill in holes in their footprints in the Interstate 10 corridor and build in the Interstate 12 submarket, which runs along the north side of Lake Pontchartrain.

"Things are heating up. We're getting more inquiries. I look for bank acquisitions to be in the news for the next couple of years. They're not going to be the Hancock/Whitney type of deals, they're going to be combinations of community banks," Fishman said.