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# EDITED TRANSCRIPT

IBKC - IBERIABANK Announces Merger With Acadiana Bancshares, Inc.

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## CONFERENCE CALL PARTICIPANTS

### Unidentified Participant

**Steve Covington** *Stifel Nicolaus*

**Ross Haberman (ph)** *Haberman Brothers*

**Gary Tenner (ph)** *SunTrust Robinson Humphrey*

**Peyton Green** *MidWest Research*

**Scot Valentin** *Friedman, Billings, Ramsey*

**Bain Slak (ph)** *KBW*

## PRESENTATION

### Operator

Please standby. We're about to begin. Good day, everyone. Welcome to the IBERIABANK Corporation's teleconference. Today's call is being recorded. For opening remarks, I would like to turn the conference over to Mr. John Davis, Senior Executive Vice President. Please go ahead, sir.

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### John Davis - IBERIABANK Corporation - Senior Executive Vice President

Thank you. Good morning and thanks for joining us this morning for this conference call. My name is John Davis and joining me today is Daryl Byrd, our President and CEO; and Michael Brown, our Chief Credit Officer and President of our New Orleans region.

Hope everyone has had an opportunity to obtain a copy of the company's press release we issued early this morning. If you've not already done so, you can access the release and a PowerPoint presentation from our Web site at [www.iberiabank.com](http://www.iberiabank.com). And what you need to do is to go under 'Explore Us' then 'Investor Information' and then 'Press Releases or Presentations.'

As usual, our discussion deals both with historical, forward-looking information. As a result, I'll recite our safe harbor disclaimer. To the extent that statements in this report relate to the plans, objectives or future performance of IBERIABANK Corporation, these statements are deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and the current economic environment.

IBERIABANK Corporation's actual strategies and results in future periods may differ materially from those currently expected due to various risks and uncertainties. A discussion of factors effecting IBERIABANK Corporation's business and prospects is contained in the company's periodic filings with the SEC.

First thing this morning, Daryl will provide some introductory comments regarding today's announcement. Second, I will provide an overview of the merger. Michael Brown will then provide a few comments regarding asset quality issues, and then finally, Daryl will provide closing comments and we'll end with a Q&A period. We ask that you hold all questions until the end of management's presentation. And in fairness to all listening to this conference, we ask that you push the mute button on your telephone to limit background noise that may occur during this conference call. I will now turn it over to Daryl for introductory comments. Daryl.



**Daryl Byrd** - IBERIABANK Corporation - President and Chief Executive Officer

John, thank you very much and good morning, folks.

As outlined in our press release, we are pleased to announced our signing of a definitive agreement to acquire Acadiana Bancshares, Inc., the parent of LBA Savings Bank. This merger represents, we think, the marrying of two of this region's oldest -- and although I'm pretty bias -- I believe Acadiana's the most respected financial institution.

I have known their CEO, Jerry Reaux, for almost 15 -- folks, frankly getting way too close to 20 years -- having worked closely with him when we were colleagues at F i r s t C o m m e r c e (ph) . And I respect his accomplishments, leading Acadiana Bancshares over the last seven years.

We believe Jerry's management philosophy and the culture he has promoted are consistent with our relationship philosophy in paying attention to meeting client needs. We are excited to have an opportunity to serve the historically of this fine institution. We intend to focus on making sure we continue to earn their loyalty each and every day.

As I believe most of you are aware, this is the first acquisition of this management team since joining IBERIABANK just over three years ago. Up until recently, we held a core belief that we needed to prove to our shareholders that we could consistently apply sound fundamentals and grow the franchise organically. Hopefully, our continuously improving performance over the last 10 quarters has earned your respect relative to our ability to be disciplined, balancing growth watchful eye on expenses for our growing revenues.

Now, as we turn to another chapter in the development of this franchise, we know you'll be watching to see if we carry out this initiative in the same thoughtful manner. We believe this to be a fairly priced transaction for both groups of shareholders. And we are pleased to have the Acadiana shareholders become IBERIABANK shareholders. In particular, we believe this have been with them for many years and expect that many of these same clients acquired their share of Acadia Bancshares at their I P O (ph) , thus representing truly loyal shareholders with an interest in our community and a local institution's well being.

We also believe that this combination is uniquely low risk and provides IBERIABANK a significant opportunity to improve our distribution system in L a f a y e t t e (ph) and N e w I b e r i a (ph) . As John will describe, we clearly will be able to have better coverage in each of these markets, and we'll be significantly more efficient in this coverage.

