

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 0-13089

Hancock Holding Company

(Exact name of registrant as specified in its charter)

Mississippi

(State or other jurisdiction of incorporation or organization)

64-0693170

(I.R.S. Employer Identification Number)

One Hancock Plaza, Gulfport, Mississippi 39501
(Address of principal executive offices) (Zip Code)

(228) 868-4727
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

COMMON STOCK, \$3.33 PAR VALUE
(Title of Class)

The NASDAQ Stock Market, LLC
(Name of Exchange on Which Registered)

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of June 30, 2010 was \$1,177,419,750 based upon the closing market price on NASDAQ as of such date. For purposes of this calculation only, shares held by nonaffiliates are deemed to consist of (a) shares held by all shareholders other than directors and executive officers of the registrant plus (b) shares held by directors and officers as to which beneficial ownership has been disclaimed.

On February 1, 2011, the registrant had outstanding 36,914,746 shares of common stock for financial statement purposes.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement used in connection with the Registrant's Annual Meeting of Shareholders to be held on March 31, 2011 are incorporated by reference into Part III of this report.

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PART I

ITEM 1. BUSINESS

ORGANIZATION AND RECENT DEVELOPMENTS

Hancock Holding Company (the Company), organized in 1984 as a bank holding company registered under the Bank Holding Company Act of 1956, as amended, is headquartered in Gulfport, Mississippi. In 2002, the Company qualified as a financial holding company giving it broader powers. The Company operates through three wholly-owned bank subsidiaries, Hancock Bank, Gulfport, Mississippi (Hancock Bank MS), Hancock Bank of Louisiana, Baton Rouge, Louisiana (Hancock Bank LA) and Hancock Bank of Alabama, Mobile, Alabama (Hancock Bank AL). Hancock Bank MS, Hancock Bank LA and Hancock Bank AL are referred to collectively as the “Banks”.

On December 22, 2010, the Company and Whitney Holding Corporation entered into a definitive agreement for Whitney to merge into the Company in a stock-for-stock transaction. The transaction was approved unanimously by both companies' boards of directors. Under the terms of the agreement, subject to shareholder and regulatory approval and other customary conditions, shareholders of Whitney Holding Corporation will receive 0.418 shares of the Company's common stock in exchange for each share of Whitney common stock. In connection with the merger, The Company plans to issue common equity for net proceeds of approximately \$220 million and, subject to the receipt of requisite approvals, expects to repurchase all of Whitney's TARP preferred stock and warrants held by the U.S. Treasury at closing.

The Banks are community oriented and focus primarily on offering commercial, consumer and mortgage loans and deposit services to individuals and small to middle market businesses in their respective market areas. The Company's operating strategy is to provide its customers with the financial sophistication and breadth of products of a regional bank, while successfully retaining the local appeal and level of service of a community bank. At December 31, 2010, the Company had total assets of \$8.1 billion and 2,271 employees on a full-time equivalent basis.

Hancock Bank MS was originally chartered as Hancock County Bank in 1899. Since its organization, the strategy of Hancock Bank MS has been to achieve a dominant market share on the Mississippi Gulf Coast. On December 18, 2009, the Company acquired the assets and assumed the liabilities of Panama City, FL, based Peoples First Community Bank (Peoples First). Effective January 1, 2010, Hancock Bank of Florida merged into Hancock Bank. Prior to a series of acquisitions begun in 1985, growth was primarily internal and was accomplished by branch expansions in areas of population growth where no dominant financial institution previously served the market area. The main economic industries on the Mississippi Gulf Coast are military and government-related facilities, tourism, port facility activities, industrial complexes and the gaming industry. Based on the most current available published data, Hancock Bank MS has the largest deposit market share in each of the following five counties: Harrison, Hancock, Jackson, Lamar and Pearl River. At December 31, 2010, Hancock Bank MS had total assets of \$5.0 billion and 1,660 employees on a full-time equivalent basis.

In August 1990, the Company formed Hancock Bank LA to assume the deposit liabilities and acquire the consumer loan portfolio, corporate credit card portfolio and non-adversely classified securities portfolio of American Bank and Trust, Baton Rouge, Louisiana, (AmBank), from the Federal Deposit Insurance Corporation (FDIC). The main economic industries in East Baton Rouge Parish are state government and related service industries, educational and medical complexes, petrochemical industries, port facility activities and transportation and related industries. With the purchase of two Dryades Savings Bank, F.S.B. branches in 2003 and the 2007 opening of a new financial center in New Orleans' Central Business District, Hancock Bank LA established a long-awaited presence in the Greater New Orleans area. At December 31, 2010, Hancock Bank LA had total assets of \$2.9 billion and 565 employees on a full-time equivalent basis.

In February 2007, Hancock Bank AL was incorporated in Mobile, AL. During 2007 and 2008, five branches have been opened to serve the Mobile area and Alabama's Eastern Shore. At December 31, 2010, Hancock Bank AL had total assets of \$195.7 million and 46 employees on a full-time equivalent basis.

CURRENT OPERATIONS

Loan Production and Credit Review

The Banks' primary lending focus is to provide commercial, consumer, commercial leasing and real estate loans to consumers and to small and middle market businesses in their respective market areas. The Banks have no significant concentrations of loans to particular borrowers or industries or loans to any foreign entities. Each loan officer has Board approved loan limits on the principal amount of secured and unsecured loans that can be approved for a single borrower without prior approval of one or more Regional Credit Officers. All loans, however, must meet the credit underwriting standards and loan policies of the Banks.

All loans over an individual loan officer's Board approved lending authority must be approved by one of the Bank's centralized loan underwriting units, by a senior lender or one or more Regional Credit Officers. Each loan file is reviewed by the Bank's loan operations quality assurance function, a component of its loan review system, to ensure proper documentation and asset quality.

Loan Review and Asset Quality

Each Bank's portfolio of loan relationships aggregating \$500,000 or more is reviewed every 12 to 18 months by the Bank's Loan Review staff to identify any deficiencies and report them to management to take corrective actions as necessary. Periodically, selected loan relationships aggregating less than \$500,000 are also reviewed. As a result of such reviews, each Bank places on its Watch list loans requiring close or frequent review. All Watch list and past due loans are reviewed monthly by the Banks' senior lending officers. All Watch list loans are reviewed monthly by the Bank's Asset Quality Committee and quarterly by the Banks' Board of Directors' Loan Oversight Committee.

In addition, in the approval process, all loans to a particular borrower are considered, regardless of classification, each time such borrower requests a renewal or extension of any loan or requests a new loan. All lines of credit are reviewed before renewal. The Banks currently have mechanisms in place that require borrowers to submit annual financial statements, except borrowers with secured installment and residential mortgage loans.

Consumer loans which become 30 days delinquent are reviewed regularly by management. As a matter of policy, loans are placed on a non-accrual status when (1) payment in full, of principal or interest is not expected or (2) the principal or interest has been in default for a period of 90 days, unless the loan is well secured and in the process of collection.

The Banks follow the standard FDIC loan classification system. This system provides management with (1) a general view of the quality of the overall loan portfolio (each Bank's loan portfolio and each commercial loan officer's loan portfolio) and (2) information on specific loans that may need individual attention.

The Bank's nonperforming assets, consisting of real property, vehicles and other items held for resale, were acquired generally through the process of foreclosure. At December 31, 2010, the book value of those assets held for resale was approximately \$33.3 million.

Securities Portfolio

The Banks maintain portfolios of securities consisting primarily of U.S. Treasury securities, U.S. government agency issues, agency mortgage-backed securities, agency CMOs and tax-exempt obligations of states and political subdivisions. The portfolios are designed to provide liquidity to fund loan growth and deposit outflows while maximizing interest income within pre-defined risk parameters. Therefore, the Banks invest only in high quality securities of investment grade quality and with a target effective duration, for the overall portfolio, generally between two to five years.

The Banks' policies limit investments to securities having a rating of no less than "Baa", or its equivalent by a Nationally Recognized Statistical Rating Agency, except for certain obligations of Mississippi, Louisiana, Florida or Alabama counties, parishes and municipalities.

Deposits

The Banks have several programs designed to attract depository accounts offered to consumers and to small and middle market businesses at interest rates generally consistent with market conditions. Additionally, the Banks operate more than 160 ATMs at the Company's banking offices as well as free-standing ATMs at other locations. As members of regional and international ATM networks such as "STAR", "PLUS" and "CIRRUS", the Banks offer customers access to their depository accounts from regional, national and international ATM facilities. Deposit flows are controlled by the Banks primarily through pricing, and to a certain extent, through promotional activities. Management believes that the rates it offers, which are posted weekly on deposit accounts, are generally competitive with other financial institutions in the Banks' respective market areas.

Trust Services

The Banks, through their respective Trust Departments, offer a full range of trust services on a fee basis. The Banks act as executor, administrator or guardian in administering estates. Also provided are investment custodial services for individuals, businesses and charitable and religious organizations. In their trust capacities, the Banks provide investment management services on an agency basis and act as trustee for pension plans, profit sharing plans, corporate and municipal bond issues, living trusts, life insurance trusts and various other types of trusts created by or for individuals, businesses and charitable and religious organizations. As of December 31, 2010, the Trust Departments of the Banks had approximately \$8.3 billion of assets under administration compared to \$7.5 billion as of December 31, 2009. As of December 31, 2010, \$4.1 billion of administered assets were corporate trust accounts and the remaining balances were personal, employee benefit, estate and other trust accounts.

Operating Efficiency Strategy

The primary focus of the Company's operating strategy is to increase operating income and to reduce operating expense. A Company's operating efficiency ratio indicates the percentage of each dollar of net revenue that is used to fund operating expenses. Net revenue for a financial institution is the total of net interest income plus non-interest income, excluding securities transactions gains or losses. Operating expenses exclude the amortization of intangibles.

Other Activities

Hancock Bank MS has 6 subsidiaries through which it engages in the following activities: providing consumer financing services; owning, managing and maintaining certain real property; providing general insurance agency services; holding investment securities; marketing credit life insurance; and providing discount investment brokerage services. The income of these subsidiaries generally accounts for less than 10% of the Company's total net earnings.

During 2001, the Company began servicing mortgage loans for the Federal National Mortgage Association. At that time the loans serviced were originated and closed by the Company's mortgage subsidiary. The servicing activity was also performed by this same subsidiary. In the middle of 2003, however, the Company modified its strategy and reverted to selling the majority of its conforming loans with servicing released. In December 2004, the Company's mortgage subsidiary merged with Hancock Bank MS, its parent. Currently all mortgage activity is being reported by Hancock Bank MS, Hancock Bank of Louisiana and Hancock Bank of Alabama.

Hancock Bank MS also owns approximately 3,700 acres of timberland in Hancock County, Mississippi, most of which was acquired through foreclosure in the 1930's. Timber sales and oil and gas leases on this acreage generate less than 1% of the Company's annual net income.

Competition

The deregulation of the financial services industry, the elimination of many previous distinctions between commercial banks and other financial institutions as well as legislation enacted in Mississippi, Louisiana and other states allowing state-wide branching, multi-bank holding companies and regional interstate banking have all served to foster a highly competitive environment for commercial banking in our market area. The principal competitive factors in the markets for deposits and loans are interest rates and fee structures associated with the various products offered.

We also compete through the efficiency, quality, range of services and products we provide, as well as the convenience provided by an extensive network of customer access channels including local branch offices, ATM's, online banking, and telebanking centers. Access to the bank's extensive network of customer access points is further enhanced by convenient hours including Saturday banking at selected branch locations and through the bank's telebanking service center.

In attracting deposits and in our lending activities, we generally compete with other commercial banks, savings associations, credit unions, mortgage banking firms, consumer finance companies, securities brokerage firms, mutual funds and insurance companies and other financial institutions.

Available Information

We maintain an internet website at www.hancockbank.com. We make available free of charge on the website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed with the Securities and Exchange Commission. Our Annual Report to Stockholders is also available on our website. These reports are made available on our website as soon as reasonably practical after the reports are filed with the Commission. Information on our website is not incorporated into this Form 10-K or our other securities filings and is not part of them.

SUPERVISION AND REGULATION

Bank Holding Company Regulation

General

The Company is subject to extensive regulation by the Board of Governors of the Federal Reserve System (the Federal Reserve) pursuant to the Bank Holding Company Act of 1956, as amended (the Bank Holding Company Act). On January 26, 2002 the Company qualified as a financial holding company, giving it broader powers as discussed below. To date, the Company has exercised its powers as a financial holding company to acquire a non-controlling interest in a third party service provider for insurance companies and, in December 2003, acquired Magna Insurance Company. The Company also is required to file certain reports with, and otherwise complies with the rules and regulations of, the Securities and Exchange Commission (the Commission) under federal securities laws.

Federal Regulation

The Bank Holding Company Act generally prohibits a corporation owning a bank from engaging in activities other than banking, managing or controlling banks or other permissible subsidiaries. Acquiring or obtaining control of more than 5% of the voting shares of any company engaged in activities other than those activities determined by the Federal Reserve to be so closely related to banking, managing or controlling banks as to be proper incident thereto is also prohibited. In determining whether a particular activity is permissible, the Federal Reserve considers whether the performance of the activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. For example: making, acquiring or servicing loans; leasing personal property; providing certain investment or financial advice; performing certain data processing services; acting as agent or broker in selling credit life insurance, and performing certain insurance underwriting activities have all been determined by regulations of the Federal Reserve to be permissible activities. The Bank Holding Company Act does not place territorial limitations on permissible bank-related activities of bank holding companies. Despite prior approval, however, the Federal Reserve has the power to order a holding company or its subsidiaries to terminate any activity or its control of any subsidiary when it has reasonable cause to believe that continuation of such activity or control of such subsidiary constitutes a serious risk to the financial safety, soundness or stability of any bank subsidiary of that holding company.

The Bank Holding Company Act requires every bank holding company to obtain the prior approval of the Federal Reserve: (1) before it may acquire ownership or control of any voting shares of any bank if, after such acquisition, such bank holding company will own or control more than 5% of the voting shares of such bank, (2) before it or any of its subsidiaries other than a bank may acquire all of the assets of a bank, (3) before it may merge with any other bank holding company, or (4) before it may engage in permissible non-banking activities. In reviewing a proposed

acquisition, the Federal Reserve considers financial, managerial and competitive aspects. The future prospects of the companies and banks concerned and the convenience and needs of the community to be served must also be considered. The Federal Reserve also reviews the indebtedness to be incurred by a bank holding company in connection with the proposed acquisition to ensure that the holding company can service such indebtedness without adversely affecting the capital requirements of the holding company or its subsidiaries. The Bank Holding Company Act further requires that consummation of approved bank holding company or bank acquisitions or mergers must be delayed for a period of not less than 15 or more than 30 days following the date of approval. During such 15 to 30-day period, complaining parties may obtain a review of the Federal Reserve's order granting its approval by filing a petition in the appropriate United States Court of Appeals petitioning that the order be set aside.

On November 12, 1999, President Clinton signed into law the Gramm-Leach-Bliley Act of 1999 (the "Financial Services Modernization Act"). The Financial Services Modernization Act repeals the two affiliation provisions of the Glass-Steagall Act: Section 20, which restricted the affiliation of Federal Reserve Member Banks with firms "engaged principally" in specified securities activities; and Section 32, which restricts officer, director, or employee interlocks between a member bank and any company or person "primarily engaged" in specified securities activities. In addition, the Financial Services Modernization Act also contained provisions that expressly preempt any state law restricting the establishment of financial affiliations, primarily related to insurance. The general effect of the law is to establish a comprehensive framework to permit affiliations among qualified bank holding companies, commercial banks, insurance companies, securities firms, and other financial service providers by revising and expanding the Bank Holding Company Act framework to permit a holding company system to engage in a full range of financial activities through a new entity known as a Financial Holding Company.

The Financial Services Modernization Act requires that each bank subsidiary of a financial holding company be well capitalized and well managed as determined by the subsidiary bank's principal regulator. To be considered well managed, the bank must have received at least a satisfactory composite rating and a satisfactory management rating at its last examination. To be well capitalized, the bank must have a leverage capital ratio of 5%, a Tier 1 risk-based capital ratio of 6% and a total risk-based capital ratio of 10%. These ratios are discussed further below. In the event a financial holding company becomes aware that a subsidiary bank ceases to be well capitalized or well managed, it must notify the Federal Reserve and enter into an agreement to cure such condition. The consequences of a failure to cure such condition are that the Federal Reserve Board may order divestiture of the bank. Alternatively, a financial holding company may comply with such order by ceasing to engage in the financial holding company activities that are unrelated to banking or otherwise impermissible for a bank holding company.

The Federal Reserve has adopted capital adequacy guidelines for use in its examination and regulation of bank holding companies and financial holding companies. The regulatory capital of a bank holding company or financial holding company under applicable federal capital adequacy guidelines is particularly important in the Federal Reserve's evaluation of a holding company and any applications by the bank holding company to the Federal Reserve. If regulatory capital falls below minimum guideline levels, a financial holding company may lose its status as a financial holding company and a bank holding company or bank may be denied approval to acquire or establish additional banks or non-bank businesses or to open additional facilities. In addition, a financial institution's failure to meet minimum regulatory capital standards can lead to other penalties, including termination of deposit insurance or appointment of a conservator or receiver for the financial institution. There are two measures of regulatory capital presently applicable to bank holding companies: (1) risk-based capital and (2) leverage capital ratios.

The Federal Reserve rates bank holding companies by a component and composite 1-5 rating system. This system is designed to help identify institutions, which require special attention. Financial institutions are assigned ratings based on evaluation and rating of their financial condition and operations. Components reviewed include capital adequacy, asset quality, management capability, the quality and level of earnings, the adequacy of liquidity and sensitivity to interest rate fluctuations.

The leverage ratios adopted by the Federal Reserve require all but the most highly rated bank holding companies to maintain Tier 1 Capital at 4% of total assets. Certain bank holding companies having a composite 1 rating and not experiencing or anticipating significant growth may satisfy the Federal Reserve guidelines by maintaining Tier 1 Capital of at least 3% of total assets. Tier 1 Capital for bank holding companies includes: stockholders' equity, non-controlling interest in equity accounts of consolidated subsidiaries and qualifying perpetual preferred stock. In

addition, Tier 1 Capital excludes goodwill and other disallowed intangibles. The Company's leverage capital ratio at December 31, 2010 was 9.65% and 10.60% at December 31, 2009.

The risk-based capital guidelines are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and bank holding companies, to account for off-balance sheet exposure and to minimize disincentives for holding liquid assets. Under the risk-based capital guidelines, assets are assigned to one of four risk categories: 0%, 20% 50% and 100%. As an example, U.S. Treasury securities are assigned to the 0% risk category while most categories of loans are assigned to the 100% risk category. A two-step process determines the risk weight of off-balance sheet items such as standby letters of credit. First, the amount of the off-balance sheet item is multiplied by a credit conversion factor of either 0%, 20%, 50% or 100%. The result is then assigned to one of the four risk categories. At December 31, 2010, the Company's off-balance sheet items aggregated \$1.0 billion; however, after the credit conversion these items represented \$407.2 million of balance sheet equivalents.

The primary component of risk-based capital is Tier 1 Capital, which for the Company is essentially equal to common stockholders' equity, less goodwill and other intangibles. Tier 2 Capital, which consists primarily of the excess of any perpetual preferred stock, mandatory convertible securities, subordinated debt and general allowances for loan losses, is a secondary component of risk-based capital. The risk-weighted asset base is equal to the sum of the aggregate dollar values of assets and off-balance sheet items in each risk category, multiplied by the weight assigned to that category. A ratio of Tier 1 Capital to risk-weighted assets of at least 4% and a ratio of Total Capital (Tier 1 and Tier 2) to risk-weighted assets of at least 8% must be maintained by bank holding companies. At December 31, 2010, the Company's Tier 1 and Total Capital ratios were 15.34% and 16.60%, respectively. At December 31, 2009, the Company's Tier 1 and Total Capital ratios were 11.99% and 13.04%, respectively.

The prior approval of the Federal Reserve must be obtained before the Company may acquire substantially all the assets of any bank, or ownership or control of any voting shares of any bank, if, after such acquisition, it would own or control, directly or indirectly, more than 5% of the voting shares of such bank. In no case, however, may the Federal Reserve approve an acquisition of any bank located outside Mississippi unless such acquisition is specifically authorized by the laws of the state in which the bank to be acquired is located. The banking laws of Mississippi presently permit out-of-state banking organizations to acquire Mississippi banking organizations, provided the Mississippi banking organization has been operating for at least five years. In addition, Mississippi banking organizations were granted similar powers to acquire certain out-of-state financial institutions pursuant to the Interstate Bank Branching Act, which was adopted in 1994.

With the passage of The Interstate Banking and Branching Efficiency Act of 1994, adequately capitalized and managed bank holding companies are permitted to acquire control of banks in any state, subject to federal regulatory approval, without regard to whether such a transaction is prohibited by the laws of any state. Beginning June 1, 1997, federal banking regulators may approve merger transactions involving banks located in different states, without regard to laws of any state prohibiting such transactions; except that, mergers may not be approved with respect to banks located in states that, before June 1, 1997, enacted legislation prohibiting mergers by banks located in such state with out-of-state institutions. Federal banking regulators may permit an out-of-state bank to open new branches in another state if such state has enacted legislation permitting interstate branching. The legislation further provides that a bank holding company may not, following an interstate acquisition, control more than 10% of nationwide insured deposits or 30% of deposits in the relevant state. States have the right to adopt legislation to lower the 30% limit. Additional provisions require that interstate activities conform to the Community Reinvestment Act.

The Company is required to give the Federal Reserve prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of the Company's consolidated net worth. The Federal Reserve may disapprove such a transaction if it determines that the proposal constitutes an unsafe or unsound practice, would violate any law, regulation, Federal Reserve order or directive or any condition imposed by, or written agreement with, the Federal Reserve.

In November 1985, the Federal Reserve adopted its Policy Statement on Cash Dividends Not Fully Covered by Earnings (the Policy Statement). The Policy Statement sets forth various guidelines that the Federal Reserve believes that a bank holding company should follow in establishing its dividend policy. In general, the Federal Reserve stated

that bank holding companies should pay dividends only out of current earnings. It also stated that dividends should not be paid unless the prospective rate of earnings retention by the holding company appears consistent with its capital needs, asset quality and overall financial condition.

The Company is a legal entity separate and distinct from the Banks. There are various restrictions that limit the ability of the Banks to finance, pay dividends or otherwise supply funds to the Company or other affiliates. In addition, subsidiary banks of holding companies are subject to certain restrictions on any extension of credit to the bank holding company or any of its subsidiaries, on investments in the stock or other securities thereof and on the taking of such stock or securities as collateral for loans to any borrower. Further, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with extensions of credit, or leases or sales of property or furnishing of services.

Bank Regulation

The operations of the Banks are subject to state and federal statutes applicable to state banks and the regulations of the Federal Reserve and the FDIC. The operation of the Banks may also be subject to applicable OCC regulation, to the extent states banks are granted parity with national banks. Such statutes and regulations relate to, among other things, required reserves, investments, loans, mergers and consolidations, issuance of securities, payment of dividends, establishment of branches and other aspects of the Banks' operations.

Hancock Bank MS is subject to regulation and periodic examinations by the FDIC and the State of Mississippi Department of Banking and Consumer Finance. Hancock Bank LA is subject to regulation and periodic examinations by the FDIC and the Office of Financial Institutions, State of Louisiana. Hancock Bank FL (which was merged into Hancock Bank MS effective January 1, 2010) was subject to regulation and periodic examinations by the FDIC and the Florida Department of Financial Services. Hancock Bank AL is subject to regulation and periodic examinations by the FDIC and the Alabama State Banking Department. These regulatory authorities examine such areas as reserves, loan and investment quality, management policies, procedures and practices and other aspects of operations. These examinations are designed for the protection of the Banks' depositors, rather than their stockholders. In addition to these regular examinations, the Company and the Banks must furnish periodic reports to their respective regulatory authorities containing a full and accurate statement of their affairs.

The Company is required to file annual reports with the Federal Reserve Board, and such additional information as the Federal Reserve Board may require pursuant to the Bank Holding Company Act. The Federal Reserve Board may examine a bank holding company or any of its subsidiaries, and charge the company for the cost of such examination.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (discussed in more detail below under "Recent Developments") has removed many limitations on the Federal Reserve Board's authority to make examinations of banks that are subsidiaries of bank holding companies. Under the Dodd-Frank Act, the Federal Reserve Board will generally be permitted to examine bank holding companies and their subsidiaries, provided that the Federal Reserve Board must rely on reports submitted directly by the institution and examination reports of the appropriate regulators (such as the FDIC and the Banking Department) to the fullest extent possible; must provide reasonable notice to, and consult with, the appropriate regulators before commencing an examination of a bank holding company subsidiary; and, to the fullest extent possible, must avoid duplication of examination activities, reporting requirements, and requests for information.

As a result of the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), a financial institution insured by the FDIC can be held liable for any losses incurred by, or reasonably expected to be incurred by, the FDIC in connection with (1) the default of a commonly controlled FDIC-insured financial institution or (2) any assistance provided by the FDIC to a commonly controlled financial institution in danger of default.

The Banks are members of the FDIC, and their deposits are insured as provided by law by the Deposit Insurance Fund, or the DIF. The deposits of the Banks are insured up to applicable limits and are subject to deposit insurance assessments to maintain the DIF. The FDIC utilizes a risk-based assessment system that imposes insurance premiums based upon a risk matrix that takes into account a bank's capital level and supervisory rating.

Effective January 1, 2007, the FDIC began imposing deposit assessment rates based on the risk category of the bank, with Risk Category I being the lowest risk category and Risk Category IV being the highest risk category. Because of favorable loss experience and a healthy reserve ratio in the Bank Insurance Fund, or the BIF, of the FDIC, well-capitalized and well-managed banks, have in recent years paid minimal premiums for FDIC insurance. With the additional deposit insurance, a deposit premium refund, in the form of credit offsets, was granted to banks that were in existence on December 31, 1996, and paid deposit insurance premiums prior to that date.

In December of 2008, the FDIC adopted a restoration plan designed to replenish the Deposit Insurance Fund over a period of five years and to increase the deposit insurance reserve ratio, which had decreased to 1.01% of insured deposits on June 30, 2008, to the statutory minimum of 1.15% of insured deposits by December 31, 2013. In order to implement the restoration plan, the FDIC changed both its risk-based assessment system and its base assessment rates. For the first quarter of 2009 only, the FDIC increased all FDIC deposit assessment rates by 7 basis points. These new rates ranged from between 12 and 14 basis points for Risk Category I institutions to 50 basis points for Risk Category IV institutions.

Beginning April 1, 2009, the base assessment rates ranged from 12 to 45 basis points, with the initial assessment rates subject to adjustments which could increase or decrease the total base assessment rates. The adjustments included (1) a decrease for long-term unsecured debt, including most senior and subordinated debt and, for small institutions, a portion of Tier 1 capital; (2) an increase for secured liabilities above a threshold amount; and (3) for non-Risk Category I institutions, an increase for brokered deposits above a threshold amount.

On May 22, 2009, the FDIC imposed a special deposit insurance fund assessment of 5.0 basis points on all insured institutions, to be calculated based on the difference between an institution's total assets and its Tier 1 capital and collected on September 30, 2009. On November 12, 2009, the FDIC required banks to prepay over three years of estimated federal deposit insurance premiums.

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") changed the method of calculation for FDIC insurance assessments. Under the previous system, the assessment base was domestic deposits minus a few allowable exclusions, such as pass-through reserve balances. Under the Dodd-Frank Act, assessments are to be calculated based on the depository institution's average consolidated total assets, less its average amount of tangible equity. On November 9, 2010, the FDIC published proposed regulations seeking to implement these changes. In addition to providing for the required change in assessment base, the FDIC has proposed to modify or eliminate the assessment adjustments based on unsecured debt, secured liabilities, and brokered deposits; to add a new adjustment for holding unsecured debt issued by another insured depository institution; and to lower the initial base assessment rate schedule in order to collect approximately the same amount of revenue under the new base as under the old base, among other changes. These proposed changes may or may not ultimately be included in the FDIC's final regulations implementing this provision of the Dodd-Frank Act.

The enactment of the Emergency Economic Stabilization Act of 2008 temporarily raised the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. However, with the passage of the Dodd-Frank Act, this increase in the basic coverage limit has been made permanent.

On October 14, 2008, the FDIC announced the Temporary Liquidity Guarantee Program ("TLGP"). The final rule was adopted on November 21, 2008. The FDIC stated that its purpose was to strengthen confidence and encourage liquidity in the banking system by guaranteeing newly issued senior unsecured debt of banks of 31 days or greater, thrifts, and certain holding companies (the "Debt Guarantee Program"), and by providing full coverage of non-interest-bearing transaction accounts, as well as certain low-interest NOW accounts and IOLTA accounts, regardless of dollar amount (the "Transaction Account Guarantee Program"). Inclusion in the program was voluntary. Institutions participating in the Debt Guarantee Program are assessed fees based on a sliding scale, depending on length of maturity. Shorter-term debt has a lower fee structure and longer-term debt has a higher fee structure. The fee ranged from 50 basis points on debt of 180 days or less to a maximum of 100 basis points for debt with maturities of one year or longer, on an annualized basis. For institutions participating in the Transaction Account Guarantee Program, a 10-basis point surcharge was added to the institution's current insurance assessment in order to fully cover all transaction

accounts. The Banks did not elect to participate in the Debt Guaranty Program but did elect to participate in the Transaction Account Guarantee Program.

The Transaction Account Guarantee Program was set to expire on December 31, 2010. However, with the passage of the Dodd-Frank Act, the insurance coverage provided under the Transaction Account Guarantee Program has in effect been extended until December 31, 2012, with some changes. Perhaps the most significant differences between the current version of the Transaction Account Guarantee Program and the Dodd-Frank extension of the program are (i) that all banks are required to participate in the new coverage, with no opt-out available, and (ii) that interest-bearing NOW accounts will no longer benefit from the unlimited insurance coverage beginning January 1, 2011 (although IOLTA accounts will continue to benefit from the unlimited coverage).

In addition, since the first quarter of 2000, all institutions with deposits insured by the FDIC have been required to pay assessments to fund interest payments on bonds issued by the Financing Corporation ("FICO"), a mixed-ownership government corporation established to recapitalize a predecessor to the Deposit Insurance Fund. The FICO assessment rate is adjusted quarterly to reflect changes in the assessment bases of the fund based on quarterly Call Report and Thrift Financial Report submissions. The current annualized assessment rate is 1.020 basis points, or approximately 0.255 basis points per quarter. These assessments will continue until the FICO bonds mature in 2017 through 2019.

In general, FDICIA subjects banks and bank holding companies to significantly increased regulation and supervision. FDICIA increased the borrowing authority of the FDIC in order to recapitalize the DIF, and the future borrowings are to be repaid by increased assessments on FDIC member banks. Other significant provisions of FDICIA require a new regulatory emphasis linking supervision to bank capital levels. Also, federal banking regulators are required to take prompt regulatory action with respect to depository institutions that fall below specified capital levels and to draft non-capital regulatory measures to assure bank safety.

FDICIA contains a "prompt corrective action" section intended to resolve problem institutions at the least possible long-term cost to the deposit insurance funds. Pursuant to this section, the federal banking agencies are required to prescribe a leverage limit and a risk-based capital requirement indicating levels at which institutions will be deemed to be "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." In the case of a depository institution that is "critically undercapitalized" (a term defined to include institutions which still have positive net worth); the federal banking regulators are generally required to appoint a conservator or receiver.

FDICIA further requires regulators to perform annual on-site bank examinations, places limits on real estate lending and tightens audit requirements. The new legislation eliminated the "too big to fail" doctrine, which protects uninsured deposits of large banks, and restricts the ability of undercapitalized banks to obtain extended loans from the Federal Reserve Board discount window. FDICIA also imposes new disclosure requirements relating to fees charged and interest paid on checking and deposit accounts. Most of the significant changes brought about by FDICIA required new regulations.

In addition to regulating capital, the FDIC has broad authority to prevent the development or continuance of unsafe or unsound banking practices. Pursuant to this authority, the FDIC has adopted regulations that restrict preferential loans and loan amounts to "affiliates" and "insiders" of banks, require banks to keep information on loans to major stockholders and executive officers and bar certain director and officer interlocks between financial institutions. The FDIC is also authorized to approve mergers, consolidations and assumption of deposit liability transactions between insured banks and between insured banks and uninsured banks or institutions to prevent capital or surplus diminution in such transactions where the resulting, continuing or assumed bank is an insured nonmember state bank, like Hancock Bank (MS), Hancock Bank of LA and Hancock Bank of AL.

Although Hancock Bank (MS), Hancock Bank of LA and Hancock Bank of AL are not members of the Federal Reserve System, they are subject to Federal Reserve regulations that require the Banks to maintain reserves against transaction accounts (primarily checking accounts). Because reserves generally must be maintained in cash or in noninterest-bearing accounts, the effect of the reserve requirements is to increase the cost of funds for the Banks. The Federal Reserve regulations currently require that reserves be maintained against net transaction accounts in the

amount of 3% of the aggregate of such accounts up to \$44.5 million, or, if the aggregate of such accounts exceeds \$44.5 million, \$1.335 million plus 10% of the total in excess of \$44.5 million. This regulation is subject to an exemption from reserve requirements on a limited amount of an institution's transaction accounts.

The Financial Services Modernization Act also permits national banks, and through state parity statutes, state banks, to engage in expanded activities through the formation of financial subsidiaries. A state bank may have a subsidiary engaged in any activity authorized for state banks directly or any financial activity, except for insurance underwriting, insurance investments, real estate investment or development, or merchant banking, which may only be conducted through a subsidiary of a Financial Holding Company. Financial activities include all activities permitted under new sections of the Bank Holding Company Act or permitted by regulation.

A state bank seeking to have a financial subsidiary, and each of its depository institution affiliates, must be "well-capitalized" and "well-managed." The total assets of all financial subsidiaries may not exceed the lesser of 45% of a bank's total assets, or \$50 billion. A state bank must exclude from its assets and equity all equity investments, including retained earnings, in a financial subsidiary. The assets of the subsidiary may not be consolidated with the bank's assets. The bank must also have policies and procedures to assess financial subsidiary risk and protect the bank from such risks and potential liabilities.

The Financial Services Modernization Act also includes a new section of the Federal Deposit Insurance Act governing subsidiaries of state banks that engage in "activities as principal that would only be permissible" for a national bank to conduct in a financial subsidiary. It expressly preserves the ability of a state bank to retain all existing subsidiaries. Because Mississippi permits commercial banks chartered by the state to engage in any activity permissible for national banks, the Bank will be permitted to form subsidiaries to engage in the activities authorized by the Financial Services Modernization Act. In order to form a financial subsidiary, a state bank must be well-capitalized, and the state bank would be subject to the same capital deduction, risk management and affiliate transaction rules as applicable to national banks.

In 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act) was signed into law. The USA Patriot Act broadened the application of anti-money laundering regulations to apply to additional types of financial institutions, such as broker-dealers, and strengthened the ability of the U.S. Government to detect and prosecute international money laundering and the financing of terrorism. The principal provisions of Title III of the USA Patriot Act require that regulated financial institutions, including state member banks: (i) establish an anti-money laundering program that includes training and audit components; (ii) comply with regulations regarding the verification of the identity of any person seeking to open an account; (iii) take additional required precautions with non-U.S. owned accounts; and (iv) perform certain verification and certification of money laundering risk for their foreign correspondent banking relationships. The USA Patriot Act also expanded the conditions under which funds in a U.S. interbank account may be subject to forfeiture and increased the penalties for violation of anti-money laundering regulations. Failure of a financial institution to comply with the USA Patriot Act's requirements could have serious legal and reputational consequences for the institution. The Bank has adopted policies, procedures and controls to address compliance with the requirements of the USA Patriot Act under the existing regulations and will continue to revise and update its policies, procedures and controls to reflect changes required by the USA Patriot Act and implementing regulations.

In July 2002, Congress enacted the Sarbanes-Oxley Act of 2002, which addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. Section 404 of the Sarbanes-Oxley Act requires the Company to include in its Annual Report, a report stating management's responsibility to establish and maintain adequate internal control over financial reporting and management's conclusion on the effectiveness of the internal controls at year end. Additionally, the Company's independent registered public accounting firm is required to attest to and report on management's evaluation of internal control over financial reporting.

In October 2008, the Emergency Economic Stabilization Act of 2008 ("EESA") was enacted. The EESA authorized the Treasury Department to purchase from financial institutions and their holding companies up to \$700 billion in mortgage loans, mortgage-related securities and certain other financial instruments, including debt and equity securities issued by financial institutions and their holding companies in a troubled asset relief program

("TARP"). The purpose of TARP is to restore confidence and stability to the U.S. banking system and to encourage financial institutions to increase their lending to customers and to each other. The Treasury Department has allocated \$250 billion towards the TARP Capital Purchase Program ("CPP"). Under the CPP, Treasury purchases debt or equity securities from participating institutions. The TARP also may include direct purchases or guarantees of troubled assets of financial institutions. Participants in the CPP are subject to executive compensation limits and are encouraged to expand their lending and mortgage loan modifications. On November 13, 2008, following a thorough evaluation and analysis, the Company announced it would decline the Treasury's invitation to participate in the CPP.

EESA temporarily increased FDIC deposit insurance on most accounts from \$100,000 to \$250,000. This increase has been extended until December 31, 2013.

Following a systemic risk determination, the FDIC established a Temporary Liquidity Guarantee Program ("TLGP") on October 14, 2008. The TLGP includes the Transaction Account Guarantee Program ("TAGP"), which provides unlimited deposit insurance coverage through June 30, 2010 for noninterest-bearing transaction accounts (typically checking accounts) and certain funds swept into noninterest-bearing savings accounts. Institutions participating in the TAGP pay a 10 basis points fee (annualized) on the balance of each covered account in excess of \$250,000, while the extra deposit insurance is in place. The Company is participating in the TAGP.

It is not clear at this time what impact the EESA, the TARP Capital Purchase Program, the Temporary Liquidity Guarantee Program, other liquidity and funding initiatives of the Federal Reserve and other agencies that have been previously announced, and any additional programs that may be initiated in the future, will have on the Company or the U.S. and global financial markets.

Recent Developments

The Congress, Treasury Department and the federal banking regulators, including the FDIC, have taken broad action since early September, 2008 to address volatility in the U.S. banking system, including the passage of EESA (discussed above), the provision of other direct and indirect assistance to financial institutions, assistance by the banking authorities in arranging acquisitions of weakened banks and broker-dealers, implementation of programs by the Federal Reserve Board to provide liquidity to the commercial paper markets and expansion of deposit insurance coverage. The new administration and Congress have pursued additional initiatives in an effort to stimulate the economy and stabilize the financial markets, including the enactment of the American Recovery and Reinvestment Act of 2009, and have altered the terms of some previously announced policies.

