

---

---

**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, 2012.

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<br>(State or other jurisdiction of<br>incorporation or organization)     | 39501<br>(Zip Code) | 64-0693170<br>(I.R.S. Employer<br>Identification Number)             |
| One Hancock Plaza, Gulfport, Mississippi<br>(Address of principal executive offices) |                     | (228) 868-4727<br>Registrant's telephone number, including area code |

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

|  |  |
|--|--|
| COMMON STOCK, \$3.33 PAR VALUE<br>(Title of Class) | The NASDAQ Stock Market, LLC<br>(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.

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 <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/>         |
| Non-accelerated filer <input type="checkbox"/>              | Smaller reporting company <input type="checkbox"/> |

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 December 31, 2012 was \$2.5 billion based upon the closing market price on NASDAQ on June 30, 2012. 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, 2013, the registrant had outstanding 84,878,522 shares of common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement for our annual meeting of shareholders to be filed with the Securities and Exchange Commission are incorporated by reference into Part III of this report.

---

---

Hancock Holding Company  
Form 10-K  
Index

PART I

|          |                           |    |
|----------|---------------------------|----|
| ITEM 1.  | BUSINESS                  | 1  |
| ITEM 1A. | RISK FACTORS              | 16 |
| ITEM 1B. | UNRESOLVED STAFF COMMENTS | 24 |
| ITEM 2.  | PROPERTIES                | 24 |
| ITEM 3.  | LEGAL PROCEEDINGS         | 24 |
| ITEM 4.  | MINE SAFETY DISCLOSURES   | 24 |

PART II

|          |  |     |
|----------|--|-----|
| ITEM 5.  | MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES | 25  |
| ITEM 6.  | SELECTED FINANCIAL DATA  | 27  |
| ITEM 7.  | MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS                            | 31  |
| ITEM 7A. | QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK   | 62  |
| ITEM 8.  | FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA  | 62  |
| ITEM 9.  | CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE                             | 144 |
| ITEM 9A. | CONTROLS AND PROCEDURES  | 144 |
| ITEM 9B. | OTHER INFORMATION  | 144 |

PART III

|          |  |     |
|----------|--|-----|
| ITEM 10. | DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE   | 145 |
| ITEM 11. | EXECUTIVE COMPENSATION   | 146 |
| ITEM 12. | SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS | 146 |
| ITEM 13. | CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE                      | 146 |
| ITEM 14. | PRINCIPAL ACCOUNTANT FEES AND SERVICES   | 146 |

PART IV

|          |   |     |
|----------|---|-----|
| ITEM 15. | EXHIBITS, FINANCIAL STATEMENT SCHEDULES | 147 |
|----------|---|-----|

## **PART I**

### **ITEM 1. BUSINESS**

#### **ORGANIZATION AND RECENT DEVELOPMENTS**

Hancock Holding Company (“Hancock or the Company”) was organized in 1984 as a bank holding company registered under the Bank Holding Company Act of 1956, as amended. In 2002, the Company qualified as a financial holding company giving it broader powers. The corporate headquarters of the Company is in Gulfport, Mississippi.

Prior to 1985, our growth was primarily internal through branch expansions into areas of population growth that were not served by a dominant financial institution. After 1985, we made several small acquisitions to further our expansion. Within the past five years we have acquired two sizeable institutions which have significantly expanded the geographic scope of the overall organization.

On December 18, 2009, the Company acquired the assets and assumed the liabilities of Panama City, Florida based Peoples First Community Bank (Peoples First) in an FDIC-assisted transaction. This acquisition added approximately \$2 billion in assets.

On June 4, 2011, Hancock acquired all of the outstanding common stock of Whitney Holding Corporation (Whitney), a bank holding company based in New Orleans, Louisiana, in a stock and cash transaction. The impact of the acquisition is reflected in the Company’s financial information from the acquisition date. Whitney’s bank subsidiary, Whitney National Bank, was merged into Hancock Bank of Louisiana and renamed Whitney Bank. The acquisition added \$11.7 billion in assets, \$6.5 billion in loans, and \$9.2 billion in deposits. As part of the merger, Hancock Bank of Alabama was merged into Whitney Bank.

On September 16, 2011, seven Whitney Bank branches located on the Mississippi Gulf Coast and one branch located in Bogalusa, Louisiana with approximately \$47 million in loans and \$180 million in deposits were divested in order to resolve branch concentration concerns of the U.S. Department of Justice relating to the merger.

On March 16, 2012, we completed the integration of the core systems of Whitney into Hancock. Professional consulting groups assisted Hancock with the integration and accounting matters related to the transaction, and there were a group of bankers from both Whitney and Hancock dedicated to this process, with over 300 associates logging more than 1 million hours to complete the integration. Approximately \$1.6 billion of assets were transferred from Whitney Bank to Hancock Bank in conjunction with the transfer of Whitney’s Alabama and Florida branches to Hancock Bank. As of March 16, 2012, Hancock Bank owns and operates all branches in Mississippi, Alabama and Florida and Whitney Bank owns and operates all branches in Louisiana and Texas. Additionally, on that same date, we closed 28 duplicate branches arising from the Whitney merger. To date, the Company has not lost any major customer relationships as a result of the transaction, and it has been able to retain key employees throughout the organization.

#### **NATURE OF BUSINESS AND MARKETS**

With \$19.5 billion in assets, Hancock is the parent company of two wholly-owned bank subsidiaries, Hancock Bank, headquartered in Gulfport, Mississippi and Whitney Bank, headquartered in New Orleans, Louisiana.

Hancock Bank and Whitney Bank (referred to collectively as the “Banks”) operate a combined total of nearly 250 full-service bank branches and almost 350 ATMs across a Gulf south corridor comprising southern Mississippi; southern and central Alabama; southern and central Louisiana; the northern, central, and panhandle

regions of Florida; and Houston, Texas. Given the strong brand recognition of both Banks in their respective hometown markets, the Company operates as Hancock Bank in Mississippi, Alabama and Florida, and Whitney Bank in Louisiana and Texas. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Reporting” and Note 19 to the consolidated financial statements for information regarding Hancock’s reportable operating segments.

We also offer other services through several non-bank subsidiaries. Hancock Investment Services, Inc. provides discount investment brokerage services. Hancock Insurance Agency and Whitney Insurance Agency provide general insurance agency services. Harrison Finance Company provides consumer financing services. We also have several special purpose subsidiaries that operate and sell certain foreclosed assets. Total revenue from non-bank subsidiaries accounted for less than ten percent of our consolidated revenue in 2012.

Our operating strategy is to provide customers with the financial sophistication and range of products of a regional bank, while successfully retaining the commercial appeal and level of service of a community bank. The Banks offer a broad range of community banking services to commercial, small business and retail customers, providing a variety of transaction and savings deposit products, treasury management services, investment brokerage services, secured and unsecured loan products, including revolving credit facilities, and letters of credit and similar financial guarantees. The Banks also provide trust and investment management services to retirement plans, corporations and individuals. Through their subsidiaries, the Banks also offer personal and business lines of insurance and annuity products to their customers.

The main industries along the Gulf Coast are energy and related service industries, military and government-related facilities, educational and medical complexes, petrochemical industries, port facility activities and transportation and related industries, tourism and related service industries, and the gaming industry.

Having completed the integration of Whitney and Hancock, we will evaluate future acquisition opportunities that have the potential to increase shareholder value. In-market expansion is our first priority. However, we would also consider strategic opportunities in new markets such as Texas locations outside the Houston area and northern Alabama.

Recent acquisitions and continued internal growth have diversified our sources of revenue and enhanced core deposit funding. Hancock’s size and scale enables us attract and retain high quality associates. From a financial perspective, the recent Whitney acquisition is expected to be accretive from 2012 onward as cost savings are fully phased in. We are also focused on maintaining two hallmarks of our past culture: a strong balance sheet and a commitment to excellent credit quality.

At December 31, 2012, the Company had total assets of \$19.5 billion and 4,235 employees on a full-time equivalent basis.

Additional information is available at [www.hancockbank.com](http://www.hancockbank.com) and [www.whitneybank.com](http://www.whitneybank.com).

### **Loan Production and Credit Review**

The Banks’ primary lending focus is to provide commercial, consumer and real estate loans to consumers, to small and middle market businesses, and to corporate clients in their respective markets. We seek to provide quality loan products that are attractive to the borrower and to the client and profitable to Hancock. We look to build strong, profitable client relationships over time and maintain a strong presence and position of influence in the communities we serve. Through this relationship-based approach we have developed a deep knowledge of our customers and the markets in which they operate. The Company continually works to improve the consistency of our lending processes across all of our banking divisions, to strengthen the underwriting criteria we employ to evaluate new loans and loan renewals, and to diversify its loan portfolio in terms of type, industry

and geographical concentration. We believe that these measures will better position Hancock to meet the credit needs of businesses and consumers in the markets it serves while pursuing a balanced strategy of loan profitability, loan growth and loan quality.

The following discussion describes the underwriting procedures of the lending function and presents our principal categories of loans. The results of our lending activities and the relative risk of the loan portfolio are discussed in “Part II—Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report.

During 2011, Hancock began the process of integrating the loan policies, underwriting standards and key underwriting functions of Whitney to achieve a consistent approach by both banks. These underwriting standards address:

- collateral requirements;
- guarantor requirements (including policies on financial statement, tax return, and guarantees);
- requirements regarding appraisals and their review;
- loan approval hierarchy;
- standard consumer and small business credit scoring underwriting criteria (including credit score thresholds, maximum maturity and amortization, loan-to-value limits, global debt service coverage, and debt to income limits);
- commercial real estate and commercial and industrial underwriting guidelines (including minimum debt service coverage ratio, maximum amortization, minimum equity requirements, maximum loan-to-value ratios);
- lending limits; and
- credit approval authorities.

Additionally, we continue to enhance our loan concentration policy to limit and manage our exposure to certain loan concentrations. This policy calls for a more detailed process for portfolio risk management and reporting, the imposition of large borrower concentration limits and more systematic monitoring of large commercial loans and increased monitoring of our portfolio mix. The Company currently has no significant concentrations of loans to particular borrowers or to any foreign entities, although it continues to have significant industry concentration in commercial real estate loans that it is working to reduce. Utilizing the regulatory definition for concentrations (25% of total capital) and excluding loans acquired during the Peoples First transaction (those covered under Loss Sharing Agreements with the FDIC) the company had the following industry concentrations as of December 31, 2012, including both funded and unfunded commitments:

- Commercial Real Estate (144% of RBC)
- Mining, Oil and Gas (98% of RBC)
- Manufacturing (48% of RBC)
- Construction (45% of RBC)
- Retail Trade (38% of RBC)
- Healthcare (34% of RBC)
- Wholesale Trade (34% of RBC)

Our underwriting process is structured to require oversight that is proportional to the size and complexity of the lending relationship. We delegate designated relationship managers and credit officers loan authority that can be utilized to approve credit commitments for a single borrowing relationship. The limit of delegated authority is based upon the experience, skill, and training of the relationship manager or credit officer. Certain types of loans must be approved by either one of the Banks’ centralized underwriting units or the Banks’ executive loan committee.

Loans are underwritten in accordance with the credit underwriting standards and loan policies of the Banks. Loans are underwritten primarily on the basis of the borrower's ability to make debt service and secondarily on collateral value. Generally, real estate secured loans and mortgage loans are made when the borrower produces evidence of the ability to make debt service along with appropriate equity in the property. Appropriate and regulatory compliant third party valuations are required at the time of origination for real estate secured loans.

We present loan portfolio as originated, acquired and covered loans because these segments use different accounting and allowance methodologies. Originated loans include legacy Hancock loans and loans originated from the acquired Banks' locations since their acquisitions. Acquired loans are those purchased in the Whitney acquisition on June 4, 2011. Covered loans are those purchased in the December 2009 acquisition of Peoples First, which are covered by loss share agreements between the FDIC and the Company that afford significant loss protection. Within these categories, we have commercial, residential mortgage and consumer loans.

### **Commercial**

The Banks offer a variety of commercial loan services to a diversified customer base over a range of industries, including energy, wholesale and retail trade in various durable and nondurable products, manufacturing of such products, marine transportation and maritime construction, financial and professional services, and agricultural production. Commercial loans are categorized as commercial and industrial, construction and land development, and commercial real estate loans.

Commercial and industrial loans, both secured and unsecured, are made available to businesses for working capital (including financing of inventory and receivables), business expansion (including acquisition and development of real estate and improvements), and the purchase of equipment and machinery. These loans are primarily made based on the identified cash flows of the borrower and, if secured, on the underlying collateral. Most commercial and industrial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal or corporate guarantee; however, some short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

The Banks make construction and land development loans to builders and real estate developers for the acquisition, development and construction of business and residential purpose properties. Construction loans are underwritten utilizing feasibility studies, independent appraisal reviews, sensitivity analysis of absorption and lease rates and financial analysis of the developers and property owners. Construction loans are generally based upon cost estimates and the projected value of the complete project. The Banks monitor the construction process to mitigate or identify risks as they arise. Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property or an interim loan commitment from the Banks until permanent financing is obtained. These loans are typically closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions and the availability of long-term financing. We have actively reduced our overall residential construction and development lending activities over the course of the last three years.

Commercial real estate loans consist of commercial mortgages on both income-producing and owner-occupied properties. We have executed a strategy to increase the proportion of loans secured by owner-occupied properties in recent years and reduce the number of speculative real estate projects. These loans are viewed primarily as cash flow loans and undergo the analysis and underwriting process of a commercial and industrial loan, as well as that of a real estate loan. Repayment of non-owner occupied loans is generally dependent on the successful operation of the income-producing property securing the loan. Commercial real estate loans may be adversely affected by conditions in the real estate markets or in the general economy. The properties securing the

Banks' commercial real estate portfolios are diverse in terms of type and geographic location. We monitor and evaluate commercial real estate loans based on collateral, geography and risk grade criteria. While some markets within the footprint have shown signs of improvement, commercial real estate lending represents an area of elevated risk and we continue to limit this segment of the portfolio.

### **Residential Mortgage**

A portion of the Banks' lending activities consists of the origination of both fixed-rate and adjustable-rate home loans, although we re-sell most fixed-rate production in the secondary mortgage market on a best-efforts basis origination. The sale of mortgage loans allows the Banks to manage the interest rate risks related to such lending operations.

Because of the uncertainty of the supply and demand, the general condition of the economy, coupled with unemployment levels, we believe that values of residential real estate have not yet stabilized in many markets.

### **Consumer**

Consumer loans include second mortgage home loans, home equity lines of credit and non-residential consumer purpose loans. Non-residential consumer loans include direct and indirect loans made to finance automobiles, recreation vehicles, boats purchases, and other personal (secured and unsecured) and deposit account secured loans. Consumer loans are attractive because they typically have a shorter term, provide granularity of size for the overall portfolio, and produce a higher overall yield. The Banks also have a small portfolio of credit card receivables issued on the basis of applications received through referrals from the Banks' branches and other marketing efforts. The Banks approve consumer loans based on employment and financial information submitted by prospective borrowers as well as credit reports collected from various credit agencies. Financial stability and credit history of the borrower are the primary factors the Banks consider in granting such loans. The availability of collateral is also a factor considered in making such loans. The geographic area of the borrower is another consideration, with preference given to borrowers in the Banks' primary market areas.

A small consumer finance portfolio is maintained by Harrison Finance Company. While it was expected that this customer base would be much more likely to be severely impacted by employment weakness and loss of access to credit, losses to date have been very manageable. The portfolio has a higher risk profile than the Banks' consumer portfolio, but carries a higher yield.

### **Securities Portfolio**

Our investment portfolio includes, among other asset classes, U.S. agency debt securities, U.S. agency mortgage-related securities and obligations of states and municipalities classified as available for sale and held to maturity. As such, the Company considers the available for sale portfolio as one of many sources of liquidity used to fund our operations. Investments are made in accordance with the investment policy and also tested under multiple stressed interest rate scenarios, the results of which are used to manage our interest rate risk position. The rate scenarios include regulatory and management agreed upon instantaneous and ramped rate movements that may be up to plus and minus 500 basis points. The combined portfolio has a target effective duration of two to five years.

We also utilize a significant portion of the securities portfolio to secure certain deposits and other liabilities requiring collateralization. To retain a source of liquidity, we limit the percentage of securities that can be pledged in order to keep a portion of securities available for sale. The securities portfolio can also be pledged to increase our line of credit availability at the Federal Home Loan Bank of Dallas although we have not had to do so.

The investments subcommittee of the asset\liability committee (ALCO) is responsible for evaluating issues related to the management of the investment portfolio. The investments subcommittee is also responsible for the development of investment strategies for the consideration and approval of the ALCO. Final authority and

responsibility for all aspects of the conduct of investment activities rests with the board risk committee, all in accordance with the overall guidance and limitations of the investment policy.

## **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. Deposits provide the most significant funding source for the Company's interest earning assets. Deposits are attracted principally from clients within our retail branch network through the offering of a broad array of deposit products to individuals and businesses, including non-interest bearing demand deposit accounts, interest-bearing transaction accounts, savings accounts, money market deposit accounts, and time deposit accounts. Terms vary among deposit products with respect to commitment periods, minimum balances, and applicable fees. Interest paid on deposits represents the largest component of our interest expense. Interest rates offered on interest-bearing deposits are determined based on a number of factors, including, but not limited to, (1) interest rates offered in local markets by competitors, (2) current and expected economic conditions, (3) anticipated future interest rates, (4) the expected amount and timing of funding needs, and (5) the availability and cost of alternative funding sources. 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. Client deposits are attractive sources of funding because of their stability and relative cost. Deposits are regarded as an important part of the overall client relationship and provide opportunities to cross-sell other Company services.

The Banks also hold public funds as deposits. The Banks' appetite for public funds, as with any type of deposit, is determined by ALCO's funding and liquidity sub-committee while pricing decisions are determined by ALCO's deposit pricing sub-committee. Typically many public fund deposits are allocated based upon the rate of interest offered and the ability of the bank to provide collateralization. The Banks can influence the level of its public fund deposits through pricing decisions. Public deposits typically require the pledging of collateral, most commonly marketable securities. This is taken into account when determining the level of interest to be paid on public deposits. The pledging of collateral, monitoring and management reporting represents additional operational requirements for the Banks. These deposits are more volatile because they tend to be high balance deposits. Public funds have not historically presented any special risks to the Banks. Public funds are only one of many possible sources of liquidity that the Banks have available to draw upon as part of its liquidity funding strategy as defined by ALCO.

The Banks may accept and did accept in 2012 brokered deposits as part of their funding. Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), only "well-capitalized" and "adequately-capitalized" institutions may accept brokered deposits. The Company issued brokered deposits through the use of third-party intermediaries. While we did not expect to see deposits leave in conjunction with the expiration of the TAG program, these CDs were issued as a temporary liquidity source in the event we saw any such activity. However, our banks did not experience any material outflow of deposits as a result of the TAG expiration.

## **Trust Services**

The Banks, through their respective trust departments, offer a full range of trust services on a fee basis. 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, charitable and religious organizations. As of December 31, 2012, the trust departments of the Banks had approximately \$13.6 billion of assets under administration compared to \$12.5 billion as of December 31, 2011. As of December 31, 2012, \$4.1 billion of administered assets were corporate trust accounts and the remaining balances were personal, employee benefit, estate and other trust accounts.

## **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, and 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, ATMs, online banking, and telebanking centers. 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 make available free of charge, on or through our website [www.hancockbank.com](http://www.hancockbank.com), our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and amendments to such filings, as soon as reasonably practicable after each is electronically filed with, or furnished to, the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The SEC maintains a website that contains the Company's reports, proxy and information statements, and the Company's other SEC filings. The address of the SEC's website is [www.sec.gov](http://www.sec.gov). Information appearing on the Company's website is not part of any report that it files with the SEC.

## **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. 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 that owns 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 that engages 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 the Federal Reserve to be permissible activities. The Bank Holding Company Act does not place territorial limits on permissible bank-related activities of bank holding companies. Even with respect to permissible activities, 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 acquires 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 acquires all of the assets of a bank, (3) before it merges with any other bank holding company, or (4) before it engages in permissible non-banking activities. In reviewing a proposed covered acquisition, the Federal Reserve considers its 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 are also 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 its ability to meet the regulatory capital requirements imposed on 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.

The Gramm-Leach-Bliley Act of 1999 (the "Financial Services Modernization Act") repealed 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 restricted officer, director, or employee interlocks between a member bank and any company or person "primarily engaged" in specified securities activities. The Financial Services Modernization Act also preempted any state law restricting the establishment of financial affiliations, primarily related to insurance. Generally, the Act establishes a comprehensive framework that permits 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 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 most recent 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. A financial holding company that becomes aware that a subsidiary bank has ceased to be well capitalized or well managed 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 the financial holding company to divest the bank. Alternatively, a financial holding company may cease 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 made 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. 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 through a confidential component and composite 1-5 rating system, with a composite rating of 1 being the highest rating and 5 being the lowest. This system is designed to help identify institutions requiring 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 reduced by deductions from Tier 1 capital discussed below. Tier 1 Capital for bank holding companies generally includes: common equity, retained earnings, non-controlling interest in equity accounts of consolidated subsidiaries and a limited amount of qualifying perpetual preferred stock. In calculating Tier 1 Capital, goodwill and other disallowed intangibles and disallowed deferred tax assets and certain other assets are excluded. The Company's Tier 1 capital leverage ratio at December 31, 2012 was 9.10%.

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.

The primary component of risk-based capital is Tier 1 Capital, which was described above. Tier 2 Capital, which consists primarily of perpetual preferred stock not qualifying as Tier 1 Capital, mandatory convertible securities, certain types of subordinated debt and a limited amount of the 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, 2012, the Company's Tier 1 and Total Capital risk based ratios were 12.65% and 14.28%, respectively.

As described above, 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. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Riegle-Neal Act) permits adequately capitalized and managed bank holding companies 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. 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, opted out of the Riegle-Neal Act by enacting legislation prohibiting mergers by banks located in such state with out-of-state institutions. Mississippi opted into the interstate branching provision of the Riegle-Neal Act.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) authorizes national and state banks to establish *de novo* branches in other states to the same extent as a bank chartered by that state would be so permitted. Previously, banks could only establish branches in other states if the host state expressly permitted out-of-state banks to establish branches in that state. Accordingly, banks will be able to enter new markets more freely.

