



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SCOTT G. ALVAREZ
GENERAL COUNSEL

March 24, 2017

Craig N. Landrum, Esq.
Partner
Jones Walker
190 East Capitol Street
Suite 800
Jackson, Mississippi 39201

Dear Mr. Landrum:

This is in response to your letter to the Federal Reserve Bank of St. Louis, dated March 14, 2017, and received on March 15, 2017, requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for Renasant Corporation (“Renasant”), Tupelo, Mississippi, a bank holding company, to acquire Metropolitan BancGroup, Inc. (“Metropolitan”), a bank holding company of Ridgeland, Mississippi, and Metropolitan’s wholly owned subsidiary, Metropolitan Bank (“Metropolitan Bank”), a state nonmember bank of Crystal Springs, Mississippi.

The purpose of the proposed transaction is to facilitate the merger of Metropolitan Bank with and into Renasant’s wholly owned subsidiary, Renasant Bank (“Renasant Bank”), Tupelo, Mississippi, a state nonmember bank. The transaction would occur as follows: (1) Metropolitan would merge with and into Renasant, with Renasant as the surviving entity; and (2) immediately thereafter, Metropolitan Bank would merge with and into Renasant Bank, with Renasant Bank as the surviving entity (“Bank Merger”). You have indicated that the transaction steps would occur in immediate succession and that Renasant would not operate Metropolitan Bank as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before the merger or consolidation of bank holding companies and before a bank holding company may acquire direct or indirect ownership or control of

¹ 12 U.S.C. § 1841 et seq.

more than 5 percent of the voting shares of a bank.² Through the transaction described above, Renasant would merge with Metropolitan and acquire control of Metropolitan Bank. Accordingly, Renasant would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y.

In certain circumstances, however, in order to avoid duplication of regulatory review by federal banking regulators, the Board's rules provide that a bank holding company seeking to merge with another bank holding company or acquire control of a bank need not obtain the Board's prior approval. Specifically, section 225.12(d)(2) of the Board's Regulation Y provides that a bank holding company need not receive the Board's approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act (the "Bank Merger Act"),³ and meets certain other criteria.⁴ Your proposal meets all of the applicable criteria, and Renasant has provided all necessary information.

The proposed merger of Metropolitan Bank with and into Renasant Bank requires the prior approval of the Federal Deposit Insurance Corporation ("FDIC") under the Bank Merger Act.⁵ In acting on the merger proposal, the FDIC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by Metropolitan Bank and Renasant Bank, the institutions' records of performance under the Community Reinvestment Act, the institutions' effectiveness in combating money laundering activities, and risks to the stability of the United States banking or financial system.⁶ These criteria are substantially similar to the criteria the Board would consider under section 3 of the BHC Act.⁷

Additionally, at no time would Metropolitan Bank operate as a separate subsidiary of Renasant. Following the transaction, the separate corporate existence of Metropolitan Bank would cease, and Renasant Bank would continue to operate as a state nonmember bank. Under these circumstances, review of the transaction under section 3

² 12 U.S.C. § 1842(a); 12 CFR 225.11.

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 225.12(d)(2).

⁵ 12 U.S.C. § 1828(c). Renasant Bank filed a Bank Merger Act application dated March 3, 2017, with the FDIC, requesting prior approval of the Bank Merger.

⁶ 12 U.S.C. §§ 1828(c)(5) and (11), 2902(3)(E), 2903(a)(2).

⁷ See 12 U.S.C. § 1842(c); 12 CFR 225.13.

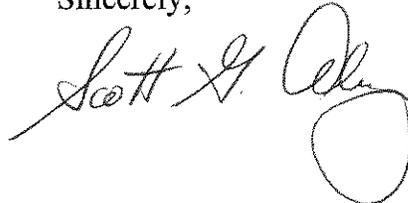
of the BHC Act would be duplicative of the review under the Bank Merger Act.

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring Renasant to file a formal application under section 3 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require a filing of a formal application by Renasant in connection with the transaction described above. This opinion is subject to the receipt by Renasant, Renasant Bank, Metropolitan, and Metropolitan Bank of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed upon approval of the proposal.

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Derald Seid at (202) 452-2246 or Jason Shafer at (202) 728-5811, of my staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. Allen". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

cc: Federal Deposit Insurance Corporation