The recent enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") will likely result in increased regulation of the financial services industry. Provisions likely to affect the activities of the Company and the Banks include, without limitation, the following:

- *Asset-based deposit insurance assessments.* FDIC deposit insurance premium assessments will be based on bank assets rather than domestic deposits.
- *Deposit insurance limit increase.* The deposit insurance coverage limit has been permanently increased from \$100,000 to \$250,000.
- *Extension of Transaction Account Guarantee Program.* Unlimited deposit insurance coverage is extended for non-interest-bearing transaction accounts and certain other accounts for two years. This applies to all banks; there is no opt-in or opt-out requirement.
- *Establishment of the Bureau of Consumer Financial Protection (BCFP).* The BCFP will be housed within the Federal Reserve and, in consultation with the Federal banking agencies, will make rules relating to consumer protection. The BCFP has the authority, should it wish to do so, to rewrite virtually all of the consumer protection regulations governing banks, including those implementing the Truth in Lending Act, the Real Estate Settlement Procedures Act (or RESPA), the Truth in Savings Act, the Electronic Funds Transfer Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, the S.A.F.E. Mortgage Licensing Act,

the Fair Credit Reporting Act (except Sections 615(e) and 628), the Fair Debt Collection Practices Act, and the Gramm-Leach-Bliley Act (sections 502 through 509 relating to privacy), among others.

- *Risk-retention rule.* Banks originating loans for sale on the secondary market or securitization must retain 5 percent of any loan they sell or securitize, except for mortgages that meet low-risk standards to be developed by regulators.
- *Limitation on federal preemption.* Limitations have been imposed on the ability of national bank regulators to preempt state law. Formerly, the national bank and federal thrift regulators possessed preemption powers with regard to transactions, operating subsidiaries and attorney general civil enforcement authority. These preemption requirements have been limited by the Dodd-Frank Act, which will likely impact state banks by affecting activities previously permitted through parity with national banks.
- *Changes to regulation of bank holding companies.* Under Dodd-Frank, bank holding companies must be well-capitalized and well-managed to engage in interstate transactions. In the past, only the subsidiary banks were required to meet those standards. The Federal Reserve Board's "source of strength doctrine" has now been codified, mandating that bank holding companies such as the Company serve as a source of strength for their subsidiary banks, meaning that the bank holding company must be able to provide financial assistance in the event the subsidiary bank experiences financial distress.
- *Executive compensation limitations.* The Dodd-Frank Act codified executive compensation limitations similar to those previously imposed on TARP recipients.

This new legislation contains 16 different titles, is over 800 pages long, and calls for the completion of dozens of studies and reports and hundreds of new regulations. The information provided herein regarding the effect of the Dodd-Frank Act is intended merely for illustration and is not exhaustive, as the full impact of the legislation on banks and bank holding companies is still being studied and in any event cannot be fully known until the completion of hundreds of new federal agency rulemakings over the next few years. Interested shareholders should refer directly to the Dodd-Frank Act itself for additional information.

The Dodd-Frank Act is one of a number of legislative initiatives that have been proposed in recent months due to the ongoing national and global financial crisis. It is not possible to predict whether any other similar legislation may be adopted that would significantly affect the operations and performance of the Company and the Banks.

Summary

The foregoing is a brief summary of certain statutes, rules and regulations affecting the Company and the Banks. It is not intended to be an exhaustive discussion of all the statutes and regulations having an impact on the operations of such entities.

We do not believe that the Financial Services Modernization Act will have a material adverse effect on our operations in the near-term. However, to the extent that it permits holding companies, banks, securities firms, and insurance companies to affiliate, the financial services industry may experience further consolidation. The Financial Services Modernization Act is intended to grant to community banks certain powers as a matter of right that larger institutions have accumulated on an ad hoc basis. Nevertheless, this act may have the result of increasing the amount of competition that the Company and the Banks face from larger institutions and other types of companies offering financial products, some of which may have substantially more financial resources than us.

It is not known whether EESA will have any effect on the Company's operations.

Finally, additional bills may be introduced in the future in the United States Congress and state legislatures to alter the structure, regulation and competitive relationships of financial institutions. It cannot be predicted whether and what form any of these proposals will be adopted or the extent to which the business of the Company and the Banks may be affected thereby.

Effect of Governmental Policies

The difference between the interest rate paid on deposits and other borrowings and the interest rate received on loans and securities comprise most of a bank's earnings. In order to mitigate the interest rate risk inherent in the industry, the banking business is becoming increasingly dependent on the generation of fee and service charge revenue.

The earnings and growth of a bank will be affected by both general economic conditions and the monetary and fiscal policy of the United States Government and its agencies, particularly the Federal Reserve. The Federal Reserve sets national monetary policy such as seeking to curb inflation and combat recession. This is accomplished by its open-market operations in United States government securities, adjustments in the amount of reserves that financial institutions are required to maintain and adjustments to the discount rates on borrowings and target rates for federal funds transactions. The actions of the Federal Reserve in these areas influence the growth of bank loans, investments and deposits and also affect interest rates on loans and deposits. The nature and timing of any future changes in monetary policies and their potential impact on the Company cannot be predicted.

Impact of Inflation

Our noninterest income and expenses can be affected by increasing rates of inflation; however, unlike most industrial companies, the assets and liabilities of financial institutions such as the Banks are primarily monetary in nature. Interest rates, therefore, have a more significant impact on the Banks' performance than the effect of general levels of inflation on the price of goods and services.

ITEM 1A. RISK FACTORS

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by the factors described below.

While we describe each risk separately, some of these risks are interrelated and certain risks could trigger the applicability of other risks described below. Also, the risks and uncertainties described below are not the only ones that we may face. Additional risks and uncertainties not presently known to us, or that we currently do not consider significant, could also potentially impair, and have a material adverse effect on, our business, results of operations and financial condition.

We may be vulnerable to certain sectors of the economy.

A portion of our loan portfolio is secured by real estate. If the economy deteriorated and depressed real estate values beyond a certain point, that collateral value of the portfolio and the revenue stream from those loans could come under stress and possibly require additional provision to the allowance for loan losses. Our ability to dispose of foreclosed real estate at prices above the respective carrying values could also be impinged, causing additional losses.

Difficult market conditions have adversely affected the industry in which we operate.

The capital and credit markets have been experiencing volatility and disruption for more than twelve months. Dramatic declines in the housing market over the past year, with falling home prices and increasing foreclosures, unemployment and under-employment, have negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities as well as major commercial and investment banks. These write-downs have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. We do not expect that the difficult conditions in the financial markets are likely to improve in the near future. A worsening of

these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial institution industry. In particular, we may face the following risks in connection with these events:

- We may expect to face increased regulation of our industry, including as a result of the Emergency Economic Stabilization Act of 2008 (EESA). Compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.
- Market developments and the resulting economic pressure on consumers may affect consumer confidence levels and may cause increases in delinquencies and default rates, which, among other effects, could affect our charge-offs and provision for loan losses.
- Competition in the industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions.
- The current market disruptions make valuation even more difficult and subjective, and our ability to measure the fair value of our assets could be adversely affected. If we determine that a significant portion of our assets have values that are significantly below their recorded carrying value, we could recognize a material charge to earnings in the quarter during which such determination was made, our capital ratios would be adversely affected and a rating agency might downgrade our credit rating or put us on credit watch.

There can be no assurance that the Emergency Economic Stabilization Act of 2008 will help stabilize the U.S. Financial System.

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 (EESA) was signed into law in response to the current crisis in the financial sector. The U.S. Department of the Treasury and banking regulators implemented a number of programs under this legislation to address capital and liquidity issues in the banking system. There can be no assurance, however, as to the actual impact that the EESA will have on the financial markets, including the extreme levels of volatility and limited credit availability currently being experienced. The failure of the EESA to help stabilize the financial markets and a continuation or worsening of current financial market conditions could materially and adversely affect our business, financial condition, results of operations, access to credit or the trading price of our common stock.

We are subject to a risk of rapid and significant changes in market interest rates.

Our assets and liabilities are primarily monetary in nature, and as a result, we are subject to significant risks tied to changes in interest rates. Our ability to operate profitably is largely dependent upon net interest income. In 2010, net interest income made up 55% of our revenue. Unexpected movement in interest rates markedly changing the slope of the current yield curve could cause our net interest margins to decrease, subsequently decreasing net interest income. In addition, such changes could adversely affect the valuation of our assets and liabilities.

At present our one-year interest rate sensitivity position is liability sensitive, such that a gradual increase in interest rates during the next twelve months should have a significant impact on net interest income during that period. However, as with most financial institutions, our results of operations are affected by changes in interest rates and our ability to manage this risk. The difference between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities may be affected by changes in market interest rates, changes in relationships between interest rate indices, and/or changes in the relationships between long-term and short-term market interest rates. A change in this difference might result in an increase in interest expense relative to interest income, or a decrease in our interest rate spread.

Certain changes in interest rates, inflation, deflation, or the financial markets could affect demand for our products and our ability to deliver products efficiently.

Loan originations, and potentially loan revenues, could be adversely impacted by sharply rising interest rates. Conversely, sharply falling rates could increase prepayments within our securities portfolio lowering interest earnings

from those investments. An underperforming stock market could reduce brokerage transactions, therefore reducing investment brokerage revenues; in addition, wealth management fees associated with managed securities portfolios could also be adversely affected. An unanticipated increase in inflation could cause our operating costs related to salaries & benefits, technology, and supplies to increase at a faster pace than revenues.

The fair market value of our securities portfolio and the investment income from these securities also fluctuate depending on general economic and market conditions. In addition, actual net investment income and/or cash flows from investments that carry prepayment risk, such as mortgage-backed and other asset-backed securities, may differ from those anticipated at the time of investment as a result of interest rate fluctuations.

Changes in the policies of monetary authorities and other government action could adversely affect our profitability.

The results of operations are affected by credit policies of monetary authorities, particularly the Federal Reserve Board. The instruments of monetary policy employed by the Federal Reserve Board include open market operations in U.S. government securities, changes in the discount rate or the federal funds rate on bank borrowings and changes in reserve requirements against bank deposits. In view of changing conditions in the national economy and in the money markets, particularly in light of the continuing threat of terrorist attacks and the current military operations in the Middle East, we cannot predict possible future changes in interest rates, deposit levels, loan demand on our business and earnings. Furthermore, the actions of the United States government and other governments in responding to such terrorist attacks or the military operations in the Middle East may result in currency fluctuations, exchange controls, market disruption and other adverse effects.

Natural disasters could affect our ability to operate.

Our market areas are susceptible to hurricanes. Natural disasters, such as hurricanes, can disrupt our operations, result in damage to properties and negatively affect the local economies in which we operate.

We cannot predict whether or to what extent damage caused by future hurricanes will affect our operations or the economies in our market areas, but such weather events could cause a decline in loan originations, a decline in the value or destruction of properties securing the loans and an increase in the risk of delinquencies, foreclosures or loan losses.

Greater loan losses than expected may adversely affect our earnings.

We, as lenders, are exposed to the risk that our customers will be unable to repay their loans in accordance with their terms and that any collateral securing the payment of their loans may not be sufficient to assure repayment. Credit losses are inherent in the business of making loans and could have a material adverse effect on our operating results. Our credit risk with respect to our real estate and construction loan portfolio will relate principally to the creditworthiness of corporations and the value of the real estate serving as security for the repayment of loans. Our credit risk with respect to our commercial and consumer loan portfolio will relate principally to the general creditworthiness of businesses and individuals within our local markets.

We make various assumptions and judgments about the collectibility of our loan portfolio and provide an allowance for estimated loan losses based on a number of factors. We believe that our current allowance for loan losses is adequate. However, if our assumptions or judgments prove to be incorrect, the allowance for loan losses may not be sufficient to cover actual loan losses. We may have to increase our allowance in the future in response to the request of one of our primary banking regulators, to adjust for changing conditions and assumptions, or as a result of any deterioration in the quality of our loan portfolio. The actual amount of future provisions for loan losses cannot be determined at this time and may vary from the amounts of past provisions.

The projected benefit obligations of our pension plan exceed the fair value of the Plan's assets.

Investments in the portfolio of our pension plan may not provide adequate returns to fully fund benefits as they come due, thus causing higher annual plan expenses and requiring additional contributions by us.

We may need to rely on the financial markets to provide needed capital.

Our stock is listed and traded on the NASDAQ Global Select. Although we anticipate that our capital resources will be adequate for the foreseeable future to meet our capital requirements, at times we may depend on the liquidity of the NASDAQ market to raise equity capital. If the market should fail to operate, or if conditions in the capital markets are adverse, we may be constrained in raising capital. We maintain a consistent analyst following; therefore, downgrades in our prospects by an analyst(s) may cause our stock price to fall and significantly limit our ability to access the markets for additional capital requirements. Should these risks materialize, our ability to further expand our operations through internal growth may be limited.

Sales of a significant number of shares of our Common Stock in the public markets, or the perception of such sales, could depress the market price of our Common Stock.

Sales of a substantial number of shares of our Common Stock in the public markets and the availability of those shares for sale could adversely affect the market price of our Common Stock. In addition, future issuances of equity securities, including pursuant to outstanding options, could dilute the interests of our existing stockholders, including you, and could cause the market price of our Common Stock to decline. We may issue such additional equity or convertible securities to raise additional capital. The issuance of any additional shares of common or preferred stock could be substantially dilutive to shareholders of our Common Stock. Moreover, to the extent that we issue restricted stock units, phantom shares, stock appreciation rights, options or warrants to purchase our Common Stock in the future and those stock appreciation rights, options or warrants are exercised or as the restricted stock units vest, our shareholders may experience further dilution. Holders of our shares of Common Stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders. We cannot predict the effect that future sales of our Common Stock would have on the market price of our Common Stock.

We may invest or spend the proceeds in stock offerings in ways with which you may not agree and in ways that may not earn a profit.

We intend to use the proceeds of offerings for general corporate purposes, including for possible acquisition opportunities that may become available or to establish de novo branches. There can be no assurances that suitable acquisition opportunities may become available, or that we will be able to successfully complete any such acquisitions. We may use the proceeds only to focus on sustaining our organic, or internal, growth, or for other purposes. In addition, we may choose to use all or a portion of the proceeds to support our capital. We retain broad discretion over the use of the proceeds from this offering and may use them for purposes other than those contemplated at the time of this offering. You may not agree with the ways we decide to use these proceeds, and our use of the proceeds may not yield any profits.

We engage in acquisitions of other businesses from time to time, including FDIC-assisted acquisitions. These acquisitions may not produce revenue or earnings enhancements or cost savings at levels or within timeframes originally anticipated and may result in unforeseen integration difficulties.

On occasion, we will engage in acquisitions of other businesses, such as the proposed acquisition of Whitney Holding Corporation announced on December 22, 2010. Difficulty in integrating an acquired business or company may cause us not to realize expected revenue increases, cost savings, increases in geographic or product presence, or other anticipated benefits from any acquisition. The integration could result in higher than expected deposit attrition (run-off), loss of key employees, disruption of our business or the business of the acquired company, or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. We are likely to need to make additional investment in equipment and personnel to manage higher asset levels and loan balances as a result of any significant acquisition, which may adversely impact our earnings. Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected.

In evaluating potential acquisition opportunities we may seek to acquire failed banks through FDIC-assisted

transactions. While the FDIC may, in such transactions, provide assistance to mitigate certain risks, such as sharing in exposure to loan losses, and providing indemnification against certain liabilities, of the failed institution, we may not be able to accurately estimate our potential exposure to loan losses and other potential liabilities, or the difficulty of integration, in acquiring such institution.

Depending on the condition of any institution that we may acquire, any acquisition may, at least in the near term, adversely affect our capital earnings and, if not successfully integrated following the acquisition, may continue to have such effects.

We may fail to realize the anticipated cost savings and other financial benefits of the Hancock/Whitney merger on the anticipated schedule, if at all.

We may face significant challenges in integrating Whitney Holding Corporation operations in our operations in a timely and efficient manner and in retaining Whitney personnel. Currently, each company operates as an independent public company. Achieving the anticipated cost savings and financial benefits of the merger will depend on part on whether we integrate Whitney's businesses in an efficient and effective manner. We may not be able to accomplish this integration process smoothly or successfully. In addition, the integration of certain operations following the merger will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day business of the combined company. Any inability to realize the full extent of, or any of, the anticipated cost savings and financial benefits of the merger, as well as any delays encountered in the integration process, could have an adverse effect on the business and results of operations of the combined company, which may affect the market price of Hancock common stock.

Our growth and financial performance may be negatively impacted if we are unable to successfully execute our growth plans.

There can be no assurances that we will be successful in continuing our organic, or internal, growth, which depends upon economic conditions, our ability to identify appropriate markets for expansion, our ability to recruit and retain qualified personnel, our ability to fund growth at a reasonable cost, sufficient capital to support our growth initiatives, competitive factors, banking laws, and other factors.

We may seek to supplement our internal growth through acquisitions. We cannot predict the number, size or timing of acquisitions, or whether any such acquisition will occur at all. Our acquisition efforts have traditionally focused on targeted banking or insurance entities in markets in which we currently operate and markets in which we believe we can compete effectively. However, as consolidation of the financial services industry continues, the competition for suitable acquisition candidates may increase. We may compete with other financial services companies for acquisition opportunities, and many of these competitors have greater financial resources than we do and may be able to pay more for an acquisition than we are able or willing to pay. We also may need additional debt or equity financing in the future to fund acquisitions. We may not be able to obtain additional financing or, if available, it may not be in amounts and on terms acceptable to us. If we are unable to locate suitable acquisition candidates willing to sell on terms acceptable to us, or we are otherwise unable to obtain additional debt or equity financing necessary for us to continue making acquisitions, we would be required to find other methods to grow our business and we may not grow at the same rate we have in the past, or at all.

We must generally receive federal regulatory approval before we can acquire a bank or bank holding company. In determining whether to approve a proposed bank acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on the competition, financial condition, and future prospects. The regulators also review current and projected capital ratios and levels, the competence, experience, and integrity of management and its record of compliance with laws and regulations, the convenience and needs of the communities to be served (including the acquiring institution's record of compliance under the Community Reinvestment Act) and the effectiveness of the acquiring institution in combating money laundering activities. We cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. We may also be required to sell banks or branches as a condition to receiving regulatory approval, which condition may not be acceptable to us or, if acceptable to us, may reduce the benefit of any acquisition.

In addition to the acquisition of existing financial institutions, as opportunities arise we plan to continue de novo branching as a part of our internal growth strategy and possibly entry into new markets through de novo branching. De novo branching and any acquisition carries with it numerous risks, including the following:

- the inability to obtain all required regulatory approvals;
- significant costs and anticipated operating losses associated with establishing a de novo branch or a new bank;
- the inability to secure the services of qualified senior management;
- the local market may not accept the services of a new bank owned and managed by a bank holding company headquartered outside of the market area of the new bank;
- economic downturns in the new market;
- the inability to obtain attractive locations within a new market at a reasonable cost; and
- the additional strain on management resources and internal systems and controls.

We have experienced to some extent many of these risks with our de novo branching to date.

We are subject to regulation by various Federal and State entities.

We are subject to the regulations of the Securities and Exchange Commission (“SEC”), the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Mississippi Department of Banking and Consumer Finance, the Louisiana Office of Financial Institutions, the Florida Office of Financial Regulation, the Alabama Banking Department and the Mississippi Department of Insurance. New regulations issued by these agencies may adversely affect our ability to carry on our business activities. We are subject to various Federal and State laws and certain changes in these laws and regulations may adversely affect our operations. Noncompliance with certain of these regulations may impact our business plans, including ability to branch, offer certain products, or execute existing or planned business strategies.

We are also subject to the accounting rules and regulations of the SEC and the Financial Accounting Standards Board. Changes in accounting rules could adversely affect the reported financial statements or our results of operations and may also require extraordinary efforts or additional costs to implement. Any of these laws or regulations may be modified or changed from time to time, and we cannot be assured that such modifications or changes will not adversely affect us.

We are subject to industry competition which may have an impact upon our success.

Our profitability depends on our ability to compete successfully. We operate in a highly competitive financial services environment. Certain competitors are larger and may have more resources than we do. We face competition in our regional market areas from other commercial banks, savings and loan associations, credit unions, internet banks, finance companies, mutual funds, insurance companies, brokerage and investment banking firms, and other financial intermediaries that offer similar services. Some of our nonbank competitors are not subject to the same extensive regulations that govern us or the Bank and may have greater flexibility in competing for business.

Another competitive factor is that the financial services market, including banking services, is undergoing rapid changes with frequent introductions of new technology-driven products and services. Our future success may depend, in part, on our ability to use technology competitively to provide products and services that provide convenience to customers and create additional efficiencies in our operations.

The price of our Common Stock is volatile and may decline.

The trading price of our Common Stock may fluctuate widely as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our Common Stock. Among the factors that could affect our stock price are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other financial institutions;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actions by institutional shareholders;
- fluctuations in the stock price and operating results of our competitors;
- general market conditions and, in particular, developments related to market conditions for the financial services industry;
- proposed or adopted regulatory changes or developments;
- anticipated or pending investigations, proceedings or litigation that involve or affect us; or
- domestic and international economic factors unrelated to our performance.

A significant decline in our stock price could result in substantial losses for individual shareholders and could lead to costly and disruptive securities litigation.

We may issue debt and equity securities or securities convertible into equity securities, any of which may be senior to our Common Stock as to distributions and in liquidation, which could negatively affect the value of our Common Stock.

In the future, we may attempt to increase our capital resources by entering into debt or debt-like financing that is unsecured or secured by all or up to all of our assets, or by issuing additional debt or equity securities, which could include issuances of secured or unsecured commercial paper, medium-term notes, senior notes, subordinated notes, preferred stock or securities convertible into or exchangeable for equity securities. In the event of our liquidation, our lenders and holders of our debt and preferred securities would receive a distribution of our available assets before distributions to the holders of our Common Stock. Because our decision to incur debt and issue securities in our future offerings will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings and debt financings. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future.

Our results of operations depend upon the results of operations of our subsidiaries.

We are a bank holding company that conducts substantially all of our operations through our subsidiary Banks. As a result, our ability to make dividend payments on our Common Stock will depend primarily upon the receipt of dividends and other distributions from our subsidiaries.

The ability of the Banks to pay dividends or make other payments to us is limited by their obligations to maintain sufficient capital and by other general regulatory restrictions on their dividends. If these requirements are not satisfied, we will be unable to pay dividends on our Common Stock.

Cash available to pay dividends to our shareholders is derived primarily, if not entirely, from dividends paid to us from the Banks. The ability of our subsidiary banks to pay dividends to us as well as our ability to pay dividends to our shareholders is limited by regulatory and legal restrictions and the need to maintain sufficient consolidated capital. We may also decide to limit the payment of dividends even when we have the legal ability to pay them in order to retain earnings for use in our business. There can be no assurance of whether or when we may pay dividends in the future.

We and/or the holders of our securities could be adversely affected by unfavorable rating actions from rating agencies.

Our ability to access the capital markets is important to our overall funding profile. This access is affected by the ratings assigned by rating agencies to us, certain of our affiliates and particular classes of securities that we and our affiliates issue. The interest rates that we pay on our securities are also influenced by, among other things, the credit ratings that we, our affiliates and/or our securities receive from recognized rating agencies. A downgrade to us, our affiliates or our securities could create obligations or liabilities to us under the terms of our outstanding securities that could increase our costs or otherwise have a negative effect on our results of operations or financial condition. Additionally, a downgrade of the credit rating of any particular security issued by us or our affiliates could negatively affect the ability of the holders of that security to sell the securities and the prices at which any such securities may be sold.

Anti-takeover provisions in our amended articles of incorporation and bylaws, Mississippi law, and our Shareholder Rights Plan could make a third party acquisition of us difficult and may adversely affect share value.

Our amended articles of incorporation and bylaws contain provisions that make it more difficult for a third party to acquire us (even if doing so might be beneficial to our stockholders) and for holders of our securities to receive any related takeover premium for their securities. In addition, under our Shareholder Rights Plan, “rights” are issued to all Hancock common shareholders which, if activated upon an attempted unfriendly acquisition, would allow our shareholders to buy our common stock at a reduced price, thereby minimizing the risk of any potential hostile takeover.

We are also subject to certain provisions of state and federal law and our articles of incorporation may make it more difficult for someone to acquire control of us. Under federal law, subject to certain exemptions, a person, entity, or group must notify the federal banking agencies before acquiring 10% or more of the outstanding voting stock of a bank holding company, including our shares. Banking agencies review the acquisition to determine if it will result in a change of control. The banking agencies have 60 days to act on the notice, and take into account several factors, including the resources of the acquirer and the antitrust effects of the acquisition. There also are Mississippi statutory provisions and provisions in our articles of incorporation that may be used to delay or block a takeover attempt. As a result, these statutory provisions and provisions in our articles of incorporation could result in our being less attractive to a potential acquirer and limit the price that investors might be willing to pay in the future for shares of our common stock.

You may not receive dividends on the common stock.

Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. Although we have historically and routinely declared cash dividends on our common stock, we are not required to do so and may reduce or eliminate our common stock dividend in the future.

Securities issued by us, including our common stock, are not FDIC insured.

Securities issued by us, including our common stock, are not savings or deposit accounts or other obligations of any bank and are not insured by the FDIC, the Bank Insurance Fund, or any other governmental agency or

instrumentality, or any private insurer, and are subject to investment risk, including the possible loss of principal.

Governmental responses to recent market disruptions may be inadequate and may have unintended consequences.

In response to recent market disruptions, legislators and financial regulators have taken a number of steps to stabilize the financial markets. These steps include the enactment and partial implementation of the Emergency Economic Stabilization Act of 2008, the provision of other direct and indirect assistance to financial institutions, assistance by the banking authorities in arranging acquisitions of weakened banks and broker-dealers, implementation of programs by the Federal Reserve Board to provide liquidity to the commercial paper markets and expansion of deposit insurance coverage. The new administration and Congress have pursued additional initiatives in an effort to stimulate the economy and stabilize the financial markets, including the enactment of the American Recovery and Reinvestment Act of 2009, and have altered the terms of some previously announced policies.

More recently, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which provides for sweeping changes to financial sector regulation and oversight, including new substantive authorities and practices in government regulation and supervision, and a restructuring of the regulatory system, including the creation of new federal agencies, offices, and councils. See “Recent Developments” under “SUPERVISION AND REGULATION” above.

The overall effects of these and other legislative and regulatory efforts on the financial markets are uncertain. Should these or other legislative or regulatory initiatives fail to stabilize the financial markets, the Company’s business, financial condition, results of operations, and prospects could be materially and adversely affected. Moreover, the implementation of the Dodd-Frank Act will likely result in significant changes to the banking industry as a whole which, depending on how its provisions are implemented by the agencies, could adversely affect the Company’s business.

In addition, the Company competes with a number of financial services companies that are not subject to the same degree of regulatory oversight to which the Company is subject. The impact of the existing regulatory framework and any future changes to it could negatively affect the Company’s ability to compete with these institutions, which could have a material and adverse effect on the Company’s results of operations and prospects.

The FDIC has increased insurance premiums to rebuild and maintain the Federal Deposit Insurance Fund.

Based on recent events and the state of the economy, in December 2008 the FDIC adopted a restoration plan designed to replenish the Deposit Insurance Fund over a period of five years and to increase the deposit insurance reserve ratio, which had decreased to 1.01% of insured deposits on June 30, 2008, to the statutory minimum of 1.15% of insured deposits by December 31, 2013. In order to implement the restoration plan, the FDIC changed both its risk-based assessment system and its base assessment rates. For the first quarter of 2009 only, the FDIC increased all FDIC deposit assessment rates by 7 basis points. These new rates ranged from between 12 and 14 basis points for Risk Category I institutions to 50 basis points for Risk Category IV institutions.

Beginning April 1, 2009, the base assessment rates ranged from 12 to 45 basis points, with the initial assessment rates subject to adjustments which could increase or decrease the total base assessment rates. The adjustments included (1) a decrease for long-term unsecured debt, including most senior and subordinated debt and, for small institutions, a portion of Tier 1 capital; (2) an increase for secured liabilities above a threshold amount; and (3) for non-Risk Category I institutions, an increase for brokered deposits above a threshold amount.

On May 22, 2009, the FDIC imposed a special deposit insurance fund assessment of 5.0 basis points on all insured institutions, to be calculated based on the difference between an institution’s total assets and its Tier 1 capital and collected on September 30, 2009. On November 12, 2009, the FDIC required banks to prepay over three years of estimated federal deposit insurance premiums.

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) changed the method of calculation for FDIC insurance assessments. Under the previous system, the assessment base

was domestic deposits minus a few allowable exclusions, such as pass-through reserve balances. Under the Dodd-Frank Act, assessments are to be calculated based on the depository institution's average consolidated total assets, less its average amount of tangible equity. On November 9, 2010, the FDIC published proposed regulations seeking to implement these changes. In addition to providing for the required change in assessment base, the FDIC has proposed to modify or eliminate the assessment adjustments based on unsecured debt, secured liabilities, and brokered deposits; to add a new adjustment for holding unsecured debt issued by another insured depository institution; and to lower the initial base assessment rate schedule in order to collect approximately the same amount of revenue under the new base as under the old base, among other changes. These proposed changes may or may not ultimately be included in the FDIC's final regulations implementing this provision of the Dodd-Frank Act.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our main office is located at One Hancock Plaza, in Gulfport, Mississippi.

We operate 182 banking and financial services offices and 161 automated teller machines across south Mississippi, Louisiana, South Alabama and Florida. We lease 101 of the 182 locations with the remainder being owned. In addition, Hancock Bank MS owns land and other properties acquired through foreclosures of loan collateral. The major item is approximately 3,700 acres of timber land in Hancock County, Mississippi, which Hancock Bank MS acquired by foreclosure in the 1930's.

ITEM 3. LEGAL PROCEEDINGS

We are party to various legal proceedings arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, there are no proceedings expected to have a material adverse effect on our financial statements. We have pending litigation as a result of Hancock's Peoples First acquisition but any resulting losses are covered by the terms of the loss share indemnification agreement.

ITEM 4. [REMOVED AND RESERVED]

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on the NASDAQ Stock Market under the symbol "HBHC" and is quoted in publications under "HancHd." The following table sets forth the high and low sale prices of our common stock as reported on the NASDAQ Stock Market. These prices do not reflect retail mark-ups, mark-downs or commissions.

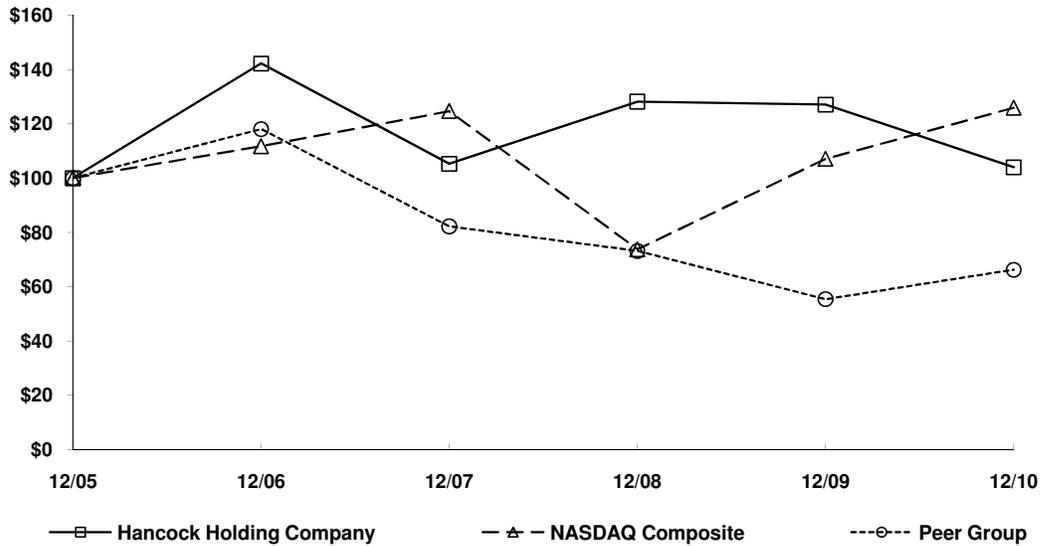
	<u>High Sale</u>	<u>Low Sale</u>	<u>Cash Dividends Paid</u>
2010			
4th quarter	\$37.26	\$28.88	\$0.24
3rd quarter	35.40	26.82	0.24
2nd quarter	43.90	33.27	0.24
1st quarter	45.86	38.23	0.24
2009			
4th quarter	\$44.89	\$35.26	\$0.24
3rd quarter	42.38	29.90	0.24
2nd quarter	41.19	30.12	0.24
1st quarter	45.56	22.51	0.24

There were 5,969 registered holders and approximately 6,964 unregistered holders of common stock of the Company at February 1, 2011 and 36,914,746 shares issued. On February 1, 2011, the high and low sale prices of the Company's common stock as reported on the NASDAQ Stock Market were \$33.12 and \$32.68, respectively. The principal source of funds to the Company to pay cash dividends is the dividends received from Hancock Bank, Gulfport, Mississippi, Hancock Bank of Louisiana, Baton Rouge, Louisiana, and Hancock Bank of Alabama, Mobile, Alabama. Consequently, dividends are dependent upon earnings, capital needs, regulatory policies and statutory limitations affecting the banks. Federal and state banking laws and regulations restrict the amount of dividends and loans a bank may make to its parent company. Dividends paid to the Company by Hancock Bank are subject to approval by the Commissioner of Banking and Consumer Finance of the State of Mississippi and those paid by Hancock Bank of Louisiana are subject to approval by the Commissioner for Financial Institutions of the State of Louisiana. Dividends paid by Hancock Bank of Alabama are subject to approval by the Alabama Department of Financial Services. The Company's management does not expect regulatory restrictions to affect its policy of paying cash dividends. Although no assurance can be given that Hancock Holding Company will continue to declare and pay regular quarterly cash dividends on its common stock, the Company has paid regular cash dividends since 1937.

Stock Performance Graph

Following is a line graph presentation comparing cumulative, five-year shareholder returns on an indexed basis with a performance indicator of the overall stock market and an index of peer companies selected by us. The broad market index used in the graph is the NASDAQ Market Index. The peer group index is a group of financial institutions in the southeast that are similar in asset size and business strategy; a list of the companies included in the index follows the graph.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Hancock Holding Company,
NASDAQ Composite Index
and Peer Group**



ASSUMES \$100 INVESTED ON DEC. 31, 2005
ASSUMES DIVIDENDS REINVESTED
FISCAL YEAR ENDING DEC. 31, 2010

BANK OF THE OZARKS INC
BANKATLANTIC GROUP A
FNB CORPORATION FL
GREEN BANKSHARES INC

IBERIABANK CORP
PINNACLE FINANCIAL PARTNERS
RENASANT CORP
REPUBLIC BANCORP INC CLA

STERLING BANCSHARES
SUPERIOR BANCORP
TRUSTMARK CORP
UNITED COMMUNITY BANKS

Issuer Purchases of Equity Securities

The following table provides information with respect to purchases made by the issuer or any affiliated purchaser of the issuer's equity securities.

	(a)	(b)	(c)	(d)
	<u>Total number of shares or units purchased</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as a part of publicly announced plans or programs (1)</u>	<u>Maximum number of shares that may yet be purchased under plans or programs</u>
Oct. 1, 2010 - Oct. 31, 2010	-	\$ -	-	2,982,700
Nov. 1, 2010 - Nov. 30, 2010	-	-	-	2,982,700
Dec.1, 2010 - Dec. 31, 2010	-	-	-	2,982,700
Total	<u>-</u>	<u>\$ -</u>	<u>-</u>	

(1) The Company publicly announced its stock buy-back program on November 13, 2007.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	\$ 602,036	\$ 31.26	\$ 4,441,041
Equity compensation plans not approved by security holders	-	-	-
Total	\$ 602,036	\$ 31.26	\$ 4,441,041

ITEM 6. SELECTED FINANCIAL DATA

The following tables set forth certain selected historical consolidated financial data and should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated Financial Statements and Notes thereto included elsewhere herein. The following information may not be deemed indicative of our future operating results.

	At and For the Years Ended December 31,				
	2010	2009	2008	2007	2006
	(Unaudited, in thousands)				
Period-End Balance Sheet Data:					
Securities	\$ 1,488,885	\$ 1,611,327	\$ 1,680,096	\$ 1,668,583	\$ 1,895,157
Short-term investments	639,164	797,262	549,416	126,281	222,439
Loans held for sale	21,866	36,112	22,290	18,957	16,946
Loans, net of unearned income	4,957,164	5,114,175	4,249,290	3,596,557	3,249,638
Total earning assets	7,107,079	7,558,876	6,501,092	5,410,378	5,384,180
Allowance for loan losses	81,997	66,050	61,725	47,123	46,772
Total assets	8,138,327	8,697,083	7,167,254	6,055,979	5,964,565
Total deposits	6,775,719	7,195,812	5,930,937	5,009,534	5,030,991
Total common stockholders' equity	856,548	837,663	609,499	554,187	558,410
Average Balance Sheet Data:					
Securities	\$ 1,559,019	\$ 1,559,570	\$ 1,742,130	\$ 1,725,895	\$ 2,222,114
Short-term investments	698,042	497,048	175,891	117,158	211,511
Loans, net of unearned income	5,005,753	4,310,120	3,873,908	3,428,009	3,062,222
Total earning assets	7,262,814	6,366,738	5,791,929	5,271,062	5,495,847
Allowance for loan losses	73,190	63,450	53,354	46,443	64,285
Total assets	8,426,234	7,099,767	6,426,389	5,851,889	6,031,800
Total deposits	6,917,498	5,697,599	5,182,407	4,929,176	5,069,427
Total common stockholders' equity	865,710	674,375	584,805	562,383	513,656

At and For the Years Ended December 31,

	2010	2009	2008	2007	2006
	(Unaudited, in thousands)				
Key Ratios:					
Return on average assets	0.62%	1.05%	1.02%	1.26%	1.69%
Return on average common equity	6.03%	11.09%	11.18%	13.14%	19.82%
Net interest margin (te)*	3.88%	3.78%	3.80%	4.08%	4.23%
Average loans to average deposits	72.36%	75.65%	74.75%	69.55%	60.41%
Noninterest income excluding securities transactions, as a percent of total revenue (te)	32.69%	39.54%	35.86%	35.89%	31.44%
Noninterest expense as a percent of total revenue (te) before amortization of purchased intangibles and securities transactions	66.00%	58.34%	61.84%	64.13%	59.28%
Allowance for loan losses to period-end loans	1.65%	1.29%	1.45%	1.31%	1.44%
Non-performing assets to loans plus other real estate	3.17%	1.97%	0.83%	0.43%	0.13%
Allowance for loan losses to non-performing loans and accruing loans 90 days past due	51.35%	58.69%	133.16%	241.43%	694.67%
Net charge-offs to average loans	1.01%	1.17%	0.57%	0.21%	0.23%
FTE employees (period-end)	2,271	2,240	1,952	1,888	1,848
Common stockholders' equity to total assets	10.52%	9.63%	8.50%	9.15%	9.36%
Tangible common equity to total assets	9.69%	8.81%	7.62%	8.08%	8.24%
Tier 1 leverage	9.65%	10.60%	8.06%	8.51%	8.63%
Tier 1 risk-based	15.34%	11.99%	10.66%	11.03%	12.46%
Total risk-based	16.60%	13.04%	11.86%	12.07%	13.60%
Income Data:					
Interest income	\$ 352,558	\$ 323,727	\$ 335,437	\$ 345,697	\$ 344,063
Interest expense	82,345	95,300	126,002	140,236	119,863
Net interest income	270,213	228,427	209,435	205,461	224,200
Net interest income (te)	282,039	240,487	219,889	215,000	232,463
Provision for (reversal of) loan losses	65,991	54,590	36,785	7,593	(20,762)
Noninterest income excluding storm-related insurance gain and securities transactions	136,949	157,258	122,953	120,378	106,585
Net storm-related items	-	-	-	-	5,084
Gains/(losses) on sales of securities, net	-	69	4,825	308	(5,169)
Noninterest expense excluding amortization of intangibles	276,532	232,053	212,011	215,092	200,991
Amortization of intangibles	2,728	1,417	1,432	1,651	2,125
Net income before income taxes	61,911	97,694	86,985	101,811	148,346
Net income	52,206	74,775	65,366	73,892	101,802
Net income available to common stockholders	52,206	74,775	65,366	73,892	101,802

*Tax Equivalent (te) amounts are calculated using a marginal federal income tax rate of 35%.