The Riegle-Neal Act 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 any state where the acquiring bank operates. 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 state 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 is subject to regulation and periodic examinations by the FDIC and the State of Mississippi Department of Banking and Consumer Finance. Whitney Bank is subject to regulation and periodic examinations by the FDIC and the Office of Financial Institutions, State of Louisiana. 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 to protect 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 Act 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 is generally 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. Thus, Hancock Bank and Whitney Bank have potential exposure for any losses incurred by the FDIC with respect to the activities of each other.

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 the Banks 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. 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 calculated based on the depository institution's average consolidated total assets, less its average amount of tangible equity. In addition to providing for the required change in assessment base, the FDIC's final deposit insurance regulations implementing the Dodd-Frank provisions eliminated the assessment adjustments based on unsecured debt, secured liabilities, and brokered deposits; added a new adjustment for holding unsecured debt issued by another insured depository institution; and lowered 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.

Beginning April 1, 2011, the base assessment rates ranged from 5 to 35 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; and (2) for non-Risk Category I institutions, an increase for brokered deposits above a threshold amount. 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.

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.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) subjects banks and bank holding companies to increased regulation and supervision, including 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 address 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 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.

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 and Whitney Bank.

Although Hancock Bank and Whitney Bank 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). 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 \$71 million, or, if the aggregate of such accounts exceeds \$71 million, 10% of the total in excess of \$71 million. This regulation is subject to an exemption from reserve requirements on \$11.5 million 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, each of which activity 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 and Louisiana permit commercial banks chartered by the state to engage in any activity permissible for national banks, the Banks 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 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 Banks have 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 October 2008, the Emergency Economic Stabilization Act of 2008 (EESA) was enacted. 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). On November 13, 2008, following a thorough evaluation and analysis, the Company announced it would not participate in the CPP. Whitney participated in the TARP program, but the preferred stock issued to Treasury was subsequently purchased and retired by Hancock in conjunction with the acquisition.

## **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 federal government has 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 2010, and have altered the terms of some previously announced policies.

The enactment of 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 are 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.
- *Establishment of the Consumer Financial Protection Bureau (CFPB).* The CFPB is housed within the Federal Reserve and, in consultation with the Federal banking agencies, makes rules relating to consumer protection. The CFPB 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. On January 4, 2012 President Obama named the first Director of the

CFPB by way of recess appointment. Hancock is subject to direct supervision and examination by the CFPB in respect of the foregoing consumer protection acts and regulations.

- *Risk-retention rule.* Under current proposed rules, banks originating loans for sale on the secondary market or securitization would be required to retain 5% 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 the Dodd-Frank Act, 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, such 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.

The Dodd-Frank Act 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 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 years due to the national and global financial crisis. It is not possible to predict whether any other additional legislation may be adopted that would significantly affect the operations and performance of the Company and the Banks.

In the summer of 2012, our primary federal regulators—the Federal Reserve Board and the Federal Deposit Insurance Corporation – published two notices of proposed rulemaking that would substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, compared to the current U.S. risk-based capital rules, which are based on the international capital accords of the Basel Committee on Banking Supervision (Basel Committee).

One of the 2012 capital proposals (Basel III Proposal) addresses the components of capital and other issues affecting the numerator in banking institutions' regulatory capital ratios, and would implement the Basel Committee's December 2010 framework, known as "Basel III," for strengthening international capital standards. The other proposal (Standardized Approach Proposal) addresses risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios, and would replace the existing Basel I-derived risk weighting approach with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee's 2004 "Basel II" capital accords. Although the Basel III Proposal was proposed to come into effect on January 1, 2013, the federal banking agencies jointly announced on November 9, 2012 that the implementation date would be deferred without establishing a new effective date. As proposed, the Standardized Approach Proposal will become effective on January 1, 2015. The federal banking agencies have not yet proposed rules implementing the final liquidity framework of Basel III, and have not yet determined to what extent they will apply to U.S. banks that are not large, internationally active banks.

## **Regulation E**

As amended in late 2009, Regulation E prohibits banks from charging an overdraft fee for non-recurring debit card transactions (specifically, point-of-sale and ATM transactions) that overdraw a consumer's account unless the consumer affirmatively consents, or "opts-in," to the bank's payment of overdrafts for those transactions. The Banks do not pay such transactions unless the consumer affirmatively elects, or "opts-in," to have the Banks do so.

## **Debit Interchange Fees**

Effective June 29, 2011, the Federal Reserve issued a final rule implementing the "Durbin Amendment" to the Dodd-Frank Act. The rule included standards for assessing whether debit card interchange fees received by debit card issuers are reasonable and proportional to the costs incurred by issuers for electronic debit transactions. Interchange fees, or "swipe" fees, are fees that merchants pay to credit card companies and card-issuing banks like us for processing electronic payment transactions on their behalf. Under the final rule, the maximum permissible interchange fee that an issuer may receive for an electronic debit transaction is the sum of 21 cents per transaction and 5 basis points multiplied by the value of the transaction. The rule further allows for an upward adjustment of 1 cent to the interchange fee if an issuer certifies that it has implemented policies and procedures reasonably designed to achieve the fraud-prevention standards set forth by the Federal Reserve.

In addition, the legislation prohibits card issuers and networks from entering into exclusive arrangements requiring that debit card transactions be processed on a single network or only two affiliated networks, and allows merchants to determine transaction routing. The limits that the Dodd-Frank Act and Federal Reserve rules place on debit interchange fees have reduced our debit card interchange revenues. The rule became effective October 1, 2011.

## **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.

It is not known whether the above acts and regulations will have any material effect on the Company's operations. However, increased regulation will generally result in increased legal and compliance expense.

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 Monetary and Fiscal 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.

## **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 substantial portion of our loan portfolio is secured by real estate. In a weak economy, or in areas where real estate market conditions are distressed, we may experience a higher than normal level of nonperforming real estate loans, the collateral value of the portfolio and the revenue stream from those loans could come under stress, and additional provisions to the allowance for loan losses could be necessitated. Our ability to dispose of foreclosed real estate at prices above the respective carrying values could also be impaired, causing additional losses.

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

The capital and credit markets continue to experience volatility and disruption. Continuing distressed conditions in the housing market, with depressed home prices and increased foreclosures, unemployment and under-employment, have negatively impacted the 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. 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 face the following risks related to these conditions:

- There is increased regulation of our industry, including as a result of the Emergency Economic Stabilization Act of 2008 (EESA) and the Dodd-Frank Act. 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.

**The financial soundness and stability of other financial institutions could adversely affect us.**

Our ability to engage in routine funding transactions could be adversely affected by the actions and financial soundness and stability of other financial institutions as a result of credit, trading, clearing or other relationships between such institutions. We routinely execute transactions with counterparties in the financial industry, including brokers and dealers, commercial banks and other institutional clients. As a result, defaults by, and even rumors regarding, other financial institutions, or the financial services industry generally, could impair our ability to effect such transactions and could lead to losses or defaults by us. In addition, many of our transactions expose us to credit risk in the event of default of a counterparty or client. Additionally, our credit risk may be increased if the collateral we hold in connection with such transactions cannot be realized or can only be liquidated at prices insufficient to recover the full amount of our financial exposure. Any such losses could have a material adverse effect on our financial condition and results of operations.

**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. Unexpected movement in interest rates markedly changing the slope of the current yield curve could cause our net interest margins to decrease, subsequently reducing net interest income. In addition, such changes could adversely affect the valuation of our assets and liabilities.

**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 and 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.**

Our financial performance is 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 transactions 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, we cannot predict the potential impact of future changes in interest rates, deposit levels, and loan demand on our business and earnings. Furthermore, the actions of the United States government and other governments may result in currency fluctuations, exchange controls, market disruption and other adverse effects.

**A failure in our operational systems or infrastructure, or those of third parties, could impair our liquidity, disrupt our businesses, result in the unauthorized disclosure of confidential information, damage our reputation and cause financial losses.**

Our ability to adequately conduct and grow our business is dependent on our ability to create and maintain an appropriate operational and organizational control infrastructure. Operational risk can arise in numerous ways

including employee fraud, customer fraud, and control lapses in bank operations and information technology. Our dependence on our employees and automated systems, including the automated systems used by acquired entities and third parties, to record and process transactions may further increase the risk that technical failures or tampering of those systems will result in losses that are difficult to detect. We are also subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control. Failure to maintain an appropriate operational infrastructure can lead to loss of service to customers, legal actions, and noncompliance with various laws and regulations.

We continuously monitor our operational and technological capabilities and make modifications and improvements when we believe it will be cost effective to do so. In some instances, we may build and maintain these capabilities ourselves. We also outsource some of these functions to third parties. These third parties may experience errors or disruptions that could adversely impact us and over which we may have limited control. We also face risk from the integration of new infrastructure platforms and/or new third party providers of such platforms into its existing businesses.

**An interruption or breach in our information systems or infrastructure, or those of third parties, could disrupt our business, result in the unauthorized disclosure of confidential information, damage our reputation and cause financial losses.**

Our business is dependent on our ability to process and monitor a large number of transactions on a daily basis and to securely process, store and transmit confidential and other information on our computer systems and networks. We rely heavily on our information and communications systems and those of third parties who provide critical components of our information and communications infrastructure. These systems are critical to the operation of our business and essential to our ability to perform day-to-day operations. Our financial, accounting, data processing or other information systems and facilities, or those of third parties on whom we rely, may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a spike in transaction volume, cyber-attack or other unforeseen catastrophic events, which may adversely affect our ability to process transactions or provide services.

Although we make continuous efforts to maintain the security and integrity of our information systems and have not experienced a cyber-attack, threats to information systems continue to evolve and there can be no assurance that our security efforts and measures will continue to be effective. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Threats to information systems may originate externally from third parties such as foreign governments, organized crime and other hackers, outsource or infrastructure-support providers and application developers, or may originate internally. As a financial institution, we face a heightened risk of a security breach or disruption from attempts to gain unauthorized access to our and our customers' data and financial information, whether through cyber-attack, cyber intrusion over the internet, malware, computer viruses, attachments to e-mails, spoofing, phishing, or spyware.

As a result, our information, communications and related systems, software and networks may be vulnerable to breaches or other significant disruptions that could: (1) disrupt the proper functioning of our networks and systems, which could disrupt our operations and those of certain of our customers; (2) result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of confidential, sensitive or otherwise valuable information of ours or our customers, including account numbers and other financial information; (3) result in a violation of applicable privacy and other laws, subjecting the Bank to additional regulatory scrutiny and expose the Bank to civil litigation and possible financial liability; (4) require significant management attention and resources to remedy the damages that result; and (5) harm our reputation or impair our customer relationships. The occurrence of such failures, disruptions or security breaches could have a negative impact on our results of operations, financial condition, and cash flows. To date we have not experienced an attack that has impacted the results of our operations, financial condition, and cash flows.

**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 significant damage to properties and interrupt our ability to conduct business, 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 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 risk is 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 relates principally to the creditworthiness of our corporate borrowers and the value of the real estate pledged 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 collectability of our loan portfolio and provide an allowance for estimated loan losses based on a number of factors. 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. Future provisions for loan losses may vary materially 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. If our capital resources prove in the future to be inadequate to meet our capital requirements, we may need to raise additional equity. 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.

**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 do not have preemptive rights; therefore, future stock offerings could dilute our shareholders. We cannot predict the effect that future sales of our Common Stock would have on the market price of our Common Stock.

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

We may not be able to continue 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.

**Our inability to control the inherent risks of acquiring businesses and assets could adversely affect our operations.**

Acquisitions of businesses in the financial services industry are an important element of our business strategy. We cannot assure that we will be able to identify and acquire businesses in execution of this strategy on terms acceptable to us in the future. We must also generally satisfy several conditions before we complete an acquisition of another bank or bank holding company, including federal and/or state regulatory approvals. We may be required to incur substantial indebtedness to finance future acquisitions. Such additional debt service requirements may impose a significant burden on our results of operations and financial condition. We cannot assure you that we will be able to successfully consolidate any business or assets we acquire with our existing business. The integration of acquired operations and assets may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Acquisitions may not perform as expected when the transaction was consummated and may be dilutive to our overall operating results.

**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, and the Louisiana Office of Financial Institutions. 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.

For example, the Dodd-Frank Act contains various provisions designed to enhance the regulation of depository institutions and prevent the recurrence of a financial crisis such as occurred in 2008-2009. The full impact of the Dodd-Frank Act on our business and operations will not be known for years until regulations implementing the statute are written and adopted. The Dodd-Frank Act may have a material impact on our operations, particularly through increased compliance costs resulting from possible future consumer and fair lending regulations.

Additionally, on August 30, 2012, the federal banking regulatory agencies issued proposed rules that would implement the "Basel III" regulatory capital reforms and changes required by the Dodd-Frank Act. If adopted as proposed, Basel III and regulations proposed by the federal banking regulatory agencies will require bank holding companies and banks to undertake significant activities to demonstrate compliance with the new and higher capital standards. Compliance with these rules, if and when they become effective, will impose additional costs on banking entities and their holding companies. For additional information regarding the Dodd-Frank Act and Basel III, see "Supervision and Regulation."

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.

**Changes in accounting policies or in accounting standards could materially affect how we report our financial condition and results of operations.**

Our accounting policies are fundamental to the understanding of our financial condition and results of operations. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make significant estimates and assumptions that affect the financial statements by affecting the value of our assets or liabilities and results of operations. Some of our accounting policies are critical because

they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because materially different amounts may be reported if different estimates or assumptions were used. If such estimates or assumptions underlying the financial statements are incorrect, we could experience material losses. From time to time, FASB and the SEC change the financial accounting and reporting standards or the interpretation of such standards that govern the preparation of our external financial statements. These changes are beyond our control, can be difficult to predict and could materially impact how we report our financial condition and results of operations. Additionally, it is possible, if unlikely, we could be required to apply a new or revised standard retrospectively, resulting in the restatement of prior period financial statements in material amounts.

**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.

**We and other financial institutions have been the subject of increased litigation which could result in legal liability and damage to our reputation.**

We and certain of our directors and officers may be named from time to time as defendants in various class actions and other litigation relating to our business and activities. Past, present and future litigation have included or could include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. We are also involved from time to time in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our business. These matters also could result in adverse judgments, settlements, fines, penalties, injunctions or other relief. Like other financial institutions and companies, we are also subject to risk from employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information. Substantial legal liability or significant regulatory action against us could materially adversely affect our business, financial condition or results of operations and/or cause significant reputational harm to our business.

**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 ability to deliver and pay dividends depends primarily 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 that, 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.

**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 administration and Congress have pursued additional initiatives to stimulate the economy and stabilize the financial markets, including the enactment of the American Recovery and Reinvestment Act of 2010, and have altered the terms of some previously announced policies.

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.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The Company's main office, which is also the headquarters of the holding company and Hancock Bank, is located at One Hancock Plaza, in Gulfport, Mississippi. The Whitney Bank main office is located in downtown New Orleans, Louisiana. The Banks make portions of their main office facilities and certain other facilities available for lease to third parties, although such incidental leasing activity is not material to the Company's overall operations.

The Company operates almost 300 full service banking and financial services offices and almost 350 automated teller machines across a Gulf south corridor comprising south Mississippi; southern and central Alabama; southern Louisiana; the northern, central, and Panhandle regions of Florida; and Houston, Texas. The Company owns approximately 57% of these facilities, and the remaining banking facilities are subject to leases, each of which we consider reasonable and appropriate for its location. We ensure that all properties, whether owned or leased, are maintained in suitable condition. We also evaluate our banking facilities on an ongoing basis to identify possible under-utilization and to determine the need for functional improvements, relocations, closures or possible sales. The Banks and subsidiaries of the Banks hold a variety of property interests acquired in settlement of loans.

**ITEM 3. LEGAL PROCEEDINGS**

We and our subsidiaries are party to various legal proceedings arising in the ordinary course of business. We do not believe that loss contingencies, if any, arising from pending litigation and regulatory matters will have a material adverse effect on our consolidated financial position or liquidity.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **PART II**

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

#### **Market Information**

The Company's common stock trades on the NASDAQ Global Select Market under the ticker symbol "HBHC". The following table sets forth the high and low sale prices of the Company's common stock as reported on the NASDAQ Global Select Market. These prices do not reflect retail mark-ups, mark-downs or commissions.

|             | <u>High<br/>Sale</u> | <u>Low<br/>Sale</u> | <u>Cash<br/>Dividends<br/>Paid</u> |
|-------------|----------------------|---------------------|------------------------------------|
| <b>2012</b> |                      |                     |                                    |
| 4th quarter | \$32.50              | \$29.47             | \$0.24                             |
| 3rd quarter | 33.27                | 27.99               | 0.24                               |
| 2nd quarter | 36.56                | 27.96               | 0.24                               |
| 1st quarter | 36.73                | 31.56               | 0.24                               |
| <b>2011</b> |                      |                     |                                    |
| 4th quarter | \$33.72              | \$25.38             | \$0.24                             |
| 3rd quarter | 33.25                | 25.61               | 0.24                               |
| 2nd quarter | 34.57                | 30.04               | 0.24                               |
| 1st quarter | 35.68                | 30.67               | 0.24                               |

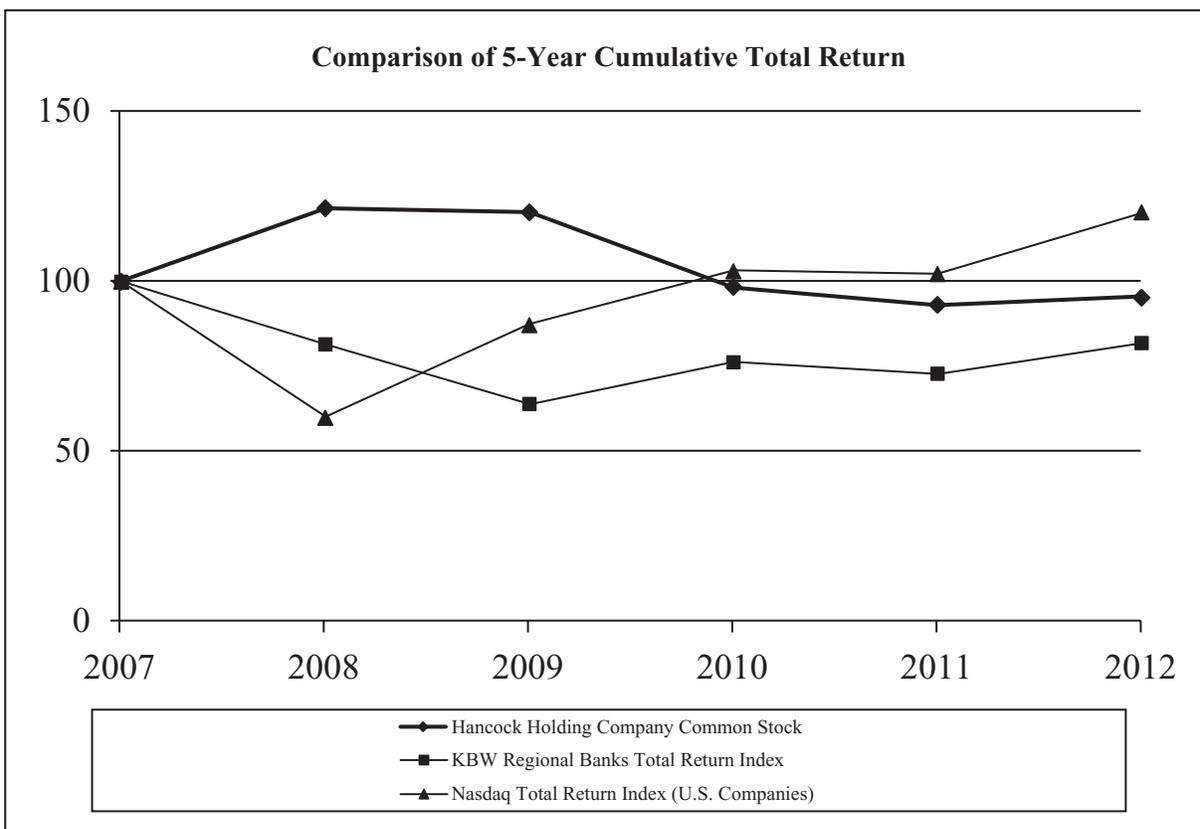
There were 10,711 registered shareholders and approximately 40,400 beneficial holders of the Company's common stock at February 1, 2013 and 84,878,522 shares outstanding. On February 1, 2013, the high and low sale prices of the Company's common stock as reported on the NASDAQ Global Select Market were \$30.67 and \$30.20, respectively.

The principal sources of funds to the Company to pay cash dividends are the dividends received from Hancock Bank, Gulfport, Mississippi, and Whitney Bank, New Orleans, Louisiana. Consequently, dividends are dependent upon the Banks' earnings, capital needs, regulatory policies as well as statutory and regulatory limitations. 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 Whitney Bank are subject to approval by the Commissioner for Financial Institutions of the State of Louisiana. We do not expect regulatory restrictions to affect our ability to pay 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, Hancock Bank has paid regular cash dividends since 1937 and Hancock Holding Company has paid regular cash dividends since its organization.

### Stock Performance Graph

The following performance graph and related information are neither “soliciting material” nor “filed” with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent the Company specifically incorporates it by reference into such filing.

The performance graph compares the cumulative five-year shareholder return on the Company’s common stock, assuming an investment of \$100 on December 31, 2007 and the reinvestment of dividends thereafter, to that of the common stocks of United States companies reported in the Nasdaq Total Return Index and the common stocks of the KBW Regional Banks Total Return Index. The KBW Regional Banks Total Return Index is a proprietary stock index of Keefe, Bruyette & Woods, Inc., that tracks the returns of 50 regional banking companies throughout the United States.



### Issuer Purchases of Equity Securities

There are a maximum of 2,975,644 shares that may be purchased under the buy-back program approved in 2007. No shares were purchased by the issuer or any affiliated purchaser in 2012.

