

FEDERAL RESERVE SYSTEM

IBERIABANK
Lafayette, Louisiana

Order Approving the Merger of Depository Institutions and Establishment of Branches

IBERIABANK, the state member bank subsidiary of IBERIABANK Corporation (“IBKC”),¹ both of Lafayette, Louisiana, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”)² to merge with Gibraltar Private Bank & Trust Company (“Gibraltar”), Coral Gables, Florida, a federal savings bank, with IBERIABANK as the surviving entity. IBERIABANK also has applied under section 9 of the Federal Reserve Act (“FRA”) to establish and operate branches at the locations of Gibraltar’s main office and branches.³

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the Bank Merger Act and the Board’s Rules of Procedure.⁴ As required by the Bank Merger Act, a report on the competitive effects of the bank merger was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation. The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in the Bank Merger Act and the FRA.

¹ IBKC is a financial holding company within the meaning of the Bank Holding Company Act of 1956.

² 12 U.S.C. § 1828(c).

³ 12 U.S.C. § 321. These locations are listed in the Appendix.

⁴ 12 U.S.C. § 1828(c)(3); 12 CFR 262.3(b).

IBKC, with consolidated assets of approximately \$28.0 billion, is the 65th largest insured depository organization in the United States, controlling deposits of approximately \$21.3 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁵ IBKC controls IBERIABANK, which has offices in eight states. IBKC is the 14th largest insured depository organization in Florida, with approximately \$8.7 billion in deposits, which represent approximately 1.5 percent of the total deposits of insured depository institutions in that state.⁶

Gibraltar, with consolidated assets of approximately \$1.6 billion, is the 476th largest insured depository organization in the United States, controlling deposits of approximately \$1.1 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Gibraltar has offices in Florida and New York. Gibraltar is the 49th largest insured depository institution in Florida, with approximately \$1.0 billion in deposits, which represent less than 1 percent of the total deposits of insured depository institutions in Florida. Gibraltar is the 173rd largest insured depository institution in New York, with approximately \$79.2 million in deposits, which represent less than 1 percent of the total deposits of insured depository institutions in New York.

On consummation of the proposal, IBKC would become the 64th largest depository organization in the United States, with consolidated assets of approximately \$29.6 billion. IBKC would control approximately \$22.4 billion in deposits, representing less than 1 percent of the total deposits of insured depository institutions in the United States. IBKC would continue to operate the 14th largest insured depository institution in Florida, controlling deposits of approximately \$9.7 billion, representing approximately 1.7 percent of the total deposits of insured depository institutions in the state. IBKC

⁵ Asset and nationwide deposit-ranking data are as of September 30, 2017, unless otherwise noted. In this context, insured depository institutions include insured commercial banks, savings and loan associations, and savings banks.

⁶ State deposit-ranking data are as of June 30, 2017, unless otherwise noted.

would operate the 173rd largest insured depository institution in New York, controlling deposits of approximately \$79.2 million, representing less than 1 percent of the total deposits of insured depository institutions in the state.

Interstate and Deposit Cap Analysis

The Bank Merger Act generally provides that the Board may not approve an application by one insured depository institution to acquire another insured depository institution if the home state of the target insured depository institution is a state other than the home state of the applicant and the applicant controls or would control upon consummation of the proposed transaction more than 10 percent of the total amount of deposits of insured depository institutions in the United States.⁷ For purposes of the Bank Merger Act, the home state of IBERIABANK is Louisiana and the home state of Gibraltar is Florida.⁸ Consummation of the proposal would result in IBERIABANK controlling less than 1 percent of the deposits of insured depository institutions in the United States. The proposed acquisition of Gibraltar would not be prohibited by the law of any state in which Gibraltar is located.⁹ Accordingly, in light of all the facts of record, the Board is not required to deny the proposal under the interstate merger provisions of the Bank Merger Act.

Competitive Considerations

The Bank Merger Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the

⁷ 12 U.S.C. § 1828(c)(13).

⁸ A state bank's home state is the state by which the bank is chartered. 12 U.S.C. § 1828(c)(13)(C)(ii)(II). A federal savings association's home state is the state in which the home office of the savings association is located. 12 U.S.C. § 1828(c)(13)(C)(ii)(III).

