FRB Order No. 2019-12
September 5, 2019

FEDERAL RESERVE SYSTEM

Hancock Whitney Corporation
Gulfport, Mississippi

Order Approving the Acquisition of a Bank Holding Company

Hancock Whitney Corporation ("Hancock Whitney"), Gulfport, Mississippi, a bank holding company within the meaning of the Bank Holding Company Act of 1956 ("BHC Act"),[1] has requested the Board's approval under section 3 of the BHC Act[2] to merge with MidSouth Bancorp, Inc. ("MidSouth") and thereby indirectly acquire MidSouth's national bank subsidiary, MidSouth Bank, National Association ("MidSouth Bank"), both of Lafayette, Louisiana. Following the proposed acquisition, MidSouth Bank would be merged into Hancock Whitney's state nonmember bank subsidiary, Hancock Whitney Bank, Gulfport, Mississippi.[3]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (84 Federal Register 27,117 (June 11, 2019)).[4] 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 section 3 of the BHC Act.

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[1] 12 U.S.C. § 1841 et seq.

[2] 12 U.S.C. § 1842.

[3] The merger of MidSouth Bank into Hancock Whitney Bank is subject to approval by the Federal Deposit Insurance Corporation ("FDIC"), pursuant to section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c).

[4] 12 CFR 262.3(b).

Hancock Whitney, with consolidated assets of approximately $28.8 billion, is the 69th largest insured depository organization in the United States. Hancock Whitney controls approximately $23.4 billion in consolidated deposits, which represent approximately 0.2 percent of the total amount of deposits of insured depository institutions in the United States.[5] Hancock Whitney controls Hancock Whitney Bank, which operates in Alabama, Florida, Louisiana, Mississippi, and Texas. Hancock Whitney is the 3rd largest insured depository organization in Louisiana, controlling deposits of approximately $13.0 billion, which represent 12.5 percent of the total deposits of insured depository institutions in that state. Hancock Whitney is the 93rd largest insured depository organization in Texas, controlling deposits of $697.9 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.[6]

MidSouth, with consolidated assets of approximately $1.7 billion, is the 471st largest insured depository organization in the United States. MidSouth controls approximately $1.5 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. MidSouth controls MidSouth Bank, which operates in Louisiana and Texas. MidSouth is the 13th largest insured depository organization in Louisiana, controlling deposits of approximately $1.3 billion, which represent 1.3 percent of the total deposits of insured depository institutions in that state. MidSouth is the 212th largest insured depository organization in Texas, controlling deposits of approximately $240.4 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

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[5] National asset data are as of June 30, 2019, and national deposit, ranking, and market-share data are as of March 31, 2019, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

[6] State deposit data are as of June 30, 2018.

On consummation of the proposal, Hancock Whitney would become the 68th largest insured depository organization in the United States, with consolidated assets of approximately $30.4 billion, which represent less than 1 percent of the total assets of insured depository organizations in the United States. Hancock Whitney would control total consolidated deposits of approximately $24.9 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Louisiana, Hancock Whitney would remain the 3rd largest insured depository organization, controlling deposits of approximately $14.3 billion, which represent 13.8 percent of the total deposits of insured depository institutions in the state. In Texas, Hancock Whitney would become the 76th largest insured depository organization, controlling deposits of approximately $938.4 million, which represent less than 1 percent of total deposits of insured depository institutions in the state.

Interstate Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction would be prohibited under state law.[7] Section 3(d) also provides that the Board (1) may not approve an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years;[8] (2) must take into account the record of the applicant under the Community Reinvestment Act of 1977 ("CRA")[9] and

[7] 12 U.S.C. § 1842(d)(1)(A). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of each company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. See 12 U.S.C. § 1841(o)(4)(C).

[8] 12 U.S.C. § 1842(d)(1)(B).