## 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.

|   | At and For the Years Ended December 31, |                  |                  |                  |                  |
|---|---|------------------|------------------|------------------|------------------|
|   | 2012                                    | 2011             | 2010             | 2009             | 2008             |
| <b>Income Statement:</b>                                  |   |                  |                  |                  |                  |
| Interest income   | \$762,549                               | \$592,204        | \$352,558        | \$323,727        | \$335,437        |
| Interest income (TE)                                      | 774,134                                 | 604,130          | 364,385          | 335,787          | 345,891          |
| Interest expense  | 51,682                                  | 70,971           | 82,345           | 95,300           | 126,002          |
| Net interest income (TE)                                  | 722,452                                 | 533,159          | 282,040          | 240,487          | 219,889          |
| Provision for loan losses                                 | 54,192                                  | 38,732           | 65,991           | 54,590           | 36,785           |
| Noninterest income excluding securities transactions      | 252,195                                 | 206,427          | 136,949          | 157,258          | 122,953          |
| Securities transactions gains/(losses)                    | 1,552                                   | (91)             | —                | 69               | 4,825            |
| Noninterest expense excluding amortization of intangibles | 681,000                                 | 577,463          | 276,532          | 232,053          | 212,011          |
| Amortization of intangibles                               | 32,067                                  | 16,551           | 2,728            | 1,417            | 1,432            |
| Income before income taxes                                | 197,355                                 | 94,823           | 61,911           | 97,694           | 86,985           |
| Income tax expense  | 45,613                                  | 18,064           | 9,705            | 22,919           | 21,619           |
| Net income  | <u>\$151,742</u>                        | <u>\$ 76,759</u> | <u>\$ 52,206</u> | <u>\$ 74,775</u> | <u>\$ 65,366</u> |
| Bargain purchase gain                                     | —                                       | —                | —                | (33,623)         | —                |
| Merger-related expenses                                   | 45,789                                  | 86,762           | 3,167            | 3,682            | —                |
| Securities transactions gains/(losses)                    | 1,552                                   | (91)             | —                | 69               | 4,825            |
| Debt early redemption                                     | 5,336                                   | —                | —                | —                | —                |
| Taxes on adjustments                                      | 17,350                                  | 30,398           | 1,108            | (11,587)         | (1,689)          |
| Operating income (a)                                      | <u>\$183,965</u>                        | <u>\$133,214</u> | <u>\$ 54,265</u> | <u>\$ 56,352</u> | <u>\$ 62,230</u> |

- (a) Net income less tax-effected merger costs, bargain purchase gain on acquisition, debt early redemption and securities gains/losses. Management believes that this a useful financial measure because it enables investors to assess ongoing operations.

### Per Common Share Data:

|                                      |         |         |         |         |         |
|--------------------------------------|---------|---------|---------|---------|---------|
| Earnings per share:                  |         |         |         |         |         |
| Basic earnings per share             | \$ 1.77 | \$ 1.16 | \$ 1.41 | \$ 2.28 | \$ 2.07 |
| Diluted earnings per share           | 1.75    | 1.15    | 1.40    | 2.26    | 2.04    |
| Operating earnings per share: (a)    |         |         |         |         |         |
| Basic operating earnings per share   | 2.15    | 2.03    | 1.47    | 1.72    | 1.98    |
| Diluted operating earnings per share | 2.13    | 2.02    | 1.46    | 1.71    | 1.95    |
| Cash dividends paid                  | 0.96    | 0.96    | 0.96    | 0.96    | 0.96    |
| Book value (period end)              | 28.91   | 27.95   | 23.22   | 22.74   | 19.18   |

|   | <b>At and For the Years Ended December 31,</b> |                     |                    |                    |                    |
|---|--|---------------------|--------------------|--------------------|--------------------|
|   | <u>2012</u>                                    | <u>2011</u>         | <u>2010</u>        | <u>2009</u>        | <u>2008</u>        |
|   | (in thousands)                                 |                     |                    |                    |                    |
| <b>Period-End Balance Sheet Data:</b>           |  |                     |                    |                    |                    |
| Loans, net of unearned income                   | \$11,577,802                                   | \$11,177,026        | \$4,957,164        | \$5,114,175        | \$4,249,290        |
| Loans held for sale                             | 50,605   | 72,378              | 21,866             | 36,112             | 22,290             |
| Securities                                      | 3,716,460                                      | 4,496,900           | 1,488,885          | 1,611,327          | 1,680,096          |
| Short-term investments                          | 1,500,188                                      | 1,184,419           | 639,164            | 797,262            | 549,416            |
| Total earning assets                            | <u>16,845,055</u>                              | <u>16,930,723</u>   | <u>7,107,079</u>   | <u>7,558,876</u>   | <u>6,501,092</u>   |
| Allowance for loan losses                       | (136,171)                                      | (124,881)           | (81,997)           | (66,050)           | (61,725)           |
| Other assets                                    | 2,755,601                                      | 2,968,254           | 1,113,245          | 1,204,257          | 727,887            |
| Total assets                                    | <u>\$19,464,485</u>                            | <u>\$19,774,096</u> | <u>\$8,138,327</u> | <u>\$8,697,083</u> | <u>\$7,167,254</u> |
| Noninterest bearing deposits                    | \$ 5,624,127                                   | \$ 5,516,336        | \$1,127,246        | \$1,073,341        | \$ 962,886         |
| Interest bearing deposits                       | 10,120,061                                     | 10,197,243          | 5,648,473          | 6,122,471          | 4,968,051          |
| Total deposits                                  | 15,744,188                                     | 15,713,579          | 6,775,719          | 7,195,812          | 5,930,937          |
| Other borrowed funds                            | 1,035,722                                      | 1,398,346           | 375,224            | 516,183            | 506,570            |
| Other liabilities                               | 231,297  | 295,008             | 130,836            | 147,425            | 120,248            |
| Common stockholders' equity                     | 2,453,278                                      | 2,367,163           | 856,548            | 837,663            | 609,499            |
| Total liabilities & common stockholders' equity | <u>\$19,464,485</u>                            | <u>\$19,774,096</u> | <u>\$8,138,327</u> | <u>\$8,697,083</u> | <u>\$7,167,254</u> |
| <b>Average Balance Sheet Data:</b>              |  |                     |                    |                    |                    |
| Loans, net of unearned income                   | \$11,284,739                                   | \$ 8,514,021        | \$5,005,753        | \$4,310,120        | \$3,873,908        |
| Securities                                      | 4,063,817                                      | 3,074,373           | 1,559,019          | 1,559,570          | 1,742,130          |
| Short-term investments                          | 771,523  | 955,325             | 698,042            | 497,048            | 175,891            |
| Total earning assets                            | 16,120,079                                     | 12,543,719          | 7,262,814          | 6,366,738          | 5,791,929          |
| Allowance for loan losses                       | (136,257)                                      | (102,784)           | (73,190)           | (63,450)           | (53,354)           |
| Other assets                                    | 2,951,547                                      | 2,281,136           | 1,236,610          | 796,479            | 687,814            |
| Total assets                                    | <u>\$18,935,369</u>                            | <u>\$14,722,071</u> | <u>\$8,426,234</u> | <u>\$7,099,767</u> | <u>\$6,426,389</u> |
| Noninterest bearing deposits                    | \$ 5,251,391                                   | \$ 3,400,064        | \$1,076,829        | \$ 935,985         | \$ 876,669         |
| Interest bearing deposits                       | 9,858,792                                      | 8,316,489           | 5,840,669          | 4,761,614          | 4,305,738          |
| Total deposits                                  | 15,110,183                                     | 11,716,553          | 6,917,498          | 5,697,599          | 5,182,407          |
| Other borrowed funds                            | 1,182,673                                      | 1,000,998           | 515,626            | 613,523            | 554,898            |
| Other liabilities                               | 241,710  | 203,403             | 127,400            | 114,270            | 104,279            |
| Common stockholders' equity                     | 2,400,803                                      | 1,801,117           | 865,710            | 674,375            | 584,805            |
| Total liabilities & common stockholders' equity | <u>\$18,935,369</u>                            | <u>\$14,722,071</u> | <u>\$8,426,234</u> | <u>\$7,099,767</u> | <u>\$6,426,389</u> |

**At and For the Years Ended December 31,**

|  | <b>2012</b>    | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
|--|----------------|-------------|-------------|-------------|-------------|
|  | (in thousands) |             |             |             |             |
| <b>Performance Ratios:</b>   |                |             |             |             |             |
| Return on average assets   | 0.80%          | 0.52%       | 0.62%       | 1.05%       | 1.02%       |
| Return on average assets—operating (a)   | 0.97%          | 0.90%       | 0.64%       | 0.79%       | 0.97%       |
| Return on average common equity  | 6.32%          | 4.26%       | 6.03%       | 11.09%      | 11.18%      |
| Return on average common equity—operating (a)  | 7.66%          | 7.40%       | 6.27%       | 8.36%       | 10.64%      |
| Return on average tangible common equity   | 9.72%          | 5.98%       | 6.62%       | 12.34%      | 12.69%      |
| Return on average tangible common equity—operating (a)   | 11.78%         | 10.37%      | 6.88%       | 9.30%       | 12.08%      |
| Earning asset yield (tax equivalent—te)  | 4.80%          | 4.82%       | 5.01%       | 5.27%       | 5.97%       |
| Total cost of funds  | 0.32%          | 0.57%       | 1.13%       | 1.50%       | 2.17%       |
| Net interest margin (te)   | 4.48%          | 4.25%       | 3.88%       | 3.78%       | 3.80%       |
| Noninterest income excluding bargain purchase gain on acquisition and securities transactions as a percent of total revenue (te) | 25.88%         | 27.91%      | 32.69%      | 33.95%      | 35.86%      |
| Efficiency ratio (e)   | 64.63%         | 66.35%      | 65.24%      | 62.71%      | 61.84%      |
| Average loan/deposit ratio   | 74.68%         | 72.67%      | 72.36%      | 75.65%      | 74.75%      |
| FTE employees (period-end)   | 4,235          | 4,736       | 2,271       | 2,240       | 1,952       |
| <b>Capital Ratios:</b>   |                |             |             |             |             |
| Common stockholders' equity to total assets  | 12.60%         | 11.97%      | 10.52%      | 9.63%       | 8.50%       |
| Tangible common equity to total assets   | 8.77%          | 7.96%       | 9.69%       | 8.81%       | 7.62%       |
| Tier 1 leverage (b)  | 9.10%          | 8.17%       | 9.65%       | 10.60%      | 8.06%       |
| <b>Asset Quality Information:</b>  |                |             |             |             |             |
| Non-accrual loans  | \$ 121,837     | \$ 99,128   | \$ 112,274  | \$ 86,555   | \$ 29,976   |
| Restructured loans (c)   | 32,215         | 18,145      | 12,641      | —           | —           |
| Total non-performing loans   | 154,052        | 117,273     | 124,915     | 86,555      | 29,976      |
| Other real estate (ORE) and foreclosed assets  | 102,072        | 159,751     | 33,277      | 14,336      | 5,360       |
| Total non-performing assets  | \$ 256,124     | \$ 277,024  | \$ 158,192  | \$ 100,891  | \$ 35,336   |
| Non-performing assets to loans + ORE and foreclosed assets   | 2.19%          | 2.44%       | 3.17%       | 1.97%       | 0.83%       |
| Accruing loans 90 days past due (d)  | \$ 13,244      | \$ 5,880    | \$ 1,492    | \$ 11,647   | \$ 11,005   |
| Accruing loans 90 days past due as a percent of loans  | 0.11%          | 0.05%       | 0.03%       | 0.23%       | 0.26%       |
| Non-performing assets + accruing loans 90 days past due to loans and foreclosed assets   | 2.31%          | 2.50%       | 3.19%       | 2.19%       | 1.09%       |
| Net charge-offs—non-covered  | \$ 55,031      | \$ 33,805   | \$ 50,682   | \$ 50,265   | \$ 22,183   |
| Net charge-offs—covered  | \$ 26,069      | \$ 11,475   | \$ —        | \$ —        | \$ —        |
| Net charge-offs—non-covered to average loans   | 0.49%          | 0.40%       | 1.01%       | 1.17%       | 0.57%       |
| Allowance for loan losses  | \$ 136,171     | \$ 124,881  | \$ 81,997   | \$ 66,050   | \$ 61,725   |
| Allowance for loan losses to period-end loans  | 1.18%          | 1.12%       | 1.65%       | 1.29%       | 1.45%       |
| Allowance for loan losses to non-performing loans and accruing loans 90 days past due  | 81.40%         | 101.40%     | 64.87%      | 67.26%      | 150.62%     |

- (a) Excludes tax-effected merger related expenses, bargain purchase gain on acquisition, debt redemption costs and securities transactions. See operating income calculation previously in Selected Financial Data.
- (b) Calculated as Tier 1 capital divided by average total assets for leverage capital purposes.
- (c) Included in restructured loans are \$15.8 million, \$4.1 million and \$8.7 million of non-accrual loans at December 31, 2012, 2011 and 2010, respectively. Total excludes acquired credit-impaired loans.
- (d) Non-accrual loans and accruing loans past due 90 days or more do not include acquired impaired loans which were written down to fair value upon acquisition and accrete interest income over the remaining life of the related loan pool.
- (e) Noninterest expense as a percent of total revenue (te) before amortization of purchased intangibles, securities transactions, merger-related expenses and debt redemption costs.

|  | <b>At and For the Years Ended December 31,</b> |                  |                 |                 |                 |
|--|--|------------------|-----------------|-----------------|-----------------|
|  | <b>2012</b>                                    | <b>2011</b>      | <b>2010</b>     | <b>2009</b>     | <b>2008</b>     |
|  | (dollar amounts in thousands)                  |                  |                 |                 |                 |
| <b>Supplemental Asset Quality Information</b>              |  |                  |                 |                 |                 |
| <b>(excluding covered assets and acquired loans) (a)</b>   |  |                  |                 |                 |                 |
| Non-accrual loans (b)(c)                                   | \$ 87,651                                      | \$ 79,164        | \$66,988        | \$30,978        | \$29,976        |
| Restructured loans (d)                                     | 27,451   | 18,145           | 12,641          | —               | —               |
| Total non-performing loans                                 | 115,102  | 97,309           | 79,629          | 30,978          | 29,976          |
| Foreclosed assets (e)                                      | 75,771   | 115,769          | 17,595          | 14,336          | 5,360           |
| Total non-performing assets                                | <u>\$190,873</u>                               | <u>\$213,078</u> | <u>\$97,224</u> | <u>\$45,314</u> | <u>\$35,336</u> |
| Non-performing assets as a percent of                      |  |                  |                 |                 |                 |
| loans and foreclosed assets                                | 2.66%  | 4.26%            | 2.33%           | 1.08%           | 0.83%           |
| Accruing loans 90 days past due                            | \$ 7,737                                       | \$ 4,871         | \$ 1,492        | \$11,647        | \$11,005        |
| Accruing loans 90 days past due as a percent of loans      | 0.11%  | 0.10%            | 0.04%           | 0.23%           | 0.26%           |
| Non-performing assets + accruing loans 90 days past due    |  |                  |                 |                 |                 |
| to loans and foreclosed assets                             | 2.77%  | 4.36%            | 2.37%           | 1.36%           | 1.09%           |
| Allowance for loan losses (f)(g)                           | \$ 78,774                                      | \$ 83,246        | \$81,325        | \$66,050        | \$61,725        |
| Allowance for loan losses as a percent of period-end loans | 1.11%  | 1.70%            | 1.96%           | 1.29%           | 1.45%           |
| Allowance for loan losses to nonperforming loans           |  |                  |                 |                 |                 |
| + accruing loans 90 days past due                          | 64.13%   | 81.47%           | 100.25%         | 154.96%         | 150.62%         |

- (a) Covered and acquired loans are considered to be performing due to the application of the accretion method under acquisition accounting. Acquired loans are recorded at fair value with no allowance brought forward in accordance with acquisition accounting. Certain acquired loans and foreclosed assets are also covered under FDIC loss sharing agreements, which provide considerable protection against credit risk. Due to the protection of loss sharing agreements and the impact of acquisition accounting, management has excluded acquired loans and covered assets from this table to provide comparability to prior periods and better perspective into asset quality trends.
- (b) Excludes acquired covered loans not accounted for under the accretion method of \$4,100, \$18,846, \$45, 286 and \$55,577 for the years 2012, 2011, 2010 and 2009. These loans are accounted for under the cost recovery method. There were no acquired covered loans in 2008.
- (c) Excludes non-covered acquired loans at fair value not accounted for under the accretion method of \$30,087 and \$1,117 for the years ended December 31, 2012 and 2011. There were no non-covered acquired loans in earlier periods.
- (d) Excludes non-covered acquired performing loans at fair value of \$4,764 in 2012. There were no restructured non-covered acquired performing loans in earlier periods.
- (e) Excludes covered foreclosed assets of \$26,301, \$43,982 and \$15,682 for 2012, 2011 and 2010, respectively. There were no covered foreclosed assets in earlier periods. On June 4, 2011 Hancock acquired \$87,895 of foreclosed assets in the Whitney merger.
- (f) Excludes impairment recorded on covered acquired loans of \$56,609, \$41,634, and \$672 in 2012, 2011 and 2010. There was no impairment recorded on covered acquired loans in earlier periods.
- (g) Excludes allowance for loan losses recorded on non-covered acquired-performing loans of \$788 in 2012. There were no allowance for loan losses on non-covered acquired-performing loans in earlier periods.

## **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 during 2012 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.

### **FORWARD-LOOKING STATEMENTS**

In accordance with safe harbor provisions of the Private Securities Litigation Reform Act of 1995, this annual report contains forward-looking statements that reflect 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,” “project,” “forecast” and similar expressions are intended to identify forward-looking statements. All such forward-looking statements are subject to risks and uncertainties, and our future results of operations could differ materially from our historical results or current expectations reflected by such forward-looking statements. Some of these risks are discussed in “Item 1A. Risk Factors” and include, without limitation:

- general economic or business conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services;
- disruptions to the credit and financial markets, either nationally or globally, including the impact of a downgrade of U.S. government obligations by one of the credit ratings agencies and the adverse effects of the ongoing sovereign debt crisis in Europe;
- changes in the interest rate environment may reduce net interest margins and/or the volumes and values of loans made or held as well as the value of other financial assets held;
- competitive pressures among depository and other financial institutions may increase significantly;
- legislative, regulatory or accounting changes, including changes resulting from the implementation of the Dodd-Frank Act may adversely affect the businesses in which Hancock is engaged;
- local, state or federal taxing authorities may take tax positions that are adverse to us;
- reduction in Hancock’s credit ratings;
- adverse changes may occur in the securities markets;
- unpredictable natural or other disasters could have an adverse effect on us by materially interrupting our operations or the ability or willingness of our customers to access the financial services we offer; and
- deposit attrition, customer loss and/or revenue loss following completed mergers and acquisitions may be greater than expected.

We undertake no obligation to update any forward-looking statements. You are cautioned that forward-looking statements are not guarantees of future performance, our actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements and you should not place undue reliance on these forward-looking statements.

## **EXECUTIVE OVERVIEW**

### ***Recent Economic and Industry Developments***

Recent reports from the Federal Reserve indicate slow, but steady improvement of economic activity throughout most of Hancock's market areas. Activity at energy-related businesses operating mainly in Hancock's south Louisiana and Houston, Texas market areas remained at high levels that are expected to continue in 2013, despite low prices for natural gas. There is some concern regarding the availability of a shortage of specialized skilled labor needed to further expand activity in this industry. Tourism and convention activity, which is important to several of the Company's market areas, also remained strong with a positive near-term outlook. Retail sales activity is generally improved from prior year levels, although there is room for additional improvement and buying behavior suggest consumers remain conservative in managing their personal finances. Manufacturing activity has shown mixed results, with current performance and near-term prospects varied among the different sectors. Uncertainties regarding such matters as the health of the international economy, domestic fiscal and tax policy, changing regulations, and costs associated with proposed regulations and coming healthcare provisions, have led manufacturers to remain cautious about expanding operations and increasing hiring.

The real estate market for both residential and commercial properties continues to show some improvement. Home sales are growing modestly year-over-year, with the strongest growth in Florida, and prices are stabilizing and trending higher in most markets. New home construction activity is also showing some continued improvement. The sustainability of a housing market recovery will be sensitive to the continued availability of attractive financing rates, the ability of prospective homeowners to meet underwriting standards, the rate of foreclosed properties entering the market and consumer expectations about future economic conditions, among other factors. Commercial construction activity has improved modestly, with apartment development particularly strong. Absorption rates in office, industrial and retail property markets have been modestly positive, and the prospect is improving for some increase in commercial real estate investment and construction activity. Growth in commercial construction will depend in large part on continued improvement in overall economic activity and increased confidence that these improvements can be sustained.

Employment growth was generally positive across Hancock's market area, with recent strong growth in Florida and Louisiana. The unemployment rates in several market areas have generally tracked lower than the national level throughout the recent recession and slow recovery. Uncertainty over fiscal policy and healthcare costs have tempered some employers' hiring decisions. Pricing pressures remain subdued, but employment costs related to tax policy, regulation and healthcare are concerns of many businesses.

Loan demand across most of the markets that Hancock serves has increased, but competition for quality borrowers remains stiff. Auto lending, mortgage lending on both new and existing homes, energy lending and some commercial real estate development financing all had expanded activity.

The overall U.S. economy continued to expand, with most all regions showing modest to moderate growth rates. Confidence in the prospect of a higher rate of sustained growth is improving for businesses and consumers alike, although uncertainties remain about such matters as the health of the international economy and the implications of pending or proposed changes in U.S. fiscal and tax policies and regulations. The Federal Reserve has responded to the slow recovery from the deep recession by taking steps to hold interest rates at unprecedented low levels and has expressed its intent to maintain rates at these levels pending further improvement in the unemployment rate.