⁹ Florida law permits an out-of-state bank to acquire a Florida bank through an interstate merger provided the resulting bank would not control 30 percent or more of the total amount of deposits held by all insured depository institutions in Florida. See Fla. Stat. Ann. § 658.2953. On consummation, IBERIABANK would control less than 30 percent of the total deposits of insured depository institutions in Florida. New York does not have a deposit cap applicable to this proposal.

business of banking.¹⁰ The Bank Merger Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any relevant market, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of communities to be served.¹¹

IBERIABANK and Gibraltar compete directly in the Miami-Fort Lauderdale and Naples, Florida banking markets.¹² The Board has reviewed the competitive effects of the proposal in those banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in each market; the relative shares of total deposits in insured depository institutions in the markets (“market deposits”) that IBERIABANK would control;¹³ the concentration levels of market deposits and the increase in these levels as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);¹⁴ and other characteristics of the markets.

¹⁰ 12 U.S.C. § 1828(c)(5)(A).

¹¹ 12 U.S.C. § 1828(c)(5)(B).

¹² The Miami-Fort Lauderdale banking market includes Broward and Miami-Dade counties, and the Naples banking market consists of Collier County, all in Florida.

¹³ Local deposit and market share figures are as of June 30, 2017, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has previously indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50-percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 53 (1991).

¹⁴ Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines for these markets. On consummation of the proposal, both the Miami-Fort Lauderdale and Naples, Florida banking markets would remain unconcentrated, as measured by the HHI, according to the DOJ Bank Merger Guidelines. The change in HHI in each market would be minimal, and numerous competitors would remain in each market.¹⁵

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market.

anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission have issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

¹⁵ In the Miami-Fort Lauderdale banking market, IBKC operates the 13th largest depository institution, controlling approximately \$3.2 billion in deposits, which represent approximately 1.8 percent of market deposits. Gibraltar is the 39th largest depository institution in the same market, controlling approximately \$412.2 million in deposits, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, IBKC would become the 12th largest depository organization in the market, controlling deposits of approximately \$4.0 billion, which represent approximately 2.2 percent of market deposits. The HHI for the Miami-Fort Lauderdale banking market would decrease by 2 points to 793, and 78 competitors would remain in the market.

In the Naples banking market, IBKC operates the 5th largest depository institution, controlling approximately \$991.8 million in deposits, which represent approximately 5.9 percent of market deposits. Gibraltar is the 33rd largest depository institution in the market, controlling approximately \$21.8 million in deposits, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, IBKC would remain the 5th largest depository organization in the market, controlling deposits of approximately \$1.0 billion, which represent approximately 6.2 percent of market deposits. The HHI for the Naples banking market would increase by 1 point to 957, and 35 competitors would remain in the market.

In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Miami-Fort Lauderdale and Naples banking markets or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.¹⁶ In its evaluation of the financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information regarding capital adequacy, asset quality, liquidity, and earnings performance. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

IBERIABANK and Gibraltar are well capitalized, and IBERIABANK would remain so on consummation of the proposed transaction. The proposal is a merger

¹⁶ 12 U.S.C. § 1828(c)(5).

structured as a stock conversion.¹⁷ The asset quality, earnings, and liquidity of IBERIABANK and Gibraltar are consistent with approval. IBERIABANK appears to have adequate resources to absorb the costs of the proposal and to integrate Gibraltar's operations. In addition, the future prospects of IBERIABANK are considered consistent with approval.

The Board also has considered the managerial resources of the institutions involved and of IBERIABANK after consummation of the proposal. The Board has reviewed the examination records of IBKC, IBERIABANK, and Gibraltar, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by IBERIABANK; the Board's supervisory experiences and those of other relevant bank supervisory agencies with IBERIABANK and Gibraltar; and the organizations' record of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

IBERIABANK and Gibraltar are considered to be well managed. IBERIABANK's board of directors and senior management have substantial knowledge of and experience in the banking sector, and the bank's risk-management program appears consistent with approval of this expansionary proposal.

The Board has also considered IBERIABANK's plans for implementing the proposal. IBERIABANK has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address the post-integration process for this proposal. IBERIABANK would apply its risk-management policies, procedures, and controls at the combined organization and these are considered acceptable from a supervisory perspective. In addition, IBERIABANK's management has the experience and resources to ensure that the bank operates in a safe and sound manner after consummation of the proposal.