Also, as John describes the transaction, we hope you'll note our realism relative to the opportunities presented. Again, we do have a good deal of confidence in our ability to produce an accretive transaction either through cost savings or income obtained through our expanded product capability. We are also very conscious of the importance of client retention.

Given the i n - m a r k e t (ph) nature of this transaction, the combination significantly improves our already solid number two market share position in the L a f a y e t t e (ph) or Acadiana marketplace following Bank One. We currently have - and these numbers are as of June 30, 2001 - a 10.4 percent market share, and they have about a 4.9 percent share. So on a combined basis, our market position is 15.3 percent.

The next closes competitor in Acadiana is H y b e r n i a (ph) , with a 5.9 percent share and seven branches. Clearly, we will have a commanding position in Acadiana.

Given this team's acquisition experience prior to joining IBERIABANK, we uniquely value and understand the balance necessary to achieve cost savings, while still maintaining client relationships that are usually people-based. I would remind you that much of the expense saving we have historically achieved in this core franchise was achieved not by layoffs but by attrition.

We intend that cost savings, which must be achieved, will be achieved with a focus on maintaining client relationships. Not to establish false expectations, but Acadiana Bancshares has approximately 80 employees, and we consistently have 10 to 20 open positions given our much larger size. This dynamic will ease the transition significantly.

Finally, all in all, this should be an excellent opportunity to significantly enhance our franchise and Acadiana. In doing so, build value for both groups of shareholders.

John, I'll now ask you to go through the details of the transaction.

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

Thanks, Daryl. Let me begin by stating that we're excited about the merger announced today. We believe the merger's a win-win situation for all constituents of both organizations. I'll start my discussion with a few comments regarding the background of Acadiana Bankshares, Inc. and it's primary subsidiary, LBA Savings Bank. Second, I'll describe the particulars of the deal followed by some price ratios and finally, comments regarding the risks and opportunities associated with the merger.

It's pretty rare to find two cross-town financial institutions with corporate headquarters in the same town joining forces after both companies have been competitors for over 100 years. While the two companies are in different stages of development, both companies have been on relatively similar paths, moving from mutual t h r i f t s (ph) to being competitive full-service commercial banks. This merger will only accelerate that process.

LBA's lineage dates back to the organization's founding as a building and loan association in February, 1900 in Lafayette, Louisiana. The bank converted to a savings bank charter in August of 1993. The holding company was formed in February of '96, and an IPO was completed in July of 1996. The company went public at \$12 per share. Since the IPO, Acadiana has been aggressively repurchasing shares of its common stock and according to the most recent public filings, the company's ESOP accounts for seventeen-and-a-half percent of the 1.1 million shares outstanding.

The company estimates that broadly defined insiders in aggregate control about half of the total shares outstanding. Institutions hold a relatively small 16 percent of shares outstanding. By comparison, our institutional ownership is extremely large, totaling north of 50 percent. This merger will serve to move us in the direction of our goal of diversifying our holders into more retail hands. This is very positive, particularly when considering the vast majority of Acadiana's retail shares are focused in our surrounding five-parish Acadiana market.

At June 30, 2002, Acadiana's assets totaled 313 million with \$211 million in deposits and \$28 million in equity with no intangibles on their books. As M i c h a e l (ph) will describe in a minute, the company had exceptionally clean asset quality focusing on mortgage loans historically and booking generally well-underwritten commercial and consumer loans. Mortgage loans account for about 57 percent of total loans and CDs account for 69 percent of total deposits. The company reported a tier-one leverage ratio of approximately 8.8 percent and total risk-based capital of 15.9 and book value per share of \$23.77 at June 30.

For the quarter completed June 30, 2002, the company reported a margin of 3.19 percent, an ROA of 77 basis points, an ROE of 8.74, and an efficiency ratio of nearly 70 percent. The company reported approximately 1.1 million fully diluted shares outstanding during the second quarter of this year. The fully diluted EPS was 52 cents in the second quarter of 2002.

In general, we find the company's interest rate risk position to be fairly well balanced, with some risk to falling or stable rates. We find the company appears to be well positioned if rates were to increase, particularly in the near-term.