The Dodd-Frank Act that was signed into law in July 2010 significantly overhauled many aspects of the financial services industry and includes provisions that have had or likely will have an impact on the nature and pricing of services offered by the Banks and other financial services industry participants. The independent Consumer Financial Protection Bureau that was established under the Dodd-Frank Act has broad rulemaking, supervisory and enforcement authority over consumer financial products, including deposit products, residential mortgages, home-equity loans and credit cards. The Dodd-Frank Act directs applicable regulatory authorities to promulgate a large number of regulations implementing its provisions over time. The CFPB now conducts consumer compliance examinations of the Banks.

### ***Acquisition of Whitney Holding Corporation***

On June 4, 2011, Hancock acquired Whitney Holding Corporation, the parent of Whitney National Bank based in New Orleans, Louisiana, in a stock and cash transaction. The total purchase price was approximately \$1.6 billion, including 40.8 million Hancock common shares issued to Whitney common shareholders at a fair value of \$1.3 billion and \$308 million paid by the Company to purchase and subsequently retire Whitney's preferred stock and common stock warrant that had been issued under TARP. The fair value of the assets acquired, excluding goodwill, totaled \$11.2 billion, and included \$6.5 billion in loans, \$2.6 billion of investment securities, and \$224 million of identifiable intangible assets. Liabilities assumed were \$10.1 billion, including \$9.2 billion of deposits. Whitney National Bank served the five-state Gulf Coast region stretching from Houston, Texas, across southern Louisiana and the coastal region of Mississippi, to central and south Alabama, the panhandle of Florida, and the metropolitan area of Tampa, Florida.

### ***Highlights of 2012 Financial Results***

Net income for the year ended December 31, 2012 was \$151.7 million, almost double the \$76.8 million net income in 2011. This increase was primarily due to the full-year impact of the acquired Whitney operations and lower merger-related expenses in 2012. Diluted earnings per share for 2012 were \$1.75, a \$0.60 increase from 2011. Diluted earnings per share on operating income, which excludes tax-effected merger-related expenses, debt reduction costs and securities gains and losses, were \$2.13 for 2012, an \$0.11 improvement over 2011. Hancock's return on average assets (ROA) for 2012 was 0.80% compared to 0.52% for 2011, while the operating ROA increased to 0.97% in 2012, up 7 basis points from 2011.

Net interest income (te) in 2012 totaled \$722.5 million, a \$189.3 million (36%) increase over 2011. Average earning assets in 2012 were up almost 30% over 2011, related mainly to the Whitney acquisition in June 2011. The reported net interest margin widened 23 basis points to 4.48% in 2012, reflecting a relatively stable yield on earning assets and a further decline in funding costs. Asset yields were supported by the continued favorable performance of Whitney's acquired loan portfolio and an increase in interest income recognized on the portfolio under purchase accounting. The core net interest margin, which is calculated excluding total net purchase accounting adjustments, has compressed some during 2012, mainly on lower core yields on the loan and securities portfolios.

The provision for loan losses was \$54.2 million in 2012 compared to \$38.7 million in 2011, with each related mainly to loans not covered under FDIC loss-sharing agreements. Approximately \$13.7 million of the 2012 provision was associated with a bulk sale of non-covered problem loans toward the end of that year. Net charge-offs from the non-covered portfolio during 2012 were \$55.0 million or 0.49% of average total loans, including \$16.2 million related to the bulk loan sale. This compares to the net non-covered charge-offs of \$33.8 million, or 0.40% of average total loans, in 2011. The determination of allowances for covered loans and other loans acquired with existing credit impairment is discussed in Note 1 to the consolidated financial statements.

Total assets at December 31, 2012 were \$19.5 billion, down less than 2% from the prior year-end. Total loans increased \$400.8 million (4%) during 2012, and were up \$556 million (5%) excluding the FDIC-covered portfolio. During 2012, net growth primarily in commercial non-real estate (C&I) loans, but also in residential mortgages and consumer loans, was partially offset by net reductions in construction and land development and commercial real estate credits. The Banks increased their level of liquidity investments toward the end of 2012 to address the potential for some run-off of deposits in early 2013 following the expiration of a special deposit insurance program. No material outflows were noted and the excess liquidity will be redeployed during the first quarter of 2013.

At December 31, 2012, deposits in total were up slightly from the end of 2011, as growth in noninterest-bearing and lower rate interest-bearing deposits outpaced the run-off of higher rate time deposits. Noninterest-bearing demand deposits increased 2% and comprised 36% of total deposits at December 31, 2012.

## RESULTS OF OPERATIONS

### Net Interest Income

Net interest income (tax equivalent or “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).

Net interest income (te) for 2012 totaled \$722.5 million, a \$189.3 million (36%) increase over 2011. Average earning assets in 2012 were up almost 30% over 2011, reflecting mainly the Whitney acquisition in June 2011. The reported net interest margin improved 23 basis points (bps) to 4.48% in 2012. The net interest margin is the ratio of net interest income (te) to average earnings assets. The core margin (net interest margin calculated excluding total net purchase accounting adjustments) was approximately 3.74% in 2012. The core margin has compressed 23 bps during 2012 to approximately 3.61% in the fourth quarter compared to the fourth quarter of 2011, mainly from a decline in the core yields on the loan and securities portfolios. The reported net interest margin was stable to slightly higher during 2012. Whitney’s acquired portfolio continued to perform better than expected over this period. As a result, re-projections of expected cash flows from the acquired portfolio led to increased loan accretion that favorably impacted both net interest income and the net interest margin. Changes in activity related to prepayments and payoffs in the acquired portfolio can cause quarterly accretion levels to be volatile.

The overall reported yield on earning assets was 4.80% in 2012, down 2 bps from 2011. The reported loan portfolio yield of 6.00% in 2012 was up 3 bps from 2011. Recent growth in commercial loans has been in very competitively priced segments, but the increasing yield recognized on the acquired portfolio has helped to support the overall loan yield. The reported yield on the mainly fixed-rate portfolio of investment securities declined 69 bps from 2011, reflecting both lower yields available on the reinvestment of repayments and maturities and the market yield on Whitney’s securities portfolio at the acquisition date. The mix of average earning assets improved moderately in 2012, as the proportion of loans increased to 70% of earnings assets compared to 68% in 2011 with a corresponding decline in short-term investments.

The cost of funding earning assets declined to 0.32% in 2012, down 25 bps from 2011. The overall rate paid on interest-bearing deposits declined 34 bps from 2011 to 0.33% in 2012. This decrease was due primarily to the impact of the sustained low rate environment on deposit rates in general and on the re-pricing of time deposits in particular. The opportunity to re-price time deposits at significantly lower rates over the near term has largely been eliminated. The mix of funding sources improved during 2012, related mainly to the full-year effect of the composition of the acquired Whitney deposit base. Interest-free sources, including non-interest bearing demand deposits, funded 32% of average earnings assets in 2012 compared to 26% in 2011.

As earning assets continue to re-price at lower rates, and with little opportunity to further reduce funding costs, management expects continued compression in the core net interest margin in the near term. All else equal, some near-term compression in the reported margin is also anticipated.

Net interest income (te) for 2011 totaled \$533.2 million, almost double the \$282.0 million earned in 2010. Earning assets in 2011 were up 71% over 2010, reflecting mainly the Whitney acquisition, and the net interest margin improved by 37 basis points to 4.25% in 2011.

The yield on average earning assets decreased 19 basis points to 4.82% in 2011. Loan yields increased 11 basis points to 5.97% in 2011, while the yield on the investment portfolio declined 137 basis points from 2010. Positive adjustments to the yield earned on the acquired Whitney portfolio based on post-merger portfolio performance benefited the overall loan yield in 2011. The overall mix of average earning assets was relatively stable between 2011 and 2010, with loans comprising approximately 68% of the total in each year.

The cost of funding earning assets decreased 56 basis points to 0.57% in 2011. The overall rate paid on interest-bearing deposits was down 58 basis points from 2010 to 0.67% in 2011, reflecting mainly the impact of the sustained low rate environment on deposit rates and the expected runoff or re-pricing of higher rate time deposits from the People's First acquisition. There was a favorable shift in the mix of funding sources during 2011, related mainly to the composition of the acquired Whitney deposit base. Interest-free sources, including non-interest bearing demand deposits, funded 26% of average earnings assets in 2011 compared to 12% in 2010.

The factors contributing to the changes in net interest income (te) for 2012, 2011, and 2010 are presented in Tables 1 and 2 below. Table 1 shows average balances and related interest and rates. Table 2 details the effects of changes in balances (volume) and rate on net interest income in 2012 and 2011.

**TABLE 1. Summary of Average Balances, Interest and Rates (te) (a)**

|   | 2012               |          |       | Years Ended December 31,<br>2011 |          |       | 2010               |          |       |
|---|--------------------|----------|-------|----------------------------------|----------|-------|--------------------|----------|-------|
|   | Average<br>Balance | Interest | Rate  | Average<br>Balance               | Interest | Rate  | Average<br>Balance | Interest | Rate  |
|   | (\$ in millions)   |          |       |                                  |          |       |                    |          |       |
| <b>Assets</b>                                       |                    |          |       |                                  |          |       |                    |          |       |
| Interest-Earnings Assets:                           |                    |          |       |                                  |          |       |                    |          |       |
| Loans (te) (b)                                      | \$11,284.7         | \$676.8  | 6.00% | \$ 8,514.0                       | \$508.4  | 5.97% | \$5,005.8          | \$293.9  | 5.86% |
| U.S. Treasury securities                            | 0.2                | 0.0      | 4.66  | 8.7                              | 0.0      | 0.49  | 11.4               | 0.1      | 0.63  |
| U.S. agency securities                              | 99.0               | 2.1      | 2.12  | 277.5                            | 5.6      | 2.03  | 152.3              | 4.0      | 2.60  |
| CMOs  | 1,545.5            | 29.8     | 1.93  | 742.5                            | 18.9     | 2.55  | 284.4              | 10.5     | 3.69  |
| Mortgage-backed securities                          | 2,150.8            | 51.3     | 2.39  | 1,772.2                          | 55.6     | 3.14  | 905.2              | 42.3     | 4.68  |
| Obligations of states and political subdivisions:   |                    |          |       |                                  |          |       |                    |          |       |
| taxable   | 59.8               | 2.8      | 4.73  | 57.5                             | 3.1      | 5.32  | 61.6               | 2.9      | 4.74  |
| nontaxable (te)                                     | 200.7              | 9.0      | 4.48  | 191.7                            | 9.3      | 4.84  | 127.2              | 8.0      | 6.33  |
| Other securities                                    | 7.9                | 0.4      | 4.43  | 24.3                             | 1.1      | 4.60  | 16.9               | 0.9      | 5.05  |
| Total investment in securities (te) (c)             | 4,063.9            | 95.4     | 2.35  | 3,074.4                          | 93.6     | 3.04  | 1,559.0            | 68.7     | 4.41  |
| Federal funds sold and short-term investments       | 771.5              | 1.9      | 0.25  | 955.3                            | 2.1      | 0.22  | 698.0              | 1.7      | 0.25  |
| Total earning assets (te)                           | 16,120.1           | 774.1    | 4.80% | 12,543.7                         | 604.1    | 4.82% | 7,262.8            | 364.3    | 5.01% |
| Non-earning assets:                                 |                    |          |       |                                  |          |       |                    |          |       |
| Other assets  | 2,951.5            |          |       | 2,281.2                          |          |       | 1,236.6            |          |       |
| Allowance for loan losses                           | (136.3)            |          |       | (102.8)                          |          |       | (73.2)             |          |       |
| <b>Total assets</b>                                 | <b>\$18,935.4</b>  |          |       | <b>\$14,722.1</b>                |          |       | <b>\$8,426.2</b>   |          |       |
| <b>Liabilities and Stockholder's Equity</b>         |                    |          |       |                                  |          |       |                    |          |       |
| Interest-bearing Liabilities:                       |                    |          |       |                                  |          |       |                    |          |       |
| Interest-bearing transaction and savings deposits   | \$ 5,827.3         | \$ 7.4   | 0.13% | \$ 4,100.4                       | \$ 8.5   | 0.21% | \$1,940.5          | \$ 9.0   | 0.46% |
| Time deposits                                       | 2,580.0            | 21.2     | 0.82  | 2,901.5                          | 42.1     | 1.45  | 2,736.2            | 54.4     | 1.99  |
| Public funds  | 1,451.5            | 4.1      | 0.29  | 1,314.6                          | 5.1      | 0.39  | 1,164.0            | 9.5      | 0.82  |
| Total interest-bearing deposits                     | 9,858.8            | 32.7     | 0.33  | 8,316.5                          | 55.7     | 0.67  | 5,840.7            | 72.9     | 1.25  |
| Repurchase agreements                               | 760.9              | 5.9      | 0.78  | 681.5                            | 7.0      | 1.03  | 477.2              | 9.2      | 1.93  |
| Other interest-bearing liabilities                  | 82.9               | 0.1      | 0.14  | 114.6                            | 0.2      | 0.14  | 37.9               | 0.2      | 0.45  |
| Long-term debt                                      | 338.9              | 12.9     | 3.80  | 205.0                            | 8.1      | 3.95  | 0.5                | 0.0      | 7.33  |
| Total interest-bearing liabilities                  | 11,041.5           | 51.6     | 0.47% | 9,317.5                          | 71.0     | 0.76% | 6,356.3            | 82.3     | 1.30% |
| Non-interest bearing:                               |                    |          |       |                                  |          |       |                    |          |       |
| Demand deposits                                     | 5,251.4            |          |       | 3,400.1                          |          |       | 1,076.8            |          |       |
| Other liabilities                                   | 241.7              |          |       | 203.4                            |          |       | 127.4              |          |       |
| Stockholders' equity                                | 2,400.8            |          |       | 1,801.1                          |          |       | 865.7              |          |       |
| <b>Total liabilities &amp; stockholders' equity</b> | <b>\$18,935.4</b>  |          |       | <b>\$14,722.1</b>                |          |       | <b>\$8,426.2</b>   |          |       |
| Net interest income and margin (te)                 |                    | 722.5    | 4.48% |                                  | \$533.1  | 4.25% |                    | \$282.0  | 3.88% |
| Net earning assets and spread                       | \$ 5,078.6         |          | 4.33% | \$ 3,226.2                       |          | 4.06% | \$ 906.5           |          | 3.71% |
| Interest cost of funding earning assets             |                    |          | 0.32% |                                  |          | 0.57% |                    |          | 1.13% |

- (a) Tax equivalent (te) amounts are calculated using a marginal federal income tax rate of 35%.  
(b) Includes nonaccrual loans and loans held for sale.  
(c) Average securities do not include unrealized holding gains or losses on available for sale securities.

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

|   | 2012 Compared to 2011 |          |                           | 2011 Compared to 2010 |           |                           |
|---|-----------------------|----------|---------------------------|-----------------------|-----------|---------------------------|
|   | Due to Change in      |          | Total Increase (Decrease) | Due to Change in      |           | Total Increase (Decrease) |
|   | Volume                | Rate     |                           | Volume                | Rate      |                           |
|   | (In thousands)        |          |                           |                       |           |                           |
| <b>Interest Income (te)</b>                       |                       |          |                           |                       |           |                           |
| Loans (te) (c)                                    | \$166,170             | \$ 2,259 | \$168,429                 | \$209,576             | \$ 4,890  | \$214,466                 |
| Investment Securities:                            |                       |          |                           |                       |           |                           |
| U.S. Treasury securities                          | (78)                  | 43       | (35)                      | (16)                  | (14)      | (30)                      |
| U.S. agency securities                            | (3,772)               | 241      | (3,531)                   | 2,763                 | (1,099)   | 1,664                     |
| CMOs  | 16,388                | (5,498)  | 10,890                    | 10,928                | (2,521)   | 8,407                     |
| Mortgage-backed securities                        | 10,533                | (14,773) | (4,240)                   | 32,333                | (19,111)  | 13,222                    |
| Obligations of states and political subdivisions: |                       |          |                           |                       |           |                           |
| Taxable   | 120                   | (350)    | (230)                     | (192)                 | 333       | 141                       |
| Nontaxable (te)                                   | 424                   | (718)    | (294)                     | 3,221                 | (1,990)   | 1,231                     |
| Other securities                                  | (731)                 | (42)     | (773)                     | 370                   | (106)     | 264                       |
| Total investment in securities (te)               | 22,884                | (21,097) | 1,787                     | 49,407                | (24,508)  | 24,899                    |
| Federal funds sold and short-term investments     | (440)                 | 228      | (212)                     | 541                   | (160)     | 381                       |
| Total interest income (te)                        | 188,614               | (18,610) | 170,004                   | 259,524               | (19,778)  | 239,746                   |
| Interest-bearing transaction deposits             | 2,846                 | (3,966)  | (1,120)                   | 5,401                 | (5,625)   | (224)                     |
| Time deposits                                     | (4,251)               | (16,578) | (20,829)                  | 900                   | (13,516)  | (12,616)                  |
| Public funds                                      | 495                   | (1,496)  | (1,001)                   | 1,211                 | (5,583)   | (4,372)                   |
| Total interest-bearing deposits                   | (910)                 | (22,040) | (22,950)                  | 7,512                 | (24,724)  | (17,212)                  |
| Repurchase agreements                             | 753                   | (1,825)  | (1,072)                   | 3,324                 | (5,616)   | (2,292)                   |
| Other interest-bearing liabilities                | (75)                  | 39       | (36)                      | 304                   | (253)     | 51                        |
| Long-term debt                                    | 5,307                 | (538)    | 4,769                     | 8,114                 | (35)      | 8,079                     |
| Total interest expense                            | 5,075                 | (24,364) | (19,289)                  | 19,254                | (30,628)  | (11,374)                  |
| Net interest income (te) variance                 | \$183,539             | \$ 5,754 | \$189,293                 | \$240,270             | \$ 10,850 | \$251,120                 |

- (a) Tax equivalent (te) amounts are calculated using a marginal federal income tax rate of 35%.
- (b) Amounts shown as due to changes in either volume or rate includes an allocation of the amount that reflects the interaction of volume and rate changes. This allocation is based on the absolute dollar amounts of change due solely to changes in volume or rate.
- (c) Includes nonaccrual loans and loans held for sale.

## **Provision for Loan Losses**

The provision for loan losses was \$54.2 million in 2012 compared to a provision of \$38.7 million in 2011. At the end of 2012, the Company completed a bulk sale of approximately \$40 million of loans. Approximately \$36 million of the loans sold were previously reported as nonperforming loans. The remaining \$4 million of loans sold were acquired credit-impaired credits that were not reported as nonperforming loans under purchase accounting. The sale added \$13.7 million to the provision for loan losses, and \$16.2 million to net charge-offs for 2012. Specific reserves totaling \$2.5 million had been previously recorded on loans included in the sale. The credits sold had a total of approximately \$56 million in remaining contractual principal.

During 2012, the Company recorded a \$41.0 million increase in the allowance for losses related to impairment of certain pools of covered loans, with a related increase of \$38.2 million in the Company's FDIC loss share receivable. The net impact on provision expense was \$2.8 million in 2012 compared to \$3.0 million in 2011. Decreases in the expected cash flows on covered loans are recorded as an adjustment to the allowance for loan losses with a corresponding increase to the loss share receivable, and the difference is recorded as a provision for loan losses in the consolidated statement of income.

The section below on the "Allowance for Loan and Lease Losses" provides additional information on changes in the allowance for loans losses and general credit quality. Certain differences in the determination of the allowance for loan losses for originated loans and for acquired performing loans and acquired impaired loans (which includes all covered loans) are described in Note 1 to the consolidated financial statements.

## **Noninterest Income**

Noninterest income for 2012 totaled \$253.7 million, a \$47.4 million (23%) increase from 2011. The full-year impact of the acquired Whitney operations in 2012 was the primary factor behind this overall increase.

Income from service charges on deposit accounts increased \$23.0 million (42%) in 2012 compared to 2011. The Company began offering new and standardized products and services across its footprint in conjunction with the core systems integration in March 2012. The additional revenue generated from these product changes supplemented the increase of service charge income from the full-year impact of Whitney's operations. 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.

Bank card fees were up 10%, but would have shown a decline excluding the full-year impact of Whitney's operations. Restrictions on debit card interchange rates that arose from the implementation of the Durbin amendment to the Dodd-Frank Act began impacting Whitney Bank in the fourth quarter of 2011 and Hancock Bank at the beginning of the third quarter of 2012. The restrictions reduced Whitney Bank fees by approximately \$2.5 million per quarter and Hancock Bank fees by approximately \$2.0 million per quarter. The Durbin interchange restrictions also negatively impacted ATM fees beginning in the third quarter of 2012. These revenue losses were partially offset by an increase in merchant processing revenue starting with the third quarter of 2012 that was related to the reacquisition of the Company's merchant business and a change in the terms of the servicing agreement.

Fees from secondary mortgage market operations increased \$6.0 million in 2012 (57%) compared to 2011. In addition to the favorable impact from a full-year of Whitney's operations in 2012, the Company's origination volume and fees benefited as consumers took advantage of historically low rates to refinance or purchase their homes in an improving economic environment.

Fluctuations in the accretion on the FDIC loss share receivable reflect changes in the amount and timing of projected cash flows related to the reimbursements under the loss sharing agreements. These projections are updated as loss estimates related to the various covered loan pools change.

Noninterest income for 2011 totaled \$206.3 million, a \$69.4 million (51%) increase over 2010. Excluding the estimated impact of the Whitney acquisition, noninterest income was up \$10.0 million, or 7%. An \$11.8 million increase in the accretion of the FDIC loss share receivable and improvements in several other income categories were partly offset by a \$6.0 million reduction in service charge revenue from legacy Hancock customers. Investment brokerage and annuity sales fees from legacy Hancock operations increased \$2.5 million (24%) due mainly to improved financial market conditions. ATM fees were up \$2.1 million (22%) in 2011 due to increased activity and the impact of changes in the fee structure during 2010. The decrease in service charges was due mainly to lower overdraft and NSF fees resulting from new consumer protection regulations implemented during the third quarter of 2010.