¹⁷ At the effective time of the merger, each share of Gibraltar common stock would convert into a right to receive shares of IBKC common stock.

Based on all the facts of record, including IBERIABANK's supervisory record, managerial and operational resources, and plans for operating the combined institution after consummation, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved, as well as the records of effectiveness of the organizations in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.¹⁸ In its evaluation of the effects of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of these communities, as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the Community Reinvestment Act ("CRA").¹⁹ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation,²⁰ and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.²¹

In addition, the Board considers the banks' overall compliance records and the results of recent fair lending examinations. Fair lending laws require all lending institutions to provide loan applicants with equal access to credit, regardless of their race,

¹⁸ 12 U.S.C. § 1828(c)(5).

¹⁹ 12 U.S.C. § 2901 et seq.

²⁰ 12 U.S.C. § 2901(b).

²¹ 12 U.S.C. § 2903.

ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the applicant institution's business model, its marketing and outreach plans, the institution's plans following consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of IBERIABANK and Gibraltar, the compliance records of both banks, the supervisory views of the Federal Reserve Bank of Atlanta ("Reserve Bank") and the Office of the Comptroller of the Currency ("OCC"), confidential supervisory information, information provided by IBERIABANK, and the public comment received on the proposal.

Public Comment Regarding the Proposal

In this case, a commenter objected to the proposal, expressing fair lending and convenience and needs concerns with respect to IBERIABANK.²² The commenter alleged that IBERIABANK's current branching activities in African American communities and the bank's marketing of products and services to African American businesses and professionals are limited. Specifically, the commenter asserted that IBERIABANK has avoided placing branches in proximity to densely populated African American neighborhoods.²³ In addition, the commenter alleged that IBERIABANK does

²² The commenter also alleged that IBERIABANK has engaged in discriminatory employment practices. A bank's internal employment practices, however, are outside of the limited statutory factors that the Board is authorized to consider when reviewing an application or notice under the Bank Merger Act.

²³ For example, the commenter alleged that IBERIABANK has established no branches in the African American communities of South Atlanta, in Georgia, and South Dallas and South Houston, in Texas. In addition, the commenter contends that only seven of IBERIABANK's branches are located in low-income neighborhoods and that five of

not have an organized outreach program for developing commercial lending relationships with African American businesses and professionals.²⁴ Based on these alleged practices, the commenter expressed concern that IBERIABANK will not meet the needs of disadvantaged African American communities in South Florida if the proposal is approved.

Business of the Involved Institutions and Response to the Public Comment

Through its network of branches in seven states,²⁵ IBERIABANK offers a range of retail and commercial products and services to individual customers and businesses, including checking, savings, money market, and certificate of deposit accounts; consumer, residential, commercial, construction, and auto loans; wealth management services; credit card and merchant card services; and treasury management services.

Gibraltar provides private comprehensive wealth management and private banking services to individuals and families, businesses, foundations, and nonprofit organizations. Gibraltar also offers commercial, commercial real estate, construction and land development, and consumer loans.

In response to the commenter's allegations, IBERIABANK states that it has an extensive legacy of meeting the needs of all communities in its footprint, including LMI communities, and highlights a community development plan the bank entered into

these branches appear to engage in limited deposit-taking activities, which the commenter alleges indicates minimal activity and commitment in these communities.

²⁴ The commenter alleged that IBERIABANK only finances African American businesses and professionals that come into the bank's offices, rather than actively soliciting business from them in their communities, in markets such as Atlanta, Dallas, and Houston, where there are a large number of creditworthy African American businesses.

²⁵ IBERIABANK has branch locations in Louisiana, Florida, Arkansas, Alabama, Texas, Tennessee, and Georgia. IBERIABANK does not operate any full-service branches in South Carolina, but has one limited service administrative office in that state, which does not accept deposits or make loans. In addition, IBERIABANK has recently been approved to establish a branch in North Carolina.

with the National Community Reinvestment Coalition that became effective on January 1, 2018 (“CRA Plan”).

With respect to the commenter’s allegations about IBERIABANK’s branch locations, the bank notes that as part of its most recent CRA performance evaluation, Reserve Bank examiners found the bank’s retail delivery systems to be reasonably accessible to the bank’s geographies and to individuals of different income levels in its assessment areas (“AAs”). The bank asserts that it is committed to maintaining this accessibility for individuals of different income levels throughout the communities it serves. IBERIABANK represents that it currently operates 47 active, full-service branches in LMI census tracts, representing approximately 22.6 percent of all of IBERIABANK’s full-service branches, and that, as part of its CRA Plan, it has agreed to open two new bank branches in LMI census tracts, one in Miami-Dade County, Florida, and one in Atlanta, Georgia.