[9] 12 U.S.C. § 2901 et seq.

the applicant's record of compliance with applicable state community reinvestment laws;[10] and (3) may not approve an application pursuant to section 3(d) if the bank holding company or resulting bank, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States[11] or, in certain circumstances, if the bank holding company or resulting bank, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.[12]

For purposes of the BHC Act, the home state of Hancock Whitney is Mississippi, and MidSouth Bank is located in Louisiana and Texas. Hancock Whitney is well capitalized and well managed under applicable law. MidSouth Bank has been in existence for more than five years, and Hancock Whitney Bank has a "Satisfactory" rating under the CRA.

On consummation of the proposed transaction, Hancock Whitney would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Louisiana does not impose a limit on the total amount of in-state deposits that a single banking organization may control, and Hancock Whitney's percentage of deposits would not exceed 30 percent of the total amount of in-state deposits. Texas imposes a 20 percent limit on the total amount of in-state deposits that a single banking organization may control.[13] In Texas, the combined

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[10] 12 U.S.C. § 1842(d)(3).

[11] 12 U.S.C. § 1842(d)(2)(A).

[12] 12 U.S.C. § 1842(d)(2)(B). For purposes of section 3(d) of the BHC Act, the acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)-(7).

[13] Tex. Fin. Code Ann. § 203.004(a).

organization would control less than 20 percent of the total amount of in-state deposits. The Board has considered all other requirements under section 3(d) of the BHC Act. Accordingly, in light of all the facts of record, the Board determines that it is not prohibited by section 3(d) from approving the proposal.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.[14] The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.[15]

Hancock Whitney Bank and MidSouth Bank compete directly in the Baton Rouge Area, Louisiana, banking market ("Baton Rouge market"); the Houma/Thibodaux Area, Louisiana, banking market ("Houma/Thibodaux market"); the Lafayette Area, Louisiana, banking market ("Lafayette market"); the Lake Charles Area, Louisiana, banking market ("Lake Charles market"); the Morgan City Area, Louisiana, banking market ("Morgan City market"); the Beaumont-Port Arthur, Texas, banking market ("Beaumont-Port Arthur market"); and the Houston, Texas, banking market ("Houston market").[16] The Board has considered the competitive effects of the proposal in these

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[14] 12 U.S.C. § 1842(c)(1)(A).

[15] 12 U.S.C. § 1842(c)(1)(B).

[16] The Baton Rouge market is defined as Ascension, Assumption (northern half), East Baton Rouge, Iberville, Livingston, Saint James, and West Baton Rouge parishes. The Houma/Thibodaux market is defined as Lafourche and Terrebonne parishes. The Lafayette market is defined as Acadia, Iberia, Lafayette, Saint Landry, Saint Martin, and Vermilion parishes. The Lake Charles market is defined as Beauregard, Calcasieu, and Cameron parishes. The Morgan City market is defined as Assumption (southern half) and Saint Mary parishes. The Beaumont-Port Arthur market is defined as Hardin, Jefferson, and Orange counties. The Houston market is defined as Austin, Brazoria,

banking markets. In particular, the Board has considered the relative share of total deposits in insured depository institutions in each market ("market deposits") that Hancock Whitney would control;[17] the concentration level of market deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Bank Merger Competitive Review guidelines ("DOJ Bank Merger Guidelines");[18] the number of competitors that would remain in each market; and other characteristics of each market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the Baton Rouge market, the Houma/Thibodaux market, the Lafayette market, the Lake Charles market, the Morgan City market, the Beaumont-Port Arthur market, and the Houston market. On consummation of the proposal, the Baton Rouge market would remain highly

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Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller counties.

[17] Local deposit and market share data are as of June 30, 2018, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); and 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 52 (1991).