Table 3 presents the components of noninterest income for the prior three years along with the percentage changes between years:

**TABLE 3. Noninterest Income**

|   | <u>2012</u>      | <u>% Change</u> | <u>2011</u>       | <u>% Change</u> | <u>2010</u>      |
|---|------------------|-----------------|-------------------|-----------------|------------------|
|   |                  |                 | (\$ in thousands) |                 |                  |
| Service charges on deposit accounts     | \$ 78,246        | 42%             | \$ 55,265         | 22%             | \$ 45,335        |
| Trust fees                              | 32,736           | 37              | 23,940            | 43              | 16,715           |
| Bank card fees                          | 31,698           | 10              | 28,879            | 93              | 14,941           |
| Investment and annuity fees             | 18,033           | 20              | 15,016            | 47              | 10,181           |
| ATM fees                                | 17,414           | 24              | 14,052            | 48              | 9,486            |
| Secondary mortgage market operations    | 16,488           | 57              | 10,484            | 18              | 8,915            |
| Insurance commissions and fees          | 15,692           | (5)             | 16,524            | 14              | 14,461           |
| Accretion of FDIC loss share receivable | 5,000            | (70)            | 16,689            | 241             | 4,890            |
| Income from bank-owned life insurance   | 11,163           | 20              | 9,311             | 78              | 5,219            |
| Credit-related fees                     | 6,681            | 16              | 5,752             | 296             | 1,451            |
| Income from derivatives                 | 3,600            | 374             | 760               | n/m             | —                |
| Gain on sales of assets                 | 4,366            | 303             | 1,083             | 75              | 618              |
| Safety deposit box income               | 2,006            | 26              | 1,591             | 89              | 841              |
| Other miscellaneous income              | 9,072            | 28              | 7,081             | 82              | 3,896            |
| Securities transactions gains, net      | 1,552            | 1,805           | (91)              | n/m             | —                |
| <b>Total noninterest income</b>         | <u>\$253,747</u> | <u>23%</u>      | <u>\$206,336</u>  | <u>51%</u>      | <u>\$136,949</u> |

n/m = not meaningful

### Noninterest Expense

Noninterest expense for 2012 totaled \$713.1 million, an increase of \$119.1 million (20%) compared to 2011. Excluding merger-related expenses totaling \$45.8 million in 2012 and \$86.8 million in 2011, noninterest expense increased \$160.0 million (32%) to \$667.3 million in 2012 compared to 2011. The overall increase was due primarily to the full-year impact of Whitney's acquired operations, net of the cost savings realized as Whitney's operations were successfully integrated into Hancock.

Table 4 presents the components of noninterest expense for the prior three years along with the percentage changes between years. In Table 4 and the following discussion, merger-related expenses are excluded from the individual components and addressed separately.

**TABLE 4. Noninterest Expense**

|                                       | <u>2012</u>       | <u>% Change</u> | <u>2011</u>      | <u>% Change</u> | <u>2010</u>      |
|---------------------------------------|-------------------|-----------------|------------------|-----------------|------------------|
|                                       | (\$ in thousands) |                 |                  |                 |                  |
| Employee compensation                 | \$284,962         | 29%             | \$220,720        | 96%             | \$112,457        |
| Employee benefits                     | 71,772            | 38              | 51,922           | 76              | 29,558           |
| Total personnel expense               | 356,734           | 31              | 272,642          | 92              | 142,015          |
| Net occupancy expense                 | 53,856            | 26              | 42,890           | 80              | 23,799           |
| Equipment                             | 21,862            | 29              | 16,972           | 61              | 10,512           |
| Data processing expense               | 46,819            | 17              | 39,906           | 76              | 22,702           |
| Professional services                 | 33,021            | 14              | 29,029           | 91              | 15,184           |
| Amortization of intangible assets     | 32,067            | 94              | 16,551           | 507             | 2,728            |
| Telecommunications and postage        | 21,062            | 20              | 17,617           | 61              | 10,959           |
| Deposit insurance and regulatory fees | 14,902            | 15              | 12,974           | 14              | 11,401           |
| Advertising                           | 8,155             | (30)            | 11,729           | 54              | 7,600            |
| Ad valorem and franchise taxes        | 8,321             | 56              | 5,330            | 49              | 3,568            |
| Printing and supplies                 | 6,534             | 30              | 5,040            | 131             | 2,186            |
| Other real estate owned expense, net  | 13,866            | 101             | 6,910            | 54              | 4,475            |
| Insurance expense                     | 5,494             | 27              | 4,313            | 115             | 2,010            |
| Merger-related expenses               | 45,789            | n/m             | 86,762           | n/m             | 3,167            |
| Other expense                         | 44,585            | 76              | 25,349           | 50              | 16,954           |
| Total noninterest expense             | <u>\$713,067</u>  | <u>20%</u>      | <u>\$594,014</u> | <u>113%</u>     | <u>\$279,260</u> |

n/m = not meaningful

The components of merger-related expenses:

|                                | <u>2012</u>     | <u>2011</u>     | <u>2010</u>    |
|--------------------------------|-----------------|-----------------|----------------|
| Personnel                      | \$ 9,450        | \$13,960        | \$ 27          |
| Net occupancy expense          | 611             | 330             | 4              |
| Equipment                      | 2,235           | 552             | 57             |
| Data processing expense        | 3,116           | 3,163           | 944            |
| Professional services          | 24,436          | 40,902          | 1,263          |
| Telecommunications and postage | 375             | 897             | 60             |
| Advertising                    | 5,360           | 5,958           | 113            |
| Printing and supplies          | 957             | 568             | 194            |
| Insurance expense              | —               | 3,177           | —              |
| Other expense                  | (751)           | 17,255          | 505            |
| Total merger-related expenses  | <u>\$45,789</u> | <u>\$86,762</u> | <u>\$3,167</u> |

Total personnel expense increased \$84.1 million (31%) in 2012 compared to 2011. The full-time equivalent workforce has been reduced by approximately 14% from the level shortly after the Whitney acquisition in June 2011 through the end of 2012, with most of the reductions following the completion of the core systems conversion and merger-related branch consolidations in March 2012. Several additional branches were closed in the fourth quarter of 2012 as part of management's ongoing branch rationalization process.

Occupancy, equipment and data processing expense increased a combined \$22.8 million (23%), as the impact of Whitney's operations was partially offset by reductions associated with the data systems conversion, the consolidated of branch networks and back-office operations, and the branch rationalization process.

Amortization of intangible assets is associated mainly with the value of core deposit relationships and other identifiable intangibles acquired in bank acquisitions. Amortization expense of \$29.5 million is scheduled for 2013. Note 2 to the consolidated financial statements reviews recently completed acquisitions and Note 8 presents additional information on intangible assets subject to amortization.

Expenses related to other real estate owned (ORE) increased \$7.0 million (101%) in 2012 compared to 2011, due mainly to valuation losses on ORE acquired from Whitney and unreimbursed losses on the increased volume of covered loans moving through the foreclosure process into ORE and to final resolution.

Other expenses for 2012 includes the \$5.3 million expense associated with the repurchase of a portion of Whitney Bank's subordinated debt. The remaining increase of \$13.9 million reflects mainly the impact of Whitney's operations.

Total noninterest expense for 2011 increased \$314.8 million (113%) to \$594.0 million, primarily due to the part-year impact of the Whitney acquisition. Excluding merger-related expenses totaling \$86.8 million in 2011 and \$3.2 million in 2010, and approximately \$213 million of expenses added in 2011 from the Whitney acquisition, noninterest expense increased \$17.8 million (6%).

Total personnel expense in 2011(excluding \$114.3 million of Whitney expenses), increased \$16.3 million (11%) compared to the prior year. Normal salary adjustments, additional incentive-based compensation and some strategic staff additions appropriate to the Company's expanded scope of operations following the Whitney acquisition and increases in both health and pension benefits were the primary components of this increase.

Deposit insurance and regulatory fees decreased \$3.6 million (32%) in 2011, excluding expenses associated with Whitney's operations. The implementation of a new deposit insurance assessment calculation method in 2011 had a favorable impact on the Banks' premiums. Excluding the impact of the Whitney acquisition, no significant trends were identified underlying the changes in other noninterest expense categories between 2011 and 2010.

### **Income Taxes**

Income tax expense was \$45.6 million in 2012, \$18.1 million in 2011 and \$9.7 million in 2010. Our effective income tax rate continues to be less than the statutory rate of 35%, due primarily to tax-exempt income and tax credits. The effective tax rates for 2012, 2011 and 2010 were 23%, 19% and 15%, respectively. Note 17 to the consolidated financial statements reconciles reported income tax expense to the amount determined by applying the statutory rate to income before income taxes.

### **SEGMENT REPORTING**

The Company's primary operating segments consist of the Hancock segment, which coincides generally with the Company's Hancock Bank subsidiary, and the Whitney segment, which coincides generally with its Whitney Bank subsidiary. Each Bank segment offers commercial, consumer and mortgage loans and deposit services, as well as certain other services, such as trust and treasury management services. Although the Bank segments offer the same products and services, they are managed separately due to different pricing, product demand, and consumer markets. On June 4, 2011, the Company completed its acquisition of Whitney Holding Corporation, the parent of Whitney National Bank. Whitney National Bank was merged into Hancock Bank of Louisiana, and the combined entity was renamed Whitney Bank. On March 15, 2012, Whitney Bank transferred the assets and liabilities of its operations in Florida, Alabama and Mississippi to Hancock Bank. The transfer included approximately \$1.4 billion of earning assets and a comparable amount of deposits. Note 19 to the consolidated financial statements provides comparative financial information for the reportable operating segments for 2012, 2011, and 2010. In the tables in Note 19, the "Other" column includes activities of other consolidated subsidiaries and the holding company which do not constitute reportable segments under the relevant accounting guidelines. These subsidiaries provide investment services, insurance agency services, insurance underwriting and various other services to third parties.

Of the Company's total operating income of \$184.0 million for 2012, the Hancock segment generated approximately \$55.4 million and the Whitney segment generated approximately \$124.2 million. Operating income is defined as net income less tax-effected merger-related expenses, debt redemption costs and securities

transactions. Operating income was up \$18.6 million (50%) over 2011 for the Hancock segment and \$32.7 million (36%) for the Whitney segment, with each increase reflecting primarily the full-year impact of Whitney's acquired operations and the reorganization of these operations in March 2012.

Net interest income for both the Hancock and Whitney segments also benefited from an increased rate of accretion on the purchased loan portfolios during 2012. The Hancock segment includes the FDIC covered portfolio as well as a portion of the portfolio acquired in the Whitney transaction, while the Whitney segment includes the majority of the Whitney acquired loans. A decrease in the accretion on the FDIC loss share receivable in 2012 reduced the Hancock segment's noninterest income by \$11.7 million compared to 2011. The bulk sale of problem loans toward the end of 2012 added approximately \$5.1 million to the provision for loan losses for the Hancock segment and \$8.6 million to the provision for the Whitney segment. There was a small decrease for 2012 in the Hancock segment's provision associated with the FDIC covered portfolio. Excluding the impact of the bulk loan sale in late 2012, the Whitney segment's provision for loan losses increased approximately \$6.7 million compared to 2011, reflecting both loan growth and the impact of a moderate increase in non-performing loans and charge-offs associated with a limited number of originated commercial credits in Louisiana markets and some smaller dollar residential mortgage and commercial credits from the Whitney acquired performing portfolio. The cost savings realized as Whitney's operations were successfully integrated into Hancock are primarily reflected in the comparative results of the Whitney segment.

## **BALANCE SHEET ANALYSIS**

### **Investment Securities**

Our investment in securities was \$3.7 billion at December 31, 2012, compared to \$4.5 billion at December 31, 2011. The decline of \$780 million from the end of 2011 reflects mainly the use of proceeds from maturities and scheduled repayments to fund the net loan growth and reduction in short-term borrowings discussed below. Also as discussed later, the Company opted to maintain additional short-term liquidity balances at the end of 2012 in anticipation of possible increased demands on liquidity as a result of the expiration of the FDIC's Transaction Account Guarantee (TAG) program.

At December 31, 2011, all securities were classified as available for sale. At December 31, 2012, we had \$2.0 billion in available for sale securities and \$1.7 billion in held to maturity.

During the first quarter of 2012, the Company reclassified approximately \$1.5 billion of securities available for sale as securities held to maturity. As a result of the acquisition of Whitney National Bank, the securities portfolio increased to a level that caused us to conclude that only a portion of the portfolio is needed to be held for sale for liquidity purposes. The securities reclassified consisted primarily of CMOs and in-market municipal securities. The securities were transferred at fair value, which became the cost basis for the securities held to maturity. The unrealized net holding gain on the available for sale securities on the date of transfer totaled approximately \$39 million, and continued to be reported, net of tax, as a component of accumulated other comprehensive income. This net unrealized gain is being accreted to interest income over the remaining life of the securities as a yield adjustment, which serves to offset the impact of the amortization of the net premium created in the transfer. There were no gains or losses recognized as a result of this transfer.

Our securities portfolio consists mainly of residential mortgage-backed securities and CMOs that are issued or guaranteed by U.S. government agencies. The portfolio is designed to enhance liquidity while providing an acceptable rate of return. We invest only in high quality securities of investment grade quality with a targeted duration, for the overall portfolio, generally between two to five years. At December 31, 2012, the average maturity of the portfolio was 3.16 years with an effective duration of 2.19 years and a weighted-average yield of 2.71%. At December 31, 2011, the average maturity of the portfolio was 3.69 years with an effective duration of 2.26 years and a weighted-average yield of 3.22%.

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. Investments classified as available for sale are carried at fair value with held to maturity securities carried at amortized cost. Unrealized holding gains on available for sale securities 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.

The amortized costs of securities at December 31, 2012 and 2011 was as follows (in thousands):

**TABLE 5. Securities by Type**

|                                      | December 31,       |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | 2012               | 2011               |
| <b>Available for sale securities</b> |                    |                    |
| U.S. Treasury                        | \$ 150             | \$ 150             |
| U.S. government agencies             | 18,096             | 248,595            |
| Municipal obligations                | 49,608             | 294,489            |
| Mortgage-backed securities           | 1,715,524          | 2,422,891          |
| CMOs                                 | 196,723            | 1,426,495          |
| Other debt securities                | 2,250              | 4,517              |
| Equity securities                    | 4,531              | 4,208              |
|                                      | <u>\$1,986,882</u> | <u>\$4,401,345</u> |
| <b>Held to maturity securities</b>   |                    |                    |
| Municipal obligations                | \$ 164,493         | \$ —               |
| Mortgage-backed securities           | 180,397            | —                  |
| CMOs                                 | 1,323,128          | —                  |
|                                      | <u>\$1,668,018</u> | <u>\$ —</u>        |

The amortized cost, yield and fair value of debt securities at December 31, 2012, by contractual maturity, were as follows (in thousands):

**TABLE 6. Securities Maturities by Type**

|                              | One<br>Year or<br>Less | Over One<br>Year<br>Through<br>Five Years | Over Five<br>Years<br>Through<br>Ten Years | Over<br>Ten<br>Years | Total              | Fair Value         | Weighted<br>Average<br>Yield |
|------------------------------|------------------------|---|--|----------------------|--------------------|--------------------|------------------------------|
| <b>Available for sale</b>    |                        |   |  |                      |                    |                    |                              |
| U.S. Treasury                | \$ —                   | \$ 150                                    | \$ —                                       | \$ —                 | \$ 150             | \$ 158             | 4.65%                        |
| U.S. government agencies     | 18,096                 | —   | —  | —                    | 18,096             | 18,107             | 1.85%                        |
| Municipal obligations        | 24,584                 | 21,298                                    | 3,703                                      | 23                   | 49,608             | 50,165             | 2.62%                        |
| Mortgage-backed securities   | 925                    | 21,818                                    | 246,098                                    | 1,446,683            | 1,715,524          | 1,774,406          | 3.43%                        |
| CMOs                         | —                      | 196,723                                   | —  | —                    | 196,723            | 198,077            | 1.37%                        |
| Other debt securities        | 250                    | 2,000                                     | —  | —                    | 2,250              | 2,250              | 2.28%                        |
| <b>Total debt securities</b> | <u>\$43,855</u>        | <u>\$241,989</u>                          | <u>\$249,801</u>                           | <u>\$1,446,706</u>   | <u>\$1,982,351</u> | <u>\$2,043,163</u> | 3.19%                        |
| Fair Value                   | <u>\$44,003</u>        | <u>\$244,207</u>                          | <u>\$259,924</u>                           | <u>\$1,495,029</u>   | <u>\$2,043,163</u> |                    |                              |
| Weighted Average Yield       | 2.41%                  | 1.77%                                     | 4.59%                                      | 3.22%                | 3.19%              |                    |                              |
| <b>Held to maturity</b>      |                        |   |  |                      |                    |                    |                              |
| Municipal obligations        | \$14,545               | \$ 45,611                                 | \$ 88,795                                  | \$ 15,542            | \$ 164,493         | \$ 180,510         | 4.35%                        |
| Mortgage-backed securities   | —                      | —   | —  | 180,397              | 180,397            | 183,826            | 1.90%                        |
| CMOs                         | —                      | 372,257                                   | 5,789                                      | 945,082              | 1,323,128          | 1,346,129          | 1.92%                        |
| <b>Total debt securities</b> | <u>\$14,545</u>        | <u>\$417,868</u>                          | <u>\$ 94,584</u>                           | <u>\$1,141,021</u>   | <u>\$1,668,018</u> | <u>\$1,710,465</u> | 2.15%                        |
| Fair Value                   | <u>\$14,626</u>        | <u>\$427,022</u>                          | <u>\$104,739</u>                           | <u>\$1,164,078</u>   | <u>\$1,710,465</u> |                    |                              |
| Weighted Average Yield       | 3.56%                  | 1.14%                                     | 4.39%                                      | 2.33%                | 2.15%              |                    |                              |

## Loan Portfolio

Total loans (net of unearned discount) at December 31, 2012 were \$11.6 billion, an increase of \$400.8 million (4%) from December 31, 2011, with most of the growth coming in the last half of the year. Excluding the FDIC-covered portfolio acquired with Peoples First, total loans were up \$556 million (5%) compared to year-end 2011. During 2012, net growth in commercial non-real estate (C&I), residential mortgage and consumer loans was partially offset by net reductions in construction and land development (C&D) and commercial real estate (CRE) credits. Hancock's loan pipeline remains strong, but the market for new loans remains highly competitive. Although management expects continued net loan growth in future quarters, the rate of growth may be below that experienced over the last half of 2012.

The assessment and monitoring of the risk and performance of the loan portfolio is currently performed at the aggregate levels of commercial, residential mortgage and consumer, where the commercial category includes C&I, C&D, and CRE loans. As a result, we have historically reported credit quality information at these aggregate levels, without further break out of the commercial category. We are in the process of enhancing certain aspects of our allowance methodology and credit risk monitoring activities that will include refining certain data and reporting methods and that will lead to a higher level of disaggregation of the commercial loan portfolio for purposes of reporting credit quality statistical information in future periods. We intend to have these new processes and refinements operational in 2013. We provide the more detailed breakout of commercial loans where the information is currently available in the following loan tables.

The following table sets forth, for the periods indicated, the composition of our loan portfolio distinguished among loans originated, acquired and covered.

**Table 7. Loans Outstanding by Type**

|                                   | December 31,        |                     |                    |                    |                    |
|-----------------------------------|---------------------|---------------------|--------------------|--------------------|--------------------|
|                                   | 2012                | 2011                | 2010               | 2009               | 2008               |
|                                   | (In thousands)      |                     |                    |                    |                    |
| <b>Originated loans:</b>          |                     |                     |                    |                    |                    |
| Commercial non-real estate        | \$ 2,713,385        | \$ 1,525,409        | \$1,046,431        | \$ 984,057         | \$1,011,942        |
| Construction and land development | 665,673             | 540,806             | 495,590            | 535,439            | 585,375            |
| Commercial real estate            | 1,548,402           | 1,259,757           | 1,231,414          | 1,162,838          | 1,083,828          |
| Residential mortgages             | 827,985             | 487,147             | 366,183            | 395,946            | 427,545            |
| Consumer                          | 1,351,776           | 1,074,611           | 1,008,395          | 1,084,925          | 1,140,600          |
| <b>Total originated loans</b>     | <u>\$ 7,107,221</u> | <u>\$ 4,887,730</u> | <u>\$4,148,013</u> | <u>\$4,163,205</u> | <u>\$4,249,290</u> |
| <b>Acquired loans:</b>            |                     |                     |                    |                    |                    |
| Commercial non-real estate        | \$ 1,690,643        | \$ 2,236,758        | \$ —               | \$ —               | \$ —               |
| Construction and land development | 295,151             | 603,371             | —                  | —                  | —                  |
| Commercial real estate            | 1,279,546           | 1,656,515           | —                  | —                  | —                  |
| Residential mortgages             | 486,444             | 734,669             | —                  | —                  | —                  |
| Consumer                          | 202,974             | 386,540             | —                  | —                  | —                  |
| <b>Total acquired loans</b>       | <u>\$ 3,954,758</u> | <u>\$ 5,617,853</u> | <u>\$ —</u>        | <u>\$ —</u>        | <u>\$ —</u>        |
| <b>Covered loans:</b>             |                     |                     |                    |                    |                    |
| Commercial non-real estate        | \$ 29,260           | \$ 38,063           | \$ 35,190          | \$ 661             | \$ —               |
| Construction and land development | 28,482              | 118,828             | 157,267            | 298,500            | —                  |
| Commercial real estate            | 95,146              | 82,651              | 181,873            | 179,416            | —                  |
| Residential mortgages             | 263,515             | 285,682             | 293,506            | 343,953            | —                  |
| Consumer                          | 99,420              | 146,219             | 141,315            | 128,440            | —                  |
| <b>Total covered loans</b>        | <u>\$ 515,823</u>   | <u>\$ 671,443</u>   | <u>\$ 809,151</u>  | <u>\$ 950,970</u>  | <u>\$ —</u>        |
| <b>Total loans:</b>               |                     |                     |                    |                    |                    |
| Commercial non-real estate        | \$ 4,433,288        | \$ 3,800,230        | \$1,081,621        | \$ 984,718         | \$1,011,942        |
| Construction and land development | 989,306             | 1,263,005           | 652,857            | 833,939            | 585,375            |
| Commercial real estate            | 2,923,094           | 2,998,923           | 1,413,287          | 1,342,254          | 1,083,828          |
| Residential mortgages             | 1,577,944           | 1,507,498           | 659,689            | 739,899            | 427,545            |
| Consumer                          | 1,654,170           | 1,607,370           | 1,149,710          | 1,213,365          | 1,140,600          |
| <b>Total loans</b>                | <u>\$11,577,802</u> | <u>\$11,177,026</u> | <u>\$4,957,164</u> | <u>\$5,114,175</u> | <u>\$4,249,290</u> |

Originated loans include all loans not included in the acquired and covered loan portfolios described below. Acquired loans are those purchased in the Whitney acquisition on June 4, 2011, including loans that were performing satisfactorily at the date (acquired performing) and loans acquired with evidence of credit deterioration (acquired impaired). Covered loans are those purchased in the December 2009 acquisition of Peoples First, which are covered by loss share agreements between the FDIC and the Company that afford significant loss protection. Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date without carryover of any allowance for loan losses. Certain differences in the accounting for originated loans and for acquired performing and acquired impaired loans (which include all covered loans) are described in Note 4 to the consolidated financial statements.