In response to the commenter’s criticism that IBERIABANK has no organized outreach program to African American businesses and professionals, IBERIABANK asserts that it does not develop or target products or services specifically based on race or ethnicity because it does not assume all borrowers of a particular race or ethnicity have the same credit needs. IBERIABANK represents that it recognizes the credit challenges faced by LMI communities and has developed initiatives designed to meet the credit needs of such communities, including through community development loans, CRA-qualified investments, and affordable financial product offerings to improve banking access for underserved communities. IBERIABANK asserts that, among other programs designed specifically to meet the needs of LMI communities, it has created the IBERIABANK Subsidy Program to provide \$4,000 in down-payment and closing-cost assistance for the purchase or refinancing of loans for LMI borrowers. The bank also offers an unsecured home improvement loan designed to assist homeowners who lack equity, invests in Low-Income Housing Tax Credit projects that provide affordable rental housing, and provides grants and donations to community development organizations engaged in community services for LMI individuals and communities. IBERIABANK

further represents that the bank will provide support to LMI communities in those states where it currently has a branch presence consistent with its CRA Plan.

Records of Performance under the CRA

In evaluating the convenience and needs factor and CRA performance, the Board considers substantial information in addition to information provided by public commenters and the response to comments by the applicant. In particular, the Board evaluates an institution's performance record in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institution, as well as information and views provided by the appropriate federal supervisors.²⁶ In this case, the Board considered the supervisory views of the Reserve Bank and the OCC.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.²⁷ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of a large insured depository institution, such as IBERIABANK, in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution's home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's data under the Home

²⁶ See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48506, 48548 (July 25, 2016).

²⁷ 12 U.S.C. § 2906.

Mortgage Disclosure Act (“HMDA”),²⁸ in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution’s lending activities with respect to borrowers and geographies of different income levels. The institution’s lending performance is based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution’s AAs; (2) the geographic distribution of such loans, including the proportion and dispersion of the institution’s lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of such loans based on borrower characteristics, including the number and amounts of home mortgage loans to low-, moderate-, middle-, and upper-income individuals;²⁹ (4) the institution’s community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution’s use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.³⁰ Large institutions are also subject to an investment test, which evaluates the number and amounts of qualified investments that benefit their AAs, and a service test, which evaluates the availability and effectiveness of their systems for delivering retail banking services and the extent and innovativeness of their community development services.³¹

²⁸ 12 U.S.C. § 2801 et seq.

²⁹ Examiners also consider the number and amounts of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less; small business and small farm loans by loan amount at origination; and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

³⁰ See 12 CFR 228.22(b).

³¹ See 12 CFR 228.21 et seq.

CRA Performance of IBERIABANK

IBERIABANK was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the Reserve Bank, as of August 5, 2013 (“IBERIABANK Evaluation”).³² IBERIABANK received “High Satisfactory” ratings for the Lending Test, Investment Test, and Service Test.³³

Examiners found IBERIABANK’s overall lending performance to be good in Alabama, Arkansas, Louisiana, and Texas and adequate in Florida and Tennessee. Examiners found that IBERIABANK originated a substantial majority of its loans within its AAs, reflecting excellent AA penetration. Examiners found that the bank’s penetration of loans among borrowers of different income levels and businesses of different sizes was adequate. Examiners noted that the overall distribution of small business lending reflected adequate penetration in LMI geographies and among small

³² The IBERIABANK Evaluation was conducted using Large Institution CRA Examination Procedures. Examiners reviewed loans reportable under HMDA and small business loans for the period January 1, 2011, through December 31, 2012. The evaluation period for community development loans and investments was January 1, 2011, through March 31, 2013. Due to IBERIABANK’s significant expansion and growth during the review period, the bank’s performance in 2012 was weighted slightly more than its performance in 2011 in determining the final rating for lending.

