

FEDERAL RESERVE SYSTEM

Trustmark Corporation
Jackson, Mississippi

Order Approving the Acquisition of a Bank Holding Company
and the Merger of Bank Holding Companies

Trustmark Corporation (“Trustmark”), Jackson, Mississippi, has requested the Board’s approval under section 3 of the Bank Holding Company Act (“BHC Act”)¹ to acquire BancTrust Financial Group, Inc. (“BancTrust”), and thereby indirectly acquire BancTrust’s subsidiary bank, BankTrust (“BankTrust”), both of Mobile, Alabama. In addition, Trustmark has requested the Board’s approval under section 3 of the BHC Act to merge with BancTrust.²

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (77 Federal Register 42312 (July 18, 2012)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Trustmark, with total consolidated assets of approximately \$9.9 billion, is currently a bank holding company that owns all of Trustmark Bank and The Somerville Bank & Trust Company, Somerville, Tennessee (“Somerville Bank”). Trustmark is the 102nd largest depository organization in the United States, controlling approximately \$8.0 billion in deposits. Trustmark Bank operates branches in Mississippi, Florida,

¹ 12 U.S.C. §1842.

² After the transaction, Applicant plans to merge BankTrust with and into Trustmark’s subsidiary depository institution, Trustmark National Bank (“Trustmark Bank”), Jackson, Mississippi. The Office of the Comptroller of the Currency (“OCC”) has approved the proposed merger pursuant to the Bank Merger Act and the National Bank Act. 12 U.S.C. § 1828(c) and 12 U.S.C. § 215a.

Tennessee, and Texas. In Florida, Trustmark Bank is the 80th largest insured depository institution, controlling deposits of approximately \$444 million, which represent about 0.1 percent of the total amount of deposits of insured depository institutions in that state.³ Somerville Bank operates only in Tennessee.

BancTrust, with total consolidated assets of approximately \$2.0 billion, is the 358th largest depository organization in the United States, controlling \$1.8 billion in deposits. BancTrust controls BankTrust, which has operations in Alabama and Florida. In Florida, BankTrust is the 154th largest insured depository institution, controlling about \$178 million in deposits, which represent about 0.04 percent of the total amount of deposits of insured depository institutions in the state.

On consummation of this proposal, Trustmark would become the 93rd largest depository organization in the United States with consolidated assets of approximately \$11.9 billion, controlling \$9.8 billion in deposits. Trustmark Bank would become the 60th largest insured depository institution in Florida, controlling approximately \$622 million in deposits, which represent approximately 0.14 percent of the total amount of deposits of insured depository institutions in the state.

Interstate and Deposit Cap Analysis

Section 3 of the BHC Act imposes certain requirements on interstate transactions. Section 3(d) generally provides that the Board may approve an application by a bank holding company (“BHC”) that is well capitalized and well managed⁴ to acquire a bank located in a state other than the home state of the BHC without regard to whether the transaction is prohibited under state law. However, this section further provides that the Board may not approve an application that would permit an out-of-state BHC to acquire a bank in a host state that has not been in existence for the lesser of the

³ Data are as of June 30, 2012. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

⁴ The standard was changed from adequately capitalized and adequately managed to well capitalized and well managed by section 607(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), Pub. L. No. 111-203, 124 Stat. 1376, codified at 12 U.S.C. § 1842(d)(1)(A).

state statutory minimum period of time or five years.⁵ In addition, the Board may not approve an application by a BHC to acquire an insured depository institution if the home state of such insured depository institution is a state other than the home state of the BHC, and the applicant controls or would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States (“nationwide deposit cap”).⁶

For purposes of the BHC Act, the home state of Trustmark is Mississippi and BankTrust’s home state is Alabama.⁷ Trustmark is well capitalized and well managed under applicable law. Alabama has a five-year minimum age requirement,⁸ and BankTrust has been in existence for more than five years.

Based on the latest available data reported by all insured depository institutions, the total amount of deposits of insured depository institutions in the United States is \$9.9 trillion. On consummation of the proposed transaction, Trustmark would control less than 1 percent of the total amount of deposits in insured depository institutions in the United States. Accordingly, in light of all the facts of record, the Board is not required to deny the proposal under section 3(d) of the BHC Act.

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 any attempt to monopolize

⁵ 12 U.S.C. § 1842(d)(1)(B).