[18] 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 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 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.

concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines; however, the change in HHI would be small and numerous competitors would remain in the market.[19] Similarly, the Houston market[20] and the Morgan City market[21] would remain highly concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines, and several competitors would remain in the market. There would be no change in the HHI in the Houston market, and the change in the HHI in the Morgan City market would be less than 200 points. The Houma/Thibodaux, Lafayette, Lake Charles,

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[19] Hancock Whitney operates the 3rd largest depository institution in the Baton Rouge market, controlling approximately $2.7 billion in deposits, which represent 14.0 percent of market deposits. MidSouth operates the 18th largest depository institution in the same market, controlling deposits of approximately $71.6 million, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, Hancock Whitney would remain the 3rd largest depository organization in the market, controlling deposits of approximately $2.8 billion, which represent approximately 14.4 percent of market deposits. The HHI for the Baton Rouge market would increase by 10 points to 1968, and 33 competitors would remain in the market.

[20] Hancock Whitney operates the 26th largest depository institution in the Houston market, controlling approximately $697.9 million in deposits, which represent less than 1 percent of market deposits. MidSouth operates the 77th largest depository institution in the same market, controlling deposits of approximately $36.7 million, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, Hancock Whitney would remain the 26th largest depository organization in the market, controlling deposits of approximately $734.7 million, which represent less than 1 percent of market deposits. The HHI for the Houston market would remain unchanged at 2148 points, and 90 competitors would remain in the market.

[21] Hancock Whitney operates the largest depository institution in the Morgan City market, controlling approximately $278.9 million in deposits, which represent 27.8 percent of market deposits. MidSouth operates the 8th largest depository institution in the same market, controlling deposits of approximately $34.7 million, which represent approximately 3.5 percent of market deposits. On consummation of the proposed transaction, Hancock Whitney would remain the largest depository organization in the market, controlling deposits of approximately $313.7 million, which represent approximately 31.3 percent of market deposits. The HHI for the Morgan City market would increase by 192 points to 2011 points, and seven competitors would remain in the market.

and Beaumont-Port Arthur markets would remain moderately concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines. The change in the HHI in the Houma/Thibodaux market would be small, and numerous competitors would remain in the market.[22] The change in the HHI in the Lafayette market would be less than 100 points, and 37 competitors would remain in the market.[23] The change in the HHI in the Lake Charles market would be less than 50 points, and 17 competitors would remain in

[22] Hancock Whitney operates the 3rd largest depository institution in the Houma/Thibodaux market, controlling approximately $517.4 million in deposits, which represent 11.9 percent of market deposits. MidSouth operates the 14th largest depository institution in the same market, controlling deposits of approximately $16.5 million, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, Hancock Whitney would remain the 3rd largest depository organization in the market, controlling deposits of approximately $533.8 million, which represent approximately 12.2 percent of market deposits. The HHI for the Houma/Thibodaux market would increase slightly by 9 points to 1258 points, and 14 competitors would remain in the market.

[23] Hancock Whitney operates the 5th largest depository institution in the Lafayette market, controlling approximately $795.5 million in deposits, which represent 6.2 percent of market deposits. MidSouth operates the 4th largest depository institution in the same market, controlling deposits of approximately $815.2 million, which represent approximately 6.4 percent of market deposits. On consummation of the proposed transaction, Hancock Whitney would become the 3rd largest depository organization in the market, controlling deposits of approximately $1.6 billion, which represent approximately 12.6 percent of market deposits. The HHI for the Lafayette market would increase slightly by 79 points to 1136 points.

the market.[24] The HHI in the Beaumont-Port Arthur market would remain unchanged, and 18 competitors would remain in the market.[25]

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

Based on all of the facts of record, the Board determines that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Baton Rouge, Houma/Thibodaux, Lafayette, Lake Charles, Morgan City, Beaumont-Port Arthur, and Houston markets or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

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[24] Hancock Whitney operates the 4th largest depository institution in the Lake Charles market, controlling approximately $459.6 million in deposits, which represent 11.6 percent of market deposits. MidSouth operates the 10th largest depository institution in the same market, controlling deposits of approximately $79.0 million, which represent approximately 2.0 percent of market deposits. On consummation of the proposed transaction, Hancock Whitney would remain the 4th largest depository organization in the market, controlling deposits of approximately $538.6 million, which represent approximately 13.6 percent of market deposits. The HHI for the Lake Charles market would increase slightly by 47 points to 1344 points.