³³ The IBERIABANK Evaluation included a full-scope review in the New Orleans-Metairie-Kenner MSA; Lafayette MSA; Little Rock-North Little Rock-Conway MSA; Fayetteville-Springdale-Rogers MSA; North Port-Bradenton-Sarasota MSA; Naples-Marco Island MSA; Birmingham-Hoover MSA; Houston-Sugar Land-Baytown MSA; and Memphis-Forest City Combined Statistical Area. A limited-scope review was performed in Baldwin County, Alabama; Huntsville MSA; Mobile MSA; Montgomery MSA; Jonesboro MSA; Northeast Arkansas; Palm Beach-Broward MSA; Ft. Myers MSA; Florida Keys, Florida; Acadiana, Louisiana; Allen, Louisiana; Baton Rouge MSA; Houma MSA; Lake Charles MSA; Lincoln, Louisiana; Monroe MSA; Morehouse, Louisiana; and Shreveport MSA.

The IBERIABANK Evaluation did not include a review of Dallas or Atlanta, areas of concern to the commenter, because IBERIABANK did not enter the Dallas market until completion of its acquisition of First Private Bank or the Atlanta market until completion of its acquisition of Georgia Commerce Bancshares Inc., both in 2015.

businesses (businesses with revenues of \$1 million or less). Examiners further noted that the bank made a high level of community development loans during the review period. The community development loans were for a variety of purposes, including financing affordable housing for LMI individuals, promoting economic development by financing small businesses that resulted in job creation and/or retention, revitalizing and/or stabilizing targeted LMI census tracts or other qualified geographies, and community services targeted to LMI individuals.

In the Houston AA, an area of concern to the commenter, examiners considered IBERIABANK's lending performance to be good. The geographic distribution of small business loans was found to reflect good penetration throughout the AA, and examiners noted that the bank's small business lending in low-income census tracts was excellent.

Examiners found IBERIABANK's investment performance to be excellent in Louisiana, good in Alabama, Arkansas, and Texas, and adequate in Florida and Tennessee. Examiners noted that IBERIABANK had made substantial qualified investments and provided significant financial support to address the needs for affordable housing, financial counseling, emergency assistance, job training, and the revitalization of LMI communities.

Examiners highlighted the bank's provision of an excellent level of community development services throughout its AAs. Examiners found the bank's retail delivery systems to be reasonably accessible to geographies and individuals of different income levels and that the bank's record of opening and closing branches had not adversely affected the accessibility of delivery systems, particularly in LMI geographies and to LMI individuals. Examiners noted that the bank offered several retail products designed to meet the financial needs of lower-income customers and small businesses and that the bank participated in organized programs and other outreach efforts to expand banking access to LMI customers across its entire banking footprint. During the examination review period, the bank and its employees provided over 10,000 hours of community development services through service activities aimed at promoting or

facilitating affordable housing for LMI individuals, economic development, and the revitalization of LMI areas.

In the Houston AA, an area of concern to the commenter, IBERIABANK's performance was found to be adequate. Examiners observed that the bank's retail delivery systems were reasonably accessible to geographies and individuals of different income levels, including LMI geographies and individuals. Examiners also noted that IBERIABANK provided a relatively high level of community development services that benefited residents of, and small businesses in, the Houston AA. During the review period, the bank and its employees provided almost 500 hours of community development services, including providing financial education, homeownership counseling, and small business assistance, as well as working with a variety of organizations that provided community services in LMI geographies and for LMI individuals.

IBERIABANK's Efforts since the IBERIABANK Evaluation

IBERIABANK represents that, since the IBERIABANK Evaluation, it has continued to build upon its commitment to provide financial services to LMI individuals, within LMI geographies, to small businesses, and to underserved communities. IBERIABANK also represents that it has opened eight bank branches in LMI communities since the IBERIABANK Evaluation, including one in Dallas and one in Houston, and that it has committed to open two new bank branches in LMI census tracts, including one in Miami-Dade County and one in Atlanta.

IBERIABANK asserts that it has continued to make a high level of community development loans throughout its AAs to increase affordable housing, revitalize LMI geographies, and promote economic development through financing small businesses in LMI communities. IBERIABANK represents that since the IBERIABANK Evaluation it has originated community development loans to support nonprofit organizations involved in affordable housing and economic activities that benefit LMI individuals and communities in Atlanta, has maintained its high level of community development lending in Houston, and has partnered with the Dallas Habitat for Humanity

to provide affordable mortgage loans to its clientele and extended a line of credit to the nonprofit organization LiftFund for its minority-owned small business loan fund that targets businesses in the Dallas market.