⁶ 12 U.S.C. § 1842(d)(2)(A). For a detailed discussion of the nationwide deposit cap, see Bank of America Corporation/LaSalle, 93 Federal Reserve Bulletin, 109, 109-110 (2007); Bank of America Corporation/Fleet, 90 Federal Reserve Bulletin 217, 219-220 (2004).

⁷ A bank holding company’s home state is the state in which the total deposits of all subsidiary banks of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(c). For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. 12 U.S.C. §§ 1841(o)(4)-(7), 1842(d)(1)(A), and 1842(d)(2)(B).

⁸ Ala. Code § 15-13B-6(d) (LexisNexis 2010).

the business of banking in any relevant market. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant 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 community to be served.⁹ The Board has considered the competitive effects of the proposal in light of all the facts of record. Trustmark and BancTrust compete directly in two banking markets in Florida: The Fort Walton and Panama City banking markets.¹⁰

The Board has reviewed the competitive effects of the proposal in the Fort Walton and Panama City banking markets. In particular, the Board has considered the number of competitors that would remain in the banking markets, the relative shares of total deposits in the depository institutions in the markets (“market deposits”) controlled by Trustmark and BancTrust, the concentration level of market deposits and the increase in that level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Competitive Review Guidelines (“DOJ Bank Merger Guidelines”),¹¹ and other characteristics of the markets.

⁹ 12 U.S.C. § 1842(c)(1).

¹⁰ The Fort Walton Area banking market is defined as: Okaloosa and Walton Counties; and the western half of Holmes County, including the town of Ponce de Leon, all in Florida. The Panama City Area banking market is defined as: Bay and Gulf Counties; and the southern half of Washington County, including the towns of Vernon and Wausau, all in Florida.

¹¹ 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 DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, see Press Release, Department of Justice (August 19, 2010), www.justice.gov/opa/pr/2010/August/10-at-938.html, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified.

Consummation of the proposal would be consistent with Board precedent and within the DOJ Bank Merger Guidelines in both banking markets. On consummation of the proposal, one market would remain unconcentrated and the other market would remain moderately concentrated, as measured by the HHI. The change in HHI in both markets would be small and consistent with Board precedent and the thresholds in the DOJ Bank Merger Guidelines. In both banking markets, numerous competitors would remain.¹²

The DOJ also has conducted a detailed review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal was not likely to 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 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 two banking markets in which Trustmark and BancTrust compete directly or in any other relevant banking market. Accordingly, the Board has determined that competitive considerations are consistent with approval.

¹² Based on data as of June 30, 2012, Trustmark Bank is the 14th largest insured depository institution in the Fort Walton Area banking market, controlling deposits of \$123 million, representing approximately 2.89 percent of market deposits. BankTrust is the 11th largest insured depository institution, controlling deposits of \$136 million, representing 3.20 percent of market deposits. On consummation, Trustmark Bank would become the 8th largest insured depository institution, controlling deposits of \$260 million, representing 6.09 percent of market deposits. As a result, the HHI would increase by 18 points to 812, and 22 competitors would remain in the market.

In the Panama City Area market, Trustmark Bank is the 2nd largest insured depository institution, controlling deposits of \$320 million, representing 12.19 percent of market deposits. BankTrust is the 12th largest insured depository institution, controlling deposits of \$41 million, representing 1.58 percent of market deposits. Upon consummation, Trustmark Bank would remain the 2nd largest insured depository institution, controlling deposits of \$362 million, representing 13.8 percent of market deposits. As a result, the HHI would increase by 39 points, to 1356, and 17 competitors would remain in the market.

Other Section 3(c) Considerations

Section 3(c) of the BHC Act requires the Board to take into consideration a number of other factors in acting on bank acquisition applications. These factors include: the financial and managerial resources (including consideration of the competence, experience, and integrity of officers, directors, and principal shareholders) and future prospects of the company and banks concerned; effectiveness of the company in combatting money laundering; the convenience and needs of the community to be served; and the extent to which the proposal would result in greater or more concentrated risks to the stability of the United States banking or financial system.

The Board has considered all these factors and, as described below, has determined that all considerations are consistent with approval of the application. The review was conducted in light of all the facts of record, including supervisory and examination information from various U.S. banking supervisors of the institutions involved, publicly reported and other financial information, information provided by Trustmark, and public comments received on the proposal.

