



Comptroller of the Currency
Administrator of National Banks

250 E Street, SW
Washington, DC 20219

November 14, 2008

**CRA Decision #145
October 2009**

Ms. Teresa Z. Lygate
Sr. Assistant Corporate Secretary
Whitney National Bank
228 St. Charles Avenue, Suite 626
New Orleans, Louisiana, 70130

Re: Business Combination, Control Number 2008-SO-02-0031, filed by Whitney National Bank, New Orleans, Louisiana, Charter Number 14977 (Whitney), to merge in Parish National Bank, Bogalusa, Louisiana, Charter Number 15642 (Parish).

Dear Ms. Lygate:

This is to inform you that the Office of the Comptroller of the Currency (OCC) has approved the proposal for Parish to merge with, into and under the title and charter of Whitney. This approval is granted based on a thorough review of all information available, including the representations and commitments made in the applications and any agreements made between the parties and those of Whitney's representatives.

Bank Merger Act

The proposed merger transaction was reviewed under the criteria of 12 USC 1828(c), 12 USC 215a and applicable OCC regulations and policies. We have determined that all statutory factors have been satisfactorily addressed. We considered the financial and managerial resources of the banks, their future prospects, the convenience and needs of the communities to be served, and their effectiveness in combating money laundering activities, and found these factors to be consistent with approval. We also reviewed the competitive effects of the transaction, and found that the proposed transaction would not have any significant anticompetitive effect.

Community Reinvestment Act

The transaction was also reviewed for compliance with the Community Reinvestment Act ("CRA") which requires the OCC to take into account the records of the institutions proposing to engage in a merger in helping to meet the credit needs of the community, including low-and-moderate-income ("LMI") neighborhoods.¹ The CRA Performance Evaluation ("PE") of each institution involved in the transaction was reviewed, as well as other information available to the OCC as a result of its regulatory responsibilities. The review revealed that the banks' record of helping to meet the credit needs of their communities, including LMI neighborhoods, are satisfactory.

Whitney National Bank

Whitney's latest PE, issued by the OCC and dated February 7, 2007, assigned the bank an "Outstanding" rating,² including an overall "Outstanding" in the Louisiana assessment area. Among the major factors supporting Whitney's rating were: (i) an excellent lending volume given Whitney's size and competition; (ii) an excellent level of qualified community development investments; (iii) a good distribution of loans by geography and borrower income; (iv) a highly significant number and dollar amount of community development loans, which had a positive impact on the lending test rating; (v) a substantial majority of its Home Mortgage Disclosure Act ("HMDA") loans and small loans to businesses inside the bank's assessment areas; and (vi) a branch and delivery system that is readily accessible to the bank's geographies and individuals of different income levels in its assessment area. The PE noted that there was no evidence of illegal or discriminatory lending practices inconsistent with helping to meet community credit needs.

Parish National Bank

Parish's latest PE, issued by the OCC and dated June 15, 2006, assigned the bank a "Satisfactory" rating.³ Major factors supporting the bank's rating were: (i) a reasonable loan-to-deposit ratio; (ii) a significant majority of its loans made within the bank's assessment area; (iii) a reasonable distribution of loans by geography and borrower income; and (iv) community development lending, investing, and service activities that were

¹ 12 U.S.C. §§ 2903(a)(2) and 2902(3)(E); 12 C.F.R. § 25.29(a)(3).

² Whitney was examined using the Large Bank examination procedures and received an "Outstanding" rating on the lending, investment, and service tests. The evaluation period under the lending test was January 1, 2003, through December 31, 2006. For community development loans and the investment and service tests, the evaluation period was January 7, 2003, through February 7, 2007.

³ Parish was examined using the Intermediate Small Bank examination procedures and received a "Satisfactory" in the lending and community development tests. The evaluation period under the lending test was January 1, 2004, through December 31, 2005, excluding community development loans. The evaluation period for community development activities was November 23, 2002, through June 15, 2006.

responsive to community development needs in its assessment area.

Public Comments

The OCC did not receive any comment letters from the public on the bank merger application, but did receive copies of letters to the Board of Governors of the Federal Reserve System ("Federal Reserve") expressing concerns about the related bank holding company merger application. While the OCC did not receive these comments directly, we have carefully considered the concerns raised, and have summarized and addressed them below.

Mortgage Lending

Commenters alleged, based on an analysis of 2006 HMDA data, that when compared to the market aggregate performance in the New Orleans area, Whitney's prime mortgage lending to minorities, women, and LMI individuals is unsatisfactory.⁴ One commenter expressed concern about the level of small business lending in LMI or minority census tracts in New Orleans. Another commenter expressed concern about Whitney's responsiveness to the needs of moderate and middle income homeowners who wish to rebuild homes lost in hurricanes Katrina and Rita. Whitney represented that in the spring of 2007, it launched a "Comeback Loan" program focused on credit products to assist consumers, businesses, and investors interested in rebuilding and relocating. While the program as such is not currently in effect, Whitney represented that it offers a full range of products and services for middle-income borrowers.

In addition to the CRA examinations, Whitney and Parish have been subject to comprehensive fair lending supervisory oversight by the OCC and this oversight will continue with respect to the merged entity. As stated by Whitney Holding Corporation ("WHC") in connection with the bank holding company merger, upon consummation of the merger, Parish will be fully integrated into Whitney's fair lending processes and procedures.