LBA has an excellent set of branches to compliment our branch structure. The bank purchased a 136,000 square foot 12-story main office in downtown Lafayette in May of 2000. The bank currently occupies less than a third of the building and the property is well leased. Including the main office, the bank has four offices in Lafayette and one office in New Iberia. Six of our branches are within a mile-and-a-half of Acadiana's branches. We anticipate folding our distribution systems together with no net add to the current number of branches we have in the Acadiana region. While we have not made any final decisions regarding the branches -- which branches in particular will be closed -- we have a good idea of a probable consolidation plan.

That's a very quick overview of the company. Next we'll turn our attention to the deal. Our merger proposal targets a value to Acadiana shareholders at \$39.38 per share -- that's per Acadiana share -- when IBERIABANK Corporation's common stock trades within the fairly wideband of \$34.00 to \$46.00 per share or about approximately 15 percent in each direction.

As a reference point, we have recently been trading in the recently narrow range of say \$38.50 to \$40.00 per share. Therefore, the value to Acadiana shareholders is fixed and the exchange ratio floats within the fairly wide band.

At the targeted price of \$39.38, the deal equates to 166 percent of book value per share -- that being book value per share of \$23.77 at June 30, 2002. And the same 166 percent multiple of tangible books. The price multiple of trailing 12 months EPS is 19.2. The deposit premium is 11.5 percent and the premium over current market is approximately 66 percent. Acadiana shareholders will have more than tripled their money since the IPO in July of '96. And by reference, our shareholders have quadrupled since their IPO in 1995.

The consideration in this transaction is 20 percent cash and 80 percent common stock. That means \$7.88 per share in cash and \$31.50 per share in stock subject to certain adjustments. No corporate board seats are being granted associated with this deal and a one year consulting contract is being provided to the President and CEO.

While we're hopeful for a year-end close, in all likelihood, the deal will be consummated in the first quarter of 2002. We have granted a walk away if our price falls below \$30.00 a share and we have received a walk away if Acadiana's deposits decline by more than 15 percent. We do not anticipate significant runoff from this transaction nor do we expect a \$30.00 IBERIABANK stock price by consummation.

Regarding our projections, we anticipate Acadiana's base earnings to be approximately 2.2 million in 2003. Our current estimates of one time charges is somewhere in the range of \$5 to \$6 million. We expect our estimate of merger-related charges will firm up as the deal progresses. Subject to further core deposit analysis, we estimate a five percent core deposit level with a seven year life amortized using an accelerated method.

Our mark to market calculations are not complete at this time so the figures we're providing today exclude any impact of those marks. Our analysis indicates synergies equal to about 50 percent of current costs and we feel that that is appropriate for this transaction. At this stage we will not provide any details as to the composition of those projected savings.

Using the consensus street estimate of \$3.27 per share for IBERIABANK for 2003, we forecast accretion in the neighborhood of one to two percent on our fully diluted EPS, excluding any merger related charges. On a similar basis, we forecast three to four percent accretion to cash EPS. The internal rate of return on the deal is in the mid to high teens.

As many of you may recall, we have built up our capital position significantly since the new management came on board three years ago. With a tier one leverage ratio of 7.59 percent, we're more than 100 basis points above our targeted range of six and a quarter to six and a half. This acquisition will cause our tier one leverage ratio to be reduced by about 70 basis points to a still healthy 6.89 percent.

Our share repurchase program remains intact. To date, we have repurchased 77,100 shares of the 300,000 shares currently authorized under the December 17, 2001 program. We had an average cost of \$38.68 per share.

As a side note regarding capital, today we announced a significant increase in our quarterly dividend from 18 cents per share to 20 cents per share, or an 11 percent increase payable to shareholders of record on October 4. We also announced today that we anticipate releasing our third quarter earnings at the close of business on Friday, October 18.

The following Monday - that being October 21 - we will hold a conference call at 8:00 AM Central Time to discuss our financial results. Please mark that on your calendars accordingly.

We believe the opportunities for this merger are very favorable. We can fix some holes and significantly improve our distribution system in the Acadiana region. We anticipate a material amount of personnel synergies can be achieved through natural attrition. We've demonstrated we're very good at that.

Acadiana's client base is consistent with our retail client base. Acadiana's excellent asset quality limits any downside risk in the respect of credit quality.



While there may exist some interest rate risk and risks associated with the positive runoff, we consider these risks to be fairly manageable. Given the significant experience this management team has in merger completions, we anticipate a smooth assimilation process. Therefore, we believe merger execution risk is manageable as well. Overall, we consider this merger to be a relatively low risk deal.