A. Financial, Managerial, and Other Supervisory Considerations

In evaluating financial factors in expansionary proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding on the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and the proposed integration of the operations of the institutions. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important.

The Board has considered the financial factors of the proposal. Trustmark, Trustmark Bank, and Somerville Bank are well capitalized and would remain so on consummation of the proposed transaction, which is a bank holding company merger, structured as an exchange of shares. Trustmark would issue new shares of common stock to complete the transaction. Trustmark is in stable financial condition, and the asset quality and earnings of both Trustmark Bank and Somerville Bank are consistent with approval. On a pro forma basis, the acquisition of BancTrust would not adversely impact Trustmark's operations financially. Based on its review of the record, the Board finds that the organization has sufficient financial resources to effect the proposal.

The Board also has considered the managerial resources of the organizations involved. The Board has reviewed the examination records of Trustmark, Trustmark Bank, and Somerville Bank, including assessments of their management, risk-management systems, and operations. Trustmark, Trustmark Bank, and Somerville Bank are considered to be well managed, and their boards of directors and senior management are considered experienced and capable. Following the merger, BancTrust and BankTrust would be integrated into Trustmark's operations and governed by Trustmark's risk management, corporate governance, and compliance policies and procedures. Trustmark's existing risk-management program and its directorate and senior management are considered to be satisfactory. The directors and senior management of Trustmark, Trustmark Bank, and Somerville Bank, and the risk-management program of Trustmark, would not change as a result of the proposal. In addition, the Board has considered its supervisory experiences and those of other relevant banking supervisory agencies with the organizations and their records of compliance with applicable banking law, including anti-money-laundering laws.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved are consistent with approval, as are the other supervisory factors.

B. Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (“CRA”).¹³ 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,¹⁴ and requires the appropriate federal financial supervisory agency to take into account a relevant depository institution’s record of meeting the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, in evaluating bank expansionary proposals.¹⁵

The Board has considered all the facts of record, including reports of examination of the CRA performance of Trustmark Bank, Somerville Bank, and BankTrust, data reported by Trustmark Bank under the Home Mortgage Disclosure Act (“HMDA”),¹⁶ other information provided by Trustmark, confidential supervisory information, and one public comment received on the proposal. The commenter objected to the proposal on the basis of Trustmark Bank’s mortgage lending record. The commenter highlighted disparities in denial rates to African American and Hispanic applicants for conventional home purchase or refinance loans, relative to those for white applicants in the Jackson, Mississippi, Metropolitan Statistical Area (“MSA”). In addition, the commenter noted disparities in the level of conventional home purchase loans made to African American applicants as compared to white applicants in the Gulfport-Biloxi MSA, the Memphis MSA, and the Houston MSA.

¹³ 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 2901 et seq.

¹⁴ 12 U.S.C. § 201(b).

¹⁵ 12 U.S.C. § 2903.

¹⁶ 12 U.S.C. § 2801 et seq.

1. Records of Performance Under the CRA

As provided in the CRA, the Board evaluates the record of performance of an institution in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions.¹⁷ The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of meeting the credit needs of its entire community, including LMI neighborhoods.¹⁸ 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 of the institution's overall record of performance under the CRA by its appropriate federal supervisor.

CRA Performance of Trustmark Bank. Trustmark Bank was assigned an "outstanding" rating at its most recent CRA performance evaluation by the OCC, as of April 12, 2010 ("Trustmark Evaluation"). In general, examiners concluded that Trustmark Bank had an excellent record of lending inside its assessment areas by number and dollar amount of loans and that its community development lending performance was excellent. In particular, examiners stated that Trustmark Bank used flexible and innovative loan products. The bank received a "high satisfactory" rating on the lending test and "outstanding" ratings on both the investment and service tests.¹⁹

CRA Performance of Somerville Bank. Somerville Bank was assigned a "satisfactory" rating at its most recent CRA performance evaluation by the Federal Deposit Insurance Corporation ("FDIC"), as of August 11, 2008 ("Somerville

¹⁷ See Interagency Questions and Answers Regarding Community Reinvestment, 75 Federal Register 11642 at 11665 (2010).

¹⁸ 12 U.S.C. § 2906.