IBERIABANK also represents that it made an equity investment in Liberty Financial Services, the holding company of Liberty Bank, an African-American owned financial institution. In addition, the bank has offered a suite of products and services to address the financial needs of LMI borrowers, including mortgage loan products and low-cost individual development accounts.

As noted, as part of its CRA Plan, the bank has agreed to commitments and goals designed to meet the needs of underserved communities in the states in which the bank currently has a branch presence. Such commitments and goals relate to mortgage and small business lending, community development lending and investments, philanthropy, and increasing access to financial services in LMI communities. IBERIABANK represents that it has committed to increase its small business lending in LMI census tracts by 5 percent annually for the first three years and by 2.5 percent annually for the last two years of the plan. IBERIABANK also represents that it has committed to increase home mortgage lending to LMI borrowers and LMI geographies by 3 percent annually over five years.

CRA Performance of Gibraltar

Gibraltar was assigned an overall rating of “Outstanding” at its most recent CRA performance evaluation by the OCC, as of July 11, 2016 (“Gibraltar Evaluation”).³⁴ Gibraltar received “Outstanding” ratings for the Lending Test and Investment Test and a

³⁴ The Gibraltar Evaluation was conducted using Large Bank CRA Examination Procedures. The examiners reviewed residential mortgage and small business loans from January 1, 2013, through December 31, 2015. The evaluation period for community development loans and services was January 1, 2013, through December 31, 2015. The evaluation period for community development investments was August 1, 2013, through February 29, 2016.

“High Satisfactory” rating for the Service Test.³⁵ Although Gibraltar’s overall rating took into consideration the bank’s performance in each AA that received a full-scope review, examiners gave the greatest weight to the bank’s record in the Miami-Dade-Broward AA due to the higher volume of deposits and loans in that area.

Examiners found that Gibraltar demonstrated excellent responsiveness to the credit needs of its AAs. Examiners noted that, overall, Gibraltar originated a substantial majority of its loans within its AAs. Examiners found that the bank had good distribution among borrowers of different income levels and that the geographic distribution of loans reflected good penetration. Examiners also determined that the bank made an excellent level of community development loans.

Examiners found that the bank’s community development investments were responsive to the credit needs of its AAs in the state of Florida, primarily addressing the need for rehabilitation of affordable housing for LMI individuals. Examiners observed that the bank’s retail delivery systems were adequately distributed throughout the bank’s AAs. Moreover, branches were found to be reasonably accessible to geographies and individuals of different income levels in Florida.³⁶

³⁵ The Gibraltar Evaluation included a full-scope evaluation of the Miami-Dade-Broward AA and the New York-Northern New Jersey-Long Island, New York-New Jersey-Pennsylvania MSA (“NY-NJ-PA MSA”). The Miami-Dade-Broward AA is composed of the Fort Lauderdale-Pompano Beach-Deerfield Beach, Florida Metropolitan Division (“MD”), and the Miami-Miami Beach-Kendall, Florida MD. A limited-scope review was performed in the Collier County, Florida MSA, and Monroe County, Florida Non-MSA. The ratings in the State of Florida were based on the bank’s performance in the Miami-Dade-Broward AA.

³⁶ None of Gibraltar’s Florida branches is located in a LMI geography. Although two Florida branches are in reasonable proximity to LMI geographies, ease of access is limited due to their location within commercial office towers. However, Gibraltar offers electronic banking services that include no-charge automated teller machine (“ATM”) access when using Publix Supermarket’s PRESTO ATM network, online banking, and mobile banking. Gibraltar’s New York branch is located in proximity to LMI geographies, but primarily provides wealth management services. However, Gibraltar

Additional Supervisory Views

The Board has considered the results of a recent consumer compliance examination of IBERIABANK conducted by Reserve Bank examiners, which included a review of the bank's consumer compliance risk-management program. The Board has considered the preliminary results of a pending review of IBERIABANK's compliance with the Fair Housing Act ("FHA"),³⁷ which included a redlining analysis, and the results of a previous review of IBERIABANK's compliance with the FHA. The Board also considered the preliminary results of a new CRA evaluation of IBERIABANK and considered IBERIABANK's supervisory record with the Consumer Financial Protection Bureau. Moreover, the Board has considered the results of the most recent consumer compliance examination of Gibraltar conducted by the OCC, which included a review of the bank's consumer compliance program and compliance with certain consumer protection laws and regulations.