In summary, again, we're very excited about this merger. We believe the pricing on the transaction is fair to the shareholders of both companies. We welcome the shareholders, employees and clients of Acadiana Bancshares into the IBERIABANK family. And we consider the prospects for growth of our combined entity to be exceptionally strong.

I'll now turn it over to Michael, who will provide a few comments regarding asset quality.

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**Michael Brown** - IBERIABANK Corporation - Senior Executive Vice President

Thanks, John.

From a credit perspective, LBA's loan portfolio matches up nicely with that of IBERIABANK. It is solely focused on the Acadiana region, which is obviously IBERIABANK's home market.

As John noted, the majority of LBA's loan portfolio is made up of residential mortgages, with the balance made up of commercial and consumer loans. I'll give you a sense of what the combination would look like.

Based on 6/30/02 numbers, the combined companies would have recorded total loans of about \$1.2 billion. The distribution of those would have been 27 percent residential mortgage; commercial, which is real estate; and then operating businesses 37 percent; and then the remainder would be in consumer, at 36 percent.

LBA's credit quality has historically been very good, and this is reflected in their excellent historical performance in the merged companies' combined numbers. Historically, LBA has reported minimal charge-offs and limited non-performing assets.

Again, to give you a sense to the merged entity, as of 6/30/02, the combined banks would have recorded annualized net charge-offs of 44 basis points and an allowance of 1.18 percent of loans. Non-performing assets would have been 51 basis points of total assets, which would have been covered 1.6 times by the allowance. Non-performing loans would have been covered 3.7 times by the allowance, and combined past-dues would be in a very low 64 basis points.

I'll turn it over to Daryl for some concluding remarks.

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**Daryl Byrd** - IBERIABANK Corporation - President and Chief Executive Officer

Michael, thank you.

We believe this merger ultimately will form a very formidable competitor in Acadiana. And, again, as John mentioned, we view this transaction as uniquely low risk.

At this point, I'll turn it over to everybody for questions. And we'll open up the conference call for questions - E r i c a (ph) ?

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## QUESTIONS AND ANSWERS

### Operator

Thank you. The question-and-answer session will be conducted electronically. If anyone in our audience does have a question, please press star, one on your touch-tone telephone.

Once again, that is star, one to ask a question. And we'll pause for just a moment.

And our first question comes from Steve Covington with Stifel Nicolaus.

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### Steve Covington - Stifel Nicolaus

Good morning and congratulations.

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### Unidentified Participant

Morning, Steve.

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### Unidentified Participant

Thanks, Steve.

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### Steve Covington - Stifel Nicolaus

John, I know - I know you indicated you're not going to go into detail on the synergies, but just a very general question is, "Does the - do synergies include revenue enhancements?"

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### John Davis - IBERIABANK Corporation - Senior Executive Vice President

No, it does not.

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### Steve Covington - Stifel Nicolaus

OK, so those are all expense synergies.

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### John Davis - IBERIABANK Corporation - Senior Executive Vice President

That's correct.

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### Steve Covington - Stifel Nicolaus

Has due diligence been completed?



**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

Yes, it has.

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**Steve Covington** - *Stifel Nicolaus*

OK. And what is the current plan with the building that Acadiana purchased in 2000? Are you going to keep that?

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**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

Well, Steve, we'll very likely keep that building. I suspect I'll have my office in that building ultimately, and that'll probably be our headquarters long-term.

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**Steve Covington** - *Stifel Nicolaus*

OK. Thanks very much. Looks like a nice deal.

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**Unidentified Participant**

Thanks, Steve.

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**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

Thank you, Steve.

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**Operator**

And our next question comes from R o s s H a b e r m a n (ph) with H a b e r m a n B r o t h e r s (ph) .

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**Ross Haberman** - *Haberman Brothers*

gentlemen, how are you?

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**Unidentified Participant**

Fine, R o s s (ph) . How are you doing this morning?

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**Ross Haberman** - *Haberman Brothers*

Could you talk a little bit about Acadiana's cost of funds? And I - you just touched upon - I think you implied that they were positively GAAPed and how pro - you know, pro forma, how that is going to match up in terms of - how does that compare to your cost of funds today? And what kind of runoff are you expecting over the next year, and if - from their deposits, assuming you combine a couple of the branches?

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**Unidentified Participant**

John will - John will handle that one. John?

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

OK, yes, first let me talk to the cost of funds. Generally speaking, R o s s (ph), the prices that Acadiana's paying on their deposits are very similar to ours. They have gone through repricing of their CDs as we have, so I would suggest you've got fairly similar cost of funds on the deposit side. They have some long-term federal home loan bank advances which are obviously of a higher rate than our overnight funding sources, so ...