At and For the Years Ended December 31,

	2010	2009	2008	2007	2006
Per Common Share Data:					
Basic earnings per share	\$ 1.41	\$ 2.28	\$ 2.07	\$ 2.30	\$ 3.12
Diluted earnings per share	\$ 1.40	\$ 2.26	\$ 2.04	\$ 2.26	\$ 3.05
Cash dividends paid	\$ 0.960	\$ 0.960	\$ 0.960	\$ 0.960	\$ 0.895
Book value	\$ 23.22	\$ 22.74	\$ 19.18	\$ 17.71	\$ 17.09
Dividend payout ratio	68.09%	42.11%	46.38%	41.74%	28.69%
Weighted average number of shares outstanding					
Basic	36,876	32,747	31,491	32,000	32,534
Diluted	37,054	32,934	31,883	32,545	33,304
Number of shares outstanding (period end)	36,893	36,840	31,877	31,295	32,666
Market data:					
High sales price	\$ 45.86	\$ 45.56	\$ 68.42	\$ 54.09	\$ 57.19
Low sales price	\$ 26.82	\$ 22.51	\$ 33.34	\$ 32.78	\$ 37.75
Period-end closing price	\$ 34.86	\$ 43.81	\$ 45.46	\$ 38.20	\$ 52.84
Trading volume	50,102	66,346	73,843	48,169	27,275

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this discussion and analysis is to focus on significant changes and events in the financial condition and results of operations of Hancock Holding Company and our subsidiaries (Hancock) during 2010 and selected prior periods. This discussion and analysis is intended to highlight and supplement data and information presented elsewhere in this report, including the consolidated financial statements and related notes. Certain information relating to prior years has been reclassified to conform to the current year's presentation.

FORWARD-LOOKING STATEMENTS

Congress passed the Private Securities Litigation Act of 1995 in an effort to encourage corporations to provide information about a company's anticipated future financial performance. This act provides a safe harbor for such disclosure, which protects us from unwarranted litigation, if actual results are different from management expectations. This discussion and analysis contains forward-looking statements and reflects management's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "may," "should," "expect," "anticipate," "intend," "plan," "continue," "believe," "seek," "estimate" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to a number of factors and uncertainties, which could cause our actual results and experience to differ from the anticipated results and expectations, expressed in such forward-looking statements.

EXECUTIVE OVERVIEW

Net income for the year ended December 31, 2010 was \$52.2 million, a decrease of \$22.6 million, or 30.2%, from 2009's net income of \$74.8 million. The decrease in net income from the prior year was mainly due to the \$33.6 million gain on the Peoples First Community Bank (Peoples First) acquisition in December 2009. Diluted earnings per share for 2010 were \$1.40, a decrease of \$0.86 from 2009's diluted earnings per share of \$2.26. Our return on average assets for 2010 was 0.62% compared to 1.05% for 2009. The lower net income and diluted earnings per share in 2010 include the impact of two significant events that occurred in the fourth quarter of 2009: our common stock offering of 4,945,000 shares and the acquisition of Peoples First adding \$1.71 billion of assets.

Our year-end results were also impacted by the continuing national economic difficulties. Weaknesses in residential development and rising unemployment levels in our market areas resulted in a higher allowance for loan losses in 2010 which increased to \$82.0 million at December 31, 2010 from \$66.1 million recorded at December 31, 2009. In addition to the continuing economic issues, we recorded a specific reserve of \$5.2 million in the second quarter of 2010 related to the Gulf Oil Spill. We reversed \$1 million of the specific reserve in the fourth quarter of 2010 as we continue to monitor the effects on our markets. As a result of these difficult national and regional issues, we recorded a provision for loan losses of \$66.0 million in 2010, which represents an increase of \$11.4 million compared to 2009. Net charge-offs for 2010 were \$50.7 million, or 1.01% of average loans, up slightly compared to 2009's net charge-offs of \$50.3 million, or 1.17% of average loans. Of the \$50.7 million in net charge-offs in 2010, \$36.3 million was related to commercial/real estate loans due to the ongoing sluggish economy.

At December 31, 2010, our total assets were \$8.1 billion, a decrease of \$558.8 million, or 6.4%, from December 31, 2009. The decrease in total assets was due to a decrease in earnings assets of \$451.8 million due to the ongoing recession. Loan demand decreased with period-end loans down \$157.0 million from December 2009. We experienced a decrease in securities of \$165.6 million from December 2009 due to maturities. We also experienced a decline in deposits over the past year. Period-end deposits at December 31, 2010 were \$6.8 billion, down \$420.1 million, or 5.8%, from December 31, 2009. The \$420.1 million decline was primarily related to expected run-off in Peoples First time deposits. Prior to the acquisition, Peoples First deposit pricing was very aggressive in order to attract deposits and their deposit rates were considerably higher than comparable banks. We continue to remain very well capitalized with total equity of \$856.5 million at December 31, 2010, up \$18.9 million, or 2.3%, from December 31, 2009.

On December 22, 2010, the Company and Whitney Holding Corporation entered into a definitive agreement for Whitney to merge into the Company in a stock-for-stock transaction. The transaction was approved unanimously by both companies' boards of directors. Under the terms of the agreement, subject to shareholder and regulatory approval and other customary conditions, shareholders of Whitney Holding Corporation will receive 0.418 shares of the Company's common stock in exchange for each share of Whitney common stock. In connection with the merger, the Company plans to issue common equity for net proceeds of approximately \$220 million and, subject to the receipt of requisite approvals, expects to repurchase all of Whitney's TARP preferred stock and warrants held by the U.S. Treasury at closing.

RESULTS OF OPERATIONS

Net Interest Income

Net interest income (te) is the primary component of our earnings and represents the difference, or spread, between revenue generated from interest-earning assets and the interest expense related to funding those assets. For internal analytical purposes, management adjusts net interest income to a "taxable equivalent" basis using a 35% federal tax rate on tax exempt items (primarily interest on municipal securities and loans). Fluctuations in interest rates, as well as volume and mix changes in earning assets and interest-bearing liabilities can materially impact net interest income (te).

Another significant statistic in the analysis of net interest income is the effective interest differential (also referred to as the net interest margin), which is the ratio of net interest income (te) to our average earning assets. The difference between the average yield on earning assets and the effective rate paid for all deposits and borrowed funds, non-interest-bearing as well as interest-bearing is the net interest spread. Since a portion of the Bank's deposits does not bear interest, such as demand accounts, the rate paid for all funds is lower than the rate on interest-bearing liabilities alone. The net interest margin (te) for the years 2010, 2009, and 2008 was 3.88%, 3.78%, and 3.80%, respectively.

Net interest income (te) of \$282.0 million was recorded for the year 2010, an increase of \$41.6 million, or 17.3%, from 2009. We experienced an increase of \$20.6 million, or 9.4%, from 2009 to 2008. The factors contributing to the changes in net interest income (te) for 2010, 2009 and 2008 are presented in Tables 1 and 2. Table 1 is an analysis of the components of average balance sheets, levels of interest income and expense and the resulting earning asset yields and liability rates. Table 2 details the overall changes in the level of net interest income into rate and volume.

The increase of \$41.6 million in net interest income (te) in 2010 from 2009 was caused by an increase in average earnings assets of \$896.1 million, or 14.1%. In 2010, our average loan growth increased \$695.6 million, or 16.1%, average short-term investments increased \$201.0 million, or 40.4%, and average securities decreased \$0.6 million, or 0.04% from 2009. Our loan yield fell 2 basis points while our yield on securities fell 57 basis points pushing the yield on average earnings assets down 26 basis points. However, total funding costs over last year were down 36 basis points.

When comparing 2009 to 2008, the primary driver of the \$20.6 million, or 9.4% increase, in net interest income (te) was a \$574.5 million, or 9.9%, increase in average earning assets. In 2009, our average loan growth increased \$436.2 million, or 11.3%, average short-term investments increased \$321.2 million, or 182.7%, and average securities decreased \$182.9 million, or 10.5% from 2008. With short-term interest rates down significantly from 2008, our loan yield fell 68 basis points, pushing the yield on average earnings assets down 70 basis points. However, total funding costs over 2008 were down 68 basis points.

Recognizing the importance of interest differential to total earnings, management places great emphasis on managing interest rate spreads. Although interest differential is affected by national, regional, and area economics our loan and investment policies are designed to maximize interest differential while maintaining sufficient liquidity and availability of funds for purposes of meeting existing commitments and for investment in loans and other investment opportunities that may arise.

The following table is a summary of average balance sheets that reflects average interest earned, average interest paid, average yield and average rate:

TABLE 1. Summary of Average Balance Sheets (w/Net Interest Income (te) & Interest Rates)

	Years Ended December 31,								
	2010			2009			2008		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
	(In thousands)								
Assets									
Interest-Earnings Assets:									
Loans* (te)	\$5,005,753	\$293,933	5.86%	\$4,310,120	\$253,732	5.89%	\$3,873,908	\$254,347	6.57%
U.S. Treasury securities	11,437	72	0.63%	10,986	175	1.59%	11,366	296	2.60%
U.S. agency securities	152,268	3,964	2.60%	165,725	6,778	4.09%	349,931	16,000	4.57%
CMOs	284,397	10,493	3.69%	162,811	8,251	5.07%	150,692	7,465	4.95%
Mortgage-backed securities	905,212	42,350	4.68%	1,029,860	51,553	5.01%	1,012,274	52,564	5.19%
Obligations of states and political subdivisions:									
taxable	61,605	2,919	4.74%	56,414	2,493	4.42%	52,070	1,661	3.19%
nontaxable (te)	127,164	8,047	6.33%	110,517	7,008	6.34%	120,237	7,659	6.37%
Other corporate securities	16,936	856	5.05%	23,257	1,323	5.33%	45,560	2,061	4.34%
Total investment in securities	1,559,019	68,701	4.41%	1,559,570	77,581	4.97%	1,742,130	87,706	5.03%
Federal funds sold and short-term investments	698,042	1,750	0.25%	497,048	4,475	0.90%	175,891	3,838	2.18%
Total interest-earning assets (te)	7,262,814	364,384	5.01%	6,366,738	335,788	5.27%	5,791,929	345,891	5.97%
Non-earning assets:									
Other assets	1,236,610			796,479			687,814		
Allowance for loan losses	(73,190)			(63,450)			(53,354)		
Total assets	\$8,426,234			\$7,099,767			\$6,426,389		
Liabilities and Stockholder's Equity									
Interest-bearing Liabilities:									
Interest-bearing transaction deposits	\$1,940,470	9,013	0.46%	\$1,486,438	7,264	0.49%	\$1,415,288	13,751	0.97%
Time deposits	2,736,206	54,371	1.99%	1,987,059	58,252	2.93%	1,843,966	70,659	3.83%
Public funds	1,163,993	9,519	0.82%	1,288,117	18,797	1.46%	1,046,484	26,642	2.55%
Total interest-bearing deposits	5,840,669	72,903	1.25%	4,761,614	84,313	1.77%	4,305,738	111,052	2.58%
Customer repurchase agreements	477,174	9,303	1.95%	523,351	10,802	2.06%	524,712	14,491	2.76%
Other interest-bearing liabilities	38,452	209	0.54%	90,172	205	0.23%	30,186	536	1.78%
Capitalized Interest	-	(70)	0.00%	-	(20)	0.00%	-	(77)	0.00%
Total interest-bearing liabilities	6,356,295	82,345	1.30%	5,375,137	95,300	1.77%	4,860,636	126,002	2.59%
Non-interest bearing:									
Demand deposits	1,076,829			935,985			876,669		
Other liabilities	127,400			114,270			104,279		
Stockholders' equity	865,710			674,375			584,805		
Total liabilities & stockholders' equity	\$8,426,234		1.13%	\$7,099,767		1.50%	\$6,426,389		2.17%
Net interest income and margin (te)		\$282,039	3.88%		\$240,487	3.78%		\$219,889	3.80%
Net earning assets and spread		\$906,519	3.72%		\$993,171	3.50%		\$933,161	3.38%

*Loan interest income includes loan fees of \$0.2 million, \$0.8 million and \$0.5 million for each of the three years ended December 31, 2010, 2009 and 2008. Non-accrual loans in average balances and income on such loans, if recognized, is recorded on a cash basis. Tax equivalent (te) amounts are calculated using a marginal federal income tax rate of 35%.

The following table presents the change in interest income and the change in interest expense:

TABLE 2. Summary of Changes in Net Interest Income (te)

	2010 Compared to 2009			2009 Compared to 2008		
	Due to Change in		Total Increase	Due to Change in		Total Increase
	Volume	Rate	(Decrease)	Volume	Rate	(Decrease)
	(In thousands)					
Interest Income (te)						
Loans	\$39,669	\$533	\$40,202	\$23,974	(\$24,589)	(\$615)
U.S. Treasury securities	7	(110)	(103)	(10)	(111)	(121)
U.S. agency securities	(516)	(2,298)	(2,814)	(7,680)	(1,542)	(9,222)
CMOs	1,917	325	2,242	614	172	786
Mortgage-backed securities	(5,974)	(3,229)	(9,203)	(227)	(784)	(1,011)
Obligations of states and political subdivisions:						
Taxable	241	185	426	154	678	832
Nontaxable (te)	1,029	10	1,039	(615)	(36)	(651)
FHLB stock and other corporate securities	(332)	(136)	(468)	(1,132)	394	(738)
Total investment in securities	(3,628)	(5,253)	(8,881)	(8,896)	(1,229)	(10,125)
Federal funds and short-term investments	1,341	(4,066)	(2,725)	3,893	(3,256)	637
Total interest income (te)	37,382	(8,786)	28,596	18,971	(29,074)	(10,103)
Interest-bearing transaction deposits	2,124	(375)	1,749	659	(7,146)	(6,487)
Time deposits	18,146	(22,027)	(3,881)	5,163	(17,570)	(12,407)
Public funds	(1,668)	(7,610)	(9,278)	5,230	(13,075)	(7,845)
Total interest-bearing deposits	18,602	(30,012)	(11,410)	11,052	(37,791)	(26,739)
Securities sold under repurchase agreements	(920)	(579)	(1,499)	(38)	(3,651)	(3,689)
Other interest-bearing liabilities	(131)	84	(47)	4	(277)	(273)
Total interest expense	17,551	(30,507)	(12,956)	11,018	(41,719)	(30,701)
Net interest income (te) variance	\$19,831	\$21,721	\$41,552	\$7,953	\$12,645	\$20,598

Provision for Loan Losses

Continued weakness in residential real estate and commercial real estate, and elevated unemployment levels in our market areas had a significant impact on our net charge-off levels and resulted in a higher allowance for loan losses in 2010 compared to 2009. Net charge-offs were \$50.7 million, an increase of \$0.4 million, or 0.8%, from 2009 to 2010. The increase was primarily reflected in mortgage loans which represent approximately 13.3% of our total loan portfolio, or about \$659.7 million at December 31, 2010. The provision for loan losses was \$66.0 million in 2010, an increase of \$11.4 million, or 20.9% from 2009. Major drivers of the overall higher level of the provision for loan losses were continued weakness in the local and national economies and increases in nonperforming loans. In the fourth quarter of 2010, we reversed \$1.0 million of the \$5.2 million specific reserve accrued in the second quarter of 2010 for the Gulf Oil Spill. We are continuing to monitor the impact the Gulf Oil Spill is having on our affected markets. The \$1.0 million reversal was offset by an increase of \$0.7 million related to credit cards in our acquired loan portfolio. The provision for loan losses reflects management's assessment of the adequacy of the allowance for loan losses to absorb inherent losses in the loan portfolio. The amount of provision for each period is dependent on many factors, including loan growth, net charge-offs, changes in the composition of the loan portfolio, delinquencies, identified loan impairment, management's assessment of the loan portfolio quality, the value of collateral, as well as, overall economic factors. Our allowance for loan losses as a percent of period-end loans was 1.65% at December 31, 2010 compared to 1.29% at December 31, 2009.

Net charge-offs were \$50.3 million for 2009, an increase of \$28.1 million, or 126.6%, from 2008 to 2009. The provision for loan losses in 2009 was \$54.6 million. The allowance for loan losses as a percent of period-end loans was 1.29% in 2009, a decrease of 16 basis points from 1.45% at December 31, 2008. Reported net charge-offs exclude write-downs on purchased impaired loans because the fair value already considers the estimated credit losses.

Noninterest Income

Table 3 presents a three-year analysis of the components of noninterest income along with the percentage changes between years for each component. Overall, noninterest income of \$136.9 million was reported in 2010, as compared to \$157.3 million for 2009 and \$127.8 million for 2008. This represents a decrease of \$20.4 million, or 13%, from 2009 to 2010 and an increase of \$29.5 million, or 23%, from 2008 to 2009.

TABLE 3. Noninterest Income

	2010	% Change	2009	% Change	2008
	(In thousands)				
Service charges on deposit accounts	\$45,335	0%	\$45,354	3%	\$44,243
Trust fees	16,715	10%	15,127	-10%	16,858
Income from insurance operations	14,461	1%	14,355	-13%	16,554
Investment and annuity fees	10,181	24%	8,220	-24%	10,807
Debit card and merchant fees	14,941	33%	11,252	2%	11,082
ATM fees	9,486	29%	7,374	8%	6,856
Secondary mortgage market operations	8,915	51%	5,906	98%	2,977
Income from bank owned life insurance	5,219	-6%	5,527	-6%	5,906
Outsourced check income	(200)	113%	(94)	-133%	285
Letter of credit fees	1,451	11%	1,309	15%	1,140
Gain on sale of property and equipment	316	-73%	1,180	96%	602
Gain on acquisition	-	N/M*	33,623	N/M*	-
Accretion of indemnification asset	4,890	N/M*	-	N/M*	-
Other income	5,239	-36%	8,125	44%	5,643
Securities transactions gains, net	-	N/M*	69	N/M*	4,825
Total noninterest income	<u>\$136,949</u>	<u>-13%</u>	<u>\$157,327</u>	<u>23%</u>	<u>\$127,778</u>

*Not meaningful

The primary factor impacting the decrease in noninterest income compared to a year ago was the \$33.6 million gain on acquisition of Peoples First in December 2009. Partially offsetting the decrease in noninterest income was a \$4.9 million increase due to accretion on the FDIC indemnification asset from the Peoples First acquisition.

Income from service charges on deposit accounts remained about the same in 2010 compared to 2009, mainly because of lower overdraft and NSF item counts due to new Federal Reserve consumer protection regulations. When comparing 2009 to 2008, service charges on deposit accounts increased \$1.1 million, or 3% in 2009 because of increased overdrafts. Service charges include periodic account maintenance fees for both commercial and personal customers, charges for specific transactions or services, such as processing return items or wire transfers, and other revenue associated with deposit accounts, such as commissions on check sales.

Trust fees were up \$1.6 million, or 10%, compared to 2009 mainly due to improved financial market conditions. Trust fees decreased \$1.7 million, or 10%, from 2009 to 2008 due to difficult market conditions.

Investment and annuity fees increased \$2.0 million, or 24%, in 2010 mainly due to improved financial market conditions. Investment and annuity fees decreased \$2.6 million, or 24%, from 2008 to 2009 mainly due to difficult financial market conditions. Investment and annuity fees include stock brokerage and annuity sales as well as fixed-income securities transactions for correspondent banks and other commercial and personal customers.

Debit card and merchant fees were up \$3.7 million, or 33%, compared to 2009, mainly due to increased activity

from the Peoples First acquisition and were up \$0.2 million, or 2%, in 2009 compared to 2008.

ATM fees rose \$2.1 million, or 29%, over 2009 due to increased activity from the Peoples First acquisition and increased growth in our Mississippi and Louisiana markets. When comparing 2009 to 2008, ATM fees increased \$0.5 million, or 8%.

Fee income generated by our secondary mortgage market operations increased \$3.0 million, or 51%, between 2010 and 2009 after increasing \$2.9 million, or 98%, between 2009 and 2008. Because of the historically low rate environment, the refinancing of current loans increased during 2009 and continued during 2010. The increase in 2009 over 2008 was also due to a higher volume of secondary market loans.

Other income decreased \$2.9 million in 2010 mainly due to gains on sales of land of \$1.4 million and a \$1.0 million increase in other investment income during 2009.

Noninterest Expense

Table 4 presents an analysis of the components of noninterest expense for the years 2010, 2009 and 2008. The level of operating expenses increased \$45.8 million, or 20%, from 2009 to 2010 and increased \$20.0 million, or 9%, from 2008 to 2009.

TABLE 4. Noninterest Expense

	2010	% Change	2009	% Change	2008
	(In thousands)				
Employee compensation	\$ 112,477	18%	\$ 95,674	8%	\$ 88,670
Employee benefits	29,565	15%	25,775	22%	21,103
Total personnel expense	142,042	17%	121,449	11%	109,773
Equipment and data processing expense	34,215	18%	28,892	-2%	29,424
Net occupancy expense	23,803	17%	20,340	4%	19,538
Postage and communications	11,019	30%	8,474	-10%	9,454
Ad valorem and franchise taxes	3,568	-1%	3,621	3%	3,532
Legal and professional services	16,447	33%	12,321	-3%	12,718
Printing and supplies	2,380	25%	1,911	4%	1,833
Amortization of intangible assets	2,728	93%	1,417	-1%	1,432
Advertising	7,713	38%	5,597	-19%	6,917
Deposit insurance and regulatory fees	11,401	-9%	12,589	342%	2,851
Training expenses	627	45%	432	-34%	655
Other real estate owned expense, net	4,475	230%	1,357	48%	917
Insurance expense	2,010	6%	1,905	-4%	1,975
Other fees	3,649	-4%	3,802	-7%	4,084
Non loan charge-offs	982	-34%	1,494	151%	595
Other expense	12,201	55%	7,869	2%	7,745
Total noninterest expense	<u>\$ 279,260</u>	<u>20%</u>	<u>\$ 233,470</u>	<u>9%</u>	<u>\$ 213,443</u>

Total personnel expense increased \$20.6 million, or 17%, in 2010 when compared to the prior year and increased \$11.7 million, or 11%, from 2008 to 2009. The increase is mainly due to the additional full time equivalent employees from the Peoples First acquisition. Total personnel expense consists of employee compensation and employee benefits. Employee compensation includes base salaries and contract labor costs, compensation earned under sales-based and other employee incentive programs, and compensation expense under management incentive plans. Employee benefits, in addition to payroll taxes, are the cost of providing health benefits for active and retired employees and the cost of providing pension benefits through both the defined-benefit plans and a 401(k) employee savings plan.

Employee compensation increased \$16.8 million, or 18%, in 2010, mostly due to base salary expense related to our expanded footprint, increased incentive and bonus expense, and salary FTE increases on legacy Hancock Bank. Employee compensation was up \$7.0 million, or 8%, from 2008 to 2009 primarily due to the previous reasons in addition to lower deferrals of salary loan origination costs. Employee benefits expense increased \$3.8 million, or 15%, in 2010 over the prior year primarily due to increased health insurance and 401K match related to increased base pay, and was \$4.7 million, or 22% higher in 2009 compared to 2008 due to increased pension expense.

Equipment and data processing expense was up \$5.3 million, or 18%, compared to 2009 due to increased operating activity and the system conversion project associated with Peoples First.

Net occupancy expense increased \$3.5 million, or 17%, in 2010 mainly due to the facilities acquired from Peoples First. Increased expenses related mainly to building rent, utilities, property taxes and building insurance. Net occupancy expense increased \$0.8 million, or 4%, in 2009 over 2008 due to higher insurance rates, property taxes and an increase in general service contracts.

Legal and professional services increased \$4.1 million, or 33%, in 2010 compared to 2009, mostly due to increased costs associated with the acquisition, valuation and conversion of Peoples First, increased indirect dealer fees in Mississippi and increased foreclosure expenses.

Deposit insurance and regulatory fees decreased \$1.2 million, or 9%, in 2010 and increased \$9.7 million in 2009 due to a \$3.4 million FDIC special assessment in the second quarter of 2009 and increased fees due to insurance on noninterest bearing transaction accounts in 2009.

Advertising expense increased \$2.1 million, or 38%, over 2009 mostly due to increased television, radio and newspaper ads and direct mail activity in our new Florida market areas. Advertising expense decreased \$1.3 million, or 19%, from 2008 to 2009 mainly due to decreases in direct mailing and newspaper advertising.

Other real estate owned expense increased \$3.1 million in 2010 due to increased volume resulting in additional write-downs and higher expenses.

Income Taxes

Income tax expense was \$9.7 million in 2010, \$22.9 million in 2009 and \$21.6 million in 2008. Our effective income tax rate continues to be less than the statutory rate of 35%, due primarily to tax-exempt interest income and tax credits. The effective tax rates for 2010, 2009 and 2008 were 16%, 23% and 25%, respectively. Due to the reduced level of pretax income in 2010, the tax exempt interest income and the utilization of tax credits had a significant impact on the effective tax rate.

SEGMENT REPORTING

See Note 17 to our Consolidated Financial Statements included elsewhere in this report.

BALANCE SHEET ANALYSIS

Securities Available for Sale

Our investment in securities was \$1.5 billion at December 31, 2010, compared to \$1.6 billion at December 31, 2009. At December 31, 2010, 100% of the portfolio was comprised of securities classified as available for sale and none were classified as trading or held to maturity. Average investment securities were \$1.6 billion for 2010 and 2009.

The vast majority of securities in our portfolio are fixed rate and there were no investments in securities of a single issuer, other than U.S. Treasury and U.S. government agency securities and mortgage-backed securities issued or guaranteed by U.S. government agencies that exceeded 10% of stockholders' equity. We do not invest in subprime or "Alt A" home mortgage loans. We also hold short-term investments that represent U.S. government agency discount notes that all mature in less than 1 year. The investments are classified as available for sale and are carried at fair

value. Unrealized holding gains are excluded from net income and are recognized, net of tax, in other comprehensive income and in accumulated other comprehensive income, a separate component of stockholders' equity, until realized. At December 31, 2010, the average maturity of the portfolio was 3.62 years with an effective duration of 2.37 and an average yield of 4.41%.

Our securities portfolio is an important source of liquidity and earnings for us. A stated objective in managing the securities portfolio is to provide consistent liquidity to support balance sheet growth but also to provide a safe and consistent stream of earnings. To that end, management is open to opportunities that present themselves which enables us to improve the structure and earnings potential of the securities portfolio.

The amortized costs of securities classified as available for sale at December 31, 2010, 2009 and 2008, were as follows (in thousands):

TABLE 5. Securities by Type

Available for sale securities	Years Ended December 31,		
	2010	2009	2008
U.S. Treasury	\$ 10,797	\$ 11,869	\$ 11,250
U.S. government agencies	106,054	131,858	224,803
Municipal obligations	181,747	188,656	151,706
Mortgage-backed securities	761,704	1,076,708	1,041,805
CMOs	367,662	140,663	195,771
Other debt securities	14,329	15,578	25,117
Equity securities	3,428	1,071	1,047
	<u>\$ 1,445,721</u>	<u>\$ 1,566,403</u>	<u>\$ 1,651,499</u>

The amortized cost, yield and fair value of debt securities at December 31, 2010, by contractual maturity, were as follows (amounts in thousands):

TABLE 6. Securities Maturities by Type

Available for sale	One Year	Over One	Over Five	Over	Total	Fair Value	Weighted Average Yield
	or Less	Year Through Five Years	Years Through Ten Years	Ten Years			
U.S. Treasury	\$ 10,389	\$ 408	\$ -	\$ -	\$ 10,797	\$ 10,844	0.46%
U.S. government agencies	75,400	30,601	53	-	106,054	106,591	1.68%
Municipal obligations	12,317	46,224	98,048	25,158	181,747	180,443	5.98%
Mortgage-backed securities	-	8,637	112,992	640,075	761,704	799,686	4.52%
CMOs	-	124,803	5,234	237,625	367,662	372,051	3.29%
Other debt securities	1,544	9,322	3,296	167	14,329	15,285	5.66%
	<u>\$ 99,650</u>	<u>\$ 219,995</u>	<u>\$ 219,623</u>	<u>\$ 903,025</u>	<u>\$ 1,442,293</u>	<u>\$ 1,484,900</u>	4.17%
Fair Value	<u>\$ 99,403</u>	<u>\$ 221,419</u>	<u>\$ 224,468</u>	<u>\$ 939,610</u>	<u>\$ 1,484,900</u>		
Weighted Average Yield	1.45%	3.15%	4.71%	4.35%	4.17%		
Other Equity Securities					\$ 3,428	\$ 3,985	N/A
Total available for sale securities					<u>\$ 1,445,721</u>	<u>\$ 1,488,885</u>	4.17%

Federal Funds Sold and Short-term Investments

We held \$0.1 million in federal funds sold in 2010, a decrease of \$0.3 million from 2009. We held \$275.0 million at December 31, 2010 and \$214.8 million at December 31, 2009 in U.S. government agency discount notes as securities available for sale at amortized cost. The short-term investments all mature in less than 1 year. As the amortized cost is a reasonable estimate for fair value of these short-term investments, there were no gross unrealized losses to evaluate for impairment in the years ended December 31, 2010 and December 31, 2009. We did this primarily for liquidity and to use these investments as collateral for public fund deposit and customer repos.

Loan Portfolio

Average loans were \$5.0 billion in 2010, an increase of \$695.6 million, or 16.1%, over 2009 primarily due to the acquisition of Peoples First in December 2009. Average covered loans were up \$833.9 million over 2009 due to the Peoples First acquisition taking place during the last month of the year. Covered loans refer to loans we acquired in the Peoples First FDIC-assisted transaction that are subject to loss-sharing agreements with the FDIC. As indicated by Table 7, commercial and real estate loans decreased \$33.4 million, or 1.2%, from 2009. Included in this category are commercial real estate loans, which are secured by properties, used in commercial or industrial operations. We originate commercial and real estate loans to a wide variety of customers in many different industries and, as such, no single industry concentrations existed at December 31, 2010.

Mortgage loans of \$408.7 million were \$30.9 million, or 7.0%, lower than in 2009. We originate both fixed-rate and adjustable-rate mortgage loans. Certain types of mortgage loans are sold in the secondary mortgage market, while Hancock retains other types. We also originate home equity loans. This product offers customers the opportunity to leverage rising home values and equity, when the market allows, to obtain tax-advantaged consumer financing. We do not offer subprime or "Alt A" home mortgage loans.

Direct consumer loans, which include loans and revolving lines of credit made directly to consumers, were up \$10.1 million, or 1.7%, from 2009.

We originate indirect consumer loans, which consist primarily of consumer loans originated through third parties such as automobile dealers or other point-of-sale channels. Indirect consumer loans of \$333.8 million for 2010 were down \$77.9 million, or 18.9%, from 2009.

We own a finance company subsidiary, which originates both direct and indirect consumer loans. Finance company loans decreased \$6.1 million, or 5.5%, at December 31, 2010, compared to the subsidiary's outstanding loans on December 31, 2009. Harrison Finance in late 2008 closed several branches with the portfolio experiencing no real growth for 2010. This customer base is much more likely to be severely impacted by employment weakness and loss of access to credit representing a higher risk profile. Some loan types have been discontinued in 2010 and new emphasis is being placed on loan quality and asset quality maintenance in this area.

The following table shows average loan growth for the three-year period ended December 31, 2010:

TABLE 7. Average Loans

	2010			2009			2008		
	Balance	TE Yield	Mix	Balance	TE Yield	Mix	Balance	TE Yield	Mix
	(In thousands)								
Commercial & R.E. loans	\$2,675,478	5.35%	53.4%	\$2,708,848	5.35%	62.8%	\$2,393,856	6.00%	61.8%
Mortgage loans	408,671	5.67%	8.2%	439,584	5.72%	10.2%	418,133	5.93%	10.8%
Direct consumer loans and credit card loans	614,624	5.48%	12.3%	604,555	5.54%	14.0%	540,885	6.73%	13.9%
Indirect consumer loans	333,834	6.36%	6.7%	411,772	6.65%	9.6%	405,964	6.81%	10.5%
Finance company loans	105,398	17.38%	2.1%	111,500	17.38%	2.6%	115,070	18.53%	3.0%
Covered loans	867,748	6.18%	17.3%	33,861	7.64%	0.8%	-	0.00%	0.0%
Total average loans (net of unearned)	\$5,005,753	5.86%	100.0%	\$4,310,120	5.89%	100.0%	\$3,873,908	6.57%	100.0%

The following table sets forth, for the periods indicated, the composition of our loan portfolio:

TABLE 8. Loans Outstanding by Type

	Loan Portfolio				
	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(In thousands)				
Real estate:					
Residential mortgages 1-4 family	\$ 780,052	\$ 752,378	\$ 771,995	\$ 705,566	\$ 702,772
Residential mortgages multifamily	89,301	73,467	65,979	53,442	69,296
Home equity lines/loans	327,153	353,099	312,598	214,528	133,540
Construction and development	409,478	521,740	586,830	628,037	534,460
Nonresidential	1,131,821	1,041,159	943,105	731,318	666,593
Commercial, industrial and other	893,277	815,603	884,102	627,015	551,484
Consumer	456,940	535,288	611,036	564,869	525,164
Lease financing	54,872	68,451	72,571	72,717	69,487
Other revolving credit	16,104	15,839	15,933	15,391	14,262
Covered loans	809,151	950,430	-	-	-
	<u>4,968,149</u>	<u>5,127,454</u>	<u>4,264,149</u>	<u>3,612,883</u>	<u>3,267,058</u>
Less, unearned income	10,985	13,279	14,859	16,326	17,420
Net loans	<u>\$4,957,164</u>	<u>\$5,114,175</u>	<u>\$ 4,249,290</u>	<u>\$3,596,557</u>	<u>\$3,249,638</u>

The following table sets forth, for the periods indicated, the approximate contractual maturity by type of the loan portfolio:

TABLE 9. Loans Maturities by Type

	December 31, 2010			
	Maturity Range			
	Within One Year	After One Through Five Years	After Five Years	Total
	(In thousands)			
Commercial, industrial and other	\$ 306,764	\$ 323,447	\$ 263,066	\$ 893,277
Real estate - construction	47,217	315,594	46,667	409,478
Covered loans	269,657	171,500	367,994	809,151
All other loans	191,285	819,800	1,834,173	2,845,258
Total loans	<u>\$ 814,923</u>	<u>\$ 1,630,341</u>	<u>\$ 2,511,900</u>	<u>\$ 4,957,164</u>

The sensitivity to interest rate changes of that portion of our loan portfolio that matures after one year is shown below:

TABLE 10. Loans Sensitivity to Changes in Interest Rates

	December 31, 2010
	(In thousands)
Commercial, industrial, and real estate construction maturing after one year:	
Fixed rate	\$ 785,262
Floating rate	163,514
Covered loans maturing after one year:	
Fixed rate	146,918
Floating rate	392,576
Other loans maturing after one year:	
Fixed rate	1,691,257
Floating rate	962,715
Total	<u>\$ 4,142,242</u>

Non-performing Assets

Non-performing assets consist of loans accounted for on a non-accrual basis, restructured loans and foreclosed assets. In some instances, loans are placed on non-accrual status. All accrued but uncollected interest related to the loan is deducted from income in the period the loan is assigned a non-accrual status. For such period as a loan is in non-accrual status, any cash receipts are applied first to principal, second to expenses incurred to cause payment to be made and lastly to the recovery of any reversed interest income and interest that would be due and owing subsequent to the loan being placed on non-accrual status.

Included in non-accrual loans is \$8.7 million in restructured commercial loans. Total troubled debt restructurings for the period were \$12.6 million. Loan restructurings occur when a borrower is experiencing, or is expected to experience, financial difficulties in the near-term and, consequently, a modification that would otherwise not be considered is granted to the borrower. The concessions involve paying interest only for a period of 6 to 12 months. We do not typically lower the interest rate or forgive principal or interest as part of the loan modification. There have been no commitments to lend additional funds to any borrowers whose loans have been restructured. Troubled debt restructurings can involve loans remaining on non-accrual, moving to non-accrual, or continuing to accrue, depending on the individual facts and circumstances of the borrower. The evaluation of the borrower's financial condition and prospects include consideration of the borrower's sustained historical repayment performance for a reasonable period prior to the date on which the loan is returned to accrual status. A sustained period of repayment performance generally would be a minimum of six months and would involve payments of cash or cash equivalents. If the borrower's ability to meet the revised payment schedule is not reasonably assured, the loan remains classified as a non-accrual loan.

The following table sets forth non-performing assets by type for the periods indicated, consisting of non-accrual loans, troubled debt restructurings and real estate owned. Loans past due 90 days or more and still accruing are also disclosed:

TABLE 11. Non-performing Assets

	December 31,				
	2010	2009	2008	2007	2006
	(In thousands)				
Loans accounted for on a non-accrual basis	\$ 66,988	\$ 30,978	\$ 29,976	\$ 13,067	\$ 3,500
Loans accounted for on a non-accrual basis - covered	45,286	55,577	-	-	-
Restructured loans	12,641	-	-	-	-
Foreclosed assets	17,595	14,336	5,360	2,297	681
Foreclosed assets - covered	15,682	-	-	-	-
Total non-performing assets	<u>\$ 158,192</u>	<u>\$ 100,891</u>	<u>\$ 35,336</u>	<u>\$ 15,364</u>	<u>\$ 4,181</u>
Loans 90 days past due still accruing	<u>\$ 1,492</u>	<u>\$ 11,647</u>	<u>\$ 11,005</u>	<u>\$ 4,154</u>	<u>\$ 2,552</u>
Ratios					
Non-performing assets to loans plus other real estate	3.17%	1.97%	0.83%	0.43%	0.13%
Allowance for loan losses to non-performing loans and accruing loans 90 days past due	51.35%	58.69%	133.16%	241.43%	694.67%
Loans 90 days past due still accruing to loans	0.03%	0.23%	0.26%	0.11%	0.08%

Total non-performing assets at December 31, 2010 were \$158.2 million, an increase of \$57.3 million, or 57%, from December 31, 2009. Loans that are over 90 days past due but still accruing were \$1.5 million at December 31, 2010 compared to \$11.6 million at December 31, 2009. The decrease in loans 90 days past due and most of the increase in non-accrual loans can be attributed to the effects of Management's more aggressive risk management discipline. During 2010, we implemented a new policy, classifying Finance Company loans that are more than 90 days past due as non-accrual. Approximately \$15.7 million of the \$18.9 million increase in foreclosed assets is due to the acquisition of Peoples First and are covered assets under FDIC loss-sharing agreements. The increases in foreclosed assets and non-accrual loans are mainly due to the on-going national recession, weakness in residential development, and higher unemployment levels across all of our markets. Management believes that the loans included in the non-performing assets total are being handled appropriately.

