



To Our Shareholders:

We hope this message finds you healthy and productive as we all live and work together through an unprecedented healthcare and economic environment. In the time since we published the company's earnings report for the second quarter of 2020, we have published additional mid-quarter updates in order to provide investors with the most current possible information. Those filings may be found under the SEC filings section of the company's Investor Relations page at www.hancockwhitney.com/investors.

De-risking Strategy

Today's economic environment is challenging and evolves quickly from day to day. In light of those challenges and volatility, we took significant steps in the second quarter to continue de-risking our balance sheet. After building a solid reserve for credit losses in the first quarter and then issuing sub-debt in June, we made a strategic decision to opportunistically divest a large portion of our energy portfolio.

Since 2014, we have communicated a goal of reducing our energy-related exposure. We went from a high of 13.4% of total loans to just under 4.5% as of March 31, 2020. In recent months, growing concerns due to an ongoing supply/demand mismatch were exacerbated by the global pandemic, leading to a decision to accelerate reductions in exposure. We were pleased to reach an agreement that allowed us to sell almost \$500 million in energy loans.

What remains is an energy portfolio of mostly granular support service credits. As of June 30, we have a healthy reserve on the remaining portfolio at 5.7% of energy loans, and the transaction brings our energy portfolio shortly down to 1.7% of total loans, excluding PPP loans. Both nonperforming loans and criticized loans declined as a result of the transaction.

To complete the transaction, we booked a special provision of \$160 million or \$1.47 per diluted share in the second quarter. Additionally, based on updated economic forecast, during the second quarter, we built what we believe to be a stronger level of reserves for potential pandemic impact in our markets. In addition to the special provision for the loan sale, we booked a provision of \$147 million or \$1.34 per diluted share. Our allowance for credit losses (ACL) to loans now stands at 2.3%, excluding PPP loans.

2Q20 Earnings Summary

As a result of the de-risking strategy noted above, our second quarter results reflected a loss of \$117 million or \$1.36 per share. They included both the \$160 million special provision for the energy loan sale as well as an additional \$147 million provision related to updated COVID-19 forecast and modeling. Excluding the special provision for the loan sale, at a 21% tax rate, earnings would have been \$9.4 million or \$0.11 per diluted share. As we look forward, we expect quarterly provisions to decrease in the second half of 2020, and accordingly the board of directors approved a dividend of \$.27 for shareholders of record on 9/08/2020, payable on 9/15/2020.

2Q Core Business Improvement

The core businesses within our company improved in the second quarter. Growth in loans and deposits both reflected the impact of the SBA's Payroll Protection Program (PPP). Our pre-provision, net revenue (PPNR) improved linked-quarter, and we kept expenses under control despite the sizable cost of overtime and other expenses necessary to assist over 12,000 of our primarily small business clients with PPP loans. We are proud to have been one of the most successful institutions among mid-cap banks to assist communities through this very important program.



To learn more about your company's performance, visit investors.hancockwhitney.com.

* To better understand and explain our improving operating leverage and performance, management uses certain non-GAAP metrics and we refer to them in this letter. For information on reconciling non-GAAP numbers to GAAP numbers, please see our earnings release dated July 21, 2020. Certain of the statements or information included in this letter may constitute forward-looking statements. Hancock Whitney undertakes no obligation to update or revise forward-looking statements and cautions you not to place undue reliance on such forward-looking statements.

Committed to Serve

As a company that has seen its share of hurricanes and storms, we are all familiar with the aftermath of Hurricane Laura and its impact on our clients in the southwest Louisiana and southeast Texas markets. As of September 11, Patriot's Day, we will have served hot meals to over 20,000 individuals in need in the Lake Charles market, our most impacted market from the storm. All locations are open, although most are operating with generator power and a few operate in temporary mobile facilities.

Looking forward, we remain committed to helping both our clients and associates manage through this pandemic event, and we believe we are making decisions in the best interest of our shareholders. We are pleased to continue payment of the quarterly dividend as we have, uninterrupted, since 1967.

Stay Safe,


John M. Hairston
President & CEO