¹⁹ The evaluation period for the Lending Test in the Trustmark Evaluation was January 1, 2006, through December 31, 2009, except for community development loans, which had an evaluation period from July 12, 2006, through April 12, 2010. The evaluation period for the Investment and Service Tests was from July 12, 2006, through April 12, 2010.

Evaluation”).²⁰ In general, examiners concluded that Somerville Bank exhibited a reasonable penetration of lending among individuals of different income levels and had an excellent record of small business lending.

CRA Performance of BankTrust. BankTrust received an overall “satisfactory” rating at its most recent CRA performance evaluation by the FDIC, as of April 19, 2010 (“BankTrust Evaluation”).²¹ The bank received “high satisfactory” ratings on the lending and service tests and a “needs to improve” rating on the investment test. Examiners reported that BankTrust’s lending performance reflected a good record of serving the credit needs of the most economically disadvantaged assessment areas, low-income individuals, and very small businesses consistent with safe and sound business practices.

2. HMDA Analysis and Fair Lending Record

The Board has considered the records of Trustmark Bank in complying with fair lending and other consumer protection laws. The commenter cited HMDA data and alleged that Trustmark Bank disproportionately denied applications by minority applicants for conventional home purchase or refinance loans in the Jackson, Mississippi, MSA. In addition, the commenter alleged disparities in the level of conventional home purchase loans made to African American applicants compared to white applicants in the Gulfport, Memphis, and Houston markets.

²⁰ The period for home mortgage data evaluation in the Somerville Evaluation was January 1, 2006, through March 31, 2008 and the period of small business loan origination evaluation was July 23, 2007 through July 23, 2008.

²¹ The period for mortgage data evaluated in the BankTrust Evaluation was January 1, 2008, through December 31, 2009. The period for small business data evaluated was January 1, 2009, through December 31, 2009, with a sampling of loans from 2008. The period of community development loans evaluated was February 22, 2007, through April 19, 2010.

The Board has reviewed HMDA data from 2010 and 2011 reported by Trustmark Bank, focusing on 2011, the most recent publicly available data.²² The HMDA data indicate that the ratio of the denial rate for African American or Hispanic applicants to the denial rate for white, non-Hispanic applicants was higher for the bank than for the aggregate of all HMDA reporters in the Jackson MSA and in the bank's combined assessment areas. In addition, Trustmark Bank's number of originations from African American applicants as a percentage of its total HMDA originations in 2011 was lower than the aggregate's percentage in the portion of the bank's assessment areas in the Gulfport-Biloxi MSA, the Memphis MSA, and the Houston MSA, although the bank's percentage of originations to African American applicants was higher than the aggregate's in the bank's combined assessment areas in 2011.

The Board is concerned when HMDA data for an institution indicate disparities in lending and believes that all lending institutions are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race or ethnicity. Although the HMDA data may reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in certain local areas, HMDA data alone do not provide a sufficient basis on which to conclude whether Trustmark Bank has excluded or denied credit to any group on a prohibited basis.²³

²² The Board reviewed HMDA data for Trustmark Bank in its assessment areas on a combined basis ("the combined assessment areas") for both loan denial disparities and loan penetration and separately reviewed portions of the bank's assessment areas located within the specific metropolitan areas cited by the commenter: Jackson, Mississippi, Gulfport-Biloxi, Mississippi, Memphis, Tennessee, and Houston, Texas, for the concerns raised by the commenter relevant to a specific MSA.

²³ The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. In addition, credit history problems, excessive debt levels relative to income, and high loan amounts relative to the

Because of the limitations of HMDA data, the Board has considered these data and taken into account other information, including examination reports that provide on-site evaluations of compliance by Trustmark Bank with fair lending laws and regulations. The Board also has consulted with the OCC about this proposal, including the record of Trustmark Bank with fair lending laws and regulations since the Trustmark Evaluation.

The Trustmark Evaluation. As described in the Trustmark Evaluation, above, Trustmark Bank provides significant levels of community development loans and qualified community development investments. In the Trustmark Evaluation, examiners noted that service delivery systems were readily accessible to all portions of the assessment areas, commensurate with the size and scope of the operations of the bank. Examiners found that Trustmark Bank provided a relatively high level of community development services that were responsive to a variety of community development needs.