The amount of interest that would have been recorded on non-accrual loans had the loans not been classified as "non-accrual" was \$5.7 million, \$2.0 million, \$1.1 million, \$0.05 million and \$0.8 million for the years ended December 31, 2010, 2009, 2008, 2007 and 2006, respectively. Interest actually received on non-accrual loans at December 31, 2010 and 2009 was \$1.0 million and \$0.3 million, respectively, and for the years ended December 31, 2008, 2007 and 2006 was not material.

Allowance for Loan and Lease Losses

Management and the Audit Committee are responsible for maintaining an effective loan review system, and internal controls, which include an effective risk rating system that identifies, monitors, and addresses asset quality problems in an accurate and timely manner. The allowance is evaluated for adequacy on at least a quarterly basis.

Our loan loss reserve methodology is established and maintained at an amount sufficient to cover the estimated credit loss associated with the loan and lease portfolios of the Bank as of the date of determination. Credit losses arise not only from credit risk, but also from other risks inherent in the lending process including, but not limited to, collateral risk, operational risk, concentration risk, and economic risk. As such, all related risks of lending are considered when assessing the adequacy of the Allowance for Loan and Lease Losses (ALLL).

The methodology for determining the allowance for loan and lease losses involves significant judgment.

Therefore, we have established a methodology for measuring the adequacy of the ALLL, which is systematic and consistently applied each quarter. The analysis and methodology include three primary segments: (1) a specific reserve analysis for those loans considered impaired under FASB guidance; (2) a pool analysis of groups of loans within the portfolio that have similar characteristics; and (3) qualitative risk factors and general economic conditions.

The guidance requires that a reserve analysis is to be completed on all loans that have been determined to be impaired by Management. When a loan is determined to be impaired, the amount of that impairment must be measured by either the loan's observable market price, the fair value of the collateral of the loan, less liquidation costs, if it is collateral dependent, or by calculating the present value of expected future cash flows discounted at the loan's effective interest rate. If the value of the impaired loan is less than the current balance of the loan, we must recognize the impairment by creating a specific reserve allowance for the shortfall.

The second reserve segment, the pool analysis methodology is governed by authoritative guidance regarding accounting for contingencies. A historical loss rate is calculated for each loan type over the 12 prior quarters to determine the 3 year average loss rate. As circumstances dictate, Management will make adjustments to the loss history to reflect significant changes in our loss history.

The third segment relates to risks not captured elsewhere. Adjustments are made to historical loss rates to cover risks associated with trends in delinquencies, non-accruals, current economic conditions, credit administration/underwriting practices, and borrower concentrations.

At December 31, 2010, the allowance for loan losses was \$82.0 million, or 1.65%, of year-end loans, compared to \$66.1 million, or 1.29%, of year-end loans for 2009. The allowance includes a \$4.2 million provision designated for the potential impact of the 2010 Gulf Oil Spill and a \$0.7 million provision related to credit cards in our acquired loan portfolio. In addition, an increased estimated provision of \$6.5 million was added for specific reserve analysis for those loans considered impaired under ASC 310 and \$4.6 million was added for loans that are considered non-impaired under ASC 450. We do not offer subprime home mortgage loans, and therefore, our increased reserve is not associated with those high risk loans. The only higher risk loans we offer are through our finance company but those loans are immaterial to our loan portfolio. Net charge-offs increased to \$50.7 million in 2010, as compared to \$50.3 million in 2009. Overall, the allowance for loan losses was 51.4% of non-performing loans and accruing loans 90 days past due at year-end 2010 compared to 58.7% at year-end 2009.

Purchased loans are recorded at fair value at the acquisition date. In addition, reported net charge-offs exclude write-downs on purchased impaired loans as the fair value already considers the estimated credit losses. For our purchased loans, we estimate expected cash flows at each quarterly reporting date. Subsequent decreases to expected cash flows will generally result in a provision for loan losses and subsequent increases in cash flows will result in a reversal of the provision for loan losses to the extent of prior charges and an adjustment to accretable yield. As mentioned in the prior paragraph, we recorded a \$0.7 million provision related to credit cards in our acquired loan portfolio in the fourth quarter of 2010.

We utilize quantitative methodologies to determine the adequacy of the allowance for loan and lease losses and are of the opinion that the allowance at December 31, 2010 is adequate.

The following table sets forth, for the periods indicated, average net loans outstanding, allowance for loan losses, amounts charged-off and recoveries of loans previously charged-off:

TABLE 12. Summary of Activity in the Allowance for Loan Losses

	At and For The Years Ended December 31,				
	2010	2009	2008	2007	2006
	(In thousands)				
Net loans outstanding at end of period	\$ 4,957,164	\$ 5,114,175	\$ 4,249,290	\$ 3,596,557	\$ 3,249,638
Average net loans outstanding	\$ 5,005,753	\$ 4,310,120	\$ 3,873,908	\$ 3,428,009	\$ 3,062,222
Balance of allowance for loan losses at beginning of period	\$ 66,050	\$ 61,725	\$ 47,123	\$ 46,772	\$ 74,558
Loans charged-off:					
Real estate	4,615	3,670	1,360	530	758
Commercial	39,247	36,882	12,974	2,597	3,676
Consumer, credit cards and other revolving credit	14,258	14,333	13,051	11,159	14,712
Lease financing	146	30	22	166	369
Total charge-offs	58,266	54,915	27,407	14,452	19,515
Recoveries of loans previously charged-off:					
Real estate	740	241	162	188	263
Commercial	3,491	766	1,036	2,774	4,729
Consumer, credit cards and other revolving credit	3,353	3,642	4,026	4,205	7,489
Lease financing	-	1	-	43	10
Total recoveries	7,584	4,650	5,224	7,210	12,491
Net charge-offs	50,682	50,265	22,183	7,242	7,024
Provision for (reversal of) loan losses, net (a)	65,991	54,590	36,785	7,593	(20,762)
Increase in indemnification asset (a)	638	-	-	-	-
Balance of allowance for loan losses at end of period	\$ 81,997	\$ 66,050	\$ 61,725	\$ 47,123	\$ 46,772
Ratios					
Gross charge-offs to average loans	1.16%	1.27%	0.71%	0.42%	0.64%
Recoveries to average loans	0.15%	0.11%	0.13%	0.21%	0.41%
Net charge-offs to average loans	1.01%	1.17%	0.57%	0.21%	0.23%
Allowance for loan losses to year end loans	1.65%	1.29%	1.45%	1.31%	1.44%
Net charge-offs to period-end net loans	1.02%	0.98%	0.52%	0.20%	0.22%
Allowance for loan losses to average net loans	1.64%	1.53%	1.59%	1.37%	1.53%
Net charge-offs to loan loss allowance	61.81%	76.10%	35.94%	15.37%	15.02%

(a) The provision for loan losses is shown "net" after coverage provided by FDIC loss share agreements on covered loans. This results in an increase in the indemnification asset, which is the difference between the provision for loan losses on covered loans of \$672, and the impairment (\$34) on those covered loans.

An allocation of the loan loss allowance by major loan category is set forth in the following table. There were no relevant variations in loan concentrations, quality or terms. The unallocated portion of the allowance represents supportable estimates of probable losses inherent in the loan portfolio but not specifically related to one category of the portfolio. The allocation is not necessarily indicative of the category of incurred losses, and the full allowance at December 31, 2010 is available to absorb losses occurring in any category of loans.

TABLE 13. Allocation of Loan Loss by Category

	For Years Ended December 31,									
	2010		2009		2008		2007		2006	
	Allowance for Loan Losses (1)	% of Loans to Total Loans (2)								
	(In thousands)									
Real estate	\$4,626	71.28	\$4,782	71.76	\$5,315	63.08	\$1,998	64.85	\$1,697	64.84
Commercial, industrial and other	52,694	19.18	42,517	17.27	36,448	22.35	27,546	19.15	27,838	18.77
Consumer and other revolving credit	20,512	9.54	18,784	10.97	19,063	14.57	16,111	16.00	15,363	16.39
Unallocated	4,165	-	(33)	-	899	-	1,468	-	1,874	-
	<u>\$81,997</u>	<u>100.00</u>	<u>\$66,050</u>	<u>100.00</u>	<u>\$61,725</u>	<u>100.00</u>	<u>\$47,123</u>	<u>100.00</u>	<u>\$46,772</u>	<u>100.00</u>

(1) Loans used in the calculation of "allowance for loan losses" are grouped according to loan purpose.

(2) Loans used in the calculation of "% of loans to total loans" are grouped by collateral type.

Deposits

Total average deposits increased by \$1.2 billion, or 21.4%, from \$5.7 billion at December 31, 2009 to \$6.9 billion at December 31, 2010 mainly due to the Peoples First acquisition in December 2009. The increases occurred across all deposit types. Non-interest bearing demand deposits grew \$140.8 million, or 15.0%, NOW account deposits grew \$81.2 million, or 5.0%, money market deposits grew \$212.0 million, or 32.5%, savings deposits grew \$55.3 million or 14.8%, and time deposits increased \$730.5 million or 34.5%.

Over the course of 2010, we continued our focus on multiple accounts, core deposit relationships and strategic placement of time deposit campaigns to stimulate overall deposit growth. In addition, we keep as our highest priority, continued customer demand for safety and liquidity of deposit products. The Banks traditionally price their deposits to position themselves competitively with the local market.

Table 14 shows average deposits for a three-year period.

TABLE 14. Average Deposits

	2010			2009			2008		
	Balance	Rate	Mix	Balance	Rate	Mix	Balance	Rate	Mix
	(In thousands)								
Non-interest bearing demand deposits	\$1,076,829	0.00%	16%	\$935,985	0.00%	16%	\$876,669	0.00%	17%
NOW account deposits	1,697,720	0.65%	25%	1,616,523	1.09%	28%	1,195,900	1.65%	23%
Money market deposits	864,582	0.71%	12%	652,572	0.95%	11%	612,510	1.91%	12%
Savings deposits	428,083	0.12%	6%	372,781	0.12%	7%	370,705	0.26%	7%
Time deposits (including Public Funds CDs)	2,850,284	1.94%	41%	2,119,738	2.84%	38%	2,126,623	3.70%	41%
Total average deposits	<u>\$6,917,498</u>	<u>100%</u>	<u>100%</u>	<u>\$5,697,599</u>	<u>100%</u>	<u>100%</u>	<u>\$5,182,407</u>	<u>100%</u>	<u>100%</u>

Time certificates of deposit of \$100,000 and greater at December 31, 2010 had maturities as follows:

TABLE 15. Maturity of Time Deposits greater than or equal to \$100,000

	December 31, 2010
	(In thousands)
Three months	\$ 270,843
Over three through six months	140,203
Over six months through one year	397,800
Over one year	456,412
Total	<u>\$ 1,265,258</u>

Short-Term Borrowings

The following table sets forth certain information concerning our short-term borrowings, which consist of federal funds purchased and securities sold under agreements to repurchase and FHLB borrowings.

TABLE 16. Short-Term Borrowings

	Years Ended December 31,		
	2010	2009	2008
	(In thousands)		
Federal funds purchased:			
Amount outstanding at period-end	\$ -	\$ 250	\$ -
Weighted average interest at period-end	0.14%	0.11%	-
Maximum amount at any month-end during period	\$ 6,900	\$ 4,700	\$ 33,775
Average amount outstanding during period	\$ 2,734	\$ 3,484	\$ 16,003
Weighted average interest rate during period	0.13%	0.21%	2.20%
Securities sold under agreements to repurchase:			
Amount outstanding at period-end	\$ 364,676	\$ 484,457	\$ 505,932
Weighted average interest at period-end	1.69%	1.99%	2.10%
Maximum amount at any month end during-period	\$ 534,627	\$ 567,888	\$ 621,424
Average amount outstanding during period	\$ 477,174	\$ 523,351	\$ 524,712
Weighted average interest rate during period	1.95%	2.06%	2.76%
FHLB borrowings:			
Amount outstanding at period-end	\$ 10,172	\$ 30,805	\$ -
Weighted average interest at period-end	1.19%	0.38%	-
Maximum amount at any month end during-period	\$ 30,676	\$ 156,000	\$ -
Average amount outstanding during period	\$ 22,846	\$ 75,160	\$ 2,650
Weighted average interest rate during period	0.57%	0.17%	2.04%

Return on Equity and Assets

Information regarding performance and equity ratios is as follows:

TABLE 17. Return on Equity and Assets

	Years Ended December 31,		
	2010	2009	2008
Return on average assets	0.62%	1.05%	1.02%
Return on average common equity	6.03%	11.09%	11.18%
Dividend payout ratio	68.09%	42.11%	46.38%
Average common equity to average assets ratio	10.27%	9.50%	9.10%

COMMITMENTS AND CONTINGENCIES

Loan Commitments and Letters of Credit

In the normal course of business, we enter into financial instruments, such as commitments to extend credit and letters of credit, to meet the financing needs of our customers. Such instruments are not reflected in the accompanying consolidated financial statements until they are funded and involve, to varying degrees, elements of credit risk not reflected in the consolidated balance sheets. The contract amounts of these instruments reflect our exposure to credit loss in the event of non-performance by the other party on whose behalf the instrument has been issued. We undertake the same credit evaluation in making commitments and conditional obligations as we do for on-balance-sheet instruments and may require collateral or other credit support for off-balance-sheet financial instruments.

At December 31, 2010, we had \$912.2 million in unused loan commitments outstanding, of which approximately \$728.5 million were at variable rates and the remainder were at fixed rates. A commitment to extend credit is an agreement to lend to a customer as long as the conditions established in the agreement have been satisfied. A commitment to extend credit generally has a fixed expiration date or other termination clauses and may require payment of a fee by the borrower. Since commitments often expire without being fully drawn, the total commitment amounts do not necessarily represent our future cash requirements. We continually evaluate each customer's credit worthiness on a case-by-case basis. Occasionally, a credit evaluation of a customer requesting a commitment to extend credit results in our obtaining collateral to support the obligation.

Letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third party. The credit risk involved in issuing a letter of credit is essentially the same as that involved in extending a loan. At December 31, 2010, we had \$87.0 million in letters of credit issued and outstanding.

The following table shows the commitments to extend credit and letters of credit at December 31, 2010 and 2009 according to expiration date.

TABLE 18. Commitments and Letters of Credit

	Total	Expiration Date			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
December 31, 2010			(In thousands)		
Commitments to extend credit	\$ 912,206	\$ 527,426	\$ 81,719	\$ 56,715	\$ 246,346
Letters of credit	87,038	31,271	35,920	19,231	616
Total	<u>\$ 999,244</u>	<u>\$ 558,697</u>	<u>\$ 117,639</u>	<u>\$ 75,946</u>	<u>\$ 246,962</u>
	Total	Expiration Date			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
December 31, 2009			(In thousands)		
Commitments to extend credit	\$ 983,242	\$ 637,170	\$ 54,678	\$ 64,773	\$ 226,621
Letters of credit	108,736	53,797	19,990	34,934	15
Total	<u>\$ 1,091,978</u>	<u>\$ 690,967</u>	<u>\$ 74,668</u>	<u>\$ 99,707</u>	<u>\$ 226,636</u>

RISK MANAGEMENT

Credit Risk

The Banks' primary lending focus is to provide commercial, consumer, and real estate loans to consumers, to small and middle market businesses in their respective market areas, and to State, County, and Municipal government entities. Diversification in the loan portfolio is a means of reducing the risks associated with economic fluctuations. The Banks have no significant concentrations of loans to particular borrowers or loans to any foreign entities. The Banks have very granular loan portfolios, with average loan size at very modest levels. We monitor real estate lending concentrations throughout the year, and we do not have any commercial real estate concentrations, as defined by interagency guidelines. We have experienced a decrease in residential construction/development lending over the course of the last three years, as we have actively managed this segment of lending within the Company. This segment of the loan portfolio still represents somewhat of a risk considering national housing trends, local market demand for housing, price softness in some markets, population migration trends, as well as general economic conditions. We monitor local trends for demand and inventory levels, in addition to price stability information. These monitoring disciplines will continue into 2011 and we will adjust our lending posture appropriately.

We are concerned about the stability of real estate values locally and nationally. We have had concerns about non owner occupied commercial investment projects such as hotels; office buildings; mini storage buildings; retail strip centers etc. since occupancies, demand, and lease rates for these properties have not yet fully stabilized. A number of national, regional, and local economic factors will have an impact on the stabilization of these components, so we remain concerned until we see some strengthening in these areas. Appraisal values are likewise impacted in these times of uncertainty as there are challenges to arrive at reliable values in this period when multiple issues are affecting the market.

Appropriate and compliant third party valuations are obtained at the time of origination for real estate secured transactions. As determinations are made that a loan has deteriorated to the point of becoming a problem loan, updated valuations may be ordered prior to maturity to determine whether there is some value impairment, leading to a recommendation for partial charge off. Loans that are graded as Substandard or Doubtful within the portfolio and are \$1,000,000 and greater in size, are required to have third party valuations performed annually to determine if there is further impairment requiring further write-downs. Those valuations are ordered through, and reviewed by, the Bank's

Appraisal Department consistent with regulatory requirements. The Bank typically orders “as is” value for the subject property if it is in a criticized loan classification.

For those loans under \$1,000,000 but over \$100,000 we utilize information obtained from historical losses within Other Real Estate sold to discount the appraisal value to determine the impairment associated with the loan. If, in the opinion of management, the value is still in question, it may be necessary to obtain a recertification of the appraisal on hand or obtain an updated or completely new appraisal. Appraisals received that provide a current value that creates an impairment are brought to the monthly Charge-Off meeting with management for discussion and appropriate provisions or charge-offs are promptly recognized.

All loans that have incurred a partial write-down for value impairment are recognized as Substandard or Doubtful on the Bank’s books. The Bank maintains an active Loan Review function so that developing problems are captured and recognized. Further, an active Watch List review routine is in place as part of the Bank’s problem loan management strategy. On no less than a monthly basis, a 90 days and still accruing loan report is sent to the Special Assets manager. This report is reviewed with Management, including the Chief Credit Officer and all loans that are not in the process of collection and/or well secured are recommended for Non-Accrual status. Recommendations flow from all of the above activities to recognize non performing loans and determine accrual status.

The Bank determines the amount of the appropriate write-down (or partial charge off) after review of the appraisal, and considering the amount of estimated selling expenses, other costs of sale, and carrying costs. This analysis would include the customer’s repayment ability outside of the collateral position securing the loan. These are based upon an annual review of the history of these expenses within the Bank.

Our Direct Loan portfolio represents approximately 54% of the bank’s total retail portfolio, including mortgage loans as of 12/31/10. At year end 2010, approximately 97% of the Direct Loan portfolio was secured while approximately 3% of the portfolio was considered unsecured. The size of our Indirect Loan Portfolio continued to trend down during 2010, due to both product demand and our targets for high quality accounts.

Loans are underwritten on the basis of repayment ability and collateral value. Generally, real estate secured loans and mortgage loans are made when the borrower produces evidence of repayment ability along with appropriate equity in the property.

Allowance for Loan and Lease Losses

The allowance for loan and lease losses “ALLL” is a valuation account available to absorb losses on loans. The ALLL is established and maintained at an amount sufficient to cover the estimated credit loss associated with the loan and lease portfolios as of the date of the determination. Credit losses arise not only from credit risk, but also from other risks inherent in the lending process including, but not limited to, collateral risk, operational risk, concentration risk, and economic risk. As such, all related risks of lending are considered when assessing the adequacy of the allowance for loan and lease losses. Quarterly, we estimate the probable level of losses to determine whether the allowance is adequate to absorb reasonably foreseeable, anticipated losses in the existing portfolio based on our past loan loss and delinquency experience, known and inherent risks in the portfolio, adverse situations that may affect the borrowers’ ability to repay, and the estimated value of any underlying collateral and current economic conditions. The analysis and methodology include three primary segments. These segments include a pool analysis of various retail loans based upon loss history, a pool analysis of commercial and commercial real estate loans based upon loss history by loan type, and a specific reserve analysis for those loans considered impaired under generally accepted accounting principles. All commercial and commercial real estate loans with an outstanding balance of \$100,000 or greater are individually reviewed for impairment; substandard mortgage loans with balances of \$100,000 or greater are also included in the analysis. All losses are charged to the allowance for loan and lease losses when the loss actually occurs or when a determination is made that a loss is likely to occur; recoveries are credited to the allowance for loan losses at the time of receipt. Beginning in 2011, we changed the scope of the analysis to include all commercial, commercial real estate and substandard mortgage loans with balances of \$250,000 or greater.

Commercial loans are considered impaired when it is probable (the future event or events are likely to occur) that the bank will be unable to collect all amounts due (including principal and interest) according to the contractual terms

of the loan agreement. In order to ensure consideration of all possible impairments, for purposes of the model the Banks consider all loans that are risk rated substandard as impaired. When a loan is determined to be impaired, the amount of that impairment must be measured by either the loan's observable market price, the fair value of the collateral of the loan (less liquidation costs) if it is collateral dependent, or by calculating the present value of expected future cash flows discounted at the loan's effective interest rate. If the value of the impaired loan is less than the current balance of the loan, the impairment is recognized by creating a specific reserve allowance for the shortfall. If the value is greater or equal to the loan balance, then no reserve allocation may be made for the loan. In addition, any loans included in the impairment review are not incorporated into the pool analysis to avoid double counting.

Pool analysis is applied for all retail loans. The retail loans are subdivided into three groups, which currently include: mortgage real estate, indirect loans and direct consumer loans. A historical loss rate is calculated for each group over the twelve prior quarters to determine the three year average loss rate. As circumstances dictate, management will make adjustments to the loss history to reflect significant changes in our loss history. Adjustments will also be made to historical loss rates to cover risks associated with trends in delinquencies, non-accruals, current economic conditions and credit administration/ underwriting practices and policies.

We apply pool analysis for commercial and commercial real estate loans where a historical loss ratio is applied to all commercial loans, commercial real estate loans and leases grouped by product type for which exposure is measured as required by generally accepted accounting principles and can best be evaluated collectively due to similar attributes. A historical loss rate is calculated for each group over the twelve prior quarters to determine the three year average loss rate. As circumstances dictate, we will make adjustments to the loss history to reflect significant changes in our loss history. Adjustments will also be made to historical loss rates to cover risks associated with trends in delinquencies, non-accruals, current economic conditions and credit administration/ underwriting practices and policies and borrower concentrations.

For acquired loans, we must estimate expected cash flows at each reporting date. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in cash flows result in a reversal of the provision for loan losses to the extent of prior charges and adjusted accretable yield which will have a positive impact on interest income.

Asset/Liability Management

Our asset liability management (ALM) process consists of quantifying, analyzing and controlling interest rate risk (IRR) to maintain stability in net interest income (NII) under varying interest rate environments. The principal objective of ALM is to maximize net interest income while operating within acceptable limits established for interest rate risk and maintaining adequate levels of liquidity. Our net earnings are dependent on our net interest income. Net interest income is susceptible to IRR to the degree that interest-bearing liabilities mature or re-price on a different basis and timing than interest-earning assets. This timing difference represents a potential risk to our future earnings. When interest-bearing liabilities mature or re-price more quickly than interest-earning assets in a given period, a significant increase in market rates of interest and the subsequent impact on customer behavior could adversely affect NII. Similarly, when interest-earning assets mature or re-price more quickly than interest-bearing liabilities, falling interest rates and changes in customer behavior could result in a decrease in NII.

Management and the Asset/Liability Committee (ALCO) direct our IRR management through a Risk Management policy that is designed to produce a stable net interest margin (NIM) in periods of interest rate fluctuation. In adjusting our asset/liability position, the board of directors and management attempt to direct our IRR while enhancing the NIM. At times, depending on the general level of interest rates, the relationship between long-term and short-term interest rates, market conditions and competitive factors, we may determine strategies that could add to the level of IRR in order to increase its NIM. Notwithstanding our IRR management activities, the potential for changing interest rates is an uncertainty that can have an adverse effect on net earnings.

To control interest rate risk, we regularly monitor the volume of interest sensitive assets compared with interest sensitive liabilities over specific time intervals. Interest-sensitive assets and liabilities are those that are subject to maturity or re-pricing within a given time period. We also administer this sensitivity through the development and implementation of investment, lending, funding and pricing strategies designed to achieve NII performance goals while minimizing the potential negative variations in NII under different interest rate scenarios. Investment strategies, including portfolio durations and cash flows, are formulated and continually adjusted during the implementation to assure attainment of objectives in the most effective manner. Loan and deposit pricing are adjusted weekly to reflect current interest rate and competitive market environments, with duration targets on both reviewed monthly.

The Static Gap Report shown in Table 19 measures the net amounts of assets and liabilities that re-price within a given time period over the remaining lives of those instruments. At December 31, 2010, our cumulative re-pricing gap in the one year interval was -5.0%. The liability sensitive position represents a deposit funding mix of significant balances in short term contractual CDs and interest bearing public fund transaction deposits. The earning asset position is strategically managed with a balance in our loan growth (fixed versus floating and duration targets) and securities portfolio cash flows. We believe we are adequately positioned for the current rate environment.

To further control IRR, we structure our loan portfolio to provide appropriate investment opportunities while minimizing potential volatility in earnings from extension risk. Deposit strategies continue to emphasize a mix of non-certificate of deposit core accounts and consumer time deposits. However, the 2010 yield curve environment has created more demand on consumer time deposits with maturities one year or less.

The following table sets forth the scheduled re-pricing or maturity of our assets and liabilities at December 31, 2010 and December 31, 2009. The assumed prepayment of investments and loans was based on our assessment of current market conditions on such dates. Estimates have been made for the re-pricing of savings, NOW and money market accounts. Actual prepayments and deposit withdrawals will differ from the following analysis due to variable economic circumstances and consumer behavior. Although assets and liabilities may have similar maturities or re-pricing periods, reactions will vary as to timing and degree of interest rate change.

TABLE 19. Analysis of Interest Sensitivity

	December 31, 2010						Total
	Overnight	Within 6 months	6 months to 1 year	1 to 3 years	> 3 years	Non-Sensitive Balance	
	(In thousands)						
Assets							
Securities	\$ 1,134	\$ 157,163	\$ 238,978	\$ 417,828	\$ 666,948	\$ 6,834	\$ 1,488,885
Federal funds sold & short-term investments	351,602	236,795	50,767	-	-	-	639,164
Loans	-	1,791,881	539,085	1,392,903	1,173,164	-	4,897,033
Other assets	-	-	-	-	-	1,113,245	1,113,245
Total Assets	<u>\$ 352,736</u>	<u>\$2,185,839</u>	<u>\$ 828,830</u>	<u>\$ 1,810,731</u>	<u>\$ 1,840,112</u>	<u>\$ 1,120,079</u>	<u>\$ 8,138,327</u>
Liabilities							
Interest bearing transaction deposits	\$ -	\$ 1,358,631	\$ 350,532	\$ 1,147,729	\$ 240,807	\$ -	\$ 3,097,699
Time deposits	-	791,432	835,240	707,024	217,078	-	2,550,774
Non-interest bearing deposits	-	-	-	56,362	1,070,884	-	1,127,246
Borrowings	189,676	88,304	-	97,244	13,129	-	388,353
Other liabilities	-	-	-	-	-	117,707	117,707
Stockholders' equity	-	-	-	-	-	856,548	856,548
Total Liabilities & Equity	<u>\$ 189,676</u>	<u>\$2,238,367</u>	<u>\$ 1,185,772</u>	<u>\$ 2,008,359</u>	<u>\$ 1,541,898</u>	<u>\$ 974,255</u>	<u>\$ 8,138,327</u>
Interest sensitivity gap	\$ 163,060	\$ (52,528)	\$ (356,942)	\$ (197,628)	\$ 298,214	\$ 145,824	
Cumulative interest rate sensitivity gap	\$ 163,060	\$ 110,532	\$ (246,410)	\$ (444,038)	\$ (145,824)	-	
Cumulative interest rate sensitivity gap as a percentage of total earning assets	2.2 %	1.5 %	(3.3)%	(5.9)%	(1.9)%		

TABLE 19. Analysis of Interest Sensitivity (continued)

		December 31, 2009					
	Overnight	Within 6 months	6 months to 1 year	1 to 3 years	> 3 years	Non-Sensitive Balance	Total
(In thousands)							
Assets							
Securities	\$ 1,399	\$ 214,695	\$ 153,678	\$ 483,171	\$ 757,545	\$ 839	\$ 1,611,327
Federal funds sold & short-term investments	582,491	214,771	-	-	-	-	797,262
Loans	-	2,419,296	344,186	1,315,098	1,005,657	-	5,084,237
Other assets	-	-	-	-	-	1,204,257	1,204,257
Total Assets	<u>\$ 583,890</u>	<u>\$ 2,848,762</u>	<u>\$ 497,864</u>	<u>\$ 1,798,269</u>	<u>\$ 1,763,202</u>	<u>\$ 1,205,096</u>	<u>\$ 8,697,083</u>
Liabilities							
Interest bearing transaction deposits	\$ -	\$ 1,431,228	\$ 322,818	\$ 1,070,566	\$ 225,116	\$ -	\$ 3,049,728
Time deposits	-	1,180,993	1,199,998	524,828	166,923	-	3,072,742
Non-interest bearing deposits	-	-	-	53,667	1,019,674	-	1,073,341
Borrowings	290,551	23,573	25,039	106,805	81,264	-	527,232
Other liabilities	-	-	-	-	-	136,377	136,377
Stockholders' equity	-	-	-	-	-	837,663	837,663
Total Liabilities & Equity	<u>\$ 290,551</u>	<u>\$ 2,635,794</u>	<u>\$ 1,547,855</u>	<u>\$ 1,755,866</u>	<u>\$ 1,492,977</u>	<u>\$ 974,040</u>	<u>\$ 8,697,083</u>
Interest sensitivity gap	\$ 293,339	\$ 212,968	\$(1,049,991)	\$ 42,403	\$ 270,225	\$ 231,056	-
Cumulative interest rate sensitivity gap	\$ 293,339	\$ 506,307	\$ (543,684)	\$ (501,281)	\$ (231,056)	-	-
Cumulative interest rate sensitivity gap as a percentage of total earning assets	3.9 %	6.7 %	(7.2)%	(6.6)%	(3.1)%	-	-

Net Interest Income at Risk

NII at risk measures the risk of a decline in earnings due to changes in interest rates. Table 20 presents an analysis of our IRR as measured by the estimated changes in NII resulting from an instantaneous and sustained parallel shift in the yield curve at December 31, 2010. Shifts are measured in 100 basis point increments (+ 300 through - 100 basis points) from base case. Base case encompasses key assumptions for asset/liability mix, loan and deposit growth, pricing, prepayment speeds, deposit decay rates, securities portfolio cash flows and reinvestment strategy, and the market value of certain assets under the various interest rate scenarios. The base case scenario assumes that the current interest rate environment is held constant throughout the forecast period; the instantaneous shocks are performed against that yield curve.

TABLE 20. Net Interest Income (te) at Risk

Change in Interest Rates (basis points)	Estimated Increase (Decrease) in NII December 31, 2010
-100	-5.4%
Stable	0.0%
+ 100	6.0%
+ 200	6.2%
+ 300	6.0%
Most Likely	4.7%

Additionally, we have forecasted a Most Likely NII scenario based on its conservative projection of yield curve changes for the coming 12 month period. This scenario utilizes all base case assumptions, applying those assumptions against a yield curve forecast that incorporates the current interest rate environment and projects certain strategic pricing changes over the forecast period. Table 20 indicates that our level of NII modestly increases under rising rates. The most likely scenario for interest rates projects a modest 4.7% increase in net interest income to base case. Our 12 month forward most likely interest rate forecast is very much in line with Bloomberg consensus economic forecast which is a sloping yield curve and the spread between the 10 year yield to 2 year yield narrows slightly to 2.65% by the fourth quarter of 2011. Actual results will be significantly impacted by management's ability to execute the CD re-pricing strategy of 18 month and greater term placement within the next 6 months of CD balance re-pricing.

These scenarios are instantaneous shocks that assume balance sheet management will mirror base case. Should the yield curve begin to rise or fall, management has several strategies available to maximize earnings opportunities or offset the negative impact to earnings. For example, in a rising rate environment, deposit pricing strategies could be adjusted to offer more competitive rates on long and medium-term CDs and less competitive rates on short-term CDs. Another opportunity at the start of such a cycle would be reinvesting the securities portfolio cash flows into short-term or floating-rate securities. On the loan side the company can make more floating-rate loans that tie to indices that re-price more frequently, such as LIBOR (London interbank offered rate) and make fewer fixed-rate loans. Finally, there are a number of hedge strategies by which management could use derivatives, including swaps and purchased ceilings, to lock in net interest margin protection; to date, we have not entered into any hedge transactions for the purpose of earnings protection.

Even if interest rates change in the designated amounts, there can be no assurance that our assets and liabilities would perform as anticipated. Additionally, a change in the U.S. Treasury rates in the designated amounts accompanied by a change in the shape of the U.S. Treasury yield curve would cause significantly different changes to NII than indicated above. Strategic management of our balance sheet and earnings is fluid and would be adjusted to accommodate these movements. As with any method of measuring IRR, certain shortcomings are inherent in the methods of analysis presented above. For example, although certain assets and liabilities may have similar maturities or periods to re-pricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Certain assets such as adjustable-rate loans have features which restrict changes in interest rates on a short-term basis and over the life of the asset. Also, the ability of many borrowers to service their debt may decrease in the event of an interest rate increase. We consider all of these factors in monitoring its exposure to interest rate risk.

LIQUIDITY

Liquidity Management

Liquidity management encompasses our ability to ensure that funds are available to meet the cash flow requirements of depositors and borrowers, while also ensuring that we have adequate cash flow to meet our various needs, including operating, strategic and capital. Without proper liquidity management, we would not be able to perform the primary function of a financial intermediary and would not be able to meet the needs of the communities in which we have a presence and serve. In addition, the parent holding company's principal source of liquidity is dividends from its subsidiary banks. Liquidity is required at the parent holding company level for the purpose of paying dividends to stockholders, servicing of any debt we may have, business combinations as well as general corporate expenses.

The asset portion of the balance sheet provides liquidity primarily through loan principal repayments, maturities of investment securities and occasional sales of various assets. Short-term investments such as federal funds sold, securities purchased under agreements to resell and maturing interest-bearing deposits with other banks are additional sources of liquidity funding. As shown in Table 21 below, our liquidity ratios as of December 31, 2010 and 2009 for free securities stood at 15.3% or \$269.9 million and 20.5% or \$365.5 million, respectively.

TABLE 21. Liquidity Ratios

	2010	2009
	(In thousands)	
Free securities	15.30%	20.50%
Free securities-net wholesale funds/core deposits	2.65%	5.00%
Wholesale funding diversification		
Certificate of deposits > \$100,000*	15.55%	9.15%
Brokered certificate of deposits	0.00%	0.00%
Public fund certificate of deposits	\$114,084	\$100,251
Net wholesale funding maturity concentrations		
Overnight	0.00%	0.00%
Up to 3 months	4.33%	-1.12%
Up to 6 months	1.72%	1.94%
Over 6 months	6.25%	7.21%
Net wholesale funds	\$1,001,318	\$698,456
Core deposits	\$5,510,460	\$5,886,782

*CDs > \$100K includes public funds in 2010

The liability portion of the balance sheet provides liquidity through various customers' interest-bearing and non-interest-bearing deposit accounts. Purchases of federal funds, securities sold under agreements to repurchase and other short-term borrowings are additional sources of liquidity and represent our incremental borrowing capacity. These sources of liquidity are short-term in nature and are used as necessary to fund asset growth and meet short-term liquidity needs. Our short-term borrowing capacity includes an approved line of credit with the Federal Home Loan Bank of \$774.8 million and borrowing capacity at the Federal Reserve's Discount Window in excess of \$136.8 million. As of December 31, 2010 and 2009, our core deposits were \$5.5 billion and \$5.9 billion, respectively, and Net Wholesale Funding stood at \$1.0 billion and \$698.5 million, respectively.

The Consolidated Statements of Cash Flows provide an analysis of cash from operating, investing, and financing activities for each of the three years in the period ended December 31, 2010. Cash flows from operations are a significant part of liquidity management, contributing significant levels of funds in 2010, 2009 and 2008.

Cash flows from operations increased to \$195.0 million in 2010 from \$18.1 million in 2009 and from \$94.4 million in 2008. Cash provided by operating activities increased primarily as a result of an increase in the provision for loan losses and a decrease in other assets. Cash flows provided by investing activities were \$334.4 million in 2010 compared to cash flows of \$253.7 million in 2009 and to cash flows used in investing activities of \$1.11 billion in 2008. Cash provided by investing activities increased as a result of an increase in interest-bearing time deposits. Cash flows used in financing activities were \$594.2 million in 2010, primarily from the decrease in deposits and fed funds sold, compared to cash flows of \$266.9 million in 2009 and cash flows provided by financing activities of \$1.03 billion in 2008.

Contractual Obligations

We have contractual obligations to make future payments on certain debt and lease agreements. Table 22 summarizes all significant contractual obligations at December 31, 2010, according to payments due by period.

TABLE 22. Contractual Obligations

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(In thousands)				
Certificates of deposit	\$ 2,550,774	\$ 1,626,672	\$ 707,024	\$ 217,078	\$ -
Short-term debt obligations	484,707	484,707	-	-	-
Long-term debt obligations	223	13	33	46	131
Capital lease obligations	234	41	80	78	35
Operating lease obligations	37,777	4,389	7,144	5,952	20,292
Total	<u>\$ 3,073,715</u>	<u>\$ 2,115,822</u>	<u>\$ 714,281</u>	<u>\$ 223,154</u>	<u>\$ 20,458</u>

CAPITAL RESOURCES

A strong capital position, which is vital to continued profitability, also promotes depositor and investor confidence and provides a solid foundation for future growth. Composite ratings by the respective regulatory authorities of the Company and the Banks establish minimum capital levels. Currently, we are required to maintain minimum Tier 1 leverage ratios of at least 3%, subject to an increase up to 5%, depending on the composite rating. At December 31, 2010, our capital balances were in excess of current regulatory minimum requirements. As indicated in Table 23 below, our regulatory capital ratios far exceed the minimum required ratios, and we have been categorized as “well capitalized” in the most recent notice received from their regulators.

We remain very well capitalized. As of December 31, 2010, our Leverage (tier one) Ratio stands at 9.65%, while the Tangible Equity Ratio is 9.69% (see below in Table 23). While we remain very well capitalized, so that we maintain flexibility for future capital needs, including acquisitions, we may consider raising additional capital at some point in the future.