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**Ross Haberman** - Haberman Brothers

Will you pay those down and take the hit?

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

We haven't - we haven't worked through the particulars of that just yet.

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**Ross Haberman** - Haberman Brothers

OK. OK.

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

We have some ideas - I'll say that, but I'm - beyond that, we're not going to say.

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**Ross Haberman** - Haberman Brothers

OK. And ...

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

Let me - let me finish the rest of your question, if that's OK. The GAAP position - what we're suggesting is that it's not a pure GAAP analysis as much as it is through their net interest income simulations that how they behave and their earning stream behaves with changes in rates is generally they're positioned in such a way that we feel like they would be very favorably affected by an increase in rates, generally speaking. But again, we all know that rates don't move in tandem by same amounts simultaneously.

Regarding the runoff expectations, while we do expect some runoff, we expect it to be fairly minimal in this transaction.

Other questions, R o s s (ph) ? I'm sorry.

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**Ross Haberman** - Haberman Brothers

OK. No, that's it. Thank you.

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**Unidentified Participant**

Next question?

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**Operator**

Our next question comes from Gary Tenner with SunTrust Robinson Humphrey.

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**Gary Tenner - SunTrust Robinson Humphrey**

Good morning.

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**Unidentified Participant**

Good morning, Gary.

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**Gary Tenner - SunTrust Robinson Humphrey**

John, I have two questions. Actually, the first one you may have already noted. Could you tell us what the expected annual intangible expense will be added from this transaction? I think I may have missed it when you said it.

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**John Davis - IBERIABANK Corporation - Senior Executive Vice President**

No, we haven't disclosed that.

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**Gary Tenner - SunTrust Robinson Humphrey**

OK.

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**John Davis - IBERIABANK Corporation - Senior Executive Vice President**

And we anticipate, obviously, we would not have goodwill amortization except to the extent of impairment.

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**Gary Tenner - SunTrust Robinson Humphrey**

Right.

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**John Davis - IBERIABANK Corporation - Senior Executive Vice President**

But we have core deposits estimated at about five percent. We're running seven year average life and an accelerated method.

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**Gary Tenner** - *SunTrust Robinson Humphrey*

OK. And secondly, could you talk just briefly about the -- I guess the quality of the commercial loan officers and the quality (ph) officers at Acadiana relative to you guys? And also, when you talk about an approved network with, you know, I guess with the idea of no net additional branches, how the network will change relative to how it is right now?

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**Daryl Byrd** - *IBERIABANK Corporation - President and Chief Executive Officer*

Jerry (ph), this is Daryl. We feel pretty good about their people. Michael just went through the credit quality information ...

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**Gary Tenner** - *SunTrust Robinson Humphrey*

Sure.

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**Daryl Byrd** - *IBERIABANK Corporation - President and Chief Executive Officer*

And it looks like their portfolio is very clean. And it's likely we would have expected that. As I mentioned at the outset, Jerry and I worked together at First Commerce for a number of years and so we have a pretty high degree of comfort with their culture. And we do see the integration as very favorable with our franchise from a distribution perspective.

Michael, do you have any other comments?

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**Michael Brown** - *IBERIABANK Corporation - Senior Executive Vice President*

As Daryl said, we went through a very lengthy due diligence process as it related to the loan portfolio and we feel comfortable that we have hands around it. And as Daryl said, the bank has a long history of strong asset quality performance.

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**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

Regarding the franchise and distribution system, they have some excellent branches and we feel like there will be an excellent fit between our organization and our distribution system and theirs. And we are not disclosing nor have we completed that process of determining which branches will be consolidated into which. But we would suggest, given the fact we have six branches within a mile and a half of all of their branches that there obviously are some consolidation savings possible here.

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**Gary Tenner** - *SunTrust Robinson Humphrey*

OK, thank you.

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**Daryl Byrd** - *IBERIABANK Corporation - President and Chief Executive Officer*

Thank you, Jerry (ph).

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**Operator**

And once again, if you do have a question, please press star one on your phone. And we'll take our next question from Peyton Green with MidWest Research.



**Peyton Green** - *MidWest Research*

Good morning. A couple of questions. On the consolidation issue, if you close in the first quarter, how likely are you to have all the branches consolidated by the end of next year? And in your assumption on the accretion, is it particularly back end loaded or can you give us any color on that?