Originated C&I loans were up \$1.2 billion since December 31, 2011. The net increase reflected activity with both new and existing customers, including certain activity with relationships acquired in the Whitney acquisition. Considered together, originated and acquired C&I loans increased a combined \$642 million during 2012. While most markets across the Company's footprint reported C&I growth, the most significant activity was concentrated in the Company's market areas in Louisiana, the Houston, Texas market, and several Florida market areas, with a sizeable portion of the new business generated from customers in the oil and gas energy sector.

The Company's commercial customer base is diversified over a range of industries, including oil and gas (O&G), wholesale and retail trade in various durable and nondurable products and the manufacture of such products, marine transportation and maritime construction, financial and professional services, and agricultural production. Loans outstanding to O&G industry customers totaled approximately \$905 million at December 31, 2012, up approximately \$300 million from December 31, 2011. The majority of the O&G portfolio is with customers who provide transportation and other services and products to support exploration and production activities. The Banks' C&I lending is mainly to middle-market and smaller commercial entities, although they do occasionally participate in larger shared-credit loan facilities with businesses well known to the relationship officers and operating in the Company's market areas. Shared credits funded at December 31, 2012 totaled approximately \$1.0 billion, of which approximately \$466 million was with O&G customers.

Originated C&D loans and originated commercial real estate (CRE) loans, which include loans on both income-producing and owner-occupied properties, increased a combined \$414 million during 2012, with \$164 million of net growth in the fourth quarter. This increase reflects the funding of existing commitments as well as some new business across the Company's footprint and covers a variety of retail, multi-family residential, commercial and other projects, including some sizable projects to expand or renovate established properties in Louisiana. Overall, however, opportunities for funding new quality projects in today's environment remain limited.

Originated residential mortgages were up \$341 million during 2012, and originated consumer loans increased \$277 million over this period. The Company has increased its emphasis on residential mortgages to be held in the loan portfolio, and customer demand has been supported by historically low interest rates for home loans. Lending campaigns for indirect auto loans and home equity loans initiated in the second quarter of 2012 contributed to the growth in the originated consumer portfolio.

The portfolio of acquired Whitney loans has declined \$1.7 billion since December 31, 2011, with a \$546 million decline in the C&I category, \$685 million in the C&D and CRE categories, and \$432 million in the residential mortgage and consumer loans categories. There were no significant trends underlying the reduction in the C&I category, and, as noted earlier the Company continues its relationship with many of the commercial customers who have paid down their loans since the acquisition. Reductions in acquired C&D and CRE categories as well as the residential mortgage and consumer categories reflected mainly normal repayment and refinancing activity.

Total covered loans at December 31, 2012 were down \$156 million from December 31, 2011. These reductions reflect normal repayments, charge-offs and foreclosures. The covered portfolio will continue to decline over the terms of the loss share agreements.

The following table shows average loans for each of the prior three years and the effective taxable-equivalent yield earned on each category presented.

**Table 8. Average Loans**

|                                   | Years Ended December 31, |              |              |                    |              |              |                    |              |              |
|-----------------------------------|--------------------------|--------------|--------------|--------------------|--------------|--------------|--------------------|--------------|--------------|
|                                   | 2012                     |              |              | 2011               |              |              | 2010               |              |              |
|                                   | Balance (\$000s)         | Yield (te)   | Pct of total | Balance (\$000s)   | Yield (te)   | Pct of total | Balance (\$000s)   | Yield (te)   | Pct of total |
| <b>Total loans:</b>               |                          |              |              |                    |              |              |                    |              |              |
| Commercial non-real estate        | \$ 4,007,506             | 4.61%        | 35%          | \$2,590,707        | 4.90%        | 30%          | \$1,012,950        | 5.72%        | 20%          |
| Construction and land development | 1,157,064                | 7.23%        | 10%          | 1,022,344          | 6.04%        | 12%          | 712,818            | 4.21%        | 14%          |
| Commercial real estate            | 2,897,317                | 6.25%        | 26%          | 2,354,944          | 6.01%        | 28%          | 1,369,077          | 5.54%        | 27%          |
| Residential mortgages             | 1,571,465                | 7.11%        | 14%          | 1,137,922          | 6.85%        | 13%          | 733,996            | 6.14%        | 15%          |
| Consumer                          | 1,651,387                | 6.99%        | 15%          | 1,408,104          | 6.98%        | 17%          | 1,176,912          | 7.21%        | 24%          |
| <b>Total loans</b>                | <b>\$11,284,739</b>      | <b>6.00%</b> | <b>100%</b>  | <b>\$8,514,021</b> | <b>5.97%</b> | <b>100%</b>  | <b>\$5,005,753</b> | <b>5.86%</b> | <b>100%</b>  |

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, 2012<br>Maturity Range |                              |                    |                     |
|-----------------------------------|-------------------------------------|------------------------------|--------------------|---------------------|
|                                   | Within One Year                     | After One Through Five Years | After Five Years   | Total               |
|                                   | (In thousands)                      |                              |                    |                     |
| <b>Total loans:</b>               |                                     |                              |                    |                     |
| Commercial loans:                 |                                     |                              |                    |                     |
| Commercial non-real estate        | \$2,163,513                         | \$1,599,121                  | \$ 670,654         | \$ 4,433,288        |
| Construction and land development | 386,204                             | 390,815                      | 212,287            | 989,306             |
| Commercial real estate            | 735,140                             | 1,534,718                    | 653,236            | 2,923,094           |
| Residential mortgage loans        | 146,662                             | 239,979                      | 1,191,303          | 1,577,944           |
| Consumer loans                    | 296,646                             | 605,607                      | 751,917            | 1,654,170           |
| <b>Total loans</b>                | <b>\$3,728,165</b>                  | <b>\$4,370,240</b>           | <b>\$3,479,397</b> | <b>\$11,577,802</b> |

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, 2012  |                    |                    |
|-----------------------------------|--------------------|--------------------|--------------------|
|                                   | Fixed rate         | Floating rate      | Total              |
|                                   | (In thousands)     |                    |                    |
| <b>Total loans:</b>               |                    |                    |                    |
| Commercial loans:                 |                    |                    |                    |
| Commercial non-real estate        | \$1,089,963        | \$1,179,812        | \$2,269,775        |
| Construction and land development | 248,290            | 354,812            | 603,102            |
| Commercial real estate            | 1,230,215          | 957,739            | 2,187,954          |
| Residential mortgage loans        | 761,425            | 669,857            | 1,431,282          |
| Consumer loans                    | 744,417            | 613,107            | 1,357,524          |
| <b>Total loans</b>                | <b>\$4,074,310</b> | <b>\$3,775,327</b> | <b>\$7,849,637</b> |

## Non-performing Assets

The following table sets forth non-performing assets by type for the periods indicated, consisting of non-accrual loans, troubled debt restructurings and other real estate owned (ORE) and foreclosed assets. Loans past due 90 days or more and still accruing are also disclosed. In the following table, commercial loans encompass commercial non-real estate loans, construction and land development loans and commercial real estate loans.

**TABLE 11. Non-performing Assets**

|   | December 31,   |           |           |           |          |
|---|----------------|-----------|-----------|-----------|----------|
|   | 2012           | 2011      | 2010      | 2009      | 2008     |
|   | (In thousands) |           |           |           |          |
| <b>Total loans:</b>   |                |           |           |           |          |
| Loans accounted for on a non-accrual basis:   |                |           |           |           |          |
| Commercial loans  | \$ 98,103      | \$ 69,113 | \$ 83,994 | \$ 46,739 | \$25,510 |
| Commercial loans—restructured   | 14,414         | 4,142     | 8,302     | —         | —        |
| Total commercial loans  | 112,517        | 73,255    | 92,296    | 46,739    | 25,510   |
| Residential mortgage loans  | 17,285         | 25,043    | 21,489    | 32,293    | 4,466    |
| Residential mortgage loans—restructured   | 1,364          | —         | 409       | —         | —        |
| Total residential mortgage loans  | 18,649         | 25,043    | 21,898    | 32,293    | 4,466    |
| Consumer loans  | 6,449          | 4,972     | 6,791     | 7,523     | —        |
| Total non-accrual loans   | 137,615        | 103,270   | 120,985   | 86,555    | 29,976   |
| Restructured loans:   |                |           |           |           |          |
| Commercial loans—non-accrual  | 14,414         | 4,142     | 8,302     | —         | —        |
| Residential mortgage loans—non-accrual  | 1,364          | —         | 409       | —         | —        |
| Total restructured loans—non-accrual  | 15,778         | 4,142     | 8,711     | —         | —        |
| Commercial loans—still accruing   | 15,888         | 12,812    | 3,301     | —         | —        |
| Residential mortgage loans—still accruing   | 549            | 1,191     | 629       | —         | —        |
| Total restructured loans—still accruing   | 16,437         | 14,003    | 3,930     | —         | —        |
| Total restructured loans  | 32,215         | 18,145    | 12,641    | —         | —        |
| ORE and foreclosed assets   | 102,072        | 159,751   | 33,277    | 14,336    | 5,360    |
| Total non-performing assets*  | \$256,124      | \$277,024 | \$158,192 | \$100,891 | \$35,336 |
| Loans 90 days past due still accruing   | \$ 13,244      | \$ 5,880  | \$ 1,492  | \$ 11,647 | \$11,005 |
| <b>Ratios</b>   |                |           |           |           |          |
| Non-performing assets to loans plus ORE and foreclosed assets                         | 2.19%          | 2.44%     | 3.17%     | 1.97%     | 0.83%    |
| Allowance for loan losses to non-performing loans and accruing loans 90 days past due | 81.40%         | 101.40%   | 64.87%    | 67.26%    | 150.62%  |
| Loans 90 days past due still accruing to loans  | 0.11%          | 0.05%     | 0.03%     | 0.23%     | 0.26%    |

\* Includes total non-accrual loans, total restructured loans—still accruing and total ORE and foreclosed assets.

Non-performing assets (NPAs) totaled \$256.1 million at December 31, 2012, compared to \$277.0 million at December 31, 2011. Non-performing assets as a percent of total loans and ORE and foreclosed assets was 2.19% at December 31, 2012, compared to 2.44% at December 31, 2011. Non-performing loans exclude loans from the Whitney and covered Peoples First acquired credit-impaired portfolios that were recorded at estimated fair value at acquisition and are accreting interest income. ORE and foreclosed assets decreased a net \$57.7 million during 2012, reflecting in part some significant sales of legacy Whitney properties.

Non-accrual loans were \$137.6 million at December 31, 2012, an increase of \$34.3 million from December 31, 2011. The net increase in non-accrual loans since the end of 2011 reflects mainly the movement to

non-accrual status of a small number of legacy Hancock credits, primarily CRE credits and a few C&I credits located in Louisiana. The increase also includes certain Whitney acquired performing loans that have moved to non-accrual consisting mainly of smaller dollar residential mortgage and commercial credits, primarily located in Louisiana. Covered loans and Whitney acquired impaired loans were accounted for as loans with prior credit impairment at acquisition and are considered to be performing and accruing due to the application of the accretion method to the underlying loan pools. Covered loans accounted for using the cost recovery method and reported as non-accrual totaled \$4.1 million and \$18.8 million at December 31, 2012 and 2011, respectively. Acquired performing loans subsequently placed in non-accrual status totaled \$30.1 million at December 31, 2012 and \$1.1 million at December 31, 2011.

Loans modified in troubled debt restructurings (TDRs) totaled \$32.2 million at December 31, 2012 compared to \$18.1 million at December 31, 2011. These totals included \$14.4 million and \$1.4 million, respectively, of loans reported with non-accrual loans. TDRs arise 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. Certain loans modified in a TDR may continue to accrue interest, depending on the individual facts and circumstances of the borrower.

ORE and foreclosed assets decreased a net \$57.7 million during 2012. Net reductions were realized both for those assets covered by FDIC loss sharing agreements and for non-covered assets and reflected in part the prudent use of auctions for certain covered assets as well as the sale of some significant legacy Whitney properties. The Company had ORE with a total carrying value of approximately \$33 million under contract at December 31, 2012, with the sales expected to close in the first quarter of 2013. A relatively high rate of additions to covered ORE is expected in the near term as covered loans continue to move through the foreclosure process.

#### **Allowance for Loan and Lease Losses**

Management, with Audit Committee oversight, is 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. For a discussion of this process, see Note 1 to the consolidated financial statements located in Item 8 of this annual report on Form 10-K.

At December 31, 2012, the allowance for loan losses was \$136.2 million compared with \$124.9 million at December 31, 2011. The ratio of the allowance for loan losses as a percent of period-end loans was 1.18% at December 31, 2012, compared to 1.12% at December 31, 2011. The increase in the allowance since the end of 2011 was related mainly to the portfolio covered under FDIC loss-sharing agreements.

The Company recorded a total provision for loan losses during 2012 of \$54.2 million, compared to \$38.7 million in 2011. The majority of the 2012 provision, or \$51.4 million, was for non-covered loans, compared to \$35.7 million in 2011. Approximately \$13.7 million of the 2012 provision was related to the bulk sale of problem credits toward the end of 2012, as discussed in the section entitled "Provision for Loan Losses" in the earlier discussion of "Results of Operations." The Company recorded a \$41.0 million increase in the allowance for losses related to additional impairment on certain pools of FDIC-covered loans, with a related increase of \$38.2 million in the FDIC loss share receivable. The net impact on provision expense from the covered portfolio was \$2.8 million in 2012 compared to \$3.0 million in 2011.

Net charge-offs from the non-covered loan portfolio during 2012 were \$55.0 million, or 0.49% of average total loans, including \$16.2 million related to the bulk loan sale mentioned above. This compares to net non-covered charge-offs of \$33.8 million, or 0.40% of average total loans, for the year ended December 31, 2011. Net charge-offs on the FDIC-covered portfolio totaled \$26.1 million in 2012 compared to \$11.5 million in 2011. The

allowance calculated on the portion of the loan portfolio that excludes covered loans and loans acquired at fair value in the Whitney merger totaled \$78.8 million, or 1.11% of this portfolio at December 31, 2012, and \$83.2 million, or 1.70% at December 31, 2011. This ratio is expected to decline for a period of time as the proportion of this portfolio representing new business from Whitney's operations grows, other factors held constant.

The following table sets forth activity in the allowance for loan losses for the periods indicated. In the following tables, commercial loans encompass commercial non-real estate loans, construction and land development loans and commercial real estate loans.

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

|   | At and For The Years Ended December 31, |           |          |          |          |
|---|---|-----------|----------|----------|----------|
|   | 2012                                    | 2011      | 2010     | 2009     | 2008     |
|   | (In thousands)                          |           |          |          |          |
| Balance of allowance for loan losses at beginning of period | \$124,881                               | \$ 81,997 | \$66,050 | \$61,725 | \$47,123 |
| Loans charged-off:  |   |           |          |          |          |
| Non-covered loans:  |   |           |          |          |          |
| Commercial  | \$ 42,277                               | \$ 43,654 | \$39,393 | \$36,912 | \$12,996 |
| Residential mortgages                                       | 6,275                                   | 2,634     | 4,615    | 3,670    | 1,360    |
| Consumer  | 16,208                                  | 12,500    | 14,258   | 14,333   | 13,051   |
| Total non-covered charge-offs                               | \$ 64,760                               | \$ 58,788 | \$58,266 | \$54,915 | \$27,407 |
| Covered loans:  |   |           |          |          |          |
| Commercial  | \$ 29,947                               | \$ 11,100 | \$ —     | \$ —     | \$ —     |
| Consumer  | 1,094                                   | 375       | —        | —        | —        |
| Total covered charge-offs                                   | 31,041                                  | 11,475    | —        | —        | —        |
| Total charge-offs   | \$ 95,801                               | \$ 70,263 | \$58,266 | \$54,915 | \$27,407 |
| Recoveries of loans previously charged-off:                 |   |           |          |          |          |
| Non-covered loans:  |   |           |          |          |          |
| Commercial  | \$ 5,375                                | \$ 20,006 | \$ 3,491 | \$ 767   | \$ 1,036 |
| Residential mortgages                                       | 324                                     | 1,091     | 740      | 241      | 162      |
| Consumer  | 4,030                                   | 3,887     | 3,353    | 3,642    | 4,026    |
| Total non-covered recoveries                                | \$ 9,729                                | \$ 24,984 | \$ 7,584 | \$ 4,650 | \$ 5,224 |
| Covered loans:  |   |           |          |          |          |
| Commercial  | \$ 4,894                                | \$ —      | \$ —     | \$ —     | \$ —     |
| Consumer  | 78                                      | —         | —        | —        | —        |
| Total covered recoveries                                    | 4,972                                   | —         | —        | —        | —        |
| Total recoveries  | \$ 14,701                               | \$ 24,984 | \$ 7,584 | \$ 4,650 | \$ 5,224 |
| Net charge-offs—non-covered                                 | 55,031                                  | 33,804    | 50,682   | 50,265   | 22,183   |
| Net charge-offs—covered                                     | 26,069                                  | 11,475    | —        | —        | —        |
| Total net charge-offs                                       | \$ 81,100                               | \$ 45,279 | \$50,682 | \$50,265 | \$22,183 |
| Provision for loan losses before FDIC benefit—covered loans | 41,021                                  | 52,437    | 672      | —        | —        |
| Benefit attributable to FDIC loss share agreement           | (38,198)                                | (49,431)  | (638)    | —        | —        |
| Provision for loan losses non-covered loans                 | 51,369                                  | 35,726    | 65,957   | —        | —        |
| Provision for loan losses, net                              | 54,192                                  | 38,732    | 65,991   | 54,590   | 36,785   |
| Increase in FDIC loss share receivable                      | 38,198                                  | 49,431    | 638      | —        | —        |
| Balance of allowance for loan losses at end of period       | \$136,171                               | \$124,881 | \$81,997 | \$66,050 | \$61,725 |
| Ratios:   |   |           |          |          |          |
| Gross charge-offs—non-covered to average loans              | 0.57%                                   | 0.69%     | 1.16%    | 1.27%    | 0.71%    |
| Recoveries—non-covered to average loans                     | 0.09%                                   | 0.29%     | 0.15%    | 0.11%    | 0.13%    |
| Net charge-offs—non-covered to average loans                | 0.49%                                   | 0.40%     | 1.01%    | 1.17%    | 0.57%    |
| Allowance for loan losses to period-end loans               | 1.18%                                   | 1.12%     | 1.65%    | 1.29%    | 1.45%    |

An allocation of the loan loss allowance by major loan category is set forth in the following table. The changes in the allowance allocated to the residential mortgage and consumer categories in 2012 reflect mainly changes in the estimate of impairment on pools of covered loans within these categories.

**TABLE 13. Allocation of Loan Loss by Category**

|                       | 2012                      |                           | 2011                      |                           | December 31, 2010         |                           | 2009                      |                           | 2008                      |                           |
|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                       | Allowance for Loan Losses | % of Loans to Total Loans | Allowance for Loan Losses | % of Loans to Total Loans | Allowance for Loan Losses | % of Loans to Total Loans | Allowance for Loan Losses | % of Loans to Total Loans | Allowance for Loan Losses | % of Loans to Total Loans |
|                       | (In thousands)            |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| <b>Total loans:</b>   |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| Commercial            | \$ 77,969                 | 72.08                     | \$ 78,414                 | 71.76                     | \$56,859                  | 63.22                     | \$42,483                  | 61.37                     | \$37,347                  | 62.77                     |
| Residential mortgages | 39,080                    | 13.63                     | 13,918                    | 13.94                     | 4,626                     | 13.53                     | 4,782                     | 14.82                     | 5,315                     | 10.30                     |
| Consumer              | 19,122                    | 14.29                     | 32,549                    | 14.30                     | 20,512                    | 23.25                     | 18,785                    | 23.81                     | 19,063                    | 26.93                     |
|                       | <u>\$136,171</u>          | <u>100.00</u>             | <u>\$124,881</u>          | <u>100.00</u>             | <u>\$81,997</u>           | <u>100.00</u>             | <u>\$66,050</u>           | <u>100.00</u>             | <u>\$61,725</u>           | <u>100.00</u>             |

## Deposits

### Short-Term Investments

Short-term liquidity investments, including interest-bearing bank deposits and Federal funds sold, increased \$316 million from December 31, 2011 to a total of \$1.5 billion at December 31, 2012. Toward the end of 2012, management decided to increase the Banks' level of liquidity investments as a precautionary measure against the potential for some run-off of deposits in early 2013 due to the expiration of the FDIC Transaction Account Guarantee (TAG) Program which had provided for unlimited deposit insurance on noninterest-bearing transaction accounts. The Banks have not experienced any material outflow of deposits as a result of the TAG Program expiration, and excess liquidity investments will be redeployed by management during the first quarter of 2013.