[25] Hancock Whitney is not currently reporting deposits in the Beaumont-Port Arthur market. The company maintains one branch in the market, but it does not appear to have a traditional retail storefront presence. MidSouth operates the 10th largest depository institution in this market, controlling approximately $92.3 million in deposits, which represent 1.8 percent of market deposits. On consummation of the proposal, Hancock Whitney would become the 10th largest depository institution in the market, controlling $92.3 million in deposits, which represent 1.8 percent of market deposits.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, as well as the effectiveness of the institutions in combatting money laundering.[26] In its evaluation of 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, as well as public comments on the proposal. 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.

Hancock Whitney, MidSouth, and their subsidiary depository institutions are well capitalized, and the combined organization would remain so on consummation of the proposal. The proposed transaction is a bank holding company merger that is structured primarily as a stock exchange, with a subsequent merger of the subsidiary depository institutions.[27] The asset quality, earnings, and liquidity of Hancock Whitney are consistent with approval, and Hancock Whitney appears to have adequate resources

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[26] 12 U.S.C. § 1842(c)(2), (5), and (6).

[27] To effect the transaction, each share of MidSouth common stock would be converted into a right to receive shares of Hancock Whitney common stock, based on an exchange ratio.

to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions under the proposal are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Hancock Whitney, MidSouth, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Hancock Whitney; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and information provided by the commenters.

Hancock Whitney and its subsidiary depository institution are considered to be well managed. Hancock Whitney has a record of successfully integrating organizations into its operations and risk-management systems after acquisitions. Hancock Whitney's directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and Hancock Whitney's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered Hancock Whitney's plans for implementing the proposal. Hancock Whitney has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. Hancock Whitney would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, Hancock Whitney's management has the experience and resources to operate the combined organization in a safe and sound manner.

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

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.[28] In its evaluation, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of these communities, and places particular emphasis on the records of the relevant depository institutions under the CRA. 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 the institutions' safe and sound operation,[29] 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.[30]

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, 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 public comments on the proposal. The Board also may consider the institution's business model and marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

[28] 12 U.S.C. § 1842(c)(2).

[29] 12 U.S.C. § 2901(b).

[30] 12 U.S.C. § 2903.

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 Hancock Whitney Bank and MidSouth Bank; the fair lending and compliance records of both banks; the supervisory views of the FDIC, the Office of the Comptroller of the Currency ("OCC"), and the Consumer Financial Protection Bureau ("CFPB"); confidential supervisory information; information provided by Hancock Whitney; and the public comments received on the proposal.

Public Comments on the Proposal

The Board received two public comments on the proposal. One commenter objected to the proposal on the basis of alleged disparities in the number of home mortgage loans made by Hancock Whitney Bank to, and in the rate of denials for home mortgage applications from, African Americans and Hispanics as compared to whites in New Orleans, based on 2017 data that Hancock Whitney reported under the Home Mortgage Disclosure Act of 1975 ("HMDA").[31] Another commenter expressed concerns with Hancock Whitney's home mortgage lending in New Orleans, East Baton Rouge, Gulfport, and Houston. The commenter also expressed concerns with Hancock Whitney's small business lending in Houston. This commenter further suggested that approval of Hancock Whitney's application should be conditioned upon an expanded action plan, or a community benefits agreement, that would address shortcomings in Hancock Whitney Bank's CRA performance.[32]

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[31] 12 U.S.C. § 2801 et seq.