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**Daryl Byrd** - *IBERIABANK Corporation - President and Chief Executive Officer*

John, you want to start with that I'll .

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**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

Yes. Peyton, I would suggest that part of the timing here is a function of regulatory approvals. And given the current environment, as we all know, it's somewhat unpredictable exactly when all that's going to take place. So we're somewhat a slave to whatever happens in that respect.

We do anticipate that we have certain branch dispositions that will take place certainly before the end of next year, given certain lease elements that we're dealing with. But again, we anticipate that we'll be able to move pretty quickly with getting the cost savings once the transaction is completed.

Also, we will be dealing with -- as we talked about -- we're able to extract cost savings through natural attrition that takes place and that requires quite a bit of planning. And fortunately or unfortunately, I guess, is if the deal's delayed for any regulatory issue then we certainly have time to work through those as well.

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**Peyton Green** - *MidWest Research*

OK. And what is the nature of repricing on the home loan bank advances that you referenced?

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**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

Well, we're not in a position to disclose that now.

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**Peyton Green** - *MidWest Research*

OK. And then what's the nature of the five to six million in one time items?

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**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

We're not going through that in detail at this stage. And again, keep in mind, some of that does require further review of their company and personnel and branch disposition issues and things of that nature that just have not been worked out. So we're providing what we see as being a range -- a very reasonable range -- of where we think we'll end up.

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**Daryl Byrd** - *IBERIABANK Corporation - President and Chief Executive Officer*

I feel like we're being pretty conservative and pretty disciplined in that regard.



**Peyton Green** - *MidWest Research*

OK. And I noticed that you all have been more active with the buyback. But is there any particular - I mean will you increase the buyback to - if the stock - I mean this market is off to another great start today. Will you be more aggressive with the buyback or not necessarily so?

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**Unidentified Participant**

Our buyback was announced December 17 of last year. And generally we're completing them within a one-year period. Obviously, given this transaction, there will be certain times when we will have to be out of the market. So we have realistically three months to complete it, recognizing certain timeframes we will not be in the market.

So that's kind of where we are at this stage. But we're about 26 percent complete .

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**Peyton Green** - *MidWest Research*

OK. I just didn't know if it would be reasonable to expect you all to maybe buy back some more stock given that you're going to issue in the transaction.

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**Unidentified Participant**

The share repurchase program remains out there. And, again, our purpose of our share repurchase program all along has been to kind of sop up the excess equity that's generated every quarter, as we have grown the earnings stream fairly rapidly during this period. But the balance sheet has not grown significantly and we're still kicking off excess equity.

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**Peyton Green** - *MidWest Research*

OK. And then just one last thing. From a qualitative standpoint, you all have done a great job of changing the mix on the deposit side of the balance sheet. What is the opportunity long term with Acadiana?

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**Unidentified Participant**

We still think there are some opportunities there. And that's just because we're probably a much more mature version of an organization that has gone from mutual thrift to full fledged commercial bank. And as the clients of Acadiana come to know our product sets and our people and, we get to know theirs as well, then we can move forward and probably further develop that.

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**Unidentified Participant**

Peyton, we're very excited about the expanded product sets that we bring to the table. And, again, both our institutions have long story histories in Acadiana. And we think they have a very, very little .

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**Peyton Green** - *MidWest Research*

Sure - no, absolutely. Now are there any product consolidation issues that might cause some trouble? Like were they doing something, you know, very differently than you all would do that might cause some issues when you consolidate their product list to yours?

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**Unidentified Participant**

No.

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**Unidentified Participant**

No, Peyton. Not what we've seen, no.

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**Peyton Green - MidWest Research**

OK, great. Thank you very much.

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**Unidentified Participant**

Thanks, Peyton.

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**Operator**

And, once again, if anyone does have a question, please signal by pressing star, one. And we have another question from Scot Valentin with Friedman, Billings, Ramsey.

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**Scot Valentin - Friedman, Billings, Ramsey**

Good morning, gentlemen.

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**Unidentified Participant**

Good morning, Scot.

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**Scot Valentin - Friedman, Billings, Ramsey**

Question - and it was just by - someone else asked the same question, but as far as the synergies go, do you see it being lumped in earlier in the period of - assuming you closed first quarter of '03, would it be earlier than '03 to get most of the cost saves or it's going to be pretty stable across the year?