### Deposits

Total deposits at December 31, 2012 were \$15.7 billion, basically flat from December 31, 2011. Noninterest-bearing demand deposits (DDAs) at December 31, 2012 totaled \$5.6 billion, a \$108 million (2%) increase during the year. The proportion of DDAs in the overall deposit mix improved slightly to 36% at the end of 2012. Approximately \$240 million of DDAs were converted to low-cost interest-bearing transaction accounts during the core system conversion in March 2012 in order to best match the existing product benefits offered.

Total interest-bearing deposits declined less than 1% during 2012. Time deposits (CDs) decreased by \$472 million (16%) reflecting mainly the renewal rates available during this sustained period of low market interest rates. Of the balance of CDs that matured during 2012 at an average rate of approximately 0.90%, approximately two-thirds renewed at an average rate of approximately 0.30%. The decrease in CDs included the expected runoff of some of the remaining high-priced deposits in the Peoples First deposit base. In late 2012, the Banks issued \$200 million in brokered CDs. These CDs were issued as a temporary liquidity source related to the year-end expiration of the TAG program discussed above in the section on "Short-Term Investments." The brokered CDs have maturities of 3 or 6 months and an average rate of approximately 0.58%. The Banks have not experienced any material outflow of deposits as a result of the TAG Program expiration.

Interest-bearing transaction and savings deposits increased \$435 million (8%) during 2012, reflecting in part some movement of balance from maturing CDs and the conversion of certain DDA accounts to low-cost interest-bearing accounts as discussed earlier. Interest-bearing public fund deposits declined \$40 million (2%) from the end of 2011 to December 31, 2012. Public fund deposits typically reflect higher balances at year-end due to seasonal cash inflows to these public entities, with subsequent reductions beginning in the first quarter of the following year. In the current low rate environment, management expects customers will continue to hold funds in no or low-cost transaction accounts until rates begin to rise.

Table 14 shows deposits for each year in the three-year period ended December 31, 2012 as well as the percentage of total deposits for each category. The table shows an increasing share of demand deposits, primarily due to deposits acquired in the Whitney transaction, and reduced reliance on time deposits over the three year period.

**TABLE 14. Deposits**

|                                    | 2012                   |                  | 2011                |                  | 2010               |                  |
|------------------------------------|------------------------|------------------|---------------------|------------------|--------------------|------------------|
|                                    | Balance                | Percent of total | Balance             | Percent of total | Balance            | Percent of total |
|                                    | (Dollars in thousands) |                  |                     |                  |                    |                  |
| Interest-bearing deposits:         |                        |                  |                     |                  |                    |                  |
| Transaction and savings            | \$ 6,038,003           | 38%              | \$ 5,602,962        | 36%              | \$ 1,995,081       | 29%              |
| Public funds                       | 1,580,260              | 10               | 1,620,261           | 10               | 1,216,702          | 18               |
| Time                               | 2,501,798              | 16               | 2,974,020           | 19               | 2,436,690          | 36               |
| Total interest-bearing deposits    | <u>10,120,061</u>      | <u>64</u>        | <u>10,197,243</u>   | <u>65</u>        | <u>5,648,473</u>   | <u>83</u>        |
| Noninterest-bearing demand deposit | <u>5,624,127</u>       | <u>36</u>        | <u>5,516,336</u>    | <u>35</u>        | <u>1,127,246</u>   | <u>17</u>        |
| Total deposits                     | <u>\$15,744,188</u>    | <u>100%</u>      | <u>\$15,713,579</u> | <u>100%</u>      | <u>\$6,775,719</u> | <u>100%</u>      |

Time certificates of deposit of \$100,000 and greater at December 31, 2012 had maturities as follows:

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

|                                  | December 31<br>2012 |
|----------------------------------|---------------------|
|                                  | (In thousands)      |
| Three months                     | \$ 379,478          |
| Over three through six months    | 261,980             |
| Over six months through one year | 325,475             |
| Over one year                    | <u>307,285</u>      |
| Total                            | <u>\$1,274,218</u>  |

\* Includes public fund time deposits

### Short-Term Borrowings

The following table sets forth certain information concerning our short-term borrowings, which consist of federal funds purchased, securities sold under agreements to repurchase and FHLB borrowings. Customer repurchase agreements are the main source of such borrowings in each year. These agreements are offered mainly to commercial customers to assist them with their ongoing cash management strategies or to provide a temporary investment vehicle for their excess liquidity pending redeployment for corporate or investment purposes. While customer repurchase agreements provide a recurring source of funds to the Banks, the amounts available over time can be volatile.

**TABLE 16. Short-Term Borrowings**

|   | Years Ended December 31, |             |           |
|---|--------------------------|-------------|-----------|
|   | 2012                     | 2011        | 2010      |
|   | (In thousands)           |             |           |
| Federal funds purchased:                        |                          |             |           |
| Amount outstanding at period-end                | \$ 25,704                | \$ 16,819   | \$ —      |
| Weighted average interest at period-end         | 0.37%                    | 0.19%       | —         |
| Maximum amount at any month-end during period   | \$ 33,964                | \$ 26,666   | \$ 6,900  |
| Average amount outstanding during period        | \$ 30,137                | \$ 12,911   | \$ 2,734  |
| Weighted average interest rate during period    | 0.22%                    | 0.18%       | 0.13%     |
| Securities sold under agreements to repurchase: |                          |             |           |
| Amount outstanding at period-end                | \$ 613,429               | \$1,027,635 | \$364,676 |
| Weighted average interest at period-end         | 0.72%                    | 0.65%       | 1.69%     |
| Maximum amount at any month-end during period   | \$1,005,014              | \$1,027,635 | \$534,627 |
| Average amount outstanding during period        | \$ 760,938               | \$ 681,474  | \$477,174 |
| Weighted average interest rate during period    | 0.78%                    | 1.03%       | 1.95%     |
| FHLB borrowings:                                |                          |             |           |
| Amount outstanding at period-end                | \$ —                     | \$ —        | \$ 10,172 |
| Weighted average interest at period-end         | —                        | —           | 1.19%     |
| Maximum amount at any month-end during period   | \$ —                     | \$ 10,153   | \$ 30,676 |
| Average amount outstanding during period        | \$ 32,571                | \$ 81,673   | \$ 22,846 |
| Weighted average interest rate during period    | 0.16%                    | 0.15%       | 0.57%     |

**Loan Commitments and Letters of Credit**

In the normal course of business, the Banks enter into financial instruments, such as commitments to extend credit and letters of credit, to meet the financing needs of their customers. Such instruments are not reflected in the accompanying consolidated financial statements until they are funded, although they expose the Banks to varying degrees of credit risk and interest rate risk in much the same way as funded loans.

Commitments to extend credit include revolving commercial credit lines, nonrevolving loan commitments issued mainly to finance the acquisition and development of construction of real property or equipment, and credit card and personal credit lines. The availability of funds under commercial credit lines and loan commitments generally depends on whether the borrower continues to meet credit standards established in the underlying contract and has not violated other contractual conditions. Loan commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. Credit card and personal credit lines are generally subject to cancellation if the borrower's credit quality deteriorates. A number of commercial and personal credit lines are used only partially or, in some cases, not at all before they expire, and the total commitment amounts do not necessarily represent future cash requirements of the Company.

A substantial majority of the letters of credit are standby agreements that obligate the Banks to fulfill a customer's financial commitments to a third party if the customer is unable to perform. The Banks issue standby letters of credit primarily to provide credit enhancement to their customers' other commercial or public financing arrangements and to help them demonstrate financial capacity to vendors of essential goods and services.

The contract amounts of these instruments reflect the Company's exposure to credit risk. The Banks undertake the same credit evaluation in making loan commitments and assuming conditional obligations as it does for on-balance sheet instruments and may require collateral or other credit support.

The following table shows the commitments to extend credit and letters of credit at December 31, 2012 and 2011 according to expiration date.

**TABLE 17. Loan Commitments and Letters of Credit**

|                              | <u>Total</u>       | <u>Expiration Date</u>  |                  |                  | <u>More than 5 years</u> |
|------------------------------|--------------------|-------------------------|------------------|------------------|--------------------------|
|                              |                    | <u>Less than 1 year</u> | <u>1-3 years</u> | <u>3-5 years</u> |                          |
| (In thousands)               |                    |                         |                  |                  |                          |
| <b>December 31, 2012</b>     |                    |                         |                  |                  |                          |
| Commitments to extend credit | \$4,373,679        | \$2,556,159             | \$779,844        | \$697,011        | \$340,665                |
| Letters of credit            | 401,861            | 253,824                 | 116,287          | 30,550           | 1,200                    |
| Total                        | <u>\$4,775,540</u> | <u>\$2,809,983</u>      | <u>\$896,131</u> | <u>\$727,561</u> | <u>\$341,865</u>         |
| (In thousands)               |                    |                         |                  |                  |                          |
| <b>December 31, 2011</b>     |                    |                         |                  |                  |                          |
| Commitments to extend credit | \$4,189,421        | \$2,948,411             | \$556,500        | \$420,372        | \$264,138                |
| Letters of credit            | 441,048            | 286,934                 | 140,494          | 13,620           | —                        |
| Total                        | <u>\$4,630,469</u> | <u>\$3,235,345</u>      | <u>\$696,994</u> | <u>\$433,992</u> | <u>\$264,138</u>         |

## ENTERPRISE RISK MANAGEMENT

The Company balances revenue generation and profitability with the inherent risks of its business activities. Enterprise risk management helps preserve shareholder value by assessing, monitoring, and managing the risks associated with our business. Strong risk management practices foster enhanced decision-making, facilitate successful implementation of new initiatives, and, where appropriate, support acceptance of greater levels of risk to drive growth and achieve strategic objectives. The Company's risk management culture integrates a board-approved risk appetite with senior management direction and governance to facilitate the execution of the Company's strategic plan. This integration ensures the daily management of risks by business lines and continuous corporate monitoring of the levels of risk in each business line and across the Company.

### *Risk Categories and Definitions*

The primary risk exposures of the Company are credit, market, liquidity, operational, legal, reputational, and strategic. The Company has adopted the risk categories outlined by the Federal Reserve to govern the risk management of bank holding companies. The risk categories are:

- Credit risk arises from a borrower or counterparty's failure to perform on an obligation.
- Market risk resulting from adverse movements in market rates or prices, such as interest rates, foreign exchange rates, or equity prices.
- Liquidity risk arising from our inability to meet our obligations as they come due because of an inability to liquidate assets or obtain adequate funding or from an inability to easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions.
- Operational risk arising from inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes that result in unexpected losses.
- Legal risk arising from unenforceable contracts, lawsuits, or adverse judgments that disrupt or otherwise negatively affect the operations or condition of the Company.

- Reputational risk arising from negative publicity about the Company's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions.
- Strategic risk to earnings or capital arising from adverse business decisions or improper implementation of those decisions. This risk is a function of the compatibility of a Company's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation.

As a component of the Company's risk management program these risk categories are organized into four risk classifications or genres that are reflected in the Company's portfolio risk committees. The Company's risk categories are:

- Credit focusing specifically on credit risk
- Market including risk categories of liquidity, interest rate and market risk
- Operational including risk categories of operational, legal, and compliance risk
- Strategic including risk categories of strategic and reputational risk

#### *Risk Committee Governance Structure*

Effective risk management governance requires active oversight, participation, and interaction by and between the board of directors and senior management. Our enterprise risk management framework uses a tiered risk/reward committee structure to facilitate the timely discussion of significant risk issues and risk mitigation strategies and/or tactics. Risk committees exist at the board, management and portfolio levels.

- Board-level committee. The board risk committee is the senior risk/reward committee of the Company responsible for establishing our risk tolerance, reviewing enterprise risk positions and strategic activities, and providing oversight of senior management's strategic decisions and risk responses. The board risk committee is chaired by an independent director who meets the risk management qualifications outlined in Dodd-Frank.
- Management-level committees. The company has two management-level risk/reward committees that oversee the business strategy, organizational structure, and capital and liquidity strategies for the Company. These committees also provide oversight of the portfolio risk/reward committees to ensure tactics to address business strategy changes are properly vetted and adopted. The capital committee (CAPCO) is the senior most management committee charged with corporate business strategy development and the capital plan management. The executive committee (EXCO) is the management committee responsible for business strategy execution, corporate financial oversight, and portfolio risk committee governance and oversight. The CEO's report to the board and are the co-chairs of CAPCO and EXCO.
- Portfolio-level committees. The Company has four portfolio risk/reward committees focusing on credit, market, operational, and strategic risk categories. These committees review and monitor the risk categories in a portfolio context ensuring risk assessment and management processes are being effectively executed to identify and manage risk. The committees also monitor the risk portfolios for changes to the Company's risk profile as well as ensure the risk portfolio is performing within the board-approved tolerance for risk. Portfolio committees report to EXCO.

#### *Risk Leadership and Organization*

The risk management organization of the Company is led by the Chief Risk Officer. The Chief Risk Officer reports to the Chief Executive Officer and provides overall vision, direction and leadership regarding our enterprise risk management program. The Chief Risk Officer exercises independent judgment and reporting of risk through a direct working relationship with the board risk committee. The functional areas reporting to the Chief Risk Officer are the enterprise risk management program office, operational risk

management, credit risk management which includes loan review, appraisal, and credit risk analytics, regulatory relations and the enterprise-wide compliance program. The Chief Risk Officer also works closely with the Chief Internal Auditor to provide assurance to the board and senior management regarding risk management controls and their effectiveness. The Chief Internal Auditor reports to the board audit committee to assure independence of the internal audit function.

## **Credit Risk**

The Banks' primary lending focus is to provide commercial, consumer, and real estate loans to consumers, to small and middle market businesses, to corporate clients 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 foreign entities.

The Banks monitor real estate lending concentrations throughout the year, and do not have any commercial real estate concentrations, as defined by interagency guidelines. The Banks have actively decreased their exposure to residential construction/development lending over the course of the last several years. Considering national housing trends, local market demand for housing, price softness in some markets, population migration trends, as well as general economic conditions, the Company will continue to closely monitor this type of lending.

Third party valuations are obtained at the time of origination for real estate secured loans. When a determination is made that a loan has deteriorated to the point of becoming a problem loan, updated valuations may be ordered to help determine if there is impairment, leading to a recommendation for partial charge off or appropriate allowance allocation. The impairment on collateral-dependent loans is measured against the fair value of the collateral for the loan less cost estimated selling. Property valuations are ordered through, and reviewed by, the Banks' appraisal department. The Banks typically order an "as is" valuation for collateral property if the loan is in a criticized loan classification.

The Banks maintain an active loan review function to help ensure that developing credit problems are captured and recognized in a timely manner. Further, an active watch list review routine is in place as part of the Banks' problem loan management strategy and a list of loans 90 days past due and still accruing is reviewed with management, including the Chief Credit Officer, at least monthly. Recommendations flow from all of the above activities to recognize non-performing loans and determine accrual status.

## **Asset/Liability Management**

Asset liability management consists of quantifying, analyzing and controlling interest rate risk (IRR) to maintain stability in net interest income under varying interest rate environments. The principal objective of asset liability management is to maximize net interest income while operating within acceptable risk limits established for interest rate risk and maintaining adequate levels of liquidity. Our net earnings are materially dependent on our net interest income.

IRR on the Company's balance sheets consists of re-price, option, yield curve, and basis risks. Re-price risk results from differences in the maturity or re-pricing of asset and liability portfolios. Option risk arises from "embedded options" present in many financial instruments such as loan prepayment options, deposit early withdrawal options and interest rate options. These options allow customers opportunities to benefit when market interest rates change, which typically results in higher costs or lower revenue for the Company. Yield Curve risk refers to the risk resulting from unequal changes in the spread between two or more rates for different maturities for the same instrument. Basis risk refers to the potential for changes in the underlying relationship between market rates and indices, which subsequently result in a narrowing of the profit spread on an earning asset or

liability. Basis risk is also present in administered rate liabilities, such as savings accounts, negotiable order of withdrawal accounts, and money market accounts where historical pricing relationships to market rates may change due to the level or directional change in market interest rates.

The asset/liability committee (ALCO) manages our IRR exposures through pro-active measurement, monitoring, and management actions. ALCO strives to maintain levels of IRR within limits approved by the board of directors through a risk management policy that is designed to produce a stable net interest margin in periods of interest rate fluctuation. Accordingly, the Company's interest rate sensitivity and liquidity are monitored on an ongoing basis by its ALCO, which oversees market risk management and establishes risk measures, limits and policy guidelines for managing the amount of interest rate risk and its effect on net interest income and capital. A variety of measures are used to provide for a comprehensive view of the magnitude of interest rate risk, the distribution of risk, the level of risk over time and the exposure to changes in certain interest rate relationships.

The Company utilizes an asset/liability model as the primary quantitative tool in measuring the amount of interest rate risk associated with changing market rates. The model is used to perform net interest income, economic value of equity, and GAP analyses. The model quantifies the effects of various interest rate scenarios on projected net interest income and net income over the next 12 months and 24 month periods. The model measures the impact on net interest income relative to a base case scenario of hypothetical fluctuations in interest rates over the next 12 months. These simulations incorporate assumptions regarding balance sheet growth and mix, pricing and the repricing and maturity characteristics of the existing and projected balance sheet. The impact of interest rate derivatives, such as interest rate swaps, caps and floors, is also included in the model. Other interest rate-related risks such as prepayment, basis and option risk are also considered.

#### Net Interest Income at Risk

Net interest income at risk measures the risk of a change in earnings due to changes in interest rates. Table 18 presents an analysis of our interest rate risk as measured by the estimated changes in net interest income resulting from an instantaneous and sustained parallel shift in the yield curve at December 31, 2012. Shifts are measured in 100 basis point increments in a range of as much as +/-500 basis points (+ 300 through +100 basis points presented in Table 18) 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. The base case scenario assumes that the current interest rate environment is held constant throughout the 12 month forecast period; the instantaneous shocks are performed against that yield curve.

During the third quarter of 2012, the asset liability committee made a decision, as a precaution, to increase its level of overnight liquidity in the fourth quarter of 2012 against potential deposit run-off due to the expiration of TAG. This elevated level of liquidity, combined with normal, seasonal increases in deposits at year end resulted in an elevated level of interest rate risk sensitivity as of December 31, 2012. Management subsequently determined that TAG expiration had not resulted in a significant outflow of deposits and redeployed much of the elevated level of liquidity from overnight federal funds to the securities portfolio. This redeployment of liquidity in the first quarter of 2013 will reduce the Company's interest rate risk to levels more consistent with prior periods.

**TABLE 18. Net Interest Income (te) at Risk**

| <u>Change in<br/>Interest<br/>Rates</u><br>(basis points) | <u>Estimated Increase<br/>(Decrease) in NII<br/>December 31, 2012</u> |
|---|---|
| Stable  | 0.00%   |
| +100  | 4.12%   |
| +200  | 9.17%   |
| +300  | 14.38%  |

Note: Decrease in interest rates discontinued in current rate environment

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 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.

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 interest rate risk, 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 exposure to interest rate risk.

## Liquidity

Liquidity management is focused on ensuring that funds are available to meet the cash flow requirements of our depositors and borrowers, while also meeting the operating, capital and strategic cash flow needs of the Company, the Banks and other subsidiaries. Hancock develops its liquidity management strategies and measures and monitors liquidity risk as part of its overall asset/liability management process.

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 interest-bearing deposits with the Federal Reserve Bank or with other commercial banks are additional sources of liquidity to meet cash flow requirements. As shown in table 19 below, our ratios of free securities to total securities were 27% and 31%, respectively, at December 31, 2012 and 2011. Free securities represent securities that are not pledged for any purpose, and include unpledged securities assigned to short-term dealer repo agreements or to the Federal Reserve Bank discount window.

**TABLE 19. Liquidity Metrics**

|                                    | <u>2012</u> | <u>2011</u> |
|------------------------------------|-------------|-------------|
| Free securities / total securities | 27.00%      | 31.20%      |
| Noncore deposits / total deposits  | 9.20%       | 10.18%      |
| Wholesale funds / core deposits    | 7.39%       | 9.43%       |

The liability portion of the balance sheet provides liquidity through various customers' interest-bearing and non-interest-bearing deposit accounts. Core deposits represent total less CDs of \$100,000 or more, brokered deposits, and foreign branch deposits. As discussed earlier, the Banks issued \$200 million of brokered CDs toward the end of 2012 as a precautionary measure in anticipation of possible deposit outflows associated with the expiration of the FDIC TAG Program at December 31, 2012. The Banks have not experienced any material

deposit outflows in early 2013. Non-core deposits were 9.20% of total deposits at December 31, 2012, compared to 10.18% a year earlier. Purchases of federal funds, securities sold under agreements to repurchase and other short-term borrowings are additional sources of liquidity to meet short-term funding requirements. Wholesale funds, which represent short-term borrowings and long-term debt, were 7.39% of core deposits at December 31, 2012 and 9.43% at December 31, 2011. Our short-term borrowing capacity includes an approved line of credit with the Federal Home Loan Bank of \$1.7 billion and borrowing capacity at the Federal Reserve's discount window in excess of \$1 billion at December 31, 2012. No amounts had been borrowed under these lines at year-end 2012.

Cash generated from operations is another important source of funds to meet liquidity needs. The consolidated statements of cash flows present operating cash flows and summarize all significant sources and uses of funds for each of the three years in the period ended December 31, 2012.

Dividends received from the Banks have been the primary source of funds available to the Company for the payment of dividends to our stockholders and for servicing any debt issued by the holding company. The liquidity management process recognizes the various regulatory provisions that can limit the amount of dividends that the Banks can distribute to the Company, as described in Note 11 to the consolidated financial statements. It is the Company's policy to maintain assets at the holding company to provide liquidity sufficient to fund five quarters of anticipated stockholder dividends, debt service and operations.

## CONTRACTUAL OBLIGATIONS

Table 20 summarizes all significant contractual obligations at December 31, 2012, according to payments due by period. Obligations under deposit contracts and short-term borrowings are not included. The maturities of time deposits are scheduled in Table 15. Purchase obligations represent legal and binding contracts to purchase services and goods that cannot be settled or terminated without paying substantially all of the contractual amounts. Not included are contracts entered into to support ongoing operations that either do not specify fixed or minimum amounts of goods or services or are cancelable on short notice without cause and without significant penalty.