Examiners stated that the bank had responded to other community credit needs, such as affordable housing for LMI geographies and borrowers, through extensive transactions associated with community development loans, investments, and services.²⁴ With respect to community development services, Trustmark Bank employs a full-time Community Outreach Coordinator who is responsible for providing financial education classes to LMI individuals, working with the bank's originators to increase lending to LMI individuals, and working with housing-related entities to educate consumers and promote homeownership.

The OCC assigned Trustmark Bank a rating of "High Satisfactory" for the Lending Test, noting that the bank's lending activity was excellent. Examiners found that Trustmark Bank's geographic distribution of home mortgage and small business

value of the real estate collateral (the reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data.

²⁴ Trustmark Bank's performance in Mississippi was given considerably more weight than its performance in other states that are part of its assessment area to reflect the fact that 82 percent of the bank's deposits were booked in branches in Mississippi.

loans was adequate and that the distribution of home mortgage loans by income level of the borrower and the distribution of loans by size of business were good. Examiners determined that Trustmark Bank had an excellent record of lending within its assessment areas by number and dollar amount of loans. Examiners found that Trustmark Bank's community development lending performance was excellent and highlighted the bank's origination of more than \$97 million of community development loans in Mississippi. Examiners also stated that Trustmark Bank's use of flexible and innovative loan products had a positive impact on the bank's performance under the Lending Test.

Examiners assigned Trustmark Bank a rating of "Outstanding" for the Investment Test and noted the bank's excellent level of qualified community development investments. In particular, examiners highlighted qualified investments, grants, and donations totaling \$36.3 million in the bank's full-scope assessment areas in Mississippi. Most of those investments provided for: the construction, repair, and expansion of schools serving primarily LMI students; funding home ownership and rental housing for LMI households; and a project to revitalize and stabilize a low-income area.

Trustmark Bank's efforts since the 2010 CRA Evaluation. Trustmark states that Trustmark Bank reported almost 14,000 HMDA, small business and small farm loans totaling approximately \$2 billion for 2011. In addition, Trustmark indicated that the bank made 50 community development loans totaling \$65 million during 2010 and 35 community development loans totaling \$59 million in 2011. Trustmark also reported that Trustmark Bank made approximately \$54 million in qualified community development investments from July 10, 2010, through July of 2012, including investments in GNMA and FNMA mortgage-backed securities, low-income-housing tax credits, new market tax credit projects, and contributions to nonprofit organizations serving LMI individuals.

Trustmark Bank's Fair Lending Program. The Board also considered information about Trustmark Bank's compliance and risk management systems and the steps it has taken to ensure compliance with fair lending laws. Trustmark Bank has instituted policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations. Trustmark Bank's fair lending program

includes a separate fair lending department led by a full-time person, a second review process, various policies and procedures,²⁵ training, and internal fair lending risk assessments. Trustmark Bank also has a second review committee, which reviews all home mortgage loan applications initially recommended for denial or for approval based on a policy exception. The bank completes quarterly reviews of compliance with Trustmark Bank's fair lending policies. Trustmark's risk-management systems and policies and procedures for assuring compliance with fair lending laws will be implemented at the combined organization.

Consultation with the OCC. As previously noted, the Board has reviewed the Trustmark Evaluation and consulted with the OCC with respect to Trustmark's record of fair lending performance since the Trustmark Evaluation. In its review, the OCC relied in large part on data gathered as part of its supervisory process to satisfy it that Trustmark did not engage in discriminatory conduct. The OCC did not find evidence that indicates the presence of prohibited discrimination or other illegal credit practices by Trustmark. In addition, the OCC has indicated that the bank's operations and compliance program are compliant with fair lending and other consumer protection laws.

3. Convenience and Needs of Communities Served by BankTrust

Trustmark represents that the proposal would benefit the convenience and needs of the communities currently served by BankTrust in several ways. Primarily, Trustmark asserts that the proposed transaction would strengthen BankTrust and enable it to be a stronger and more active participant in the markets it serves. Specifically, Trustmark indicated that the merged bank would have expanded lending capacity and a

²⁵ To assure underwriting consistency, the bank's centralized underwriting center consults a database of all applications that were declined or approved with a policy exception before permitting a new application with a policy exception to be declined or approved. Trustmark Bank's Retail Credit Administration and Fair Lending Department performs an ongoing Fair Lending Risk Assessment designed to identify areas of inherent risk associated with products, delivery channels, and disparity in decline ratios. This assessment is reviewed and changed as products, branches, and underwriting guidelines change, and as fair lending complaints and other pertinent issues arise.

higher legal lending limit and that no broad or material categories of BankTrust products would be eliminated. In addition, consummation of the proposal would provide access to a larger ATM network to current customers of Trustmark Bank and BankTrust and would provide BankTrust customers access to Trustmark Bank's expertise as a Small Business Administration Preferred Lender.

4. Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Trustmark, and confidential supervisory information. Based on the Board's analysis of the HMDA data, evaluation of Trustmark Bank's mortgage lending operations and compliance programs, review of examination reports, and consultations with the OCC, the Board believes that the convenience and needs factor, including the CRA record of the insured depository institutions involved in this transaction, is consistent with approval of the application. The Board encourages Trustmark Bank to continue to seek opportunities to assist in meeting the credit needs of the communities it serves.

C. Financial Stability

The Dodd-Frank Act amended section 3 of the BHC Act to require the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risk to the stability of the United States banking or financial system."²⁶

To assess the likely effect of a proposed transaction on the stability of the U.S. 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

²⁶ Section 604(d) of the Dodd-Frank Act, Pub. L. No. 111-203, 124 Stat. 1376, codified at 12 U.S.C. § 1842(c)(7).

complexity of the financial system; and the extent of the cross-border activities of the resulting firm.²⁷ 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 to the broader economy.²⁸

The Board has considered information relevant to risks to the stability of the U.S. banking or financial system. After consummation, Trustmark would have assets well below the threshold established by the Board for transactions that are presumed to raise financial stability concerns absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors. Such other risk factors are not present in this transaction. The companies engage and would continue to engage in traditional commercial banking activities. The resulting organization would experience small increases in the metrics that the Board considers to measure an institution's complexity and interconnectedness with the resulting firm generally ranking outside, and often well outside, of the top 100 U.S. financial institutions in terms of those metrics. The resulting organization would not engage in complex or international activities, nor would it provide critical services whose disruption would impact the macroeconomic condition of the United States by disrupting trade or resulting in increased resolution difficulties.

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 U.S. banking or financial system. Based on these and all other facts of record, the Board has determined that considerations relating to financial stability are consistent with approval.

²⁷ Many of the metrics considered by the Board measure an institution's activities relative to the U.S. financial system.

²⁸ For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (Feb. 14, 2012).

Conclusion on Section 3(c) Factors

Based on all the facts of record, including those described above, the Board has determined that all of the factors it must consider under section 3(c) of the BHC Act are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board has approved the proposed transaction.²⁹ 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.³⁰ The Board's approval is specifically conditioned on

²⁹ The commenter requested that the Board extend the comment period. The Board believes that the record in this case does not warrant postponing its consideration of the proposal. During the applications process, the Board accumulated a significant record, including reports of examination, supervisory information, public reports and information, and public comment. The Board believes this record is sufficient to allow it to assess the factors it is required to consider under the BHC Act. The BHC Act and the Board's processing rules establish time periods for consideration and action on acquisition proposals. Moreover, as discussed above, the CRA requires the Board to consider the existing record of performance of an organization and does not require an organization to enter into contracts or agreements with interested parties to implement its CRA programs. For the reasons discussed above, the Board believes that commenter has had ample opportunity to submit views, and in fact, the commenter has provided substantial written submissions that the Board has considered carefully in acting on the proposal. Based on a review of all the facts of record, the Board concludes that granting an extension of the comment period is not warranted.

³⁰ The commenter requested that the Board hold a public meeting or hearing on the proposal. Section 3(b) of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authorities for the bank to be acquired make a timely written recommendation of denial of the application 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its regulations, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 CFR 262.3(e) and 262.25(d). The Board has considered carefully the commenter's request in light of all the facts of record. In the Board's view, the comment has had ample opportunity to submit views and, in fact, submitted written comments that the Board has considered carefully in acting on the proposal. The request fails to identify disputed issues of fact that are material to

compliance by Trustmark with all the commitments made to and relied on by the Board in connection with the application and on receipt of all other 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 fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors,³¹ effective January 24, 2013.

(signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board

the Board's decision that would be clarified by a public meeting or hearing. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request for a public meeting or hearing on the proposal is denied.

³¹ Voting for this action: Chairman Bernanke, Vice Chair Yellen, and Governors Duke, Tarullo, Raskin, Stein, and Powell.