[32] The Board consistently has found that neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any private party. See, e.g., Fifth Third Bancorp, FRB Order 2019-05 at 12 n.30 (March 6, 2019); First Busey Corporation, FRB Order 2019-01 at 11 n.30 (January 10, 2019); HarborOne Mutual Bancshares, FRB Order No. 2018-18 at 10 n.26 (September 12, 2018); TriCo Bancshares, FRB Order No. 2018-13 at 9 n.20 (June 6, 2018); Howard Bancorp, Inc., FRB Order No. 2018-05 at 9 n.21 (February 12, 2018); Huntington Bancshares Inc., FRB Order No. 2016-13 at 32 n.50 (July 29, 2016); CIT Group, Inc., FRB Order No. 2015-20 at 24 n.54 (July 19, 2015);

Businesses of the Involved Institutions and Response to the Public Comments

Through its network of branches in Alabama, Florida, Louisiana, Mississippi, and Texas, Hancock Whitney Bank offers a variety of products and services, including traditional and online banking, commercial and small business banking, energy banking, private banking, trust and investment services, certain insurance services, mortgage services, and consumer financing. MidSouth Bank, through its branches in Louisiana and Texas, focuses primarily on commercial and consumer loans and deposit services to small- and middle-market businesses.

In response to the public comments, Hancock Whitney asserts that approval of the proposed transaction is warranted based on Hancock Whitney Bank's CRA performance. Hancock Whitney notes that the bank received an overall "Satisfactory" rating on its most recent CRA performance evaluation and satisfactory ratings in each state with cities on which the commenters focused. Hancock Whitney also emphasizes that, according to the most recent CRA performance evaluation, examiners did not identify any evidence of discriminatory or other illegal credit practices that were, as a whole, inconsistent with helping to meet community credit needs. Moreover, Hancock Whitney represents that Hancock Whitney Bank has formed a community advisory council with representatives from housing and small business non-profit organizations to provide input and feedback on community needs.

Records of Performance under the CRA

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation, as well as other information and the supervisory views of relevant federal supervisors, which in this case are the FDIC with respect to Hancock Whitney Bank and the OCC with respect to

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Citigroup Inc., 88 Federal Reserve Bulletin 485 (2002); Fifth Third Bancorp, 80 Federal Reserve Bulletin 838, 841 (1994). In its evaluation, the Board reviews the existing CRA performance record of an applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas ("AAs").

MidSouth Bank.[33] In addition, the Board considers information provided by the applicant and by public commenters.

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.[34] 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 a lending test ("Lending Test"), investment test ("Investment Test"), and service test ("Service Test") to evaluate the performance of large insured depository institutions, such as Hancock Whitney Bank and MidSouth Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's 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 reported under the HMDA, 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 CRA AAs; (2) the geographic distribution of the institution's lending, 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 loans

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[33] See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48,506, 48,548 (July 25, 2016).

[34] 12 U.S.C. § 2906.

based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;[35] (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.[36] The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs, and the Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.[37]

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.[38] Consequently, the Board evaluates such data disparities in the context of other information regarding the lending record of an institution.

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[35] 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).

[36] See 12 CFR 228.22(b).

[37] See 12 CFR 228.21 et seq.

[38] Other information relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

CRA Performance of Hancock Whitney Bank

Hancock Whitney Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of October 22, 2018 ("Hancock Whitney Bank Evaluation").[39] The bank received "High Satisfactory" ratings on the Lending Test and the Service Test and an "Outstanding" rating on the Investment Test.[40]

Examiners found that Hancock Whitney Bank exhibited excellent lending activity and made a substantial majority of its loans within its AAs. Examiners determined that the bank's borrower profile revealed good penetration among retail customers of different income levels and businesses of different revenue sizes. In addition, examiners found that the geographic distribution of the bank's loans reflected adequate penetration throughout the bank's AAs. Examiners also found that the bank established a relatively high level of community development loans, although made limited use of innovative or flexible lending practices.

Examiners determined that Hancock Whitney Bank exhibited excellent investment activity. In particular, examiners found that the bank's community development activities showed excellent responsiveness and that the bank partnered with organizations to set up business information and technology training centers that improve financial literacy for LMI individuals and small business owners. Examiners also noted that the bank made occasional use of complex qualified investments but did not use innovative qualified investments.