TABLE 23. Risk-Based Capital and Capital Ratios

	2010	2009	2008	2007	2006
	(In thousands)				
Tier 1 regulatory capital	\$ 782,301	\$ 756,108	\$ 550,216	\$ 498,731	\$ 510,639
Tier 2 regulatory capital	64,240	66,397	61,874	47,447	46,583
Total regulatory capital	<u>\$ 846,541</u>	<u>\$ 822,505</u>	<u>\$ 612,090</u>	<u>\$ 546,178</u>	<u>\$ 557,222</u>
Risk-weighted assets	<u>\$ 5,099,630</u>	<u>\$ 6,305,707</u>	<u>\$ 5,162,676</u>	<u>\$ 4,523,479</u>	<u>\$ 4,097,400</u>
Ratios					
Leverage (Tier 1 capital to average assets)	9.65%	10.60%	8.06%	8.51%	8.63%
Tier 1 capital to risk-weighted assets	15.34%	11.99%	10.66%	11.03%	12.46%
Total capital to risk-weighted assets	16.60%	13.04%	11.86%	12.07%	13.60%
Common stockholders' equity to total assets	10.52%	9.63%	8.50%	9.15%	9.36%
Tangible common equity to total assets	9.69%	8.81%	7.62%	8.08%	8.24%

We made no stock purchases in 2010 or 2009. During 2008, we purchased a total of 6,458 shares of common stock at an aggregate price of \$260,000, or \$40.26 per share. These shares were purchased under the 2007 Stock Repurchase Plan, authorizing the repurchase of 3,000,000 shares, or approximately 10% of our outstanding common stock. Subject to market conditions, repurchases will be conducted solely through a Rule 10b-1 repurchase plan. Shares repurchased under this plan will be held in treasury and used for general corporate purposes as determined by our board of directors.

FOURTH QUARTER RESULTS

Net income for the fourth quarter of 2010 was \$17.0 million, a decrease of \$14.8 million, or 46.5%, from the fourth quarter of 2009. Diluted earnings per share for 2010's fourth quarter were \$0.46, a decrease of \$0.43 from the same quarter a year ago. The lower net income and diluted earnings per share in the fourth quarter of 2010 were primarily caused by the \$33.6 million gain on the acquisition of Peoples First in the fourth quarter of 2009.

For the quarter ended December 31, 2010, our average total loans were \$5.0 billion, which represented an increase of \$576.3 million, or 13.2%, from the same quarter a year ago primarily due to the Peoples First acquisition. The increases were in commercial/real estate (up \$309.3 million), mortgage loans (up \$231.8 million), credit card loans (up \$9.6 million) and direct consumer loans (up \$105.8 million) slightly offset by decreases in indirect consumer loans (down \$70.8 million) and finance company loans (down \$9.5 million.) Period end loans were \$5.0 billion at December 31, 2010, a decrease of \$171.3 million, or 3.3%, from December 31, 2009 due to a decrease in loan demand as a result of the sluggish economy.

Average deposits were \$6.7 billion, up \$1.1 billion, or 19.7%, from the fourth quarter of 2009, primarily due to the acquisition of Peoples First. Period-end deposits for the fourth quarter were \$6.8 billion, down \$420.1 million, or 5.8%, from December 31, 2009. The \$420.1 million decline was primarily related to expected run-off in Peoples First time deposits. Prior to the acquisition, Peoples First deposit pricing was very aggressive in order to attract deposits and their deposit rates were considerably higher than comparable banks.

We continue to remain well capitalized with average stockholders' equity of \$875.3 million at December 31, 2010, up \$83.2 million, or 10.5%, over December 31, 2009. Period end stockholders' equity at December 31, 2010 was \$856.5 million, up \$18.9 million, or 2.3%, over December 31, 2009. Period end common equity as a percent of period end assets increased to 10.52% at December 31, 2010 compared to 9.63% at December 31, 2009.

We saw some improvement in asset quality as economic conditions improved slightly at the end of the year. Net charge-offs for 2010's fourth quarter were \$9.8 million, or 0.78% of average loans compared to \$13.6 million in the fourth quarter of 2009, or 1.24% of average loans. Accruing loans 90 days past due decreased to \$1.5 million at December 31, 2010 from \$11.6 million at December 31, 2009. Non-performing assets as a percent of total loans and foreclosed assets was 3.17% at December 31, 2010 compared to 1.97% at December 31, 2009. The increases in foreclosed assets and non-accrual loans compared to prior year were mainly due to the difficult economic conditions, weakness in residential development, and higher unemployment levels across all of our markets. We recorded a provision for loan losses for the fourth quarter of \$11.4 million, a decrease of \$4.4 million, or 28.1%, from \$15.8 million in the fourth quarter of 2009. In the fourth quarter of 2010, we reversed \$1.0 million of the \$5.2 million specific reserve accrued in the second quarter of 2010 for the Gulf oil spill. We are continuing to monitor the impact the Gulf oil spill is having on our affected markets. The \$1.0 million reversal was offset by an increase of \$0.7 million related to credit cards in our acquired loan portfolio.

Net interest income (te) for the fourth quarter increased \$8.1 million, or 12.7%, while the net interest margin (te) of 4.06% was 10 basis points wider than the same quarter a year ago. Growth in average earning assets was strong, compared to the same quarter a year ago with an increase of \$636.7 million, or 9.9%, mostly reflected in higher average loans, up \$576.3 million, or 13.2%, and short-term investments, up \$108.0 million, or 21.7%, offset by a decrease in securities of \$47.6 million, or 3.1%. Our loan yield decreased 20 basis points over the prior year's fourth quarter, while the yield on securities decreased 82 basis points, pushing the yield on average earning assets down 35 basis points. However, total funding costs over the same quarter a year ago were down 45 basis points.

Noninterest income for the fourth quarter was down \$28.3 million, or 44.7%, compared with the same quarter a year ago. The decrease from the fourth quarter of 2009 was largely due to a \$31.5 million, or 86.5%, decrease in other income that was primarily related to the \$33.6 million gain on the December 2009 acquisition of Peoples First and by a decrease in service charges on deposit accounts of \$1.6 million, or 13.8%. The overall decrease from the same quarter a year ago was partly offset by increases in secondary mortgage operations, up \$1.7 million, or 120.8%; ATM fees, up \$0.8 million, or 40.0%; trust fees, up \$0.4 million, or 9.8%; investment and annuity fees, up \$0.7 million, or 40.4%; insurance fees, up \$0.4 million, or 13.3%, and debit and merchant fees, up \$0.8 million, or 28%.

Operating expenses for the fourth quarter were up \$7.6 million, or 11.9%, compared to the same quarter a year ago. The increase from the same quarter a year ago was reflected in a 9.6% increase, or \$3.1 million, in higher personnel expense; a 13.8% increase, or \$3.2 million, in other operating expense; a 16.6% increase, or \$0.9 million, in occupancy expense; and increased equipment expense of \$0.4 million, or 15.9%. The increases were primarily due to the acquisition of Peoples First.

Table 24 summarizes our unaudited quarterly financial results for 2010 and 2009.

TABLE 24. Summary of Quarterly Results

	2010			
	First	Second	Third	Fourth
	(In thousands, except per share data)			
Interest income (te)	\$ 95,396	\$ 92,788	\$ 88,284	\$ 87,917
Interest expense	(25,800)	(21,868)	(18,576)	(16,100)
Net interest income (te)	69,596	70,920	69,708	71,817
Taxable equivalent adjustment	(3,017)	(3,047)	(2,886)	(2,878)
Net interest income	66,579	67,873	66,822	68,939
Provision for loan losses	(13,826)	(24,517)	(16,258)	(11,390)
Noninterest income	31,381	35,293	35,208	35,067
Noninterest expense	(67,823)	(72,122)	(68,060)	(71,257)
Income before income taxes	16,311	6,527	17,712	21,359
Income tax expense	(2,478)	(27)	(2,859)	(4,339)
Net income	<u>\$ 13,833</u>	<u>\$ 6,500</u>	<u>\$ 14,853</u>	<u>\$ 17,020</u>
Average balance sheet data				
Total assets	\$ 8,654,396	\$ 8,511,555	\$ 8,364,660	\$ 8,180,211
Earning assets	7,474,544	7,343,904	7,194,100	7,044,192
Loans	5,008,539	5,008,838	4,975,934	4,951,533
Deposits	7,122,156	6,993,017	6,836,626	6,723,464
Stockholders' equity	853,119	861,135	872,936	875,327
Ratios				
Return on average assets	0.65%	0.31%	0.70%	0.83%
Return on average common equity	6.58%	3.03%	6.75%	7.71%
Net interest margin (te)	3.75%	3.87%	3.85%	4.06%
Earnings per share				
Basic	\$ 0.37	\$ 0.17	\$ 0.40	\$ 0.46
Diluted	\$ 0.37	\$ 0.17	\$ 0.40	\$ 0.46
Cash dividends per common share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
Market data:				
High sales price	\$ 45.86	\$ 43.90	\$ 35.40	\$ 37.26
Low sales price	38.23	33.27	26.82	28.88
Period-end closing price	41.81	33.36	30.07	34.86
Trading volume	9,612	12,443	14,318	13,701

TABLE 24. Summary of Quarterly Results (continued)

	2009			
	First	Second	Third	Fourth
	(In thousands, except per share data)			
Interest income (te)	\$ 84,392	\$ 83,054	\$ 82,757	\$ 85,585
Interest expense	(28,002)	(23,413)	(22,004)	(21,881)
Net interest income (te)	56,390	59,641	60,753	63,704
Taxable equivalent adjustment	(2,944)	(2,949)	(2,999)	(3,169)
Net interest income	53,446	56,692	57,754	60,535
Provision for loan losses	(8,342)	(16,919)	(13,495)	(15,834)
Noninterest income	29,055	34,504	30,408	63,360
Noninterest expense	(55,838)	(58,226)	(55,749)	(63,657)
Income before income taxes	18,321	16,051	18,918	44,404
Income tax expense	(4,290)	(2,305)	(3,700)	(12,624)
Net income	<u>\$ 14,031</u>	<u>\$ 13,746</u>	<u>\$ 15,218</u>	<u>\$ 31,780</u>
Average balance sheet data				
Total assets	\$ 7,183,886	\$ 7,025,612	\$ 6,977,267	\$ 7,213,323
Earning assets	6,472,408	6,323,988	6,264,883	6,407,504
Loans	4,285,376	4,277,351	4,301,651	4,375,208
Deposits	5,909,887	5,707,121	5,560,812	5,617,295
Stockholders' equity	624,239	636,086	643,573	792,093
Ratios				
Return on average assets	0.79%	0.78%	0.87%	1.75%
Return on average common equity	9.12%	8.67%	9.38%	15.92%
Net interest margin (te)	3.50%	3.78%	3.86%	3.97%
Earnings per share				
Basic	\$ 0.44	\$ 0.43	\$ 0.48	\$ 0.89
Diluted	\$ 0.44	\$ 0.43	\$ 0.47	\$ 0.89
Cash dividends per common share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
Market data:				
High closing price	\$ 45.56	\$ 41.19	\$ 42.38	\$ 44.89
Low closing price	22.51	30.12	29.90	35.26
Period-end closing price	31.28	32.49	37.57	43.81
Trading volume	18,026	17,040	11,676	19,538

Net interest income (te) is the primary component of earnings and represents the difference, or spread, between revenue generated from interest-earning assets and the interest expense related to funding those assets.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accounting principles we follow and the methods for applying these principles conform with accounting principles generally accepted in the United States of America and with general practices followed by the banking industry which requires management to make estimates and assumptions about future events. These estimates and assumptions are based on our best estimates and judgments. We evaluate estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. We adjust such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets, rising unemployment levels and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. Certain critical accounting policies affect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

Allowance for Loan Losses

Our most critical accounting policy relates to our allowance for loan losses, which reflects the estimated losses resulting from the inability of our borrowers to make loan payments. If the financial condition of its borrowers were to deteriorate, resulting in an impairment of their ability to make payments, the estimates of the allowance would be updated, and additional provisions for loan losses may be required.

The allowance for loan and lease losses (ALLL) is a valuation account available to absorb losses on loans. The ALLL is established and maintained at an amount sufficient to cover the estimated credit loss associated with the loan and lease portfolios of the Banks as of the date of the determination. Credit losses arise not only from credit risk, but also from other risks inherent in the lending process including, but not limited to, collateral risk, operational risk, concentration risk, and economic risk. As such, all related risks of lending are considered when assessing the adequacy of the allowance for loan and lease losses. Quarterly, management estimates the probable level of losses to determine whether the allowance is adequate to absorb reasonably foreseeable, anticipated losses in the existing portfolio based on our past loan loss and delinquency experience, known and inherent risks in the portfolio, adverse situations that may affect the borrowers' ability to repay, and the estimated value of any underlying collateral and current economic conditions. The analysis and methodology include three primary segments. These segments include a pool analysis of various retail loans based upon loss history, a pool analysis of commercial and commercial real estate loans based upon loss history by loan type, and a specific reserve analysis for those loans considered impaired under generally accepted accounting principles. All commercial and commercial real estate loans with an outstanding balance of \$100,000 or greater are individually reviewed for impairment; substandard mortgage loans with balances of \$100,000 or greater are also included in the analysis. All losses are charged to the allowance for loan and lease losses when the loss actually occurs or when a determination is made that a loss is likely to occur; recoveries are credited to the allowance for loan losses at the time of receipt. Beginning in 2011, we changed the scope of the analysis to include all commercial, commercial real estate and substandard mortgage loans with balances of \$250,000 or greater.

Purchased impaired loans are recorded at fair value at the acquisition date and the accretible yield is recognized in interest income over the remaining life of the loan. In addition, net charge-offs exclude write-downs on purchased impaired loans as the fair value already considers the estimated credit losses.

Retirement Employee Benefit Plans

Retirement and employee benefit plan assets, liabilities and pension costs are determined utilizing actuarially determined present value calculations. The valuation of the benefit obligation and net periodic expense is considered critical, as it requires management and its actuaries to make estimates regarding the amount and timing of expected cash outflows including assumptions about mortality, expected service periods, rate of compensation increases and the long-term return on plan assets. Note 10 – Retirement and Employee Benefit Plans, included in the accompanying Notes to the Consolidated Financial Statements, provides further discussion on the accounting for Hancock's retirement and employee benefit plans and the estimates used in determining the actuarial present value of the benefit obligations and the net periodic benefit expense.

Fair Value Accounting Estimates

Generally accepted accounting principles require the use of fair values in determining the carrying values of certain assets and liabilities, as well as for specific disclosures. The most significant include securities, loans held for sale, mortgage servicing rights and net assets acquired in business combinations. Certain of these assets do not have a readily available market to determine fair value and require an estimate based on specific parameters. When market prices are unavailable, we determine fair values utilizing parameters, which are constantly changing, including interest rates, duration, prepayment speeds and other specific conditions. In most cases, these specific parameters require a significant amount of judgment by management.

We adopted the Financial Accounting Standards Board's (FASB) authoritative guidance regarding fair value measurements on January 1, 2008. The guidance establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. The guidance defines a fair value hierarchy that prioritizes the inputs to these valuation techniques used to measure fair value giving preference to quoted prices in active markets (level 1) and the lowest priority to unobservable inputs such as a reporting entity's own data (level 3). Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, observable inputs other than quoted prices, such as interest rates and yield curves, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Available for sale securities classified as Level 1 within the valuation hierarchy include U.S. Treasury securities, obligations of U.S. Government-sponsored agencies, and other debt and equity securities. Level 2 classified available for sale securities include mortgage-backed debt securities, collateralized mortgage obligations, and state and municipal bonds.

In October 2008, the FASB issued guidance for determining the fair value of a financial asset in a market that is not active, which clarified previous guidance. Application issues clarified include: how management's internal assumptions should be considered when measuring fair value when relevant observable data do not exist; how observable market information in a market that is not active should be considered when measuring fair value; and how the use of market quotes should be considered when assessing the relevance of observable and unobservable data available to measure fair value. The guidance was effective immediately and did not have a material impact on our financial condition or results of operations. We adopted authoritative guidance regarding the fair value option for financial assets and financial liabilities, on January 1, 2008. We did not elect to fair value any additional items under the guidance.

Income Taxes

We use the asset and liability method of accounting for income taxes. Determination of the deferred and current provision requires analysis by management of certain transactions and the related tax laws and regulations. Management exercises significant judgment in evaluating the amount and timing of recognition of the resulting tax liabilities and assets. Those judgments and estimates are re-evaluated on a continual basis as regulatory and business factors change.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1 to our Consolidated Financial Statements included elsewhere in this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required for this item is included in the section entitled "Asset/Liability Management" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" that appears in Item 7 of this Form 10-K and is incorporated here by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Hancock Holding Company has prepared the consolidated financial statements and other information in our Annual Report in accordance with accounting principles generally accepted in the United States of America and is responsible for its accuracy. The financial statements necessarily include amounts that are based on management's best estimates and judgments.

In meeting its responsibility, management relies on internal accounting and related control systems. The internal control systems are designed to ensure that transactions are properly authorized and recorded in the Company's financial records and to safeguard the Company's assets from material loss or misuse. Such assurance cannot be absolute because of inherent limitations in any internal control system.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13(a) – 15(f). Under the supervision and with the participation of management, including the Company's principal executive officers and principal financial officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management also conducted an assessment of requirements pertaining to Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA). This section relates to management's evaluation of internal control over financial reporting, including controls over the preparation of the schedules equivalent to the basic financial statements and compliance with laws and regulations. Our evaluation included a review of the documentation of controls, evaluations of the design of the internal control system and tests of the effectiveness of internal controls.

The Company's internal controls over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers, LLP, an independent registered public accounting firm, as stated in their accompany report which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2010.

Based on the Company's evaluation under the framework in *Internal Control – Integrated Framework*, management concluded that internal control over financial reporting was effective as of December 31, 2010.

Carl J. Chaney
President &
Chief Executive Officer
February 28, 2011

John M. Hairston
Chief Executive Officer &
Chief Operating Officer
February 28, 2011

Michael M. Achary
Chief Financial Officer
February 28, 2011

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Hancock Holding Company:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Hancock Holding Company (the "Company") and its subsidiaries at December 31, 2010 and December 31, 2009, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audits of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. The accompanying consolidated financial statements of the Company as of December 31, 2008 and for the year then ended were audited by other auditors whose report, dated February 27, 2009, expressed an unqualified opinion on those statements.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management's assessment and our audit of the Company's internal control over financial reporting also included controls over the preparation of financial statements in accordance with the instructions to the Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9C) to comply with the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA). A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

February 28, 2011

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Hancock Holding Company:

We have audited the accompanying consolidated statements of income, stockholders' equity and cash flows of Hancock Holding Company and subsidiaries for the year ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hancock Holding Company and subsidiaries as of December 31, 2008, and the results of their operations and their cash flows for the year ended December 31, 2008 in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP
Birmingham, Alabama
February 27, 2009

Hancock Holding Company and Subsidiaries
Consolidated Balance Sheets

	December 31,	
	2010	2009
	(In thousands, except share data)	
Assets:		
Cash and due from banks (non-interest bearing)	\$ 139,687	\$ 204,714
Interest-bearing time deposits with other banks	364,066	582,081
Federal funds sold	124	410
Other short-term investments	274,974	214,771
Securities available for sale, at fair value (amortized cost of \$1,445,721 and \$1,566,403)	1,488,885	1,611,327
Loans held for sale	21,866	36,112
Loans	4,968,149	5,127,454
Less: Allowance for loan losses	(81,997)	(66,050)
Unearned income	(10,985)	(13,279)
Loans, net	4,875,167	5,048,125
Property and equipment, net of accumulated depreciation of \$125,383 and \$113,967	209,919	203,133
Other real estate, net	32,520	13,786
Accrued interest receivable	30,157	35,468
Goodwill	61,631	62,277
Other intangible assets, net	13,496	16,546
Life insurance contracts	159,377	151,355
FDIC loss share receivable	329,136	325,606
Deferred tax asset, net	6,541	-
Other assets	130,781	191,372
Total assets	\$ 8,138,327	\$ 8,697,083
Liabilities and Stockholders' Equity:		
Deposits:		
Non-interest bearing demand	\$ 1,127,246	\$ 1,073,341
Interest-bearing savings, NOW, money market and time	5,648,473	6,122,471
Total deposits	6,775,719	7,195,812
Federal funds purchased	-	250
Securities sold under agreements to repurchase	364,676	484,457
FHLB borrowings	10,172	30,805
Long-term notes	376	671
Deferred tax liability, net	-	7,116
Other liabilities	130,836	140,309
Total liabilities	7,281,779	7,859,420
Stockholders' Equity		
Common stock-\$3.33 par value per share; 350,000,000 shares authorized, 36,893,276 and 36,840,453 issued and outstanding, respectively	122,855	122,679
Capital surplus	263,484	257,643
Retained earnings	470,828	454,343
Accumulated other comprehensive (loss) gain, net	(619)	2,998
Total stockholders' equity	856,548	837,663
Total liabilities and stockholders' equity	\$ 8,138,327	\$ 8,697,083

See accompanying notes to consolidated financial statements.

Hancock Holding Company and Subsidiaries
Consolidated Statements of Income

	Years Ended December 31,		
	2010	2009	2008
	(In thousands, except per share data)		
Interest income:			
Loans, including fees	\$ 284,922	\$ 244,124	\$ 246,573
Securities-taxable	60,653	70,573	80,048
Securities-tax exempt	5,232	4,555	4,978
Federal funds sold	28	14	1,858
Other investments	1,723	4,461	1,980
Total interest income	<u>352,558</u>	<u>323,727</u>	<u>335,437</u>
Interest expense:			
Deposits	72,903	84,313	111,052
Federal funds purchased and securities sold under agreements to repurchase	9,306	10,809	14,843
Long-term notes and other interest expense	206	198	184
Capitalized interest	(70)	(20)	(77)
Total interest expense	<u>82,345</u>	<u>95,300</u>	<u>126,002</u>
Net interest income	<u>270,213</u>	<u>228,427</u>	<u>209,435</u>
Provision for loan losses	65,991	54,590	36,785
Net interest income after provision for loan losses	<u>204,222</u>	<u>173,837</u>	<u>172,650</u>
Noninterest income:			
Service charges on deposit accounts	45,335	45,354	44,243
Trust fees	16,715	15,127	16,858
Insurance commissions and fees	14,461	14,355	16,554
Investment and annuity fees	10,181	8,220	10,807
Debit card and merchant fees	14,941	11,252	11,082
ATM fees	9,486	7,374	6,856
Secondary mortgage market operations	8,915	5,906	2,977
Securities gains (losses), net	-	69	4,825
Bargain purchase gain on acquisition	-	33,623	-
Other income	16,915	16,047	13,576
Total noninterest income	<u>136,949</u>	<u>157,327</u>	<u>127,778</u>
Noninterest expense:			
Salaries and employee benefits	142,042	121,449	109,773
Net occupancy expense	23,803	20,340	19,538
Equipment rentals, depreciation and maintenance	10,569	9,849	10,992
Amortization of intangibles	2,728	1,417	1,432
Other expense	100,118	80,415	71,708
Total noninterest expense	<u>279,260</u>	<u>233,470</u>	<u>213,443</u>
Income before income taxes	<u>61,911</u>	<u>97,694</u>	<u>86,985</u>
Income taxes	9,705	22,919	21,619
Net income	<u>\$ 52,206</u>	<u>\$ 74,775</u>	<u>\$ 65,366</u>
Basic earnings per common share	<u>\$ 1.41</u>	<u>\$ 2.28</u>	<u>\$ 2.07</u>
Diluted earnings per common share	<u>\$ 1.40</u>	<u>\$ 2.26</u>	<u>\$ 2.04</u>

See accompanying notes to consolidated financial statements.

Hancock Holding Company and Subsidiaries
Consolidated Statements of Stockholders' Equity

	Common Stock		Capital Surplus	Retained Earnings	Accumulated Other	Unearned Compensation	Total
	Shares	Amount			Comprehensive (Loss)/Gain, net		
	(In thousands, except share and per share data)						
Balance, January 1, 2008	31,294,607	\$ 104,211	\$ 87,122	\$ 377,481	\$ (14,627)	\$ -	\$ 554,187
Comprehensive income:							
Net income per consolidated statements of income	-	-	-	65,366	-	-	65,366
Net change in unfunded accumulated benefit obligation, net of tax	-	-	-	-	(12,095)	-	(12,095)
Net change in fair value of securities available for sale, net of tax	-	-	-	-	17,639	-	17,639
Comprehensive income							70,910
ASC-715, change in measurement date	-	-	-	(815)	-	-	(815)
Cash dividends declared (\$0.96 per common share)	-	-	-	(30,453)	-	-	(30,453)
Common stock issued, long-term incentive plan, including excess income tax benefit of \$4,512	481,530	1,604	11,520	-	-	-	13,124
Compensation expense, long-term incentive plan	-	-	2,806	-	-	-	2,806
Purchase of common stock	(6,458)	(22)	(238)	-	-	-	(260)
Balance, December 31, 2008	31,769,679	105,793	101,210	411,579	(9,083)	-	609,499
Comprehensive income:							
Net income per consolidated statements of income	-	-	-	74,775	-	-	74,775
Net change in unfunded accumulated benefit obligation, net of tax	-	-	-	-	1,473	-	1,473
Net change in fair value of securities available for sale, net of tax	-	-	-	-	10,608	-	10,608
Comprehensive income							86,856
Cash dividends declared (\$0.96 per common share)	-	-	-	(32,011)	-	-	(32,011)
Common stock issued	4,945,000	16,467	150,905	-	-	-	167,372
Common stock issued, long-term incentive plan, including excess income tax benefit of \$480	125,774	419	2,274	-	-	-	2,693
Compensation expense, long-term incentive plan	-	-	3,254	-	-	-	3,254
Balance, December 31, 2009	36,840,453	122,679	257,643	454,343	2,998	-	837,663
Comprehensive income:							
Net income per consolidated statements of income	-	-	-	52,206	-	-	52,206
Net change in unfunded accumulated benefit obligation, net of tax	-	-	-	-	(2,463)	-	(2,463)
Net change in fair value of securities available for sale, net of tax	-	-	-	-	(1,154)	-	(1,154)
Comprehensive income							48,589
Cash dividends declared (\$0.96 per common share)	-	-	-	(35,721)	-	-	(35,721)
Common stock issued	-	-	-	-	-	-	-
Common stock issued, long-term incentive plan, including excess income tax benefit of \$322	52,823	176	1,764	-	-	-	1,940
Compensation expense, long-term incentive plan	-	-	4,077	-	-	-	4,077
Balance, December 31, 2010	36,893,276	\$ 122,855	\$ 263,484	\$ 470,828	\$ (619)	\$ -	\$ 856,548

See accompanying notes to consolidated financial statements.

Hancock Holding Company and Subsidiaries
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2010	2009	2008
	(In thousands)		
Operating Activities:			
Net income	\$ 52,206	\$ 74,775	\$ 65,366
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,526	15,549	15,761
Provision for (reversal of) loan losses, net	65,991	54,590	36,785
(Gains) losses on other real estate owned	(1,960)	768	230
Deferred tax expense (benefit)	(11,612)	(6,953)	(5,012)
Increase in cash surrender value of life insurance contracts	(8,022)	(6,396)	(5,538)
Gain on acquisition	-	(20,732)	-
(Gain) loss on sales/paydowns of securities available for sale, net	-	(69)	(1,950)
(Gain) loss on disposal of other assets	(316)	(1,478)	(602)
Gain on sale of loans held for sale	(1,428)	(579)	(427)
(Gain) loss on trading securities	-	-	(2,875)
Accretion of acquired FHLB Borrowings	(633)	-	-
Amortization (accretion) of securities premium/discount, net	7,071	917	2,012
Amortization of intangible assets	2,884	1,592	1,642
Stock-based compensation expense	4,077	3,254	2,806
Increase (decrease) in other liabilities	(11,589)	19,978	(7,118)
Increase (decrease) in interest payable	(816)	(3,276)	(2,785)
(Increase) decrease in FDIC loss share	(3,530)	-	-
(Increase) decrease in other assets	65,963	(100,474)	3,683
Proceeds from sale of loans held for sale	1,032,323	366,885	192,838
Originations of loans held for sale	(1,008,863)	(380,128)	(195,569)
Excess tax benefit from share based payments	(322)	(480)	(4,512)
Other, net	(152)	399	(367)
Net cash provided by operating activities	194,798	18,142	94,368

See accompanying notes to consolidated financial statements.

Hancock Holding Company and Subsidiaries
Consolidated Statements of Cash Flows (continued)

	Years Ended December 31,		
	2010	2009	2008
	(In thousands)		
Investing Activities:			
Net (decrease) increase in interest-bearing time deposits	\$ 218,015	\$ (558,271)	\$ (2,795)
Proceeds from sales of securities available for sale	-	10,202	213,814
Proceeds from maturities of securities available for sale	603,102	599,066	938,939
Purchases of securities available for sale	(489,835)	(509,304)	(1,140,901)
Proceeds from maturities of short-term investments	1,270,000	1,639,998	-
Purchase of short-term investments	(1,329,859)	(1,498,681)	(362,895)
Net (increase) decrease in federal funds sold	286	176,002	(57,445)
Net (increase) decrease in loans	40,400	17,906	(684,528)
Purchases of property and equipment	(21,899)	(12,305)	(23,618)
Proceeds from sales of property and equipment	2,220	2,700	2,150
Net cash received from acquisition	-	378,367	-
Proceeds from sales of other real estate	41,945	8,015	6,184
Net cash provided by (used in) investing activities	334,375	253,695	(1,111,095)
Financing Activities:			
Net (decrease) increase in deposits	(420,093)	(298,062)	921,403
Net (decrease) increase in federal funds purchased and securities sold under agreements to repurchase	(120,031)	(21,225)	130,228
(Proceeds) repayments of long-term notes	(295)	(166)	(155)
Proceeds from issuance of short-term notes	-	1,609,399	-
Repayments of short-term notes	(20,000)	(1,694,898)	-
Dividends paid	(35,721)	(32,011)	(30,453)
Proceeds from exercise of stock options	1,618	2,213	8,612
Repurchase/retirement of common stock	-	-	(260)
Proceeds from stock offering	-	167,372	-
Excess tax benefit from stock option exercises	322	480	4,512
Net cash (used in) provided by financing activities	(594,200)	(266,898)	1,033,887
(Decrease) increase in cash and due from banks	(65,027)	4,939	17,160
Cash and due from banks at beginning of year	204,714	199,775	182,615
Cash and due from banks at end of year	\$ 139,687	\$ 204,714	\$ 199,775
Supplemental Information			
Income taxes paid	\$ 22,878	\$ 5,810	\$ 19,413
Interest paid, including capitalized interest of \$70, \$20, and \$77, respectively	83,161	96,797	128,787
Restricted stock issued to employees of Hancock	8,656	2,688	3,045
Supplemental Information for Non-Cash Investing and Financing Activities			
Transfers from loans to other real estate	\$ 59,758	\$ 20,023	\$ 10,671
Financed sales of foreclosed property	475	2,649	1,234
Transfers from trading securities to available for sale securities	-	-	190,802

See accompanying notes to consolidated financial statements.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements

Description of Business

Hancock Holding Company “the Company” or “Hancock” is a financial holding company headquartered in Gulfport, Mississippi operating in the states of Mississippi, Louisiana, Alabama and Florida. Hancock Holding Company, the Parent Company operates through three wholly-owned bank subsidiaries, Hancock Bank, Gulfport, Mississippi, Hancock Bank of Louisiana, Baton Rouge, Louisiana, and Hancock Bank of Alabama, Mobile, Alabama (“the Banks.”) The Banks are community oriented and focus primarily on offering commercial, consumer and mortgage loans and deposit services to individuals and small to middle market businesses in their respective market areas. The Company’s operating strategy is to provide its customers with the financial sophistication and breadth of products of a regional bank, while successfully retaining the local appeal and level of service of a community bank. Hancock Bank subsidiaries include Hancock Investment Services, Hancock Insurance Agency, and Harrison Finance Company.

Consolidation

The consolidated financial statements include the accounts of the Company and all other entities in which the Company has a controlling interest. Significant inter-company transactions and balances have been eliminated in consolidation.

Use of Estimates

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles. The accounting principles we follow and the methods for applying these principles conform with accounting principles generally accepted in the United States of America and with general practices followed by the banking industry which requires management to make estimates and assumptions about future events. On an ongoing basis, the Company evaluates its estimates, including those related to the allowance for loan losses, intangible assets and goodwill, income taxes, pension and postretirement benefit plans and contingent liabilities. These estimates and assumptions are based on our best estimates and judgments. The Company evaluates estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets, rising unemployment levels and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities not readily apparent from other sources. Allowance for loan losses, deferred income taxes, and goodwill are potentially subject to material changes in the near term. Actual results could differ significantly from those estimates.

Reclassifications

Certain reclassifications have been made to prior periods to conform to the current year presentation. These reclassifications had no material impact on the consolidated financial statements.

Fair Value Accounting

Generally accepted accounting principles require the use of fair values in determining the carrying values of certain assets and liabilities, as well as for specific disclosures. The most significant include securities, loans held for sale, mortgage servicing rights and net assets acquired in business combinations. Certain of these assets do not have a readily available market to determine fair value and require an estimate based on specific parameters. When market prices are unavailable, we determine fair values utilizing parameters, which are constantly changing, including interest rates, duration, prepayment speeds and other specific conditions. In most cases, these specific parameters require a significant amount of judgment by management.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

The Company adopted the Financial Accounting Standards Board's (FASB) authoritative guidance regarding fair value measurements on January 1, 2008. The guidance establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. The guidance defines a fair value hierarchy that prioritizes the inputs to these valuation techniques used to measure fair value giving preference to quoted prices in active markets (level 1) and the lowest priority to unobservable inputs such as a reporting entity's own data (level 3). Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, observable inputs other than quoted prices, such as interest rates and yield curves, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Available for sale securities classified as Level 1 within the valuation hierarchy include U.S. Treasury securities, obligations of U.S. Government-sponsored agencies, and other debt and equity securities. Level 2 classified available for sale securities include mortgage-backed debt securities, collateralized mortgage obligations, and state and municipal bonds. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as level 3 under the fair value hierarchy. The Company currently has no level 3 assets or liabilities.

In October 2008, the FASB issued guidance for determining the fair value of a financial asset in a market that is not active, which clarified previous guidance. Application issues clarified include: how management's internal assumptions should be considered when measuring fair value when relevant observable data do not exist; how observable market information in a market that is not active should be considered when measuring fair value; and how the use of market quotes should be considered when assessing the relevance of observable and unobservable data available to measure fair value. The guidance was effective immediately and did not have a material impact on the Company's financial condition or results of operations. The Company adopted authoritative guidance regarding the fair value option for financial assets and financial liabilities, on January 1, 2008. The Company did not elect to fair value any additional items under the guidance.

Acquisition Accounting

Acquisitions are accounted for under the purchase method of accounting. Purchased assets and assumed liabilities are recorded at their respective acquisition date fair values, and identifiable intangible assets are recorded at fair value. If the fair value of assets purchased exceeded the fair value of liabilities assumed, it results in a "bargain purchase gain." If the consideration given exceeds the fair value of the net assets received, goodwill is recognized. Fair values are subject to refinement for up to one year after the closing date of an acquisition as information relative to closing date fair values becomes available.

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date and prohibit the carryover of the related allowance for loan losses. When the loans have evidence of credit deterioration since origination and it is probable at the date of acquisition that the Company will not collect all contractually required principal and interest payments, the difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the non-accretable difference. The Company must estimate expected cash flows at each reporting date. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in cash flows result in a reversal of the provision for loan losses to the extent of prior charges and adjusted accretable yield which will have a positive impact on interest income.

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

All identifiable intangible assets that are acquired in a business combination are recognized at fair value on the acquisition date. Identifiable intangible assets are recognized separately if they arise from contractual or other legal rights or if they are separable (i.e., capable of being sold, transferred, licensed, rented, or exchanged separately from the entity). Deposit liabilities and the related depositor relationship intangible assets may be exchanged in observable exchange transactions. As a result, the depositor relationship intangible asset is considered identifiable, because the separability criterion has been met since the depositor relationship intangible asset can be sold in conjunction with the deposit liability.

Indemnification assets are recognized when the seller contractually indemnifies, in whole or in part, the buyer for a particular uncertainty. The recognition and measurement of an indemnification asset is based on the related indemnified item. That is, the acquirer should recognize an indemnification asset at the same time that it recognizes the indemnified item, measured on the same basis as the indemnified item, subject to collectibility or contractual limitations on the indemnified amount. Therefore, if the indemnification relates to an asset or a liability that is recognized at the acquisition date and measured at its acquisition-date fair value, the acquirer should recognize the indemnification asset at its acquisition-date fair value on the acquisition date. If an indemnification asset is measured at fair value, a separate valuation allowance is not necessary, because its fair value measurement will reflect any uncertainties in future cash flows. The loans purchased in the Peoples First Community Bank FDIC-assisted acquisition are covered by a loss share agreement between the FDIC and the Company, which affords the Company significant loss protection.

Securities

Securities have been classified into one of two categories: available for sale or trading. Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates this classification periodically.

Available for sale securities are stated at fair value with unrealized gains and losses, net of income taxes, reported as a separate component of stockholders' equity until realized. The amortized cost of debt securities classified as available for sale is adjusted for amortization of premiums and accretion of discounts to maturity or, in the case of mortgage-backed securities, over the estimated life of the security using the constant-yield method. The prepayment speed chosen to determine the estimated life of a mortgage-backed security is the security's historical 3-month prepayment speed. Amortization, accretion and accrued interest are included in interest income on securities.

Realized gains and losses, and declines in value judged to be other than temporary, are included in net securities gains and losses. Gains and losses on the sales of securities available for sale are determined using the specific-identification method. Using this basis results in the most accurate reporting of gains and losses realized on these sales, as well as the appropriate adjustment to accumulated other comprehensive income. A decline in the fair value of securities below cost that is deemed to be other than temporary results in a charge to earnings for the credit portion with difference going to other comprehensive income.

Short-term Investments

Short-term investments represent U.S. government agency discount notes that all mature in less than 1 year. The investments are classified as available for sale and are carried at fair value. Unrealized holding gains are excluded from net income and are recognized, net of tax, in other comprehensive income and in accumulated other comprehensive income, a separate component of stockholders' equity, until realized.

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Loans

Loans are reported at the principal balance outstanding. Non-refundable loan origination fees and certain direct origination costs are recognized as an adjustment to the yield on the related loan. Interest on loans is recorded to income as earned.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. When accrual of interest is discontinued, all unpaid accrued interest is reversed and payments subsequently received are applied first to principal. Interest income is recorded after principal has been satisfied and as payments are received. Loans are returned to accrual status when all the principal and interest contractually due are brought current and future amounts are reasonably assured.

Generally, loans of all types which become 90 days delinquent are reviewed relative to collectability. Unless such loans are in the process of terms revision to bring to a current status, collection through repossession or foreclosure, those loans deemed uncollectible are charged off against the allowance account.

Loans held for sale are stated at lower of cost or market on the consolidated balance sheets. These loans are originated on a best-efforts basis, whereby a commitment by a third party to purchase the loan has been received concurrent with the Banks' commitment to the borrower to originate the loan.

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date. See Acquisition Accounting section above for accounting policy regarding loans acquired in a business combination.

A restructuring of debt constitutes a troubled debt restructuring (TDR) if the Company, for economic or legal reasons related to the Borrower's financial difficulties, grants a concession to the Borrower that it would not otherwise consider. That concession either stems from an agreement between the Company and the Borrower or is imposed by law or a court. In general, troubled debt restructurings include a modification of the terms of a loan that provides for a reduction of either interest or principal. It is the Company's policy to avoid TDRs and to take the necessary steps in advance to prevent their occurrence.