The Board has taken this information, as well as the CRA performance records of both banks, into account in evaluating the proposal, including in considering whether IBERIABANK has the experience and resources to ensure that it helps to meet the credit needs of the communities within its AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. IBERIABANK represents that, following consummation of the proposal, existing customers of IBERIABANK and legacy customers of Gibraltar would benefit from an expanded branch and ATM network, expanded commercial loan capacity, and a broader range of financial products and services. IBERIABANK also represents that it does not expect to discontinue any material products or services currently provided by Gibraltar.

offers electronic banking services in New York, including through ATM networks, online banking, and mobile banking.

³⁷ 42 U.S.C. § 3601 et seq.

Conclusions on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with consumer protection laws, supervisory views of the Reserve Bank and the OCC, confidential supervisory information, information provided by IBERIABANK, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board concludes that the convenience and needs factor is consistent with approval.

Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") added "risk to the stability of the United States banking or financial system" as a factor that must be considered under the Bank Merger Act.³⁸

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.³⁹ These categories are not exhaustive, and additional categories could inform the Board's decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of

³⁸ Dodd-Frank Act § 604(f), Pub. L. No. 111-203, 124 Stat. 1376, 1601 (2010), amending 12 U.S.C. § 1828(c)(5).

³⁹ Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.⁴⁰

The Board's experience has shown that proposals involving an acquisition of less than \$10 billion in assets, or that result in a firm with less than \$100 billion in total assets, are generally not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁴¹

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target that has less than \$10 billion in assets and a pro forma organization of less than \$100 billion in assets. As noted, the acquirer is predominately engaged in a variety of consumer and commercial banking activities, and the target engages in private wealth management and commercial and consumer loan activities. The pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

⁴⁰ For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order 2012-2 (February 14, 2012).

⁴¹ See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

Establishment of Branches

As noted, IBERIABANK has applied under section 9 of the FRA to establish branches at the current locations of Gibraltar.⁴² The Board has assessed the factors it is required to consider when reviewing an application under that section. Specifically, the Board has considered IBERIABANK's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.⁴³ For the reasons discussed in this order, the Board finds those factors to be consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to

⁴² See 12 U.S.C. § 321. Under section 9 of the FRA, a state member bank may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. A national bank may retain any branch following a merger that under state law may be established as a new branch of the resulting bank or retained as an existing branch of the resulting bank. See 12 U.S.C. § 36(b)(2) and (c). In addition, section 341 of the Dodd-Frank Act provides authority for savings associations that become banks to continue to operate branches that they operated immediately before becoming a bank. Dodd-Frank Act § 341, Pub. L. No. 111-203, 124 Stat. 1376, 1540-41 (2010)), codified at 12 U.S.C. § 5451. Upon consummation, IBERIABANK's branches would be permissible under applicable state law. See Fla. Stat. Ann. § 658.2953 and N.Y. Banking Law Article 5-C, §§ 223 and 225.

⁴³ 12 U.S.C. §§ 321 and 322; 12 CFR 208.6. In addition, upon consummation of the proposal, IBERIABANK's investment in bank premises would remain within the legal requirements of 12 CFR 208.21.

consider under the Bank Merger Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by IBERIABANK with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the proposal. The conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Reserve Bank, acting under delegated authority.

By order of the Board of Governors,⁴⁴ effective February 21, 2018.

Ann E. Misback (signed)

Ann E. Misback
Secretary of the Board

⁴⁴ Voting for this action: Chairman Powell, Vice Chairman for Supervision Quarles, and Governor Brainard.

Appendix

Branches to be Established by IBERIABANK

Florida Branches

450 East Las Olas Boulevard, Suite 1220
Fort Lauderdale, Florida

5551 Ridgewood Drive, Suite 100
Naples, Florida

200 South Biscayne Boulevard, Suite 2850
Miami, Florida

1575 San Ignacio Avenue
Coral Gables, Florida

55 Alhambra Plaza, 8th Floor
Coral Gables, Florida

400 Arthur Godfrey Road, Suite 102
Miami Beach, Florida

35 Ocean Reef Drive, Suite 100
Key Largo, Florida

New York Branch

280 Park Avenue, 29th Floor
New York, New York