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[39] The Hancock Whitney Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed home mortgage loans from January 1, 2016, to December 31, 2017. They reviewed small business loans and small farm loans from January 1, 2016, to June 30, 2018. In addition, examiners considered the community development loans originated by Hancock Whitney Bank between September 21, 2015, and October 22, 2018.

[40] The Hancock Whitney Bank Evaluation reviewed the bank's activities in each of its 24 AAs throughout Alabama, Florida, Louisiana, Mississippi, and Texas.

Examiners found that Hancock Whitney Bank exhibited an adequate record of providing retail banking services. Examiners noted that the bank's branch distribution provided reasonable accessibility to essentially all portions of the bank's AAs, including to LMI individuals. Examiners made the same finding with respect to the bank's alternative delivery systems, noting that the bank provided reasonably accessible ATMs and alternative delivery systems to LMI individuals.

Hancock Whitney Bank's overall "Satisfactory" rating is consistent with the ratings of the bank's CRA performance in New Orleans, East Baton Rouge, Gulfport, and Houston, areas of concern to the commenters. The bank received an overall "Satisfactory" rating in Louisiana, with "High Satisfactory" ratings on the Lending Test and the Service Test and an "Outstanding" rating on the Investment Test. Examiners noted that, in Louisiana, the bank had an excellent record of lending activity and of community development investments, and provided a relatively high level of community development services, but made limited use of innovative or flexible lending practices.

Examiners found Hancock Whitney Bank's CRA performance in the Baton Rouge Metropolitan Statistical Area ("MSA") AA to be consistent with the bank's performance in the state as a whole. Examiners determined that the distribution of small business loans by borrower revenue size was excellent while the distribution of home mortgage loans by borrower income level reflected adequate performance in the AA. Examiners also concluded that the geographic distribution of small business loans and home mortgage loans reflected adequate performance in the AA.

Examiners similarly found Hancock Whitney Bank's CRA performance in the New Orleans-Metairie MSA AA to be consistent with the bank's statewide performance. Examiners determined that the distribution of small business loans by borrower revenue size was excellent while the distribution of home mortgage loans by borrower income level reflected adequate performance in the AA. Examiners also determined that the geographic distribution of small business loans and home mortgage loans reflected adequate performance in the AA.

In Mississippi, Hancock Whitney Bank received an overall “Satisfactory” rating, with “High Satisfactory” ratings on the Lending Test and the Service Test and an “Outstanding” rating on the Investment Test. Examiners determined that the bank had an excellent record of lending activity and an excellent level of qualified investments. Examiners found that the bank made an adequate level of community development loans and limited use of innovative or flexible lending practices. Examiners determined that, within the Gulfport-Biloxi-Pascagoula MSA AA, the distribution of small business loans by borrower revenue size was excellent while the distribution of home mortgage loans by borrower income level was adequate. Examiners noted that the geographic distribution of small business loans and home mortgage loans in the AA was adequate.

In Texas, Hancock Whitney Bank received an overall “Satisfactory” rating, with “High Satisfactory” ratings on the Investment Test and the Service Test and a “Low Satisfactory” rating on the Lending Test. Examiners noted that the bank had an adequate record of lending activity, made a significant level of qualified investments, and was a leader in providing community development services, although made limited use of innovative or flexible lending practices. In the Houston-The Woodlands-Sugar Land MSA AA, examiners determined that the distribution of small business loans by borrower revenue size reflected adequate performance while the distribution of home mortgage loans by borrower income level reflected good performance. Similarly, examiners found that the geographic distribution of small business loans reflected adequate performance while the distribution of home mortgage loans reflected good performance.

Hancock Whitney Bank’s Efforts since the Hancock Whitney Bank Evaluation

Hancock Whitney states that, since the Hancock Whitney Bank Evaluation, the bank has continued to originate a substantial number of mortgage and consumer loans to LMI borrowers and has made significant community investments. Hancock Whitney represents that the bank has originated a significant number of small business and farm loans, including in LMI census tracts across the bank’s AAs. Hancock Whitney also represents that the bank has originated a significant number of community development loans.