All loans whose terms have been modified in a TDR, including both commercial and retail loans, are considered "impaired" under ASC 310. Impairment is defined as the significant probability that the Company will not collect principal or interest that is due according to the contractual terms of the loans. Under ASC 310, when measuring impairment on a TDR, the Company calculates the present value of the expected cash flows using the effective interest rate of the original loan, i.e., before the restructuring, as the discount rate or at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. If the measurement is less than the recorded investment in the loan, the difference is charged-off through the Loan Loss Reserve. An insignificant loan amount, insignificant delay or insignificant shortfall in amount of payments does not constitute impairment. A loan is not impaired during a period of delay in payment if the Company expects to collect all amounts due including interest accrued at the contractual interest rate for the period of delay.

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Allowance for Loan Losses

The allowance for loan and lease losses “ALLL” is a valuation account available to absorb losses on loans. The ALLL is established and maintained at an amount sufficient to cover the estimated inherent credit loss associated with the loan and lease portfolios of the Company as of the date of the determination. Credit losses arise not only from credit risk, but also from other risks inherent in the lending process including, but not limited to, collateral risk, operational risk, concentration risk, and economic risk. As such, all related risks of lending are considered when assessing the adequacy of the allowance for loan and lease losses. Quarterly, management estimates the probable level of losses to determine whether the allowance is adequate to absorb reasonably anticipated losses in the existing portfolio based on the Company’s past loan loss and delinquency experience, known and inherent risks in the portfolio, adverse situations that may affect the borrowers’ ability to repay, and the estimated value of any underlying collateral and current economic conditions. The analysis and methodology include three primary elements. These elements include a pool analysis of various retail loans based upon loss history, a pool analysis of commercial and commercial real estate loans based upon loss history by loan type, and a specific reserve analysis for those loans considered impaired under FASB’s authoritative guidance for accounting by creditors for impairment of a loan. All commercial and commercial real estate loans with an outstanding balance of \$100,000 or greater are individually reviewed for impairment; substandard mortgage loans with balances of \$100,000 or greater are also included in the analysis. All losses are charged to the allowance for loan and lease losses when the loss actually occurs or when a determination is made that a loss is likely to occur; recoveries are credited to the allowance for loan losses at the time of receipt. Beginning in 2011, the Company changed the scope of the analysis to include all commercial, commercial real estate and substandard mortgage loans with balances of \$250,000 or greater.

The Company considers a loan to be impaired when, based upon current information and events, it believes it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. The Company’s impaired loans include troubled debt restructurings, and performing and non-performing major loans for which full payment of principal or interest is not expected. Categories of non-major homogeneous loans, which are evaluated on an overall basis, generally include all loans under \$500,000. The Company determines an allowance required for impaired loans based on the present value of expected future cash flows discounted at the loan’s effective interest rate, the loan’s observable market price or the fair value of its collateral. If the recorded investment in the impaired loan exceeds the measure of fair value, a valuation allowance is required as a component of the allowance for loan losses.

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date and prohibit the carryover of the related allowance for loan losses. When the loans have evidence of credit deterioration since origination and it is probable at the date of acquisition that the Company will not collect all contractually required principal and interest payments, the difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the non-accretable difference. The Company must estimate expected cash flows at each reporting date. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in cash flows result in a reversal of the provision for loan losses to the extent of prior charges and adjusted accretable yield which will have a positive impact on interest income. In addition, purchased loans without evidence of credit deterioration are also handled under this method.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation is charged to expense over the estimated useful lives of the assets, which are up to 39 years for buildings and three to seven years for furniture and equipment. Amortization expense for software is charged over 3 years. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. In cases where the Company has the right to renew the lease for additional periods, the lease term for the purpose of calculating amortization of the capitalized cost of the leasehold improvements is extended when the Company is “reasonably assured” that it will renew the lease. Depreciation and amortization expenses are computed using a straight-line basis for assets acquired after January 1, 2006 and the double declining balance basis for assets acquired prior to January 1, 2006. Gains and losses related to retirement or disposition of fixed assets are recorded in other income under non-interest income on the consolidated statements of income. The Company continually evaluates whether events and circumstances have occurred that indicate that such long-lived assets have been impaired. Measurement of any impairment of such long-lived assets is based on those assets’ fair values. There were no impairment losses on property and equipment recorded during 2010, 2009, or 2008.

Other Real Estate

Other real estate owned includes assets that have been acquired in satisfaction of debt through foreclosure. Other real estate owned is reported in other assets and is recorded at the lower of cost or estimated fair value less the estimated cost of disposition. Valuation adjustments required at foreclosure are charged to the allowance for loan losses. Subsequent to foreclosure, losses on the periodic revaluation of the property are charged to net income as other expense. Costs of operating and maintaining the properties are included in other noninterest expenses, while gains (losses) on their disposition are charged to other income as incurred. Improvements made to properties are capitalized if the expenditures are expected to be recovered upon the sale of the properties.

Goodwill and Other Intangible Assets

Goodwill, which represents the excess of cost over the fair value of the net assets of an acquired business, is not amortized but tested for impairment on an annual basis, or more often if events or circumstances indicate there may be impairment. Management reviews goodwill for impairment based on the Company’s primary reporting segments. The last test was conducted as of September 30, 2010. There was no impairment and there have been no trigger events that would cause an impairment since September 30, 2010.

The Company analyzes goodwill using market capitalization to book value comparison and validated this method using multiples such as net revenue, net interest income and net loans. The Company considered using a present value technique to estimate fair value. The cash flow estimates would incorporate assumptions that market participants would use in their estimates of fair value. The assumptions would need to be reasonable and based on supportable data considering all available evidence with weight commensurate with the extent to which the evidence can be verified objectively. The Company considers this alternative method to have subjective assumptions and considers market capitalization to be more objective as the Company’s reporting segments are in the same business, operate with the same policies and procedures, and are under the same executive management team.

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Mortgage Servicing Rights

The authoritative guidance for accounting for servicing of financial assets requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable, and permits an entity to subsequently measure those servicing assets and servicing liabilities at fair value. Under the guidance, the Company decided to continue to use the amortization method instead of adopting the fair value method. Management has determined that it has one class of servicing rights which is based on the type of loan. The risk characteristics of the underlying financial assets used to stratify servicing assets for purposes of measuring impairment are interest rate, type of product (fixed versus variable), duration, and asset quality. The book value of mortgage servicing rights was \$0.3 million at December 31, 2010 and at December 31, 2009. The market value of mortgage servicing rights at December 31, 2010 and December 31, 2009 was \$1.3 million and \$1.4 million, respectively.

Bank-Owned Life Insurance

Bank-owned life insurance (BOLI) is long-term life insurance on the lives of certain current and past employees where the insurance policy benefits and ownership are retained by the employer. Its cash surrender value is an asset that the Company uses to partially offset the future cost of employee benefits. The cash value accumulation on BOLI is permanently tax deferred if the policy is held to the insured person's death and certain other conditions are met.

Reinsurance Receivables

Certain premiums and losses are assumed from and ceded to other insurance companies under various reinsurance agreements. Reinsurance premiums, loss reimbursement, and reserves related to reinsurance business are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contract. The Company may receive a ceding commission in connection with ceded reinsurance. If so, the ceding commission is earned on a monthly pro rata basis in the same manner as the premium and is recorded as a reduction of other operating expenses.

Derivative Instruments

The Company has certain Interest Rate Lock Commitments "IRLC's" that are reported on the consolidated balance sheets at fair value with changes in fair value reported in statements of income. The Company also has interest rate swaps which are recognized on the consolidated balance sheets as other assets at fair value as required by authoritative guidance. These interest rate swaps do not qualify for hedge accounting under the guidelines of FASB's guidance for accounting for derivative instruments and hedging. Gains and losses related to the change in fair value are recognized in earnings during the period of change in fair value as other non-interest income.

Income Taxes

The Company accounts for deferred income taxes using the liability method. Deferred tax assets and liabilities are based on temporary differences between the financial statement carrying amounts and the tax basis of the Company's assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled.

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Pension Accounting

The Company has accounted for its defined benefit pension plan using the actuarial model required by authoritative guidance for employers' accounting for pensions. The compensation cost of an employee's pension benefit is recognized on the projected unit credit method over the employee's approximate service period. The aggregate cost method is utilized for funding purposes. The Company also sponsors two defined benefit postretirement plans, which provide medical benefits and life insurance benefits. The Company has accounted for these plans using the actuarial computations required by guidance regarding employers accounting for postretirement benefits other than pensions. The cost of the defined benefit postretirement plan has been recognized on the projected unit credit method over the employee's approximate service period. Effective December 31, 2006, the Company adopted authoritative guidance for employers' accounting for defined benefit pension and other postretirement plans which required the recognition of the over funded or under funded status of a defined benefit postretirement plan as an asset or liability on the balance sheet. In 2008, the Company changed the measurement date of the funded status of the plan from September 30 to December 31.

Policy Reserves and Liabilities

Unearned premium reserves are based on the assumption that the portion of the original premium applicable to the remaining term and amount of insurance will be adequate to pay future benefits. The reserve is calculated by multiplying the original gross premium times an unearned premium factor. Factors are developed which represent the proportion of the remaining coverage compared to the total coverage provided over the entire term of insurance.

Policy reserves for future life and health claims not yet incurred are based on assumed mortality and interest rates. For disability, the reserves are based upon unearned premium, which is the portion of the original premium applicable to the remaining term and amount of insurance that will be adequate to pay future benefits. Present value of amounts not yet due is an amount for disability claims already reported and incurred and represents the present value of all the future benefits using actuarial disability tables. IBNR "Incurred But Not Reported" is an estimate of claims incurred but not yet reported, and is based upon historical analysis of claims payments.

Stock-Based Compensation

In recognizing stock-based compensation, the Company follows the provisions of authoritative guidance regarding share-based payments. This guidance establishes fair value as the measurement objective in accounting for stock awards and requires the application of a fair value based measurement method in accounting for compensation cost, which is recognized over the requisite service period.

Revenue Recognition

The largest source of revenue for the Company is interest revenue. Interest revenue is recognized on an accrual basis driven by written contracts, such as loan agreements or securities contracts. Credit-related fees, including letter of credit fees, are recognized in non-interest income when earned. The Company recognizes commission revenue and brokerage, exchange and clearance fees on a trade-date basis. Other types of non-interest revenue such as service charges on deposits and trust revenues, are accrued and recognized into income as services are provided and the amount of fees earned are reasonably determinable.

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

Earnings Per Share

Basic earnings per common share is computed by dividing income applicable to common shareholders by the weighted-average number of common shares outstanding for the applicable period. Shares outstanding are adjusted for restricted shares issued to employees under the long-term incentive compensation plan and for certain shares that will be issued under the directors' compensation plan. Diluted earnings per common share is computed using the weighted-average number of common shares outstanding increased by the number of shares in which employees would vest under performance-based restricted stock and stock unit awards based on expected performance factors and by the number of additional shares that would have been issued if potentially dilutive stock options were exercised, each as determined using the treasury stock method.

The Company adopted the FASB's authoritative guidance regarding the determination of whether instruments granted in share-based payment transactions are participating securities. This guidance provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and should be included in the computation of earnings per share pursuant to the two-class method. This guidance was effective January 1, 2009, and upon adoption the company was required to retrospectively adjust its earnings per share data including any amounts related to interim periods, summaries of earnings and selected financial data.

Statements of Cash Flows

The Company considers only cash on hand, cash items in process of collection and balances due from financial institutions as cash and cash equivalents for purposes of the consolidated statements of cash flows.

Operating Segment Disclosures

As defined by authoritative guidance, segment disclosures require reporting information about a company's operating segments using a "management approach." Reportable segments are identified as those revenue-producing components for which separate financial information is produced internally and which are subject to evaluation by the chief operating decision maker in deciding how to allocate resources to segments. The Company defines reportable segments as the banks.

Other

Assets held by the banks in a fiduciary capacity are not assets of the banks and are not included in the consolidated balance sheets.

Recent Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board (FASB) issued guidance on supplementary pro forma information for business combinations. This amendment applies to any public entity as defined by the guidance that enters into business combinations that are material on an individual or aggregate basis. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after December 15, 2010. Early adoption is permitted. This guidance is related to supplemental disclosures, and the new disclosure requirements will have no impact on the Company's financial condition or results of operations.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

In December 2010, the FASB issued guidance on when to perform step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. For public entities the amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010. Early adoption is not permitted. This guidance is not expected to have a material impact on the Company's financial condition or results of operations.

In October, 2010, the FASB issued guidance on accounting for costs associated with acquiring or renewing insurance contracts. The objective is to address diversity in practice regarding the interpretation of which costs relating to the acquisition of new or renewal insurance contracts qualify for deferral. The accounting update specifies which costs incurred in the acquisition of new and renewal contracts should be capitalized. The guidance is effective for fiscal years beginning after December 15, 2011. While the guidance is required to be applied prospectively upon adoption, retrospective application is also permitted (to all prior periods presented). Early adoption is also permitted, but only at the beginning of an entity's annual reporting period. This guidance is not expected to have a material impact on the Company's financial condition or results of operations.

In July, 2010, the FASB issued guidance on disclosures about the credit quality of financing receivables and the allowance for credit losses. The new guidance enhances disclosures to provide information for both the finance receivables and the related allowance for credit losses at disaggregated levels presented by portfolio segment which is the level an entity determines its allowance for credit losses and class which is defined as a group of receivables determined based on measurement basis, risk characteristics and the entity's method for monitoring and assessing credit risk. A rollforward schedule by portfolio segment of the allowance for credit losses and the related ending balance of finance receivables with significant purchases and sales of finance receivables will be required. The following disclosures are required to be presented by class: credit quality of the financing receivables portfolio at the end of the reporting period; the aging of past due financing receivables at the end of the period; the nature and the extent of troubled debt restructurings that occurred during the period and their impact on the allowance for credit losses; the nature and extent of troubled debt restructurings that occurred within the last year that have defaulted in the current reporting period and their impact on the allowance for credit losses; the nonaccrual status of financing receivables; and impaired financing receivables. The new disclosures of information as of the end of the reporting period will become effective for both interim and annual reporting periods ending after December 15, 2010. Specific items regarding activity that occurred before the issuance of the guidance, such as the allowance rollforward and modification disclosures will be required for periods beginning after December 15, 2010. The new disclosure requirements had no impact on the Company's financial condition or results of operations.

In May 2010, the FASB issued guidance on receivables regarding the effect of a loan modification when the loan is part of a pool that is accounted for as a single asset. Modifications of loans that are accounted for within a pool do not result in the removal of those loans from the pool even if the modification of those loans would otherwise be considered a troubled debt restructuring. An entity will continue to be required to consider whether the pool of assets in which the loan is included is impaired if expected cash flows for the pool change. This guidance is effective prospectively for modifications of loans accounted for within pools occurring in the first interim or annual period ending on or after July 15, 2010. This guidance did not have a material impact on the Company's financial condition or results of operations.

In February 2010, the FASB issued guidance removing the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated in both issued and revised financial statements. This amendment was effective immediately and had no impact on the Company's financial condition or results of operations.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Recent Accounting Pronouncements (continued)

In January 2010, the Financial Accounting Standards Board (FASB) issued guidance on fair value measurements and disclosures that requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement. The FASB's objective is to improve these disclosures and, thus, increase the transparency in financial reporting. Specifically, the guidance now requires a reporting entity to disclose separately the amounts of significant transfers in and out of level 1 and level 2 fair value measurements and describe the reasons for the transfers and in the reconciliation for fair value measurements using significant unobservable inputs, a reporting entity should present separately information about purchases, sales, issuances, and settlements. In addition, the guidance clarifies the requirements of reporting fair value measurement for each class of assets and liabilities and clarifies that a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities based on the nature and risks of the investments.

A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in level 3 fair value measurements which is required for annual reporting periods beginning after December 15, 2010, and for interim reporting periods within those years. The adoption of the guidance did not have a material impact on the Company's financial condition or results of operations.

Note 2. Acquisition of Peoples First Community Bank

On December 18, 2009, the Company entered into a purchase and assumption agreement with the Federal Deposit Insurance Corporation (FDIC), as receiver for Peoples First Community Bank (Peoples First) based in Panama City, Florida. Earlier that day, the Office of Thrift Supervision issued an order requiring the closure of Peoples First Community Bank and appointing the FDIC as receiver. According to terms of the agreement, the Company acquired substantially all of the assets of Peoples First and all deposits and borrowings. All deposits were assumed with no losses to any depositor. There was no consideration paid for the acquisition. Peoples First operated 29 branches in Florida with assets totaling approximately \$1.7 billion and approximately 437 employees.

The loans purchased are covered by a loss share agreement between the FDIC and the Company, which affords the Company significant loss protection. Under the loss share agreement, the FDIC will cover 80% of covered loan losses up to \$385 million and 95% of losses in excess of that amount. The term for loss sharing on residential real estate loans is ten years. The term for loss sharing on non-residential real estate loans is five years for other loans. The reimbursable losses from the FDIC are based on the book value of the relevant loan as determined by the FDIC at the date of the transaction.

New loans made after that date are not covered by the shared-loss agreements. The loss sharing agreements are subject to our compliance with servicing procedures specified in the agreements with the FDIC. The Company recorded an estimated receivable from the FDIC at the acquisition date of \$325.6 million which represents the fair value of the FDIC's portion of the losses that are expected to be incurred and reimbursed to the Company. The receivable at December 31, 2010 is \$329.1 million.

The acquisition was accounted for under the purchase method of accounting in accordance with generally accepted accounting principles regarding acquisitions. The statement of net assets acquired as of December 18, 2009 and the resulting gain are presented in the following table. The purchased assets and assumed liabilities were recorded at their respective acquisition date fair values. A net acquisition bargain purchase gain of \$20.7 million (\$33.6 million pretax) resulted from the acquisition and is included as a component of noninterest income on the statement of income. The amount of the gain is equal to the amount by which the fair value of assets purchased exceeded the fair value of liabilities assumed.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Acquisition of Peoples First Community Bank (continued)

The following table provides the assets purchased and the liabilities assumed and the adjustments to fair value:

	As Recorded by Peoples First Community Bank	Fair Value Adjustments	As Recorded by Hancock
(In thousands)			
<u>Assets</u>			
Cash	\$ 98,068	\$ 302,208 (a)	\$ 400,276
Securities	16,149	-	16,149
Loans	1,461,541	(511,111) (b)	950,430
Land, building, and FF&E	8	-	8
Core deposit intangible	-	11,610 (c)	11,610
FIDC loss share receivable	-	325,606 (d)	325,606
Other assets	13,000	(1,813) (e)	11,187
Total assets acquired	<u>\$ 1,588,766</u>	<u>\$ 126,500</u>	<u>\$ 1,715,266</u>
<u>Liabilities</u>			
Deposits	\$ 1,552,454	\$ 10,483 (f)	\$ 1,562,937
FHLB advances	115,500	804 (g)	116,304
Other liabilities	2,402	12,891 (h)	15,293
Total liabilities acquired	<u>\$ 1,670,356</u>	<u>\$ 24,178</u>	<u>\$ 1,694,534</u>
Net assets acquired "bargain purchase" gain			<u>\$ 20,732</u>

Explanation of Fair Value Adjustments

(a) Adjustment is for cash received from the FDIC for first losses.

(b) This estimated adjustment is necessary as of the acquisition date to write down People's First book value of loans to the estimated fair value as a result of future loan losses.

(c) This fair value adjustment represents the value of the core deposit base assumed in the acquisition based on a study performed by an independent valuation firm. This amount was recorded by the Company as an identifiable asset and will be amortized as an expense on a straight-line basis over the average life of the core deposit base, which is estimated to be 10 years.

(d) This adjustment is the estimated fair value of the amount that the Company will receive from the FDIC under its loss sharing agreement as a result of future loan losses.

(e) These are adjustments made to acquired assets to reflect fair value primarily for a write-down of an investment in a subsidiary and accrued interest receivable for loans that should have been placed on non-accrual prior to the acquisition.

(f) This fair value adjustment was recorded because the weighted average interest rate of People's First time deposits exceeded the cost of similar wholesale funding at the time of the acquisition. This amount will be amortized to reduce interest expense on a declining basis over the average life of the portfolio of approximately 7 months.

(g) The fair value adjustment was recorded because the interest rates of People's fixed rate borrowings exceeded the current interest rates on similar borrowings. This amount will be amortized to interest expense over terms of the borrowings.

(h) This adjustment is for the tax effect of the bargain purchase gain.

Merger related charges of \$3.7 million in December 31, 2009 and \$3.2 million in December 31, 2010 were recorded in the consolidated statement of income and include incremental costs to integrate the operations of the Company and Peoples First. These charges represent costs associated with severance and employee related charges, systems integrations, and other merger-related charges. Due primarily to the significant amount of fair value adjustments and the FDIC loss sharing agreements now in place, historical results of Peoples First are not believed to be relevant to the Company's results, and thus no pro forma information is presented.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Securities

The amortized cost and fair value of securities classified as available for sale follow (in thousands):

	December 31, 2010				December 31, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury	\$ 10,797	\$ 52	\$ 5	10,844	\$ 11,869	\$ 63	\$ 2	\$ 11,930
U.S. government agencies	106,054	971	434	106,591	131,858	1,328	1,361	131,825
Municipal obligations	181,747	4,107	5,411	180,443	188,656	5,634	2,622	191,668
Mortgage-backed securities	761,704	38,032	50	799,686	1,076,708	36,075	2,236	1,110,547
CMOs	367,662	6,880	2,491	372,051	140,663	6,506	-	147,169
Other debt securities	14,329	999	43	15,285	15,578	842	94	16,326
Other equity securities	3,428	660	103	3,985	1,071	860	69	1,862
	<u>\$ 1,445,721</u>	<u>\$ 51,701</u>	<u>\$ 8,537</u>	<u>\$ 1,488,885</u>	<u>\$ 1,566,403</u>	<u>\$ 51,308</u>	<u>\$ 6,384</u>	<u>\$ 1,611,327</u>

The amortized cost and fair value of securities classified as available for sale at December 31, 2010, by contractual maturity, (expected maturities will differ from contractual maturities because of rights to call or repay obligations with or without penalties (in thousands):

	Amortized Cost	Fair Value
Due in one year or less	\$ 99,650	\$ 99,403
Due after one year through five years	219,995	221,419
Due after five years through ten years	219,623	224,468
Due after ten years	903,025	939,610
Equity securities	3,428	3,985
Total available for sale securities	<u>\$ 1,445,721</u>	<u>\$ 1,488,885</u>

The Company held no securities classified as held to maturity or trading at December 31, 2010 or 2009.

The details concerning securities classified as available for sale with unrealized losses as of December 31, 2010 follow (in thousands):

	Losses < 12 months		Losses 12 months or >		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury	\$ 9,980	\$ 5	\$ -	\$ -	\$ 9,980	\$ 5
U.S. government agencies	-	-	74,566	434	74,566	434
Municipal obligations	-	-	77,583	5,411	77,583	5,411
Mortgage-backed securities	-	-	1,462	50	1,462	50
CMOs	-	-	122,312	2,491	122,312	2,491
Other debt securities	-	-	838	43	838	43
Equity securities	-	-	2,563	103	2,563	103
	<u>\$ 9,980</u>	<u>\$ 5</u>	<u>\$ 279,324</u>	<u>\$ 8,532</u>	<u>\$ 289,304</u>	<u>\$ 8,537</u>

The details concerning securities classified as available for sale with unrealized losses as of December 31, 2009 were as follows (in thousands):

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Securities (continued)

	Losses < 12 months		Losses 12 months or >		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government agencies	\$ 9,967	\$ 2	\$ -	\$ -	\$ 9,967	\$ 2
Municipal obligations	-	-	73,639	1,361	73,639	1,361
Mortgage-backed securities	-	-	62,400	2,622	62,400	2,622
CMOs	-	-	270,099	2,236	270,099	2,236
Other debt securities	-	-	1,211	94	1,211	94
Equity securities	-	-	177	69	177	69
	<u>\$ 9,967</u>	<u>\$ 2</u>	<u>\$ 407,526</u>	<u>\$ 6,382</u>	<u>\$ 417,493</u>	<u>\$ 6,384</u>

The unrealized losses relate to fixed-rate debt securities that have incurred fair value reductions due to higher market interest rates since the respective purchase date. The unrealized losses are not likely to reverse unless and until market interest rates decline to the levels that existed when the securities were purchased. Since none of the unrealized losses relate to the marketability of the securities or the issuer's ability to honor redemption obligations, none of the securities are deemed to be other than temporarily impaired.

As of December 31, 2010, the securities portfolio totaled \$1.4 billion. Of the total portfolio, \$289.3 million of securities were in an unrealized loss position of \$8.5 million. Management and the Asset/Liability Committee continually monitor the securities portfolio and management is able to effectively measure and monitor the unrealized loss position on these securities. The Company has adequate liquidity and therefore does not plan to sell and is more likely than not, not to be required to sell these securities before recovery. Accordingly, the unrealized loss of these securities has been determined to be temporary.

The Company's securities portfolio is an important source of liquidity and earnings for the Company. A stated objective in managing the securities portfolio is to provide consistent liquidity to support balance sheet growth but also to provide a safe and consistent stream of earnings. To that end, management is open to opportunities that present themselves which enables the Company to improve the structure and earnings potential of the securities portfolio.

Available for Sale Securities

Proceeds from sales and pay downs of available for sale securities were approximately \$0.3 million in 2010, \$11.7 million in 2009 and \$213.8 million in 2008. Gross gains were \$0.2 million in 2010, \$0.4 million in 2009 and \$6.0 million in 2008. There were no gross losses in 2010. There were gross losses of \$0.3 million in 2009 and \$4.1 million in 2008 realized on such sales and pay downs.

Securities with a carrying value of approximately \$1.3 billion at December 31, 2010 and \$1.20 billion at December 31, 2009, were pledged primarily to secure public deposits and securities sold under agreements to repurchase. The Company has approximately \$4.6 million of securities pledged with various state regulatory authorities to secure reinsurance receivables as of December 31, 2010 and 2009, respectively.

Short-term Investments

The Company held \$275.0 million at December 31, 2010 and \$214.8 million at December 31, 2009 in U.S. government agency discount notes as securities available for sale at amortized cost. The short-term investments all mature in less than 1 year. As the amortized cost is a reasonable estimate for fair value of these short-term investments, there were no gross unrealized losses to evaluate for impairment in the years ended December 31, 2010 and December 31, 2009.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Loans

Loans, net of unearned income, consisted of the following (in thousands):

	December 31,	
	2010	2009
Commercial loans	\$ 3,147,765	\$ 3,160,912
Residential mortgage loans	659,689	739,899
Indirect consumer loans	309,454	373,353
Direct consumer loans	739,262	728,000
Finance Company loans	100,994	112,011
	\$ 4,957,164	\$ 5,114,175

The Company generally makes loans in its market areas of South Mississippi, South Alabama, South and Central Louisiana and Central and North Florida. Loans are made in the normal course of business to its directors, executive officers and their associates on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Such loans did not involve more than normal risk of collectibility. Balances of loans to the Company's directors, executive officers and their affiliates at December 31, 2010 and 2009 were approximately \$40.5 million and \$26.3 million, respectively. New loans, repayments and changes of directors and executive officers and their affiliates on these loans for 2010 were \$11.3 million, \$4.9 million and \$7.8 million, respectively. New loans, repayments and changes of directors and executive officers and their affiliates on these loans for 2009 were \$5.0 million, \$8.9 million and (\$1.4) million, respectively.

The following schedule illustrates the composition of the allowance for loan losses by portfolio segment and the related recorded investment in loans as of December 31, 2010 and in summary as of December 31, 2009 and 2008:

	Commercial	Residential mortgages	Indirect consumer	Direct consumer	Finance Company	Total	Total	Total
	2010						2009	2008
(In thousands)								
Allowance for loan losses:								
Beginning balance	\$ 42,484	\$ 4,782	\$ 3,826	\$ 7,145	\$ 7,813	\$ 66,050	\$ 61,725	\$ 47,123
Charge-offs	39,393	4,615	3,084	5,121	6,053	58,266	54,915	27,407
Recoveries	3,491	740	1,100	1,332	921	7,584	4,650	5,224
Net Provision for loan losses (a)	50,277	3,719	1,076	5,328	5,591	65,991	54,590	36,785
Increase in indemnification asset (a)	-	-	-	638	-	638	-	-
Ending balance	\$ 56,859	\$ 4,626	\$ 2,918	\$ 9,322	\$ 8,272	\$ 81,997	\$ 66,050	\$ 61,725
Ending balance:								
Individually evaluated for impairment	\$ 10,648	\$ 1,304	\$ -	\$ -	\$ -	\$ 11,952	\$ 10,972	\$ 7,110
Ending balance:								
Collectively evaluated for impairment	\$ 46,211	\$ 3,322	\$ 2,918	\$ 9,322	\$ 8,272	\$ 70,045	\$ 55,078	\$ 54,615
Ending balance:								
Loans acquired with deteriorated credit quality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans:								
Ending balance:	\$ 3,147,765	\$ 659,689	\$ 309,454	\$ 739,262	\$ 100,994	\$ 4,957,164	\$ 5,114,175	\$ 4,249,290
Ending balance:								
Individually evaluated for impairment	\$ 56,836	\$ 5,618	\$ -	\$ -	\$ -	\$ 62,454	\$ 78,005	\$ 24,705
Ending balance:								
Collectively evaluated for impairment	\$ 2,716,598	\$ 360,566	\$ 309,454	\$ 597,947	\$ 100,994	\$ 4,085,559	\$ 4,085,740	\$ 4,224,585
Ending balance:								
Loans acquired	\$ 374,331	\$ 293,505	\$ -	\$ 141,315	\$ -	\$ 809,151	\$ 950,430	\$ -

(a) The provision for loan losses is shown "net" after coverage provided by FDIC loss share agreements on covered loans. This results in an increase in the indemnification asset, which is the difference between the provision for loan losses on covered loans of \$672, and the impairment (\$34) on those covered loans.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Loans (continued)

In some instances, loans are placed on non-accrual status. All accrued but uncollected interest related to the loan is deducted from income in the period the loan is assigned a non-accrual status. For such period as a loan is in non-accrual status, any cash receipts are applied first to principal, second to expenses incurred to cause payment to be made and lastly to the recovery of any reversed interest income and interest that would be due and owing subsequent to the loan being placed on non-accrual status.

Non-accrual and renegotiated loans amounted to approximately 2.52% and 1.69% of total loans at December 31, 2010 and 2009, respectively. The following table shows the composition of non-accrual loans by portfolio segment:

	December 31, 2010	December 31, 2009
(In thousands)		
Commercial	\$ 50,379	\$ 12,715
Commercial - acquired	41,917	34,024
Residential mortgages	18,699	12,032
Residential mortgages - acquired	3,199	20,261
Indirect consumer	-	-
Direct consumer	4,862	6,231
Direct consumer - acquired	170	1,292
Finance Company	1,759	-
Total	\$ 120,985	\$ 86,555

Included in non-accrual loans is \$8.7 million in restructured commercial loans. Total troubled debt restructurings for the period ending December 31, 2010, were \$12.6 million. The Company had no loans classified as restructured at December 31, 2009. Loan restructurings occur when a borrower is experiencing, or is expected to experience, financial difficulties in the near-term and, consequently, a modification that would otherwise not be considered is granted to the borrower. The concessions involve paying interest only for a period of 6 to 12 months. The Company does not typically lower the interest rate or forgive principal or interest as part of the loan modification. There have been no commitments to lend additional funds to any borrowers whose loans have been restructured. Troubled debt restructurings can involve loans remaining on non-accrual, moving to non-accrual, or continuing to accrue, depending on the individual facts and circumstances of the borrower. The evaluation of the borrower's financial condition and prospects include consideration of the borrower's sustained historical repayment performance for a reasonable period prior to the date on which the loan is returned to accrual status. A sustained period of repayment performance generally would be a minimum of six months and would involve payments of cash or cash equivalents. If the borrower's ability to meet the revised payment schedule is not reasonably assured, the loan remains classified as a non-accrual loan. As of December 31, 2010, no troubled debt restructurings have subsequently defaulted.

The Company's investments in impaired loans at December 31, 2010 and December 31, 2009 were \$107.7 million and \$133.6 million, respectively. The average amounts of impaired loans carried on the Company's books for 2010, 2009 and 2008 were \$126.5 million, \$40.1 million and \$19.3 million, respectively. The amount of interest that would have been recorded on non-accrual loans had the loans not been classified as non-accrual in 2010, 2009 or 2008, was \$5.7 million, \$2.0 million and \$1.1 million, respectively. Interest actually received on non-accrual loans at December 31, 2010 and 2009 was \$1.0 million and \$0.3 million, respectively, and for the year ended December 31, 2008 was not material.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Loans (continued)

The table below presents impaired loans disaggregated by class at December 31, 2010 and 2009:

<u>December 31, 2010</u>	<u>Recorded Investment</u>	<u>Unpaid Principal Balance</u>	<u>Related Allowance</u>	<u>Average Recorded Investment</u>	<u>Interest Income Recognized</u>
			(In thousands)		
With no related allowance recorded:					
Commercial	\$ 22,641	\$ 22,641	\$ -	\$ 26,473	\$ 224
Commercial - acquired	41,917	41,917	-	49,070	-
Residential mortgages	1,263	1,263	-	1,601	26
Residential mortgages - acquired	3,199	3,199	-	3,631	-
Direct consumer - acquired	170	170	-	184	-
	<u>69,190</u>	<u>69,190</u>	<u>-</u>	<u>80,958</u>	<u>250</u>
With an allowance recorded:					
Commercial	34,194	34,194	10,648	36,650	523
Residential mortgages	4,355	4,355	1,304	4,358	88
	<u>38,549</u>	<u>38,549</u>	<u>11,952</u>	<u>41,008</u>	<u>611</u>
Total:					
Commercial	56,835	56,835	10,648	63,123	747
Commercial - acquired	41,917	41,917	-	49,070	-
Residential mortgages	5,618	5,618	1,304	5,959	114
Residential mortgages - acquired	3,199	3,199	-	3,631	-
Direct consumer - acquired	170	170	-	184	-
Total	<u>\$ 107,739</u>	<u>\$ 107,739</u>	<u>\$ 11,952</u>	<u>\$ 121,966</u>	<u>\$ 861</u>

<u>December 31, 2009</u>	<u>Recorded Investment</u>	<u>Unpaid Principal Balance</u>	<u>Related Allowance</u>	<u>Average Recorded Investment</u>	<u>Interest Income Recognized</u>
			(In thousands)		
With no related allowance recorded:					
Commercial	\$ 29,277	\$ 29,277	\$ -	\$ 16,754	\$ 33
Commercial - acquired	34,024	34,024	-	8,506	-
Residential mortgages	9,889	9,889	-	5,368	14
Residential mortgages - acquired	20,261	20,261	-	5,065	-
Direct consumer - acquired	1,292	1,292	-	323	-
	<u>94,743</u>	<u>94,743</u>	<u>-</u>	<u>36,016</u>	<u>47</u>
With an allowance recorded:					
Commercial	35,078	35,078	10,292	28,791	19
Residential mortgages	3,761	3,761	680	3,280	4
	<u>38,839</u>	<u>38,839</u>	<u>10,972</u>	<u>32,071</u>	<u>23</u>
Total:					
Commercial	64,355	64,355	10,292	45,545	52
Commercial - acquired	34,024	34,024	-	8,506	-
Residential mortgages	13,650	13,650	680	8,648	18
Residential mortgages - acquired	20,261	20,261	-	5,065	-
Direct consumer - acquired	1,292	1,292	-	323	-
Total	<u>\$ 133,582</u>	<u>\$ 133,582</u>	<u>\$ 10,972</u>	<u>\$ 68,087</u>	<u>\$ 70</u>

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Loans (continued)

Accruing loans 90 days past due as a percent of loans was 0.03% and 0.23% at December 31, 2010 and 2009, respectively. The following table presents the age analysis of past due loans at December 31, 2010 and 2009:

<u>December 31, 2010</u>	<u>30-89 days past due</u>	<u>Greater than 90 days past due</u>	<u>Total past due</u>	<u>Current</u>	<u>Total Loans</u>	<u>Recorded investment > 90 days and accruing</u>
(In thousands)						
Commercial	\$ 12,463	\$ 50,679	\$ 63,142	\$ 2,710,292	\$ 2,773,434	\$ 300
Commercial - acquired	-	41,917	41,917	332,414	374,331	-
Residential mortgages	22,109	19,573	41,682	324,502	366,184	874
Residential mortgages - acquired	-	3,199	3,199	290,306	293,505	-
Indirect consumer	-	-	-	309,454	309,454	-
Direct consumer	4,488	5,180	9,668	588,279	597,947	318
Direct consumer - acquired	-	170	170	141,145	141,315	-
Finance Company	2,011	1,759	3,770	97,224	100,994	-
Total	<u>\$ 41,071</u>	<u>\$ 122,477</u>	<u>\$ 163,548</u>	<u>\$ 4,793,616</u>	<u>\$ 4,957,164</u>	<u>\$ 1,492</u>

<u>December 31, 2009</u>	<u>30-89 days past due</u>	<u>Greater than 90 days past due</u>	<u>Total past due</u>	<u>Current</u>	<u>Total Loans</u>	<u>Recorded investment > 90 days and accruing</u>
(In thousands)						
Commercial	\$ 14,998	\$ 15,972	\$ 30,970	\$ 2,651,905	\$ 2,682,875	\$ 3,257
Commercial - acquired	-	34,024	34,024	444,013	478,037	-
Residential mortgages	31,172	17,238	48,410	347,536	395,946	5,206
Residential mortgages - acquired	-	20,261	20,261	323,692	343,953	-
Indirect consumer	-	-	-	373,353	373,353	-
Direct consumer	5,040	7,516	12,556	587,004	599,560	1,285
Direct consumer - acquired	-	1,292	1,292	127,148	128,440	-
Finance Company	3,167	1,899	5,066	106,945	112,011	1,899
Total	<u>\$ 54,377</u>	<u>\$ 98,202</u>	<u>\$ 152,579</u>	<u>\$ 4,961,596</u>	<u>\$ 5,114,175</u>	<u>\$ 11,647</u>

The following table presents the credit quality indicators of the Company's various classes of loans at December 31, 2010:

**Commercial Credit Exposure
Credit Risk Profile by Creditworthiness Category**

	<u>Commercial</u>	<u>Commercial - Acquired</u>	<u>Total Commercial</u>
	2010 (In thousands)		
Grade:			
Pass	\$ 2,404,462	\$ 68,163	\$ 2,472,625
Pass-Watch	73,985	52,739	126,724
Special Mention	3,989	31,431	35,420
Substandard	290,690	194,545	485,235
Doubtful	308	27,453	27,761
Loss	-	-	-
Total	<u>\$ 2,773,434</u>	<u>\$ 374,331</u>	<u>\$ 3,147,765</u>

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Loans (continued)

**Residential Mortgage Credit Exposure
Credit Risk Profile by Internally Assigned Grade**

Grade:	Residential	Residential	Total
	Mortgages	Mortgages - Acquired	Residential Mortgages
	2010		
	(In thousands)		
Pass	\$ 284,712	\$ 159,885	\$ 444,597
Pass-Watch	7,857	29,673	37,530
Special Mention	-	15,220	15,220
Substandard	73,615	87,636	161,251
Doubtful	-	1,091	1,091
Loss	-	-	-
Total	\$ 366,184	\$ 293,505	\$ 659,689

**Consumer Credit Exposure
Credit Risk Profile Based on Payment Activity**

	Direct	Direct	Total	Indirect Consumer	Finance Company
	Consumer	Consumer - Acquired	Direct Consumer		
	2010				
	(In thousands)				
Performing	\$ 593,085	\$ 141,145	\$ 734,230	\$ 309,454	\$ 99,235
Nonperforming	4,862	170	5,032	-	1,759
Total	\$ 597,947	\$ 141,315	\$ 739,262	\$ 309,454	\$ 100,994

All loans are reviewed periodically over the course of the year. Each Bank's portfolio of loan relationships aggregating \$500,000 or more is reviewed every 12 to 18 months by the Bank's Loan Review staff with other loans also periodically reviewed.