WHC represented that Whitney's fair lending program consists of lending policies, annual training and testing of lending personnel, fair lending analyses, oversight, and monitoring. Whitney uses a centralized underwriting process for all consumer mortgage loans. WHC represented that Whitney performs secondary and, in some cases, tertiary post-denial reviews on all HMDA-reportable loan denials to ensure that it did not overlook any factors in analyzing an application and to determine whether an applicant qualifies for any other

⁴ Denial and pricing disparities are of concern to the OCC and are evaluated in fair lending examinations. However, HMDA data alone are not adequate to provide a basis for concluding that a bank is engaged in lending discrimination or to indicate whether its level of lending is sufficient. HMDA data do not take into consideration borrower creditworthiness, housing prices, collateral values, credit scores, and other factors relevant to each credit decision, nor do they fully reflect the range of a bank's lending activities or efforts.

available programs. Whitney performs a semi-annual equal treatment analysis of all minority HMDA-reportable loan denials. WHC stated that Whitney also performs a comparative file review of all minority HMDA-reportable loan denials, studies the terms offered minority HMDA loan customers, and analyzes data relating the qualifications for credit of HMDA loan customers to verify equal treatment of similarly qualified applicants regardless of race.

Whitney's 2007 PE rated lending performance in Louisiana as "Outstanding". The rating was substantially influenced by the bank's excellent performance in the New Orleans assessment area ("AA"), the bank's primary market, which received a full-scope review.⁵ Whitney's rating was based primarily on its overall good geographic and borrower distribution of lending in making home mortgage loans and loans to small businesses combined with its strong record of community development lending in New Orleans. The PE recognizes that Whitney's banking operations were significantly impacted by hurricanes Katrina and Rita during the CRA evaluation period.

Whitney's 2007 PE noted that the bank offers residential loan programs that benefit LMI individuals and geographies, as well as those areas impacted by hurricanes Katrina and Rita. WHC represented that Whitney continues to offer a number of programs to meet the housing needs of LMI individuals. These programs include features such as no origination fees or discount points, no reserve or private mortgage insurance requirements, flexible underwriting criteria, down payment or closing cost assistance, acceptance of non-traditional credit references, and one year employment and credit history requirements. Through these products, WHC represented that it has made approximately \$12.5 million in loans to individuals at or below 80% of the New Orleans AA median family income from January 1, 2007 to the present.

Whitney's Outstanding CRA rating was also positively influenced by strong community development ("CD") lending targeted towards affordable housing needs. During the evaluation period, Whitney originated 155 CD loans totaling \$273 million in the New Orleans AA. The majority of its CD loans were extended to investors, builders and nonprofits specializing in development and rehabilitation of affordable single-family residences and multifamily dwellings in economically depressed low-and-moderate income geographies. Between January 1, 2007 and September 16, 2008, WHC represented that the Whitney Community Development Corporation closed approximately \$2.3 million in loans in the New Orleans AA, of which \$1.4 million were in neighborhood revitalization loans and \$867,000 in loans for affordable housing. Within the same time period, WHC represented that Whitney made approximately \$24.8 million in community development loans in the New Orleans AA.

⁵ Traditionally, Whitney has been an aggressive commercial lender in its Louisiana markets, with Whitney's entry into mortgage lending being a recent development. Per the 2007 PE, Whitney's CRA reportable loan volume by dollar for Louisiana consisted of 68.1% small business loans and 31.7% HMDA purpose loans. Small business lending, which is the bank's primary business line, was given the greatest weight under the lending test followed by home mortgage loans.

CRA Efforts

Several commenters requested that Whitney enter an agreement under the CRA to improve its lending or that the Federal Reserve condition its approval of the bank holding company merger application on requirements for improving CRA performance with respect to LMI borrowers and communities. Others called on Whitney to expand products and services for minorities, LMI borrowers, and women.

The CRA does not require banks to enter commitments or agreement with any organization. 66 Fed. Reg. 36,620, 36,640 (2001) (Question and Answer No. 2, § 29(b)). Further, the CRA does not require a bank to engage in any particular type of lending or investment. CRA performance for large banks is based on an overall assessment under the lending, investment, and service tests. 12 C.F.R. §§ 25.21 to 25.24.

In sum, our review of the record of the application, including the materials submitted with the application, the public comments, responses to the public comment, representations of the applicant, and our review of supervisory materials, has not revealed any information inconsistent with approval.

The district office must be advised in writing at least 10 days in advance of the desired effective date for the transaction, so it may issue the necessary certification letter. The effective date must occur: 1) after the expiration of the 15-day period during which the DOJ may file an injunction to stop the transaction, i.e., at least 15 days after the date of this letter; 2) on or after the date the Federal Reserve Board has granted approval to the bank holding company proposal, and; 3) after any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- (1) a Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the transaction,
- (2) an executed merger agreement with Articles of Association for the resulting bank attached (if the articles have changed),
- (3) a Secretary's Certificate for each institution, certifying that the shareholder approvals have been obtained, and
- (4) documentation that any other required regulatory approvals have been obtained.

If the merger transaction is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

All correspondence regarding this application should reference the control number. A

Whitney National Bank
Application Control No.: 2008-SO-02-0031

separate letter is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. If you have any questions, please contact NBE/Licensing Analyst Pansy G. Hale at (214) 720-7052.

Sincerely,

signed

Lawrence E. Beard
Deputy Comptroller for Licensing

Enclosure