CRA Performance of MidSouth Bank

MidSouth Bank received an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of February 26, 2018 ("MidSouth Bank Evaluation").[41] The bank received "High Satisfactory" ratings for the Lending Test and the Service Test and a "Low Satisfactory" rating for the Investment Test.[42]

Examiners concluded that MidSouth Bank's lending performance reflected good responsiveness to the credit needs in the bank's AAs and that a good proportion of loans were originated in the bank's AAs. Examiners found that the geographic distribution of the bank's loans in the bank's AAs was good and the distribution of loans by borrower income level was adequate. Examiners noted that the bank had an adequate level of qualified community development investments and was responsive to credit and community economic development needs. Finally, examiners found the bank's delivery systems to be accessible to census tracts and individuals of different income levels in the AAs, including in LMI areas and to LMI individuals.

Additional Supervisory Views

The Board has consulted with the FDIC regarding Hancock Whitney Bank's CRA, consumer compliance, and fair lending records and with the OCC regarding MidSouth Bank's CRA, consumer compliance, and fair lending records. The FDIC is considering the comments received by the Board in connection with its review of the bank merger application related to the proposal. The Board has considered the results of the FDIC's most recent consumer compliance examination of Hancock Whitney Bank

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[41] The MidSouth Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed loans from January 1, 2015, through December 31, 2016, except for community development loans, which were evaluated for the period October 6, 2014, through February 26, 2018.

[42] The MidSouth Bank Evaluation reviewed the bank's activities in each of the bank's 16 AAs throughout Louisiana and Texas.

and the OCC's most recent consumer compliance examination of MidSouth Bank, which included reviews of the banks' compliance management programs and compliance with consumer protection laws and regulations. The Board also considered Hancock Whitney Bank's supervisory record with the CFPB.

The Board has taken the foregoing consultations and examinations into account in evaluating the proposal, including in considering whether Hancock Whitney has the experience and resources to ensure that the combined bank would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

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. Hancock Whitney represents that, following consummation of the proposal, existing customers of MidSouth Bank would benefit from the technical expertise and resources that Hancock Whitney Bank has developed. In addition, Hancock Whitney asserts that, as a result of the transaction, MidSouth Bank customers would have access to a broader network of branches and loan production offices, as well as enhanced online and mobile banking platforms and equipment finance specialists.

Conclusion 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 fair lending and other consumer protection laws; supervisory views of the FDIC, OCC, and CFPB; confidential supervisory information; information provided by Hancock Whitney; the public comments 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 determines that the convenience and needs factor is consistent with approval.

Financial Stability

Section 3 of the BHC Act requires the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."[43]

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.[44] 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 resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.[45]

The Board's experience has shown that proposals involving an acquisition of less than $10 billion in total 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

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[43] 12 U.S.C. § 1842(c)(7).

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

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

would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.[46]

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 total assets and a pro forma organization of less than $100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.[47] 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.

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.

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[46] 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.

[47] Hancock Whitney and MidSouth offer a broad array of retail and commercial banking products and services. Hancock Whitney has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved.[48] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Hancock Whitney with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by Hancock Whitney of all required regulatory approvals. For purposes of this action, 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 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is

[48] One commenter requested that the Board hold a public hearing on the proposal. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on any proposal unless the appropriate supervisory authorities for the acquiring bank or bank to be acquired make a timely written recommendation of disapproval of the application. 12 U.S.C. §1842(b); 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board also, in its discretion, may hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public hearing. In addition, the request does not demonstrate why the written comment does not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for a public hearing on the proposal is denied.

extended for good cause by the Board or the Federal Reserve Bank of Atlanta, acting under delegated authority.

By order of the Board of Governors,[49] effective September 5, 2019.

Ann E. Misback
Secretary of the Board

[49] Voting for this action: Chair Powell, Vice Chair Clarida, Vice Chair for Supervision Quarles, and Governors Brainard and Bowman.