Below are the definitions of the Company's internally assigned grades:

- Pass - loans properly approved, documented, collateralized, and performing which do not reflect an abnormal credit risk.
- Pass - Watch - Credits in this category are of sufficient risk to cause concern. This category is reserved for credits that display negative performance trends. The "Watch" grade should be regarded as a transition category.
- Special Mention - These credits exhibit some signs of "Watch", but to a greater magnitude. These credits constitute an undue and unwarranted credit risk, but not to a point of justifying a classification of "Substandard". They have weaknesses that, if not checked or corrected, weaken the asset or inadequately protect the bank.
- Substandard - These credits constitute an unacceptable risk to the bank. They have recognized credit weaknesses that jeopardize the repayment of the debt. Repayment sources are marginal or unclear. Credits that have debt service coverage less than one-to-one (1:1) or are collateral dependent will almost always be accorded this grade.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Loans (continued)

- Doubtful - A Doubtful credit has all of the weaknesses inherent in one classified "Substandard" with the added characteristic that weaknesses make collection or liquidation in full questionable or improbable. The possibility of a loss is extremely high.
- Loss - Credits classified as Loss are considered uncollectable and should be charged off promptly once so classified.
- Performing – Loans on which payments of principal and interest are less than 90 days past due.
- Non-performing – A non-performing loan is a loan that is in default or close to being in default and there are good reasons to doubt that payments will be made in full. All loans rated as non-accrual are also non-performing.

As of December 31, 2010 and 2009, the Company had \$35.9 million and \$38.0 million, respectively, in loans carried at fair value. The Company held \$21.9 million and \$36.1 million in loans held for sale at December 31, 2010 and 2009 carried at lower of cost or market. Gain on the sale of loans totaled \$1.4 million, \$0.6 million, and \$0.4 million for 2010, 2009, and 2008, respectively. These loans are originated on a best-efforts basis, whereby a commitment by a third party to purchase the loan has been received concurrent with the Banks' commitment to the borrower to originate the loan.

Changes in the carrying amount of covered acquired loans and accretable yield for loans receivable at December 31, 2010 are presented in the following table (in thousands):

	December 31, 2010	
	Net	Carrying
	Accretable	Amount
	Discount	of Loans*
	(In thousands)	
Balance at beginning of period	\$ 159,932	\$ 913,063
Payments received, net	-	(155,898)
Accretion	(52,294)	52,294
Balance at end of period	<u>\$ 107,638</u>	<u>\$ 809,459</u>

* Excludes covered credit card loans and mortgage loans held for sale which total \$37,367 on acquisition date.

The carrying value of loans receivable with deterioration of credit quality accounted for using the cost recovery method was \$45.3 million at December 31, 2010, and \$55.6 million at December 31, 2009. Each of these loans is on nonaccrual status. Loans with deterioration of credit quality that have an accretable difference are not included in nonperforming balances even though the customer may be contractually past due. These loans will accrete interest income over the remaining life of the loan. There was a provision for loan loss recognized for purchased loans during the twelve months ended December 31, 2010 in the amount of \$34 thousand.

The unpaid principal balance for purchased loans was \$1,193 million and \$1,462 million at December 31, 2010, and December 31, 2009, respectively.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Property and Equipment

Property and equipment stated at cost, less accumulated depreciation and amortization, consisted of the following (in thousands):

	December 31,	
	2010	2009
Land and land improvements	\$ 39,837	\$ 37,178
Buildings and leasehold improvements	185,878	185,814
Furniture, fixtures and equipment	71,179	66,819
Construction in progress	10,126	1,434
Software	28,283	25,855
	335,303	317,100
Accumulated depreciation and amortization	(125,384)	(113,967)
Property and equipment, net	\$ 209,919	\$ 203,133

Depreciation and amortization expense was \$13.5 million, \$15.5 million and \$15.8 million for the years ended December 31, 2010, 2009 and 2008, respectively. Capitalized interest was \$0.07 million, \$0.02 million, and \$0.1 million for the years ended December 31, 2010, 2009, and 2008, respectively.

Note 6. Goodwill and Other Intangible Assets

Goodwill represents costs in excess of the fair value of net assets acquired in connection with purchase business combinations. In accordance with the provisions of FASB's guidance for goodwill and other intangibles, the Company tests its goodwill for impairment annually. No impairment charges were recognized during 2010, 2009, or 2008. The carrying amount of goodwill was \$61.6 and \$62.3 million for the years ended December 31, 2010 and 2009, respectively.

The following tables present information regarding the components of the Company's other intangible assets, and related amortization for the dates indicated (in thousands):

	December 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	Core deposit intangibles	\$ 25,747	\$ 13,218
Value of insurance business acquired	2,431	1,757	674
Non-compete agreements	322	322	-
Trade name	100	100	-
	\$ 28,600	\$ 15,397	\$ 13,203
	December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	Core deposit intangibles	\$ 25,747	\$ 10,727
Value of insurance business acquired	2,752	1,544	1,208
Non-compete agreements	322	308	14
Trade name	100	90	10
	\$ 28,921	\$ 12,669	\$ 16,252
	Years Ended December 31,		
	2010	2009	2008
	Aggregate amortization expense for:		
Core deposit intangibles	\$ 2,491	\$ 1,114	\$ 1,113
Value of insurance business acquired	213	255	271
Non-compete agreements	14	28	28
Trade name	10	20	20
	\$ 2,728	\$ 1,417	\$ 1,432

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Goodwill and Other Intangible Assets (continued)

The amortization period used for core deposit intangibles and value of insurance business acquired is 10 years. The amortization period used for non-compete agreements and trade name intangibles is 5 years. The following table shows estimated amortization expense of other intangible assets for the five succeeding years and thereafter, calculated based on current amortization schedules (in thousands):

2011	1,885
2012	1,670
2013	1,500
2014	1,079
2015	837
Thereafter	2,226
	<u>\$ 9,197</u>

Note 7. Deposits

The maturities of time deposits at December 31, 2010 follow (in thousands):

2011	\$ 1,624,560
2012	640,712
2013	65,394
2014	20,405
2015	144,701
Thereafter	51,690
Total time deposits	<u>2,547,462</u>
Interest-bearing deposits with no stated maturity	<u>3,101,011</u>
Total interest-bearing deposits	<u>\$ 5,648,473</u>

Time deposits of \$100,000 or more totaled approximately \$1,265.3 million and \$955.5 million at December 31, 2010 and 2009, respectively.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Borrowings

Short-Term Borrowings

The following table presents information concerning federal funds purchased and sold, securities sold under agreements to repurchase and other short-term borrowings (in thousands):

	December 31,	
	2010	2009
Federal funds sold		
Amount outstanding at period-end	\$ 124	\$ 410
Weighted average interest rate at period-end	0.19%	16.64%
Federal funds purchased		
Amount outstanding at period-end	\$ -	\$ 250
Weighted average interest rate at period-end	0.14%	0.11%
Weighted average interest rate during the year	0.13%	0.21%
Average daily balance during the year	\$ 2,734	\$ 3,484
Maximum month end balance during the year	\$ 6,900	\$ 4,700
Securities sold under agreements to repurchase		
Amount outstanding at period-end	\$ 364,676	\$ 484,457
Weighted average interest rate at period-end	1.69%	1.99%
Weighted average interest rate during the year	1.95%	2.06%
Average daily balance during the year	\$ 477,174	\$ 523,351
Maximum month end balance during the year	\$ 534,627	\$ 567,888
FHLB borrowings:		
Amount outstanding at period-end	\$ 10,172	\$ 30,805
Weighted average interest rate at period-end	1.19%	0.38%
Weighted average interest rate during the year	0.57%	0.17%
Average daily balance during the year	\$ 22,846	\$ 75,160
Maximum month end balance during the year	\$ 30,676	\$ 156,000

The contractual maturity of federal funds purchased and securities sold under agreements to repurchase is demand or due overnight.

Specific U. S. Treasury and U. S. Government agencies with carrying values of \$182.1 million at December 31, 2010 and \$450.1 million at December 31, 2009 collateralized the retail and wholesale repurchase agreements. The fair value of this collateral approximated \$189.7 million at December 31, 2010 and \$458.3 million at December 31, 2009. In addition, there was cash collateral in the amount of \$23.2 million for the wholesale repurchase agreements at December 31, 2010. The Company has \$10 million in FHLB advances due September 12, 2011 at a fixed rate of 3.455%.

Long-Term Borrowings

As of December 31, 2010 and 2009, the Company had \$175.0 million and \$225.0 million, respectively, in long-term borrowings classified as securities sold under agreements to repurchase. Combined with short-term borrowings of \$189.7 million, the Company's total position in securities sold under agreements to repurchase was \$364.7 million. The Company has an approved line of credit with the FHLB of approximately \$774.8 million, which is secured by a blanket pledge of certain residential mortgage loans. At December 31, 2010, the Company purchased letters of credit of \$31.7 million for pledging purposes which reduces the availability to borrow against the FHLB line of credit. The Company had outstanding letters of credit of \$10.7 million at December 31, 2009.

Note 9. Stockholders' Equity

Regulatory Capital

Common stockholders' equity of the Company includes the undistributed earnings of the bank subsidiaries. Dividends are payable only out of undivided profits or current earnings. Moreover, dividends to the Company's stockholders can generally be paid only from dividends paid to the Company by the Banks. Consequently, dividends are dependent upon earnings, capital needs, regulatory policies and statutory limitations affecting the Banks. Federal and state banking laws and regulations restrict the amount of dividends and loans a bank may make to its parent company. Dividends paid by Hancock Bank are subject to approval by the Commissioner of Banking and Consumer Finance of the State of Mississippi and those paid by Hancock Bank of Louisiana are subject to approval by the Commissioner of Financial Institutions of the State of Louisiana. Dividends paid by Hancock Bank of Alabama are subject to approval by Alabama State Banking Department. The amount of capital of the subsidiary banks available for dividends at December 31, 2010 was approximately \$36.6 million.

Risk-based capital requirements are intended to make regulatory capital more sensitive to risk elements of the Company. Currently, the Company and its bank subsidiaries are required to maintain minimum risk-based capital ratios of 8.0%, with not less than 4.0% in Tier 1 capital. In addition, the Company and its bank subsidiaries must maintain minimum Tier 1 leverage ratios (Tier 1 capital to total average assets) of at least 3.0% based upon the regulators latest composite rating of the institution.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) required each federal banking agency to implement prompt corrective actions for institutions that it regulates. The rules provide that an institution is "well capitalized" if its total risk-based capital ratio is 10.0% or greater, its Tier 1 risk-based capital ratio is 6.0% or greater, its leverage ratio is 5.0% or greater and the institution is not subject to a capital directive. Under this regulation, all of the subsidiary banks were deemed to be "well capitalized" as of December 31, 2010 and 2009 based upon the most recent notifications from their regulators. There are no conditions or events since those notifications that management believes would change these classifications. The Company and its bank subsidiaries are required to maintain certain minimum capital levels. At December 31, 2010 and 2009, the Company and the Banks were in compliance with their respective statutory minimum capital requirements.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Stockholders' Equity (continued)

Following is a summary of the actual capital levels at December 31, 2010 and 2009 (amounts in thousands):

	Actual		Required for Minimum Capital Adequacy		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
At December 31, 2010						
Total capital (to risk weighted assets)						
Company	\$ 846,541	16.60	\$ 407,970	8.00	\$ N/A	N/A
Hancock Bank	446,894	16.46	217,206	8.00	271,507	10.00
Hancock Bank of Louisiana	344,447	15.72	175,339	8.00	219,174	10.00
Hancock Bank of Alabama	33,543	17.39	15,432	8.00	19,290	10.00
Tier 1 capital (to risk weighted assets)						
Company	\$ 782,301	15.34	\$ 203,985	4.00	\$ N/A	N/A
Hancock Bank	412,632	15.20	108,603	4.00	162,904	6.00
Hancock Bank of Louisiana	316,905	14.46	87,670	4.00	131,504	6.00
Hancock Bank of Alabama	31,102	16.12	7,716	4.00	11,574	6.00
Tier 1 leverage capital						
Company	\$ 782,301	9.65	\$ 243,160	3.00	\$ N/A	N/A
Hancock Bank	412,632	8.03	154,198	3.00	256,996	5.00
Hancock Bank of Louisiana	316,905	11.33	83,878	3.00	139,797	5.00
Hancock Bank of Alabama	31,102	16.38	5,698	3.00	9,496	5.00
At December 31, 2009						
Total capital (to risk weighted assets)						
Company	\$ 822,505	13.04	\$ 504,457	8.00	\$ N/A	N/A
Hancock Bank	403,807	11.24	287,342	8.00	359,178	10.00
Hancock Bank of Louisiana	326,127	14.53	179,591	8.00	224,489	10.00
Hancock Bank of Alabama	23,597	13.33	14,164	8.00	17,705	10.00
Tier 1 capital (to risk weighted assets)						
Company	\$ 756,108	11.99	\$ 252,228	4.00	\$ N/A	N/A
Hancock Bank	371,013	10.33	143,671	4.00	215,507	6.00
Hancock Bank of Louisiana	302,316	13.47	89,796	4.00	134,694	6.00
Hancock Bank of Alabama	21,364	12.07	7,082	4.00	10,623	6.00
Tier 1 leverage capital						
Company	\$ 756,108	10.60	\$ 214,043	3.00	\$ N/A	N/A
Hancock Bank	371,013	9.45	117,788	3.00	196,313	5.00
Hancock Bank of Louisiana	302,316	10.67	85,005	3.00	141,674	5.00
Hancock Bank of Alabama	21,364	12.29	5,216	3.00	8,694	5.00

Note 10. Retirement and Employee Benefit Plans

At December 31, 2010, the Company had a pension plan and two postretirement plans for employees, which are described more fully below. The Company has accounted for its defined benefit pension plan using the actuarial model required by generally accepted accounting principles regarding employers' accounting for pensions. The compensation cost of an employee's pension benefit has been recognized on the projected unit credit method over the employee's approximate service period. The aggregate cost method has been utilized for funding purposes. The Company also sponsors two defined benefit postretirement plans, which provide medical benefits and life insurance benefits. The Company has accounted for these plans using the actuarial computations required by generally accepted accounting principles regarding employer's accounting for postretirement benefits other than pensions. The cost of the defined benefit postretirement plan has been recognized on the projected unit credit method over the employee's approximate service period.

Under generally accepted accounting principles, the Company is required to recognize the over funded or under funded status of a defined benefit postretirement plan as an asset or liability on its balance sheet. The Company recognizes changes in that funded status in the year in which the changes occur through comprehensive income effective for years ending after December 15, 2006. In addition, generally accepted accounting principles require an employer to measure the funded status of a plan as of the date of its year-end statement of financial position effective for fiscal years ending after December 15, 2008.

Defined Benefit Plan - Pension

The Company has a noncontributory defined benefit pension plan covering employees who have been employed by the Company one year and who have worked a minimum of 1,000 hours during the calendar year. The Company's current policy is to contribute annually the minimum amount that can be deducted for federal income tax purposes. The benefits are based upon years of service and the employee's base or benefit base compensation during the highest consecutive five years of employment.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Retirement and Employee Benefit Plans (continued)

The measurement date for the pension plan is December 31. Data relative to the pension plan is as follows (in thousands):

	December 31,	
	2010	2009
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 89,720	\$ 82,862
Service cost	3,501	3,107
Interest cost	5,233	4,833
Actuarial loss	7,155	2,502
Benefits paid	(3,863)	(3,584)
Benefit obligation, end of year	<u>101,746</u>	<u>89,720</u>
Change in plan assets		
Fair value of plan assets, beginning of year	61,313	51,001
Actual return on plan assets	7,718	7,758
Employer contributions	6,726	6,431
Benefit payments	(3,863)	(3,584)
Expenses	(254)	(294)
Fair value of plan assets, end of year	<u>71,640</u>	<u>61,312</u>
Funded status at end of year - net liability	<u>\$ (30,106)</u>	<u>\$ (28,408)</u>
Amounts recognized in accumulated other comprehensive loss		
Unrecognized loss at beginning of year	\$ 36,753	\$ 40,490
Amount of (loss)/gain recognized during the year	(2,281)	(2,648)
Net actuarial loss/(gain)	4,338	(1,089)
Unrecognized loss at end of year	<u>\$ 38,810</u>	<u>\$ 36,753</u>

Net periodic expense is as follows (in thousands):

	Years Ended December 31,		
	2010	2009	2008
Net periodic benefit cost			
Service cost	\$ 3,500	\$ 3,107	\$ 2,626
Interest cost	5,233	4,833	4,517
Expected return on plan assets	(4,646)	(3,873)	(4,830)
Recognized net amortization and deferral	2,281	2,648	947
Net pension benefit cost	<u>6,368</u>	<u>6,715</u>	<u>3,260</u>
Other changes in plan assets and benefit obligations recognized in other comprehensive income, before taxes			
Net (loss)/gain recognized during the year	(2,281)	(2,648)	(1,184)
Net actuarial loss/(gain)	4,338	(1,089)	22,975
Total recognized in other comprehensive income	<u>2,057</u>	<u>(3,737)</u>	<u>21,791</u>
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ 8,425</u>	<u>\$ 2,978</u>	<u>\$ 25,051</u>
Weighted average assumptions as of measurement date			
Discount rate for benefit obligations	5.46%	5.95%	5.96%
Discount rate for net periodic benefit cost	5.30%	5.96%	6.31%
Expected long-term return on plan assets	7.50%	7.50%	7.50%
Rate of compensation increase	4.00%	4.00%	4.00%

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Retirement and Employee Benefit Plans (continued)

The long term rate of return is determined by using the weighted-average of historical real returns for major asset classes based on target asset allocations. The result is then adjusted for inflation. The Company uses the Citigroup Pension Discount Curve Liability Index (CPD). At December 31, 2010, the discount rate was calculated by matching expected future cash flows to the CPD Curve Liability Index. The published duration of the CPD curve was 16.8 years and the duration for the Company's valuation was 15.27 years for December 2010.

The Company has been making the contributions required by the Internal Revenue Service. The Company's contributions to this plan were \$6.7 million in 2010, \$6.4 million in 2009 and \$4.8 million in 2008. The Company expects to contribute approximately \$9.1 million to the pension plan in 2011.

The following pension plan benefit payments, which reflect expected future service, are expected to be made (in thousands):

2011	\$ 3,818
2012	4,203
2013	4,325
2014	4,544
2015	4,774
2016 - 2020	<u>27,620</u>
	<u>\$ 49,284</u>

The expected benefits to be paid are based on the same assumptions used to measure the Company's benefit obligation at December 31, 2010.

The plan assets are held in the Company's Hancock Horizon mutual funds, as follows: Hancock Horizon Government Money Market Fund, Hancock Horizon Strategic Income Bond Fund, Hancock Horizon Quantitative Long/Short Fund, Hancock Horizon Diversified International Fund, Hancock Horizon Burkenroad Fund, Hancock Horizon Growth Fund, and Hancock Horizon Value Fund. The fair values of the Company's pension plan assets at December 31, 2010 and 2009, by asset category, are shown in the following tables (in thousands):

Fair Value Measurements at December 31, 2010

<u>Asset Category</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Hancock Horizon Government Money Market Fund	\$ 2,573	\$ 2,573	\$ -	\$ -
Hancock Horizon Strategic Income Bond Fund	25,974	25,974	-	-
Hancock Horizon Quantitative Long/Short Fund	3,525	3,525	-	-
Hancock Horizon Diversified International Fund	6,277	6,277		
Hancock Horizon Burkenroad Fund	2,264	2,264		
Hancock Horizon Growth Fund	12,392	12,392	-	-
Hancock Horizon Value Fund	18,635	18,635		
TOTAL	<u>\$ 71,640</u>	<u>\$ 71,640</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Retirement and Employee Benefit Plans (continued)

Fair Value Measurements at December 31, 2009

<u>Asset Category</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Hancock Horizon Government Money Market Fund	\$ 2,542	\$ 2,542	\$ -	\$ -
Hancock Horizon Strategic Income Bond Fund	22,156	22,156	-	-
Hancock Horizon Quantitative Long/Short Fund	2,901	2,901	-	-
Hancock Horizon Diversified International Fund	5,444	5,444		
Hancock Horizon Burkenroad Fund	2,072	2,072		
Hancock Horizon Growth Fund	10,431	10,431	-	-
Hancock Horizon Value Fund	15,767	15,767		
TOTAL	\$ 61,313	\$ 61,313	\$ -	\$ -

The Company's pension plan weighted-average asset allocations and target allocations at December 31, 2010 and 2009, by asset category, are as follows:

Asset category	Plan Assets at December 31,		Target Allocation at December 31,	
	2010	2009	2010	2009
Equity securities	60%	60%	40-70%	40-70%
Fixed income securities	36%	36%	30-60%	30-60%
Cash equivalents	4%	4%	0-10%	0-10%
	<u>100%</u>	<u>100%</u>		

The investment strategy of the pension plan is to emphasize a balanced return of current income and growth of principal while accepting a moderate level of risk. The investment goal of the plan is to meet or exceed the return of balanced market index comprised of 55% of the S&P 500 Index and 45% Barclays Intermediate Aggregate Index. The pension plan investment committee meets periodically to review the policy, strategy and performance of the plan.

Defined Benefit Plan - Postretirement

The Company sponsors two defined benefit postretirement plans, other than the pension plan that continue to cover retiring employees who have medical and/or group life insurance at the time of retirement who have reached 55 years of age with ten years of service or age 65 with five years of service. One plan provides medical benefits and the other provides life insurance benefits. The postretirement health care plan is contributory, with retiree contributions adjusted annually and subject to certain employer contribution maximums. Neither plan is available to employees hired on or after January 1, 2000. The following year-end financial information regarding the Company's postretirement health care plan reflects the Medicare Part D subsidy. The life insurance plan is noncontributory.

The postretirement plans relating to health care payments and life insurance are not guaranteed and are subject to immediate cancellation and/or amendment. These plans are predicated on future Company profit levels that will justify their continuance. Overall health care costs are also a factor in the level of benefits provided and continuance of these post-retirement plans. There are no vested rights under the postretirement health or life insurance plans.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Retirement and Employee Benefit Plans (continued)

The measurement date for the plans is December 31, 2010. The Company used a 5.8% discount rate for the determination of the projected postretirement benefit obligation as of December 31, 2010 and 2009. The discount rate is based on the Citigroup Discount Pension Curve.

Data relative to these postretirement benefits is as follows (in thousands):

	Years Ended December 31,	
	2010	2009
Change in postretirement benefit obligation		
Projected postretirement benefit obligation, beginning of year	\$ 10,290	\$ 8,727
Service cost	125	114
Interest cost	556	565
Plan participants' contributions	310	299
Actuarial loss	2,098	1,574
Benefit payments	(1,006)	(989)
Projected postretirement benefit obligation, end of year	<u>12,373</u>	<u>10,290</u>
Change in plan assets		
Plan assets, beginning of year	-	-
Employer contributions	696	690
Plan participants' contributions	310	299
Benefit payments	(1,006)	(989)
Plan assets, end of year	<u>-</u>	<u>-</u>
Funded status at end of year - net liability	<u>\$ (12,373)</u>	<u>\$ (10,290)</u>
Amounts recognized in accumulated other comprehensive loss		
Net loss	\$ 5,643	\$ 3,846
Prior service cost	(102)	(155)
Net obligation	<u>5</u>	<u>10</u>
	<u>\$ 5,546</u>	<u>\$ 3,701</u>

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Retirement and Employee Benefit Plans (continued)

The following table shows the composition of net period postretirement benefit cost (in thousands):

	Years Ended December 31,		
	2010	2009	2008
Net periodic postretirement benefit cost			
Service cost	\$ 124	\$ 114	\$ 174
Interest costs	556	565	505
Amortization of net loss	302	296	177
Amortization of prior service cost	(48)	(48)	(48)
Net periodic postretirement benefit cost	<u>934</u>	<u>927</u>	<u>808</u>
Other changes in plan assets and benefit obligations recognized in other comprehensive income, before taxes			
Amount of loss recognized during the year	(302)	(296)	(177)
Net actuarial (gain)/loss	2,098	1,574	269
Amortization of prior service cost	48	48	48
Total recognized in other comprehensive income	<u>1,844</u>	<u>1,326</u>	<u>140</u>
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ 2,778</u>	<u>\$ 2,253</u>	<u>\$ 948</u>

For measurement purposes in 2010, an 8.0% annual rate of increase in the over age 65 per capita costs of covered health care benefits was assumed for 2011. The rate was assumed to decrease uniformly to 5.0% over 6 years and remain at that level thereafter. In 2009, a 9.0% annual rate of increase in the over age 65 per capita costs of covered health care benefits was assumed. The rate was assumed to decrease uniformly to 5.0% over 8 years and remain at that level thereafter. The health care cost trend rate assumption has an effect on the amounts reported. The following table illustrates the effect on the postretirement benefit obligation of a 1% increase or 1% decrease in the assumed health care cost trend rates:

	1% Decrease in Rates	Assumed Rates	1% Increase in Rates
Aggregated service and interest cost	\$ 598	\$ 681	\$ 783
Postretirement benefit obligation	11,047	12,373	13,986

The Company expects to contribute \$0.8 million to the plans in 2011. Expected benefits to be paid over the next ten years and are reflected the following table (in thousands):

2011	\$ 836
2012	739
2013	709
2014	721
2015	667
2016 - 2020	3,565
	<u>\$ 7,237</u>

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Retirement and Employee Benefit Plans (continued)

The following table shows the amounts in accumulated other comprehensive loss that the Company expects to be recognized as net periodic benefit cost during the year ending December 31, 2010 (in thousands):

Prior service cost	\$	(53)
Net transition obligation		5
Net loss		539
Total	\$	<u>491</u>

Defined Contribution Plan – 401(k)

The Company has a 401(k) retirement plan covering substantially all employees who have been employed 90 days excluding on call, temporary, and seasonal employees and meet certain other requirements. Under this plan, employees can contribute a portion of their salary within limits provided by the Internal Revenue Code into the plan. The Company's contributions to this plan were \$2.0 million in 2010, \$1.8 million in 2009 and \$1.7 million in 2008.

Nonqualified Deferred Compensation Plans

The Company has one nonqualified deferred compensation plan covering employees who have met certain requirements. The Company's contributions to this plan were \$1.1 million in 2010, \$0.8 million in 2009 and \$1.0 million in 2008.

Employee Stock Purchase Plan

The Company has an employee stock purchase plan that is designed to provide the employees of the Company a convenient means of purchasing common stock of the Company. Substantially all employees, who have been employed by the Company 90 days excluding on call, interns, temporary, and seasonal employees, are eligible to participate. The Company makes no contribution to each participant's contribution. The numbers of shares purchased under this plan were 14,202 in 2010, 12,516 in 2009 and 9,864 in 2008.

Effective December 31, 2010, Hancock Bank terminated the Employee Stock Purchase Plan of Hancock Bank. Adopted in its place was the Hancock Holding Company 2010 Employee Stock Purchase Plan which became effective January 1, 2011. The major changes under the new plan are that the new plan allows participants to contribute up to 10% instead of 5% of base wages and the stock purchased under the new plan is allocated to each participant as of each payday rather than bi-annually.

Note 11. Stock-Based Payment Arrangements

At December 31, 2010, the Company had two share-based payment plans for employees, which are described below. The Company follows the fair value recognition provisions of FASB's guidance regarding share-based payment. For the years ended December 31, 2010, 2009, and 2008 total compensation cost for share-based compensation recognized in income was \$4.1 million, \$3.3 million, and \$2.8 million, respectively. The total recognized tax benefit related to the share-based compensation was \$0.7 million, \$0.8 million, and \$0.7 million, respectively, for years 2010, 2009 and 2008.

Prior to the adoption of the guidance, the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the Consolidated Statement of Cash Flows. The guidance requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash flows. The excess tax benefit classified as a financing cash inflow and classified as an operating cash outflow for the years ended December 31, 2010, 2009, and 2008 was \$0.3 million, \$0.5 million, and \$4.5 million, respectively.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Stock-Based Payment Arrangements (continued)

Stock Option Plans

The 1996 Hancock Holding Company Long-Term Incentive Plan (the “1996 Plan”) that was approved by the Company’s shareholders in 1996 was designed to provide annual incentive stock awards. Awards as defined in the 1996 Plan include, with limitations, stock options, incentive stock options, restricted shares, performance stock awards, and stock appreciation rights, all on a stand-alone, combination or tandem basis. A total of fifteen million (15,000,000) common shares can be granted under the 1996 Plan with an annual grant maximum of 2% of the Company’s outstanding common stock as reported for the fiscal year ending immediately prior to such plan year. Grants of restricted stock awards are limited to one-third of the grant totals.

The exercise price is equal to the closing market price on the date immediately preceding the date of grant, except for certain of those granted to major stockholders where the option price is 110 % of the market price. Option awards generally vest equally over five years of continuous service and have ten-year contractual terms. The Company’s policy is to issue new shares upon share option exercise and issue treasury shares upon restricted stock award vesting. The 1996 Long-Term Incentive Plan expired in 2006.

In March of 2005, the stockholders of the Company approved Hancock Holding Company’s 2005 Long-Term Incentive Plan (the “2005 Plan”) as the successor plan to the 1996 LTIP. The 2005 Plan is designed to enable employees and directors to obtain a proprietary interest in the Company and to attract and retain outstanding personnel. Awards as defined in the 2005 Plan include, with limitations, stock options (including restricted stock options), restricted and performance shares, and performance stock awards, all on a stand-alone, combination or tandem basis.

The 2005 Plan provides that awards for up to an aggregate of five million (5,000,000) shares of the Company’s common stock may be granted during the term of the 2005 Plan. The 2005 Plan limits the number of shares for which awards may be granted during any calendar year to 2% of the outstanding Company’s common stock as reported for the fiscal year ending immediately prior to such plan year.

The fair value of each option award is estimated on the grant date’s prior closing price using Black-Scholes-Merton option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on implied volatilities from traded options on the Company’s stock, historical volatility of the Company’s stock and other factors. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	Years Ended December 31,		
	2010	2009*	2008
Expected volatility	40.53%	40.45%	29.02%-35.33%
Expected dividends	2.9%-2.99%	2.49%	2.31% - 2.60%
Expected term (in years)	9.55	8.7	5.6 - 8.7
Risk-free rates	2.73%-3.33%	3.28%	2.07% - 3.71%

* During 2009, there was only one option award to one class of recipients

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Stock-Based Payment Arrangements (continued)

A summary of option activity and changes under the plans for 2010 is presented below:

<u>Options</u>	<u>Number of Shares</u>	<u>Weighted- Average Exercise Price (\$)</u>	<u>Weighted- Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value (\$000)</u>
Outstanding at January 1, 2010	1,000,249	\$ 35.15		
Granted	194,772	\$ 32.13		
Exercised	(49,902)	\$ 23.06		\$ 827
Forfeited or expired	(15,599)	\$ 41.14		
Outstanding at December 31, 2010	1,129,520	\$ 35.08	6.3	\$ 3,080
Exercisable at December 31, 2010	658,436	\$ 33.88	4.6	\$ 2,548
Share options expected to vest	471,084	\$ 36.75	8.6	\$ 532

The weighted-average grant-date fair values of options granted during 2010, 2009, and 2008 were \$10.73, \$14.52, and \$13.19, respectively, per optioned share. The total intrinsic value of options exercised during 2010, 2009 and 2008 was \$0.8 million, \$1.5 million, and \$12.6 million, respectively.

A summary of the status of the Company's nonvested shares as of December 31, 2010, and changes during 2010, is presented below:

	<u>Number of Shares</u>	<u>Weighted- Average Grant-Date Fair Value</u>
Nonvested at January 1, 2010	688,370	\$ 23.67
Granted	321,238	\$ 19.48
Vested	(151,657)	\$ 32.69
Forfeited	(18,343)	\$ 15.33
Nonvested at December 31, 2010	<u>839,608</u>	\$ 20.62

As of December 31, 2010, there was \$13.7 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the plans. That cost is expected to be recognized over a weighted-average period of 3.8 years. The total fair value of shares which vested during 2010 and 2009 was \$2.6 million and \$2.7 million, respectively.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) issued authoritative guidance that establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. The guidance defines a fair value hierarchy that prioritizes the inputs to these valuation techniques used to measure fair value giving preference to quoted prices in active markets (level 1) and the lowest priority to unobservable inputs such as a reporting entity's own data (level 3). Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, observable inputs other than quoted prices, such as interest rates and yield curves, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Available for sale securities classified as level 1 within the valuation hierarchy include U.S. Treasury securities, obligations of U.S. Government-sponsored agencies, and other debt and equity securities. Level 2 classified available for sale securities include mortgage-backed debt securities, collateralized mortgage obligations, and state and municipal bonds. There were no transfers between levels during the year.

The Company adopted the provisions of the guidance for nonfinancial assets and nonfinancial liabilities on January 1, 2009.

Fair Value of Assets Measured on a Recurring Basis

The following table presents for each of the fair-value hierarchy levels the Company's financial assets and liabilities that are measured at fair value (in thousands) on a recurring basis at December 31, 2010 and 2009.

	As of December 31, 2010		
	Level 1	Level 2	Net Balance
Assets			
Available for sale securities:			
Debt securities issued by the U.S. Treasury and other government corporations and agencies	\$ 117,435	\$ -	\$ 117,435
Debt securities issued by states of the United States and political subdivisions of the states		180,443	180,443
Corporate debt securities	15,285	-	15,285
Residential mortgage-backed securities	-	799,686	799,686
Collateralized mortgage obligations	-	372,051	372,051
Equity securities	3,985	-	3,985
Short-term investments	274,974	-	274,974
Loans carried at fair value	-	35,934	35,934
Total assets	\$ 411,679	\$ 1,388,114	\$ 1,799,793
Liabilities			
Swaps	\$ -	\$ 2,952	\$ 2,952
Total Liabilities	\$ -	\$ 2,952	\$ 2,952

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Fair Value of Financial Instruments (continued)

	As of December 31, 2009		
	Level 1	Level 2	Net Balance
Assets			
Available for sale securities:			
Debt securities issued by the U.S. Treasury and other government corporations and agencies	\$ 143,755	\$ -	\$ 143,755
Debt securities issued by states of the United States and political subdivisions of the states	-	191,668	191,668
Corporate debt securities	16,326	-	16,326
Residential mortgage-backed securities	-	1,110,547	1,110,547
Collateralized mortgage obligations	-	147,169	147,169
Equity securities	1,862	-	1,862
Short-term investments	214,771	-	214,771
Loans carried at fair value	-	38,021	38,021
Total assets	\$ 376,714	\$ 1,487,405	\$ 1,864,119
Liabilities			
Swaps	\$ -	\$ 2,209	\$ 2,209
Total Liabilities	\$ -	\$ 2,209	\$ 2,209

Fair Value of Assets Measured on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis and, therefore, are not included in the above table. Impaired loans are level 2 assets measured using appraisals from external parties of the collateral less any prior liens or based on recent sales activity for similar assets in the property's market. Other real estate owned are level 2 properties recorded at the balance of the loan or at estimated fair value less estimated selling costs, whichever is less, at the date acquired. Fair values are determined by sales agreement or appraisal. Inputs include appraisal values on the properties or recent sales activity for similar assets in the property's market. The following table presents for each of the fair value hierarchy levels the Company's financial assets that are measured at fair value (in thousands) on a nonrecurring basis at December 31, 2010 and 2009.

	As of December 31, 2010		
	Level 1	Level 2	Net Balance
Assets			
Impaired loans	\$ -	\$ 95,787	\$ 95,787
Other real estate owned	-	32,520	32,520
Total assets	\$ -	\$ 128,307	\$ 128,307

	As of December 31, 2009		
	Level 1	Level 2	Net Balance
Assets			
Impaired loans	\$ -	\$ 122,610	\$ 122,610
Other real estate owned	-	13,786	13,786
Total assets	\$ -	\$ 136,396	\$ 136,396

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Fair Value of Financial Instruments (continued)

The following methods and assumptions were used to estimate the fair value regarding disclosures about fair value of financial instruments of each class of financial instruments for which it is practicable to estimate:

Cash, Short-Term Investments and Federal Funds Sold - For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities - Estimated fair values for securities are based on quoted market prices where available. If quoted market prices are not available, estimated fair values are based on market prices of comparable instruments.

Loans, Net of Unearned Income - The fair value of loans is estimated by discounting the future cash flows using the current rates for similar loans with the same remaining maturities with similar credit quality.

Accrued Interest Receivable and Accrued Interest Payable - The carrying amounts are a reasonable estimate of their fair values.

Deposits - The guidance requires that the fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, interest-bearing checking and savings accounts, be assigned fair values equal to amounts payable upon demand (carrying amounts). The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Federal Funds Purchased - For these short-term liabilities, the carrying amount is a reasonable estimate of fair value.

Securities Sold under Agreements to Repurchase, Federal Funds Purchased, and FHLB Borrowings - For these short-term liabilities, the carrying amount is a reasonable estimate of fair value.

Long-Term Notes - Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. The fair value is estimated by discounting the future contractual cash flows using current market rates at which similar notes over the same remaining term could be obtained.

The estimated fair values of the Company's financial instruments were as follows (in thousands):

	December 31,			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash, interest-bearing deposits, federal funds sold, and short-term investments	\$ 778,851	\$ 778,851	\$ 1,001,976	\$ 1,001,976
Securities	1,488,885	1,488,885	1,611,327	1,611,327
Loans, net of unearned income	4,979,030	5,085,925	5,150,287	5,263,246
Accrued interest receivable	30,157	30,157	35,468	35,468
Financial liabilities:				
Deposits	\$ 6,775,719	\$ 6,787,931	\$ 7,195,812	\$ 7,241,363
Federal funds purchased	-	-	250	250
Securities sold under agreements to repurchase	364,676	364,676	484,457	484,457
FHLB borrowings	10,172	10,172	30,805	30,805
Long-term notes	376	376	671	671
Accrued interest payable	4,007	4,007	4,824	4,824

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Commitments and Contingencies

Lending Related

In the normal course of business, the Company enters into financial instruments, such as commitments to extend credit and letters of credit, to meet the financing needs of its customers. Such instruments are not reflected in the accompanying consolidated financial statements until they are funded and involve, to varying degrees, elements of credit risk not reflected in the consolidated balance sheets. The contract amounts of these instruments reflect the Company's exposure to credit loss in the event of non-performance by the other party on whose behalf the instrument has been issued. The Company undertakes the same credit evaluation in making commitments and conditional obligations as it does for on-balance sheet instruments and may require collateral or other credit support for off-balance sheet financial instruments. These obligations are summarized below (in thousands):

	December 31,	
	2010	2009
Commitments to extend credit	\$ 912,206	\$ 983,242
Letters of credit	87,038	108,736

Approximately \$728.5 million and \$679.0 million of commitments to extend credit at December 31, 2010 and 2009, respectively, were at variable rates and the remainder was at fixed rates. A commitment to extend credit is an agreement to lend to a customer as long as the conditions established in the agreement have been satisfied. A commitment to extend credit generally has a fixed expiration date or other termination clauses and may require payment of a fee by the borrower. Since commitments often expire without being fully drawn, the total commitment amounts do not necessarily represent future cash requirements of the Company. The Company continually evaluates each customer's credit worthiness on a case-by-case basis. Occasionally, a credit evaluation of a customer requesting a commitment to extend credit results in the Company obtaining collateral to support the obligation.

Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing a letter of credit is essentially the same as that involved in extending a loan. The Company accounts for these commitments under the provisions of the FASB's authoritative guidance. The liability associated with letters of credit is not material to the Company's consolidated financial statements. Letters of credit are supported by collateral or borrower guarantee sufficient to cover any draw on the letter that would result in an outstanding loan.

Legal Proceedings

The Company is party to various legal proceedings arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, there are no proceedings expected to have a material adverse effect on the financial statements of the Company. The Company has pending litigation as a result of Hancock's Peoples First acquisition but any resulting losses are covered by the terms of the loss share indemnification agreement.

Lease Commitments

The Company currently has capital and operating leases for buildings and equipment that expire from 2011 to 2048. It is expected that certain leases will be renewed or equipment replaced as leases expire. Certain of these leases have escalation clauses, rent concessions, or rent holidays that are being amortized on a straight-line basis over the term of the lease as required by authoritative guidance regarding accounting for leases.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Commitments and Contingencies (continued)

Future minimum lease payments for all non-cancelable capital and operating leases with initial or remaining terms of one year or more consisted of the following at December 31, 2010 (in thousands):

	<u>Capital Leases</u>	<u>Operating Leases</u>
2011	\$ 26	\$ 4,389
2012	28	3,962
2013	31	3,182
2014	34	3,063
2015	35	2,888
Thereafter	14	20,292
Total minimum lease payments	<u>\$ 168</u>	<u>\$ 37,776</u>
Amounts representing interest	66	
Present value of net minimum lease payments	<u>\$ 102</u>	

Rental expense approximated \$7.2 million, \$4.5 million, \$5.7 million for the years ended December 31, 2010, 2009, and 2008, respectively. Rental expense is included in net occupancy expense on the consolidated statement of income.

Note 14. Other Noninterest Income and Other Noninterest Expense

The components of other noninterest income and other noninterest expense are as follows (in thousands):

	<u>Years Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Other noninterest income:			
Income from bank owned life insurance	\$ 5,219	\$ 5,527	\$ 5,906
Outsourced check income	(200)	(94)	284
Safety deposit box income	841	794	821
Appraisal fee income	714	854	1,001
Letter of credit fees	1,451	1,309	1,140
Accretion on indemnification asset	4,890	-	-
Other	4,000	7,657	4,424
Total other noninterest income	<u>\$ 16,915</u>	<u>\$ 16,047</u>	<u>\$ 13,576</u>
Other noninterest expense:			
Postage	\$ 4,195	\$ 3,505	\$ 3,902
Communication	6,824	4,969	5,552
Data processing	23,646	19,043	18,432
Legal and professional services	16,447	12,321	12,718
Ad valorem and franchise taxes	3,568	3,621	3,532
Printing and supplies	2,380	1,911	1,833
Advertising	7,713	5,597	6,917
Regulatory and other fees	15,050	16,391	6,935
Miscellaneous expense	7,070	4,247	3,705
ORE expense	4,475	1,357	917
Insurance expense	2,010	1,905	1,975
Other expense	6,740	5,548	5,290
Total other noninterest expense	<u>\$ 100,118</u>	<u>\$ 80,415</u>	<u>\$ 71,708</u>

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Income Taxes

Income taxes consisted of the following components (in thousands):

	Years Ended December 31,		
	2010	2009	2008
Current federal	\$ 20,707	\$ 15,816	\$ 24,603
Current state	600	(241)	2,028
Total current provision	<u>21,307</u>	<u>15,575</u>	<u>26,631</u>
Deferred federal	(10,676)	6,753	(4,675)
Deferred state	(926)	591	(337)
Total deferred provision	<u>(11,602)</u>	<u>7,344</u>	<u>(5,012)</u>
Total tax expense	<u>\$ 9,705</u>	<u>\$ 22,919</u>	<u>\$ 21,619</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes.

Significant components of the Company's deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2010	2009
Deferred tax assets:		
Minimum pension liability	\$ 16,505	\$ 15,066
Allowance for loan losses	30,356	24,549
Compensation	10,581	8,852
Loans ASC 310	126,536	145,500
Demand Deposits	1,218	4,625
Capital loss	153	1,063
Tax credit carryforward	663	-
Federal net operating loss	104	123
State net operating loss	1,274	1,059
Other	1,637	404
Gross deferred tax assets	<u>189,027</u>	<u>201,241</u>
Federal valuation allowance	(84)	(85)
State valuation allowance	(1,274)	(1,059)
Subtotal valuation allowance	<u>(1,358)</u>	<u>(1,144)</u>
Net deferred tax assets	<u>187,669</u>	<u>200,097</u>
Deferred tax liabilities:		
Fixed assets & intangibles	(31,159)	(30,081)
FHLB Stock Dividend	(3,520)	-
Unrealized gain on securities available for sale	(15,932)	(16,538)
Deferred gain	(17,907)	(27,938)
FDIC Indemnification Asset	(104,785)	(126,147)
Other	(7,825)	(6,509)
Gross deferred tax liabilities	<u>(181,128)</u>	<u>(207,213)</u>
Net deferred tax asset (liability)	<u>\$ 6,541</u>	<u>\$ (7,116)</u>

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Income Taxes (continued)

At December 31, 2010, the Company had a federal valuation allowance related to a federal net operating loss carryforward and a state valuation allowance related to miscellaneous state net operating losses. The federal net operating loss carryforward will expire in 2011. Other than these items, no valuation allowance related to deferred tax assets has been recorded on December 31, 2010 and 2009, as management believes it is more likely than not that the remaining deferred tax assets will be realized.

The reason for differences in income taxes reported compared to amounts computed by applying the statutory income tax rate of 35% to earnings before income taxes were as follows (in thousands):

	Years Ended December 31,					
	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
Taxes computed at statutory rate	\$ 21,669	35%	\$ 34,195	35%	\$ 30,445	35%
Increases (decreases) in taxes resulting from:						
State income taxes, net of federal income tax benefit	(410)	-1%	706	1%	1,099	1%
Tax-exempt interest	(6,747)	-11%	(6,703)	-7%	(5,827)	-7%
Bank owned life insurance	(1,918)	-3%	(2,097)	-2%	(2,159)	-2%
Tax credits	(3,702)	-6%	(3,923)	-4%	(2,284)	-3%
Other, net	813	1%	741	1%	345	0%
Income tax expense	<u>\$ 9,705</u>	<u>15%</u>	<u>\$ 22,919</u>	<u>24%</u>	<u>\$ 21,619</u>	<u>24%</u>

The tax credits available to the Company for the 2010 and 2009 tax years included the Worker's Opportunity Tax Credit, the Gulf Tax Credit and the New Markets Tax Credit.

The Company adopted authoritative guidance regarding accounting for uncertainty in income taxes on January 1, 2007 and determined that no adjustment was required to retained earnings due to the adoption of this Interpretation. There were no material uncertain tax positions at December 31, 2010. The Company does not expect that unrecognized tax benefits will significantly increase or decrease within the next 12 months.

It is the Company's policy to recognize interest and penalties accrued relative to unrecognized tax benefits in income tax expense. As of December 31, 2010, the interest accrued is considered immaterial to the Company's consolidated balance sheet.

The Company and its subsidiaries file a consolidated U.S. federal income tax return, as well as filing various returns in the states where its banking offices are located. Its filed income tax returns are no longer subject to examination by taxing authorities for years before 2007.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Earnings Per Share

Following is a summary of the information used in the computation of earnings per common share (in thousands):

	Years Ended December 31,		
	2010	2009	2008
<i>Numerator:</i>			
Net income to common shareholders	\$ 52,206	\$ 74,775	\$ 65,366
Net income allocated to participating securities -- basic and diluted	320	247	221
Net income allocated to common shareholders - basic and diluted	\$ 51,886	\$ 74,528	\$ 65,145
<i>Denominator:</i>			
Weighted-average common shares - basic	36,876	32,747	31,491
Dilutive potential common shares	178	187	392
Weighted average common shares - diluted	37,054	32,934	31,883
Earnings per common share:			
Basic	\$ 1.41	\$ 2.28	\$ 2.07
Diluted	\$ 1.40	\$ 2.26	\$ 2.04

There were no anti-dilutive share-based incentives outstanding for the years ended December 31, 2010, December 31, 2009 and December 31, 2008.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Segment Reporting

The Company's primary segments are divided into the Mississippi (MS), Louisiana (LA) and Alabama (AL) markets. Effective January 1, 2010, the Florida (FL) segment was merged into the Mississippi (MS) segment. The activity and assets of Peoples First acquired in December 2009 are included in Mississippi (MS). Each segment offers the same products and services but is managed separately due to different pricing, product demand and consumer markets. The primary segments offer commercial, consumer and mortgage loans and deposit services. In all tables, the column "Other" includes additional consolidated subsidiaries of the Company: Hancock Investment Services, Inc., Hancock Insurance Agency, Inc., Harrison Finance Company, Magna Insurance Company and three real estate corporations owning land and buildings that house bank branches and other facilities. Following is selected information for the Company's segments (in thousands):

	Year Ended December 31, 2010					Consolidated
	MS	LA	AL	Other	Eliminations	
	(In thousands)					
Interest income	\$ 194,175	\$ 132,205	\$ 9,047	\$ 22,122	\$ (4,991)	\$ 352,558
Interest expense	59,313	21,198	2,071	4,294	(4,531)	82,345
Net interest income	134,862	111,007	6,976	17,828	(460)	270,213
Provision for loan losses	34,983	22,554	2,862	5,592	-	65,991
Noninterest income	66,023	43,331	1,917	25,745	(67)	136,949
Depreciation and amortization	9,432	3,003	323	767	-	13,525
Other noninterest expense	146,714	81,665	6,242	31,244	(130)	265,735
Income before income taxes	9,756	47,116	(534)	5,970	(397)	61,911
Income tax expense (benefit)	(4,827)	12,373	(274)	2,433	-	9,705
Net income (loss)	<u>\$ 14,583</u>	<u>\$ 34,743</u>	<u>\$ (260)</u>	<u>\$ 3,537</u>	<u>\$ (397)</u>	<u>\$ 52,206</u>
Total assets	\$ 5,051,664	\$ 2,906,365	\$ 195,719	\$ 1,093,565	\$(1,108,986)	\$ 8,138,327
Total interest income from affiliates	\$ 5,014	\$ -	\$ 3	\$ -	\$ (5,017)	\$ -
Total interest income from external customers	\$ 189,161	\$ 132,205	\$ 9,044	\$ 22,122	\$ 26	\$ 352,558

	Year Ended December 31, 2009					Consolidated
	MS	LA	AL	Other	Eliminations	
	(In thousands)					
Interest income	\$ 158,823	\$ 138,767	\$ 8,291	\$ 23,931	\$ (6,085)	\$ 323,727
Interest expense	63,460	29,772	2,750	4,942	(5,624)	95,300
Net interest income	95,363	108,995	5,541	18,989	(461)	228,427
Provision for loan losses	22,353	18,398	7,160	6,679	-	54,590
Noninterest income	88,355	42,321	1,754	25,177	(280)	157,327
Depreciation and amortization	11,170	3,467	315	597	-	15,549
Other noninterest expense	101,675	81,850	5,185	29,310	(99)	217,921
Income before income taxes	48,520	47,601	(5,365)	7,580	(642)	97,694
Income tax expense (benefit)	11,109	12,866	(1,960)	904	-	22,919
Net income (loss)	<u>\$ 37,411</u>	<u>\$ 34,735</u>	<u>\$ (3,405)</u>	<u>\$ 6,676</u>	<u>\$ (642)</u>	<u>\$ 74,775</u>
Total assets	\$ 5,610,036	\$ 2,890,341	\$ 179,701	\$ 1,114,826	\$(1,097,821)	\$ 8,697,083
Total interest income from affiliates	\$ 6,084	\$ -	\$ 1	\$ -	\$ (6,085)	\$ -
Total interest income from external customers	\$ 152,739	\$ 138,767	\$ 8,290	\$ 23,931	\$ -	\$ 323,727

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Segment Reporting (continued)

	Year Ended December 31, 2008					
	MS	LA	AL	Other	Eliminations	Consolidated
	(In thousands)					
Interest income	\$ 168,005	\$ 145,546	\$ 5,088	\$ 26,574	\$ (9,776)	\$ 335,437
Interest expense	78,832	48,813	2,508	5,164	(9,315)	126,002
Net interest income	89,173	96,733	2,580	21,410	(461)	209,435
Provision for loan losses	14,341	15,715	1,393	5,336	-	36,785
Noninterest income	57,273	46,231	702	23,606	(34)	127,778
Depreciation and amortization	11,262	3,555	377	567	-	15,761
Other noninterest expense	94,212	68,340	4,634	30,613	(117)	197,682
Income before income taxes	26,631	55,354	(3,122)	8,500	(378)	86,985
Income tax expense (benefit)	4,674	14,854	(1,163)	3,254	-	21,619
Net income (loss)	\$ 21,957	\$ 40,500	\$ (1,959)	\$ 5,246	\$ (378)	\$ 65,366
Total assets	\$ 4,163,024	\$ 3,008,320	\$ 155,862	\$ 871,758	\$(1,031,710)	\$ 7,167,254
Total interest income from affiliates	\$ 9,768	\$ 8	\$ -	\$ -	\$ (9,776)	\$ -
Total interest income from external customers	\$ 158,237	\$ 145,538	\$ 5,088	\$ 26,574	\$ -	\$ 335,437

The Company allocated administrative charges among its Louisiana, Alabama and Other segments and its Mississippi segment and the Parent Company. This allocation was based on an analysis of costs for 2008. The administrative charges allocated to the Louisiana segment were \$21.1 million in 2010, \$22.4 million in 2009, and \$18.9 million in 2008. The administrative charges allocated to the Alabama segment were \$0.8 in 2010, \$0.2 million in 2009, and \$0.05 in 2008. The Other segment's allocated charges were \$3.7 million in 2010, \$2.6 million in 2009 and \$1.2 million in 2008. The aforementioned administrative charges were allocated from the Mississippi segment (\$25.2 million in 2010, \$25.8 million in 2009, and \$20.3 million in 2008). Administrative charges allocated from the Parent Company were \$0.4 million in 2010, \$0.1 million in 2009 and \$0.1 million in 2008.

Goodwill and other intangible assets assigned to the Mississippi segment totaled approximately \$34.5 million, of which \$23.4 million represented goodwill and \$11.1 million represented core deposit intangibles and mortgage servicing rights at December 31, 2010. At December 31, 2009, goodwill and other intangible assets assigned to the Mississippi segment totaled approximately \$24.6 million, of which \$12.1 million represented goodwill and \$12.5 million represented core deposit intangibles. The related core deposit amortization was approximately \$1.9 million in 2010, \$0.4 million in 2009, and \$0.4 million in 2008. The increase in 2010 was caused by the \$11.6 million core deposit intangible recorded in 2009 with the Peoples First acquisition.

Goodwill and other intangible assets assigned to the Louisiana segment totaled approximately \$35.5 million, of which \$33.8 million represented goodwill and \$1.7 million represented core deposit intangibles at December 31, 2010. Goodwill and other intangible assets assigned to the Louisiana segment totaled approximately \$36.1 million, of which \$33.8 million represented goodwill and \$2.3 million represented core deposit intangibles at December 31, 2009. The related core deposit amortization was approximately \$0.6 million in 2010, \$0.6 million in 2009, and \$0.6 million in 2008.

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Segment Reporting (continued)

Other intangible assets are also assigned to subsidiaries that are included in the “Other” category in the table above and totaled \$5.2 million at December 31, 2010 and \$6.3 million at December 31, 2009. At December 31, 2010, those intangibles consist of goodwill of approximately \$4.5 million and the value of insurance expirations of approximately \$0.7 million.

The Company performed a fair value based impairment test of goodwill and determined that the fair values of these reporting units exceeded their carrying values at September 2010, 2009 and 2008. No events occurred subsequent to testing that would indicate the need to re-perform the impairment analysis. No impairment loss, therefore, was recorded.

Note 18. Condensed Parent Company Information

The following condensed financial information reflects the accounts and transactions of Hancock Holding Company (parent company only) for the dates indicated (in thousands):

Condensed Balance Sheets

	December 31,	
	2010	2009
Assets:		
Cash	\$ 787	\$ 306
Investment in bank subsidiaries	833,965	816,033
Investment in non-bank subsidiaries	20,798	20,591
Due from subsidiaries and other assets	1,567	1,526
	\$ 857,117	\$ 838,456
 Liabilities and Stockholders' Equity:		
Due to subsidiaries	\$ 569	\$ 139
Other liabilities	-	654
Stockholders' equity	856,548	837,663
	\$ 857,117	\$ 838,456

HANCOCK HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Condensed Parent Company Information (continued)

Condensed Statements of Income

	Years Ended December 31,		
	2010	2009	2008
Operating Income			
From subsidiaries			
Dividends received from bank subsidiaries	\$ 41,500	\$ 36,700	\$ 43,700
Dividends received from non-bank subsidiaries	-	-	-
Equity in earnings of subsidiaries greater than (less than) dividends received	10,471	38,161	21,646
Total operating income	<u>51,971</u>	<u>74,861</u>	<u>65,346</u>
Other (expense) income	342	(178)	(19)
Income tax provision (benefit)	107	(92)	(39)
Net income	<u><u>\$ 52,206</u></u>	<u><u>\$ 74,775</u></u>	<u><u>\$ 65,366</u></u>

Condensed Statements of Cash Flows

	Years Ended December 31,		
	2010	2009	2008
Cash flows from operating activities - principally dividends received from subsidiaries	<u>\$ 31,241</u>	<u>\$ 36,743</u>	<u>\$ 35,493</u>
Cash flows from investing activities - principally contribution of capital to subsidiary	<u>(454)</u>	<u>(181,798)</u>	<u>(20,500)</u>
Net cash used by investing activities	<u>(454)</u>	<u>(181,798)</u>	<u>(20,500)</u>
Cash flows from financing activities:			
Dividends paid to stockholders	(36,182)	(32,011)	(30,453)
Stock transactions, net	5,876	173,319	15,670
Net cash used by financing activities	<u>(30,306)</u>	<u>141,308</u>	<u>(14,783)</u>
Net increase (decrease) in cash	481	(3,747)	210
Cash, beginning of year	306	4,053	3,843
Cash, end of year	<u><u>\$ 787</u></u>	<u><u>\$ 306</u></u>	<u><u>\$ 4,053</u></u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Effective as of January 1, 2009, the Board of Directors of Hancock Holding Company (“the Company”) appointed PricewaterhouseCoopers LLP, a firm of independent certified public accountants, as auditors for the fiscal year ending December 31, 2009, and until their successors are selected.

The Company has been advised that neither the firm nor any of its partners has any direct or any material indirect financial interest in the securities of the Company or any of its subsidiaries, except as auditors and consultants on accounting procedures and tax matters.

Additionally, during the fiscal year ended December 31, 2009 and through the subsequent period through the current period, there were no consultations between the Company and PricewaterhouseCoopers LLP regarding: (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements and either a written report was provided to the Company or oral advice was provided that the new accountant concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing, or financial reporting issue (ii) any matter that was the subject of a disagreement under Item 304(a)(1)(iv) of Regulation S-K, or a reportable event under Item 304(a)(1)(v) of Regulation S-K; or (iii) any other matter.

Although not required to do so, the Company's Board of Directors chose to submit its appointment of PricewaterhouseCoopers LLP for ratification by the Company's shareholders. This matter was submitted to the Company's shareholders for ratification and approved during the Company's annual meeting held on March 18, 2010.

No Adverse Opinion or Disagreement

The audit reports of KPMG LLP on the consolidated financial statements of the Company as of and for the year ended December 31, 2008 did not contain an adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles. The audit report of KPMG LLP on the effectiveness of internal control over financial reporting as of December 31, 2008 did not contain an adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles.

The Company has agreed to indemnify and hold KPMG LLP harmless against and from any and all legal costs and expenses incurred by KPMG LLP in successful defense of any legal action or proceeding that arises as a result of KPMG's consent to the inclusion or incorporation by reference of its audit report on the Company's past consolidated financial statements included or incorporated by reference in the Registration Statements on Form S-8, Form S-3 and Form S-4.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As defined by the Securities and Exchange Commission in Exchange Act Rules 13a-14(c) and 15d-14(c), a company's "disclosure controls and procedures" means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within time periods specified in the Commission's rules and forms.

As of December 31, 2010, (the "Evaluation Date"), our Chief Executive Officers and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as defined in the Exchange Act Rules. Based on their evaluation, our Chief Executive Officers and Chief Financial Officer have concluded Hancock's disclosure controls and procedures are sufficiently effective to ensure that material information relating to us and required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

Internal Control over Financial Reporting

The management of Hancock Holding Company has prepared the consolidated financial statements and other information in our Annual Report in accordance with accounting principles generally accepted in the United States of America and is responsible for its accuracy. The financial statements necessarily include amounts that are based on management's best estimates and judgments. In meeting its responsibility, management relies on internal accounting and related control systems. The internal control systems are designed to ensure that transactions are properly authorized and recorded in our financial records and to safeguard our assets from material loss or misuse. Such assurance cannot be absolute because of inherent limitations in any internal control system.

Management is responsible for establishing and maintaining the adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13 – 15(f). Under the supervision and with the participation of management, including our principal executive officers and principal financial officer, we conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management also conducted an assessment of requirements pertaining to Section 112 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA). This section relates to management's evaluation of internal control over financial reporting including controls over the preparation of the schedules equivalent to the basic financial statements and compliance with laws and regulations. Our evaluation included a review of the documentation of controls, evaluations of the design of the internal control system and tests of the effectiveness of internal controls.

Based on our evaluation under the framework in *Internal Control – Integrated Framework*, management concluded that internal control over financial reporting was effective as of December 31, 2010. PricewaterhouseCoopers LLP, under Auditing Standard No. 5, does not express an opinion on management's assessment as occurred under Auditing Standard No. 2. Under Auditing Standard No. 5 management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. PricewaterhouseCoopers' responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on their audit.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to General Instruction G (3), information on directors and executive officers of the Registrant will be incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on March 31, 2011.

ITEM 11. EXECUTIVE COMPENSATION

Pursuant to General Instructions G (3), information on executive compensation will be incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on March 31, 2011.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Pursuant to General Instructions G (3), information on security ownership of certain beneficial owners and management will be incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on March 31, 2011.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Pursuant to General Instructions G (3), information on certain relationships and related transactions will be incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on March 31, 2011.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Pursuant to General Instructions G (3), information on principal accountant fees and services will be incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on March 31, 2011.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) The following documents are filed as part of this report:
1. The following consolidated financial statements of Hancock Holding Company and subsidiaries are filed as part of this report under Item 8 – Financial Statements and Supplementary Data:

Consolidated balance sheets – December 31, 2010 and 2009
Consolidated statements of income – Years ended December 31, 2010, 2009, and 2008
Consolidated statements of stockholders' equity – Years ended December 31, 2010, 2009, and 2008
Consolidated statements of cash flows – Years ended December 31, 2010, 2009, and 2008
Notes to consolidated financial statements – December 31, 2010 (pages 68 to 113)

2. Financial schedules required to be filed by Item 8 of this form, and by Item 15(d) below:

The schedules to the consolidated financial statements set forth by Article 9 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibits required to be filed by Item 601 of Regulation S-K, and by Item 15(b) below.

- (b) Exhibits:

All other financial statements and schedules are omitted as the required information is inapplicable or the required

information is presented in the consolidated financial statements or related notes.

(a) 3. Exhibits:

Exhibit Number	Description
2.1	Agreement and Plan of Merger between Hancock Holding Company and Lamar Capital Corporation dated February 21, 2001 (Appendix C to the Prospectus contained in the S-4 Registration Statement 333-60280 filed on May 4, 2001 and incorporated by reference herein).
3.1	Amended and Restated Articles of Incorporation dated November 8, 1990 (filed as Exhibit 3.1 to the Registrant's Form 10-K for the year ended December 31, 1990 and incorporated herein by reference).
3.2	Amended and Restated Bylaws dated November 8, 1990 (filed as Exhibit 3.2 to the Registrant's Form 10-K for the year ended December 31, 1990 and incorporated herein by reference).
3.3	Articles of Amendment to the Articles of Incorporation of Hancock Holding Company, dated October 16, 1991 (filed as Exhibit 4.1 to the Registrant's Form 10-Q for the quarter ended September 30, 1991).
3.4	Articles of Correction, filed with Mississippi Secretary of State on November 15, 1991 (filed as Exhibit 4.2 to the Registrant's Form 10-Q for the quarter ended September 30, 1991).
3.5	Articles of Amendment to the Articles of Incorporation of Hancock Holding Company, adopted February 13, 1992 (filed as Exhibit 3.5 to the Registrant's Form 10-K for the year ended December 31, 1992 and incorporated herein by reference).
3.6	Articles of Correction, filed with Mississippi Secretary of State on March 2, 1992 (filed as Exhibit 3.6 to the Registrant's Form 10-K for the year ended December 31, 1992 and incorporated herein by reference).
3.7	Articles of Amendment to the Articles of Incorporation adopted February 20, 1997 (filed as Exhibit 3.7 to the Registrant's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
3.8	Articles of Amendment to the Articles of Incorporation adopted March 29, 2007 (filed as Exhibit 3.8 to the Registrant's Form 10-K for the year ended December 31, 2008 and incorporated herein by reference).
4.1	Specimen stock certificate (reflecting change in par value from \$10.00 to \$3.33, effective March 6, 1989) (filed as Exhibit 4.1 to the Registrant's Form 10-Q for the quarter ended March 31, 1989 and incorporated herein by reference).
4.2	By executing this Form 10-K, the Registrant hereby agrees to deliver to the Commission upon request copies of instruments defining the rights of holders of long-term debt of the Registrant or its consolidated subsidiaries or its unconsolidated subsidiaries for which financial statements are required to be filed, where the total amount of such securities authorized there under does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis.
*10.1	1996 Long Term Incentive Plan (filed as Exhibit 10.1 to the Registrant's Form 10-K for the year ended December 31, 1995, and incorporated herein by reference).
*10.2	Description of Hancock Bank Executive Supplemental Reimbursement Plan, as amended (filed as Exhibit 10.2 to the Registrant's Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).
*10.3	Description of Hancock Bank Automobile Plan (filed as Exhibit 10.3 to the Registrant's Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).
*10.4	Description of Deferred Compensation Arrangement for Directors (filed as Exhibit 10.4 to the

Registrant's Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).

- *10.5 Hancock Holding Company 2005 Long-Term Incentive Plan, filed as Appendix "A" to the Company's Definitive Proxy Statement filed with the Commission on February 28, 2005 and incorporated herein by reference.
- *10.6 Hancock Holding Company Nonqualified Deferred Compensation Plan, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on December 21, 2005 and incorporated herein by reference.
- 10.7 Shareholder Rights Agreement dated as of February 21, 1997, between Hancock Holding Company and Hancock Bank, as Rights Agent as extended by the Company, attached as Exhibit 1 to Form 8-A12G filed with the Commission on February 27, 1997, as extended by Amendment No. 1 filed with the Commission as Exhibit 4.1 to Form 8-K filed with the Commission on February 20, 2007, both of which are incorporated herein by reference.
- 10.8 Purchase and Assumption Agreement ("Agreement") with the Federal Deposit Insurance Corporation, Receiver of Peoples First Community Bank, Panama City Florida ("PCFB") and the Federal Deposit Insurance Corporation acting in its corporate capacity ("FDIC"), incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K filed February 17, 2010.
- *10.9 Agreement and Plan of Merger between Hancock Holding Company and Whitney Holding Corporation dated as of December 21, 2010 (Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on December 23, 2010 and incorporated herein by reference).
- *10.10 Hancock Holding Company 2010 Employee Stock Purchase Plan, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on January 5, 2011 and incorporated herein by reference.
- 21 Subsidiaries of Hancock Holding Company.
- 22 Proxy Statement for the Registrant's Annual Meeting of Shareholders on March 31, 2011 (deemed "filed" for the purposes of this Form 10-K only for those portions which are specifically incorporated herein by reference).
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 23.2 Consent of KPMG LLP.
- 31.1 Certification of Chief Executive Officers pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32.1 Certification of Chief Executive Officers Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HANCOCK HOLDING COMPANY

Registrant

February 28, 2011
Date

By: /s/ Carl J. Chaney
Carl J. Chaney
President & Chief Executive Officer
Director

February 28, 2011
Date

By: /s/ John M. Hairston
John M. Hairston
Chief Executive Officer & Chief Operating Officer
Director

February 28, 2011
Date

By: /s/ Michael M. Achary
Michael M. Achary
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>/s/ James B. Estabrook, Jr</u> James B. Estabrook, Jr.	Chairman of the Board, Director	February 28, 2011
<u>/s/ Alton G. Bankston</u> Alton G. Bankston	Director	February 28, 2011
<u>/s/ Frank E. Bertucci</u> Frank E. Bertucci	Director	February 28, 2011
<u>/s/ Don P. Descant</u> Don P. Descant	Director	February 28, 2011
<u>/s/ Jerry Levens</u> Jerry Levens	Director	February 28, 2011
<u>/s/ James H. Horne</u> James H. Horne	Director	February 28, 2011

(signatures continued)

<u>/s/ John H. Pace</u> John H. Pace	Director	February 28, 2011
<u>/s/ Christine L. Pickering</u> Christine L. Pickering	Director	February 28, 2011
<u>/s/ Robert W. Roseberry</u> Robert W. Roseberry	Director	February 28, 2011
<u>/s/ Anthony J. Topazi</u> Anthony J. Topazi	Director	February 28, 2011
<u>/s/ Randy Hanna</u> Randy Hanna	Director	February 28, 2011
<u>/s/ Thomas Olinde</u> Thomas Olinde	Director	February 28, 2011

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger between Hancock Holding Company and Lamar Capital Corporation dated February 21, 2001 (Appendix C to the Prospectus contained in the S-4 Registration Statement 333-60280 filed on May 4, 2001 and incorporated by reference herein).
3.1	Amended and Restated Articles of Incorporation dated November 8, 1990 (filed as Exhibit 3.1 to the Registrant's Form 10-K for the year ended December 31, 1990 and incorporated herein by reference).
3.2	Amended and Restated Bylaws dated November 8, 1990 (filed as Exhibit 3.2 to the Registrant's Form 10-K for the year ended December 31, 1990 and incorporated herein by reference).
3.3	Articles of Amendment to the Articles of Incorporation of Hancock Holding Company, dated October 16, 1991 (filed as Exhibit 4.1 to the Registrant's Form 10-Q for the quarter ended September 30, 1991).
3.4	Articles of Correction, filed with Mississippi Secretary of State on November 15, 1991 (filed as Exhibit 4.2 to the Registrant's Form 10-Q for the quarter ended September 30, 1991).
3.5	Articles of Amendment to the Articles of Incorporation of Hancock Holding Company, adopted February 13, 1992 (filed as Exhibit 3.5 to the Registrant's Form 10-K for the year ended December 31, 1992 and incorporated herein by reference).
3.6	Articles of Correction, filed with Mississippi Secretary of State on March 2, 1992 (filed as Exhibit 3.6 to the Registrant's Form 10-K for the year ended December 31, 1992 and incorporated herein by reference).
3.7	Articles of Amendment to the Articles of Incorporation adopted February 20, 1997 (filed as Exhibit 3.7 to the Registrant's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
3.8	Articles of Amendment to the Articles of Incorporation adopted March 29, 2007 (filed as Exhibit 3.8 to the Registrant's Form 10-K for the year ended December 31, 2008 and incorporated herein by reference).
4.1	Specimen stock certificate (reflecting change in par value from \$10.00 to \$3.33, effective March 6, 1989) (filed as Exhibit 4.1 to the Registrant's Form 10-Q for the quarter ended March 31, 1989 and incorporated herein by reference).
4.2	By executing this Form 10-K, the Registrant hereby agrees to deliver to the Commission upon request copies of instruments defining the rights of holders of long-term debt of the Registrant or its consolidated subsidiaries or its unconsolidated subsidiaries for which financial statements are required to be filed, where the total amount of such securities authorized there under does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis.

- *10.1 1996 Long Term Incentive Plan (filed as Exhibit 10.1 to the Registrant's Form 10-K for the year ended December 31, 1995, and incorporated herein by reference).
- *10.2 Description of Hancock Bank Executive Supplemental Reimbursement Plan, as amended (filed as Exhibit 10.2 to the Registrant's Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).
- *10.3 Description of Hancock Bank Automobile Plan (filed as Exhibit 10.3 to the Registrant's Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).
- *10.4 Description of Deferred Compensation Arrangement for Directors (filed as Exhibit 10.4 to the Registrant's Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).
- *10.5 Hancock Holding Company 2005 Long-Term Incentive Plan, filed as Appendix "A" to the Company's Definitive Proxy Statement filed with the Commission on February 28, 2005 and incorporated herein by reference.
- *10.6 Hancock Holding Company Nonqualified Deferred Compensation Plan, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on December 21, 2005 and incorporated herein by reference.
- 10.7 Shareholder Rights Agreement dated as of February 21, 1997, between Hancock Holding Company and Hancock Bank, as Rights Agent as extended by the Company, attached as Exhibit 1 to Form 8-A12G filed with the Commission on February 27, 1997, as extended by Amendment No. 1 filed with the Commission as Exhibit 4.1 to Form 8-K filed with the Commission on February 20, 2007, both of which are incorporated herein by reference.
- 10.8 Purchase and Assumption Agreement ("Agreement") with the Federal Deposit Insurance Corporation, Receiver of Peoples First Community Bank, Panama City Florida ("PCFB") and the Federal Deposit Insurance Corporation acting in its corporate capacity ("FDIC"), incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K filed February 17, 2010.
- *10.9 Agreement and Plan of Merger between Hancock Holding Company and Whitney Holding Corporation dated as of December 21, 2010 (Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on December 23, 2010 and incorporated herein by reference).
- *10.10 Hancock Holding Company 2010 Employee Stock Purchase Plan, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on January 5, 2011 and incorporated herein by reference.
- 21 Subsidiaries of Hancock Holding Company.
- 22 Proxy Statement for the Registrant's Annual Meeting of Shareholders on March 31, 2011 (deemed "filed" for the purposes of this Form 10-K only for those portions which are specifically incorporated herein by reference).
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 23.2 Consent of KPMG LLP
- 31.1 Certification of Chief Executive Officers pursuant to Rule 13a-14(a) and Rule 15d-14(a) of

the Securities Exchange Act, as amended.

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.

32.1 Certification of Chief Executive Officers Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**101.INS XBRL Instance Document

**101.SCH XBRL Schema Document

**101.CAL XBRL Calculation Document

**101.LAB XBRL Label Linkbase Document

**101.PRE XBRL Presentation Linkbase Document

**101.DEF XBRL Definition Linkbase Document

* Compensatory plan or arrangement.

**Furnished with this Form 10-K.

Subsidiaries of Hancock Holding Company

<u>Name</u>	<u>Jurisdiction</u>
Hancock Bank	Mississippi
Hancock Bank of Louisiana	Louisiana
Hancock Bank of Florida	Florida
Magna Insurance Agency	Mississippi
The Gulfport Building, Inc.	Mississippi
Harrison Finance Company	Mississippi
Harrison Loan Company	Mississippi
Town Properties, Inc.	Mississippi
Hancock Insurance Agency	Mississippi
Hancock Insurance Agency of Alabama	Alabama
Hancock Insurance Agency of Florida	Florida
J Everett Eaves, Inc.	Louisiana
Hancock Bank Securities Corporation II	Mississippi
Gulf South Technology Center, LLC	Mississippi
Hancock Investment Services, Inc.	Mississippi
Hancock Investment Services of MS, Inc.	Mississippi
Hancock Investment Services of LA, Inc.	Louisiana
Hancock Investment Services of FL, Inc.	Florida
HBSC LLC	Mississippi
HMC LLC	Mississippi
Hancock Community Investment Corporation	Mississippi
Hancock Bank of Alabama	Alabama
Hancock Investment Services of AL, Inc.	Alabama
Hancock Enterprise Investment Fund, LLC	Mississippi
Lighthouse Services Corporation	Mississippi
Dudley Ventures Hancock Fund, LLC	Delaware
Invest-Sure Inc.	Florida
Community First Inc.	Florida
Peoples First Transportation, Inc.	Florida

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Hancock Holding Company:

We hereby consent to the incorporation by reference in the Registration Statements No. 333-171518, 333-11831 (amended by 333-113262), 333-05081, 333-53452 and 2-99863 on Form S-8, Nos. 33-31782 and 333-162560 on Form S-3 and No. 333-171882 on Form S-4 of Hancock Holding Company of our report dated February 28, 2011 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New Orleans, Louisiana
February 28, 2011

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Hancock Holding Company:

We consent to the incorporation by reference in Registration Statements No. 333-11831 (amended by No. 333-113262), 333-05081, 333-53452 and 2-99863 on Form S-8, Nos. 33-31782 and 333-162560 on Form S-3, and No. 333-171882 on Form S-4 of Hancock Holding Company of our report dated February 27, 2009, with respect to the related consolidated statements of income, stockholders' equity, and cash flows of Hancock Holding Company for the year ended December 31, 2008, which report appears in the December 31, 2010 annual report on Form 10-K of Hancock Holding Company.

/s/ KPMG LLP
Birmingham, Alabama
February 28, 2011

CERTIFICATION

I, Carl J. Chaney, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hancock Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2011
Date

By: /s/ Carl J. Chaney
Carl J. Chaney
President & Chief Executive Officer

CERTIFICATION

I, John M. Hairston, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hancock Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2011
Date

By: /s/ John M. Hairston
John M. Hairston
Chief Executive Officer &
Chief Operating Officer

CERTIFICATION

I, Michael M. Achary, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hancock Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2011
Date

By: /s/ Michael M. Achary
Michael M. Achary
Chief Financial Officer

CERTIFICATION

I, Carl J. Chaney, Chief Executive Officer, and I, John M. Hairston, Chief Executive Officer of Hancock Holding Company (the "Company") certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 28, 2011
Date

By: /s/ Carl J. Chaney
Carl J. Chaney
President & Chief Executive Officer

February 28, 2011
Date

By: /s/ John M. Hairston
John M. Hairston
Chief Executive Officer &
Chief Operating Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, Michael M. Achary, Chief Financial Officer of Hancock Holding Company (the “Company”) certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2010 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 28, 2011
Date

By: /s/ Michael M. Achary
Michael M. Achary
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.