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**John Davis - IBERIABANK Corporation - Senior Executive Vice President**

Scot, this is John. It's hard for us to predict exactly when it's going to - I would suggest we will be able to get some cost savings pretty quickly, but some of that's a question of attrition, contractual obligations, what happens with the facilities and all of that. And that's really fairly difficult to predict at this stage. But, again, we will be working pretty aggressively to getting the cost savings as quickly as we can.

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**Unidentified Participant**

Scot, we want to be very methodical, as we always are, and very thoughtful in this process, understanding that client retention is huge. And getting the people side right is absolutely critical.

**Scot Valentin** - *Friedman, Billings, Ramsey*

OK. And then I guess someone else addressed the balance sheet mix going forward, but one thing I would point to is IBERIA's margin right now is running about I guess 458 as of last quarter.

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**Unidentified Participant**

That's right.

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**Scot Valentin** - *Friedman, Billings, Ramsey*

And Acadiana is about 318. So do you see a lot of pickup in the accretion coming from the margin shift over time? I assume, you know, Acadiana's margin will go more towards yours?

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**Unidentified Participant**

At this stage, Scot, we're not factoring in a substantial change in the mix nor margin of that organization. We think there is room for some improvement in that respect, but as what we've indicated is we anticipate in 2003 that they could earn - excuse me - approximately 2.2 million.

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**Scot Valentin** - *Friedman, Billings, Ramsey*

OK.

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**John Davis** - *IBERIABANK Corporation - Senior Executive Vice President*

So it would not be a significant pickup to get those results.

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**Scot Valentin** - *Friedman, Billings, Ramsey*

OK, great. Thanks a lot.

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**Operator**

And we have a follow-up question from R o s s H a b e r m a n (ph) with H a b e r m a n B r o t h e r s (ph) . Just one moment.

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**Ross Haberman** - *Haberman Brothers*

How are you? Just a follow-up - J o h n (ph) , could you address when you're going to transfer over their data processing system to yours?

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**Unidentified Participant**

R o s s (ph) , that's challenging for us at this stage to give a prediction in that respect, so ...

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**Ross Haberman** - *Haberman Brothers*

Are they on the same system as you or different or what?

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**Unidentified Participant**

they outsource.

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**Ross Haberman** - *Haberman Brothers*

They do. So, you haven't had that set yet?

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**Unidentified Participant**

No, it's actually a little premature for us to make that call exactly how that's going to work out because we haven't had any conversations with the data processing provider yet.

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**Ross Haberman** - *Haberman Brothers*

OK. You threw out the accretion I think you said one to two percent on GAAP numbers in '03 - t h r e e t o f o u r (ph) in cash. Will there be more in '04? Have you put any numbers to that?

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**Unidentified Participant**

We're not disclosing expectations for 2004, but again there's nothing materially different that you can expect in 2003 versus 2004. The issue comes down to being able to grow that franchise at the same rate or faster than we're growing our core franchise. That's an important element.

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**Ross Haberman** - *Haberman Brothers*

And could the accretion be more than this one-to-two or three-to-four than you're saying because, again, I think you touched upon you're not including revenue enhancements? And what are the - are the - are the possible opportunities there?

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**Unidentified Participant**

I will say that our current projections are one to two percent on fully diluted EPS and as we've described on the cash, so ...

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**Daryl Byrd** - *IBERIABANK Corporation - President and Chief Executive Officer*

And R o s s (ph) , ...

Daryl again - I would remind you, as I said in my comments, we would expect that you all have watched us in terms of our discipline kind of a methodical approach over the last several years, and we're sure you'll be watching us to see how we perform in this one.

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**Ross Haberman** - *Haberman Brothers*

Without a doubt. The best of luck. Thanks again.



**Daryl Byrd** - IBERIABANK Corporation - President and Chief Executive Officer

Thank you.

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**Operator**

And we have another question from B a i n S l a k (ph) with K B W (ph) .

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**Bain Slak** - KBW

Hi. Most of my questions were answered. I just wanted to get a brief - see if you could give a little color on specifically the Acadiana markets since, you know - obviously with this deal, you all are changing the competitive landscape a little bit. If you could just touch on the economy - sort of what you're seeing in terms of long g r o w t h (ph) and demand in the market, both you and Acadiana Bancshares, and again, the competitive landscape and how this changes it and what you see going forward.

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**Daryl Byrd** - IBERIABANK Corporation - President and Chief Executive Officer

B a i n (ph) , it's Daryl, and I'll ask M i c h a e l (ph) to kind of jump in from a credit perspective if he would like. B a i n (ph) , it's consistent with the conversations that we've had historically relative to Acadiana. We're very, very positive on this marketplace. Feel like we have a very, very strong economy. Oil and gas has been sort of temperate over the last year, so although you've got pricing that's up now which we would suspect is more Iraqi-oriented, but we feel pretty good about the local market and have felt great about our ability to grow this market. We feel very good about the advisory boards we've put in place and their excitement and involvement in helping in this market. So, you know, again, we feel - we feel very positive, and I think if you talked to Jerry Reaux, he'd tell you the same thing.

Michael, any comments from a credit perspective?

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**Michael Brown** - IBERIABANK Corporation - Senior Executive Vice President

I'd echo Daryl's comments about the economic health here in Acadiana. It's been very stable to growing over the past 12 months, and from a credit quality perspective, the portfolio reflects that.

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**Bain Slak** - KBW

OK, great. And I guess from a competitive landscape, you talked about quickly one in H y b e r i a (ph) . Outside of that, with this deal being done, who is the largest local competitor in this league?

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**Unidentified Participant**

I'll let John answer that. He's got some information .

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

Yeah. Just taking a look at the L a f a y e t t e (ph) M S A (ph) , per information from FDIC, Bank One is the largest player in the market, with about a 19 percent market share. We are currently holding about 10.4 percent. Acadiana is the number seven player, with just under five percent.

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So we'll be moving from about 10.4 up to about 15.3, with \$647 million in deposits. So we will be a very strong number two. The number three player, which would be the closest behind us, would be H y b e r n i a (ph) , at just under six percent. So it's a substantial step down for that third level.

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**Bain Slak** - KBW

OK. And then any - OK. And I was wondering about any local - are there any local Acadiana players left that's come up in the radar?

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

Are you talking from an acquisition side or are you talking from...

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**Unidentified Participant**

Just market share.

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**Unidentified Participant**

Just market share, John.

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**John Davis** - IBERIABANK Corporation - Senior Executive Vice President

Oh, in the market share. H o m e B a n k (ph) is at 5.6 percent, M i d S o u t h ' s (ph) at 5.5 percent.

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**Bain Slak** - KBW

Great, thanks.

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**Unidentified Participant**

, again, as I indicated in my closing remarks, we think we'll be a very formidable competitor. And obviously - and, again, my remarks included this - the numbers we're quoting are as of June 2001...

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**Bain Slak** - KBW

Right.

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**Unidentified Participant**

... and at that time - I'll say this in kind of as kind of a way as I can - you had a good bit of change in market shares and we felt pretty good about our growth in market share. It will be interesting to see what the numbers will look like when the '02 numbers come out. You know that's all delayed.

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**Bain Slak** - KBW

Right. Right, thanks. It looks like a good deal.



**Unidentified Participant**

Thank you.

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**Operator**

And we have a follow-up question from Peyton Green with MidWest Research.

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**Peyton Green - MidWest Research**

Hi. Just one follow-up on kind of the interest rate risk of Arcadiana going forward. You all have done a great job at getting, you know, a 11 (ph) whittled down, but they have a fair amount of exposure there. And as the back end of the yield curve comes down, have you all factored in any risks from them getting prepaids on the asset side?

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**John Davis - IBERIABANK Corporation - Senior Executive Vice President**

Yes we have, Peyton. And we've taken a good hard look at that situation. And that is a risk element that does exist, and it's one that they've been facing for some time. So it's really a question of that franchise, and we recognize kind of their circumstances accordingly.

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**Peyton Green - MidWest Research**

So have you all kind of modeled a negative loan growth type assumption over the next two, three quarters?

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**John Davis - IBERIABANK Corporation - Senior Executive Vice President**

We'll disclose what our modeling looks like, so I really can't tell you much beyond that.

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**Unidentified Participant**

But we understand.

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**John Davis - IBERIABANK Corporation - Senior Executive Vice President**

We understand the risks.

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**Peyton Green - MidWest Research**

OK, thanks.

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**Unidentified Participant**

Thank you.

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**Operator**

And there are no further questions at this time, gentlemen.

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**Daryl Byrd** - *IBERIABANK Corporation - President and Chief Executive Officer*

This is Daryl again. I very much appreciate everybody joining us this morning, and we look forward to talking to you in the very near future.

Thanks.

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**Operator**

And that concludes today's conference. Thanks, everyone, for your participation. You may now disconnect.

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