**TABLE 20. Contractual Obligations**

|                             | Payment due by period |                     |                  |                  |                      |
|-----------------------------|-----------------------|---------------------|------------------|------------------|----------------------|
|                             | Total                 | Less than<br>1 year | 1-3<br>years     | 3-5<br>years     | More than<br>5 years |
|                             |                       |                     | (In thousands)   |                  |                      |
| Long-term debt obligations  | \$439,785             | \$47,046            | \$235,018        | \$132,029        | \$25,692             |
| Capital lease obligations   | 87                    | 69                  | 17               | 1                | —                    |
| Operating lease obligations | 79,662                | 12,873              | 21,287           | 15,896           | 29,606               |
| Purchase obligations        | 31,303                | 12,810              | 12,442           | 6,051            | —                    |
| Total                       | <u>\$550,837</u>      | <u>\$72,798</u>     | <u>\$268,764</u> | <u>\$153,977</u> | <u>\$55,298</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 and flexibility in addressing strategic opportunities. Stockholders' equity totaled \$2.45 billion at December 31, 2012, up \$86 million from December 31, 2011. Our tangible common equity ratio increased to 9.10% at the end of 2012, compared to 8.17% at December 31, 2011. The primary quantitative measures that regulators use to gauge capital adequacy are the ratios of total and Tier 1 regulatory capital to risk-weighted assets (risk-based capital ratios) and the ratio of Tier 1 capital to average total assets (leverage ratio). Both the Company and the Banks are required to maintain minimum risk-based capital

ratios of 8.0% total regulatory capital and 4.0% Tier 1 capital. The minimum leverage ratio is 3% for bank holding companies and banks that meet certain specified criteria, including having the highest supervisory rating. All others are required to maintain a leverage ratio of at least 4.0%. At December 31, 2012, our capital balances and those of the Banks were well in excess of current regulatory minimum requirements. Table 21 below shows the Company's regulatory ratios for the past five years. Note 11 to the consolidated financial statements provides additional information about the Banks' regulatory capital ratios. The Company and the Banks have been categorized as "well capitalized" in the most recent notices received from our regulators.

All of the Company's regulatory capital ratios increased during 2012. Tier 1 and total regulatory capital grew primarily on the earnings retained for 2012 and the elimination of certain reductions to regulatory capital required for a period of time after the Whitney acquisition. The reduction in Tier 2 regulatory capital related mainly to the partial redemption of Whitney Bank's subordinated debt. Risk-weighted assets grew moderately during 2012 reflecting mainly the growth in loans which generally carry higher risk-weightings than other earnings assets. The decline in regulatory ratios during 2011 reflected the impact of the Whitney acquisition.

**TABLE 21. Risk-Based Capital and Capital Ratios**

|   | <u>2012</u>         | <u>2011</u>         | <u>2010</u>        | <u>2009</u>        | <u>2008</u>        |
|---|---------------------|---------------------|--------------------|--------------------|--------------------|
|   |                     |                     | (In thousands)     |                    |                    |
| Tier 1 regulatory capital                   | \$ 1,666,042        | \$ 1,506,218        | \$ 782,301         | \$ 756,108         | \$ 550,216         |
| Tier 2 regulatory capital                   | 215,516             | 276,819             | 64,240             | 66,397             | 61,874             |
| Total regulatory capital                    | <u>\$ 1,881,558</u> | <u>\$ 1,783,037</u> | <u>\$ 846,541</u>  | <u>\$ 822,505</u>  | <u>\$ 612,090</u>  |
| Risk-weighted assets                        | <u>\$13,172,259</u> | <u>\$13,118,693</u> | <u>\$5,099,630</u> | <u>\$6,305,707</u> | <u>\$5,162,676</u> |
| Ratios                                      |                     |                     |                    |                    |                    |
| Leverage (Tier 1 capital to average assets) | 9.10%               | 8.17%               | 9.65%              | 10.60%             | 8.06%              |
| Tier 1 capital to risk-weighted assets      | 12.65%              | 11.48%              | 15.34%             | 11.99%             | 10.66%             |
| Total capital to risk-weighted assets       | 14.28%              | 13.59%              | 16.60%             | 13.04%             | 11.86%             |
| Common stockholders' equity to total assets | 12.60%              | 11.97%              | 10.52%             | 9.63%              | 8.50%              |
| Tangible common equity to total assets      | 8.77%               | 7.96%               | 9.69%              | 8.81%              | 7.62%              |

#### FOURTH QUARTER RESULTS

Net income for the fourth quarter of 2012 was \$47.0 million, or \$0.54 per diluted common share, compared to \$47.0 million, or \$0.55, and \$19.0 million, or \$0.22, respectively in the third quarter of 2012 and the fourth quarter of 2011. Pre-tax earnings for the third and fourth quarters of 2012 included no merger-related costs. The fourth quarter of 2011 included pre-tax merger-related costs of \$40.2 million. The following discussion highlights recent factors impacting Hancock's results of operations and financial position.

Total loans at December 31, 2012 were \$11.6 billion, an increase of \$143 million (1%) from September 30, 2012. The net loan growth was mainly generated in the commercial and industrial (C&I) portfolio, most notably in Louisiana and Houston, home to a significant part of the Gulf Coast's energy sector. Excluding the FDIC-covered portfolio, which declined approximately \$40 million during the fourth quarter, and excluding the reduction from the bulk loan sale of approximately \$40 million, total loans were up \$223 million (2%) from September 30, 2012. This compares to an increase of \$388 million (4%) during the fourth quarter of 2012.

Total deposits at December 31, 2012 were \$15.7 billion, up \$1.0 billion (7%) from September 30, 2012. The fourth quarter increase reflected year-end seasonality of both commercial and public fund customers. Historically, both legacy Hancock and legacy Whitney customers have built deposits at year-end, with some of those deposits leaving in the first quarter, particularly in demand deposits.

Noninterest-bearing demand deposits (DDAs) totaled \$5.6 billion at December 31, 2012, up \$473 million (9%) compared to September 30, 2012. DDAs comprised 36% of total period-end deposits at December 31, 2012, up slightly from September 30, 2012. Interest-bearing public fund deposits totaled \$1.6 billion at year-end 2012, up \$259 million (20%) compared to September 30, 2012. DDA and public fund deposits typically reflect higher balances at year-end with subsequent reductions beginning in the first quarter.

Time deposits, primarily certificates of deposits (CDs), totaled \$2.5 billion at December 31, 2012, up \$78 million (3%) from September 30, 2012. In November of 2012, the Company issued \$200 million in brokered CDs as a temporary liquidity source in anticipation of the year-end expiration of the FDIC Transaction Account Guarantee (TAG) Program. The Company has not experienced any material outflow of deposits as a result of the TAG expiration.

Hancock recorded a total provision for loan losses for the fourth quarter of 2012 of \$28.1 million, up from \$8.1 million in the third quarter of 2012. Excluding the impact of the bulk sale, provision expense for the fourth quarter of 2012 was \$14.4 million. The provision for non-covered loans, excluding the impact of the bulk sale, increased to \$14.2 million in the fourth quarter of 2012 from \$8.1 million in the third quarter of 2012. Net charge-offs from the non-covered loan portfolio were \$28.0 million, or 0.97% of average total loans on an annualized basis in the fourth quarter. Excluding the impact of the bulk sale, non-covered net charge-offs for the fourth quarter of 2012 were \$11.8 million, or 0.41% of average total loans, compared to \$9.7 million, or 0.34% of average total loans, for the third quarter of 2012. Net charge-offs from previously impaired loan pools in the covered portfolio were \$3.2 million for the fourth quarter of 2012.

Net interest income (TE) for the fourth quarter of 2012 was \$182.8 million, up from \$180.1 million in the third quarter of 2012. Average earning assets were \$16.2 billion in the fourth quarter of 2012, up \$416 million from the third quarter of 2012. The net interest margin (TE) was 4.48% for the fourth quarter of 2012, down 6 basis points (bps) from 4.54% in the third quarter of 2012. The core margin of 3.61% (reported net interest income (TE) excluding total net purchase accounting adjustments, annualized, as a percent of total earning assets) compressed approximately 14 bps during the fourth quarter, mainly from a decline in both the core yield on the loan and the securities portfolios. The margin was favorably impacted by changes in the mix of earning assets and funding sources and a slight decline in funding costs.

Noninterest income totaled \$64.9 million for the fourth quarter of 2012, up from \$63.8 million in the third quarter of 2012.

Operating expense for the fourth quarter of 2012 totaled \$157.9 million, down \$6.5 million (4%) from the third quarter of 2012. Operating expense excludes merger-related costs and, for the third quarter of 2012, \$5.3 million of subordinated debt repurchase expenses. There were essentially no merger-related costs in the fourth or third quarters of 2012. There was a \$0.8 million decrease in personnel expense as a result of staff reductions associated with previously announced branch consolidations. Reductions in professional service, telephone and data processing, advertising and ORE expenses and amortization of intangibles further contributed \$5.7 million to the decline. The fourth quarter's operating expense level reflects realization of 100% of the cost savings targeted with the Whitney acquisition.

The effective income tax rate for the fourth quarter of 2012 was 20%, compared to 23% for the full-year in 2012. The effective rate in the fourth quarter reflected the impact of certain tax credits added during the period.

The summary of quarterly financial information appearing in Item 8 of this annual report on Form 10-K provides selected comparative financial information for each of the four quarters on 2012 and 2011.

## **CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT 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. The significant accounting principles and practices we follow are described in Note 1 to the consolidated financial statements. These principles and practices require management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying notes. We evaluate the estimates and assumptions we make on an ongoing basis to help ensure that the resulting reported amounts reflect management's best estimates and judgments given current facts and circumstances. The following discusses certain critical accounting policies that involve a higher degree of judgment and complexity in producing estimates that may significantly affect amounts reported in the consolidated financial statements and notes.

### **Acquisition Accounting**

Acquisitions are accounted for under the purchase method of accounting. Purchased assets, including identifiable intangible assets, and assumed liabilities are recorded at their respective acquisition date fair values. Management applies various valuation methodologies to these assets and liabilities which often involve a significant degree of judgment, particularly when liquid markets do not exist for the particular item being valued. Examples of such items include loans, deposits, identifiable intangible assets and certain other assets and liabilities acquired or assumed in business combinations. Management uses significant estimates and assumption to value such items, including, among others, projected cash flows, repayment rates, default rates and losses assuming default, discount rates, and realizable collateral values. The purchase date valuations and any subsequent adjustments also determine the amount of goodwill or bargain purchase gain recognized in connection with the business combination. Certain assumptions and estimates must be updated regularly in connection with the ongoing accounting for purchased loans. Valuation assumptions and estimates may also have to be revisited in connection with periodic assessments of possible value impairment, including impairment of goodwill, intangible assets and certain other long-lived assets. The use of different assumptions could produce significantly different valuation results, which could have material positive or negative effects on the Company's results of operations.

### **Allowance for Loan Losses**

The allowance for loan losses represents the amount which, in management's judgment, will be adequate to absorb credit losses inherent in the loan portfolio as of the balance sheet date. In estimating inherent losses, management applies judgment and assumptions to project the amount and timing of future cash flows, collateral values and other factors used to assess the borrowers' ability to repay their obligations. Historical loss trends are also considered, as are economic conditions, industry trends, portfolio trends and borrower-specific financial information. Although we believe we have identified appropriate factors for review and designed and implemented adequate procedures to support our estimation process, the allowance remains an estimate about the effect of matters that are inherently uncertain. Changes in the circumstances considered when management develops its judgments and assumptions can materially impact the allowance estimate, potentially subjecting the Company to significant earnings volatility.

### **Accounting for Retirement Benefits**

Management makes a variety of assumptions in applying principles that govern the accounting for benefits under the Company's defined benefit pension plans and other postretirement benefit plans. These assumptions are essential to the actuarial valuation that determines the amounts recognized and certain disclosures it makes in the consolidated financial statements related to the operation of these plans. Two of the more significant assumptions concern the expected long-term rate of return on plan assets and the rate needed to discount projected benefits to their present value. Changes in these assumptions impact the cost of retirement benefits

recognized in net income and comprehensive income. Certain assumptions are closely tied to current conditions and are generally revised at each measurement date. For example, the discount rate is reset annually with reference to market yields on high quality fixed-income investments. Other assumptions, such as the rate of return on assets, are determined, in part, with reference to historical and expected conditions over time and are not as susceptible to frequent revision. Holding other factors constant, the cost of retirement benefits will move opposite to changes in either the discount rate or the rate of return on assets. Note 12 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.

#### **RECENT ACCOUNTING PRONOUNCEMENTS**

See Note 1 to our consolidated financial statements that appears in Item 8 of this Form 10-K.

#### **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**

The Company's unaudited quarterly results for 2012 and 2011 are presented below. The operations acquired in the Whitney merger are reflected in 2011 from the June 4, 2011 acquisition date.

## Summary of Quarterly Results

(Unaudited)

|                                 | 2012                                  |              |              |              |
|---------------------------------|---------------------------------------|--------------|--------------|--------------|
|                                 | First                                 | Second       | Third        | Fourth       |
|                                 | (In thousands, except per share data) |              |              |              |
| Interest income (te)            | \$ 194,665                            | \$ 193,323   | \$ 192,071   | \$ 194,075   |
| Interest expense                | (15,428)                              | (13,030)     | (11,949)     | (11,275)     |
| Net interest income (te)        | 179,237                               | 180,293      | 180,122      | 182,800      |
| Taxable equivalent adjustment   | (2,949)                               | (2,834)      | (2,866)      | (2,935)      |
| Net interest income             | 176,288                               | 177,459      | 177,256      | 179,865      |
| Provision for loan losses       | (10,015)                              | (8,025)      | (8,101)      | (28,051)     |
| Noninterest income              | 61,506                                | 63,552       | 63,759       | 64,931       |
| Noninterest expense             | (205,463)                             | (179,972)    | (169,714)    | (157,920)    |
| Income before income taxes      | 22,316                                | 53,014       | 63,200       | 58,825       |
| Income tax expense              | (3,821)                               | (13,710)     | (16,216)     | (11,866)     |
| Net income                      | \$ 18,495                             | \$ 39,304    | \$ 46,984    | \$ 46,959    |
| Period end balance sheet data   |                                       |              |              |              |
| Total assets                    | \$19,291,097                          | \$18,778,707 | \$18,523,046 | \$19,464,485 |
| Earning assets                  | 16,575,107                            | 16,093,991   | 15,858,165   | 16,845,055   |
| Loans                           | 11,130,273                            | 11,078,146   | 11,434,448   | 11,577,802   |
| Deposits                        | 15,432,767                            | 14,930,820   | 14,772,951   | 15,744,188   |
| Stockholders' equity            | 2,375,203                             | 2,399,362    | 2,434,488    | 2,453,278    |
| Average balance sheet data      |                                       |              |              |              |
| Total assets                    | \$19,193,520                          | \$18,987,397 | \$18,598,966 | \$18,964,952 |
| Earning assets                  | 16,240,200                            | 16,166,291   | 15,829,978   | 16,245,641   |
| Loans                           | 11,192,874                            | 11,140,116   | 11,259,592   | 11,543,789   |
| Deposits                        | 15,312,512                            | 15,153,701   | 14,845,288   | 15,131,902   |
| Stockholders' equity            | 2,374,904                             | 2,387,465    | 2,405,240    | 2,435,179    |
| Ratios                          |                                       |              |              |              |
| Return on average assets        | 0.39%                                 | 0.83%        | 1.00%        | 0.99%        |
| Return on average common equity | 3.13%                                 | 6.62%        | 7.77%        | 7.67%        |
| Net interest margin (te)        | 4.43%                                 | 4.48%        | 4.54%        | 4.48%        |
| Earnings per share              |                                       |              |              |              |
| Basic                           | \$ 0.22                               | \$ 0.46      | \$ 0.55      | \$ 0.55      |
| Diluted                         | \$ 0.21                               | \$ 0.46      | \$ 0.55      | \$ 0.54      |
| Cash dividends per common share | \$ 0.24                               | \$ 0.24      | \$ 0.24      | \$ 0.24      |
| Market data:                    |                                       |              |              |              |
| High sales price                | \$ 36.73                              | \$ 36.56     | \$ 33.27     | \$ 32.50     |
| Low sales price                 | 31.56                                 | 27.96        | 27.99        | 29.47        |
| Period-end closing price        | 35.51                                 | 30.44        | 30.98        | 31.73        |
| Trading volume                  | 32,423                                | 39,310       | 26,877       | 20,910       |

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.

## Summary of Quarterly Results (continued)

(Unaudited)

|                                 | 2011                                  |              |              |              |
|---------------------------------|---------------------------------------|--------------|--------------|--------------|
|                                 | First                                 | Second       | Third        | Fourth       |
|                                 | (In thousands, except per share data) |              |              |              |
| Interest income (te)            | \$ 85,405                             | \$ 118,335   | \$ 200,936   | \$ 199,453   |
| Interest expense                | (15,769)                              | (16,418)     | (20,653)     | (18,131)     |
| Net interest income (te)        | 69,636                                | 101,917      | 180,283      | 181,322      |
| Taxable equivalent adjustment   | (2,872)                               | (2,858)      | (3,241)      | (2,953)      |
| Net interest income             | 66,764                                | 99,059       | 177,042      | 178,369      |
| Provision for loan losses       | (8,822)                               | (9,144)      | (9,256)      | (11,512)     |
| Noninterest income              | 34,132                                | 46,679       | 64,951       | 60,572       |
| Noninterest expense             | (73,019)                              | (121,366)    | (194,019)    | (205,610)    |
| Income before income taxes      | 19,055                                | 15,228       | 38,718       | 21,819       |
| Income tax expense              | (3,727)                               | (3,140)      | (8,342)      | (2,854)      |
| Net income                      | \$ 15,328                             | \$ 12,088    | \$ 30,376    | \$ 18,965    |
| Period end balance sheet data   |                                       |              |              |              |
| Total assets                    | \$8,311,034                           | \$19,757,545 | \$19,415,689 | \$19,774,096 |
| Earning assets                  | 7,201,598                             | 16,867,167   | 16,666,181   | 16,930,723   |
| Loans                           | 4,840,975                             | 11,249,053   | 11,101,566   | 11,177,026   |
| Deposits                        | 6,697,310                             | 15,587,909   | 15,292,209   | 15,713,579   |
| Stockholders' equity            | 1,057,699                             | 2,386,313    | 2,426,662    | 2,367,163    |
| Average balance sheet data      |                                       |              |              |              |
| Total assets                    | \$8,237,371                           | \$11,588,822 | \$19,555,684 | \$19,331,379 |
| Earning assets                  | 7,075,382                             | 9,931,572    | 16,591,314   | 16,429,537   |
| Loans                           | 4,887,749                             | 6,678,840    | 11,248,728   | 11,142,188   |
| Deposits                        | 6,752,470                             | 9,211,332    | 15,461,704   | 15,305,563   |
| Stockholders' equity            | 879,838                               | 1,458,552    | 2,419,403    | 2,422,924    |
| Ratios                          |                                       |              |              |              |
| Return on average assets        | 0.75%                                 | 0.42%        | 0.62%        | 0.39%        |
| Return on average common equity | 7.07%                                 | 3.32%        | 4.98%        | 3.11%        |
| Net interest margin (te)        | 3.97%                                 | 4.11%        | 4.32%        | 4.39%        |
| Earnings per share              |                                       |              |              |              |
| Basic                           | \$ 0.41                               | \$ 0.22      | \$ 0.36      | \$ 0.22      |
| Diluted                         | \$ 0.41                               | \$ 0.22      | \$ 0.36      | \$ 0.22      |
| Cash dividends per common share | \$ 0.24                               | \$ 0.24      | \$ 0.24      | \$ 0.24      |
| Market data:                    |                                       |              |              |              |
| High sales price                | \$ 35.68                              | \$ 34.57     | \$ 33.25     | \$ 33.72     |
| Low sales price                 | 30.67                                 | 30.04        | 25.61        | 25.38        |
| Period-end closing price        | 32.84                                 | 30.98        | 26.81        | 31.97        |
| Trading volume                  | 25,942                                | 32,122       | 38,205       | 41,091       |

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.

## 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 Rule 13(a) – 15(f) under the Securities Exchange Act of 1934. 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. 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, 2012 have been audited by PricewaterhouseCoopers, LLP, an independent registered public accounting firm, as stated in their accompanying report which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2012.

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, 2012.

Carl J. Chaney  
President &  
Chief Executive Officer  
February 28, 2013

John M. Hairston  
Chief Executive Officer &  
Chief Operating Officer  
February 28, 2013

Michael M. Achary  
Chief Financial Officer  
February 28, 2013

## 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 sheets and the related consolidated statements of income, comprehensive 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, 2012 and December 31, 2011, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2012 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, 2012, 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.

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, 2013

New Orleans, Louisiana

**Hancock Holding Company and Subsidiaries**  
**Consolidated Balance Sheets**

|   | <b>December 31,</b>               |                     |
|---|-----------------------------------|---------------------|
|   | <b>2012</b>                       | <b>2011</b>         |
|   | (In thousands, except share data) |                     |
| <b>Assets:</b>  |                                   |                     |
| Cash and due from banks   | \$ 448,491                        | \$ 437,947          |
| Interest-bearing bank deposits  | 1,498,985                         | 1,184,222           |
| Federal funds sold  | 1,203                             | 197                 |
| Securities available for sale, at fair value (amortized cost of \$1,986,882 and \$4,401,345)                                    | 2,048,442                         | 4,496,900           |
| Securities held to maturity (fair value of \$1,710,465)   | 1,668,018                         | —                   |
| Loans held for sale   | 50,605                            | 72,378              |
| Loans   | 11,595,512                        | 11,191,901          |
| Less: allowance for loan losses   | (136,171)                         | (124,881)           |
| unearned income   | (17,710)                          | (14,875)            |
| Loans, net  | 11,441,631                        | 11,052,145          |
| Property and equipment, net of accumulated depreciation of \$160,592 and \$148,780  | 477,864                           | 505,387             |
| Prepaid expense   | 55,359                            | 69,064              |
| Other real estate, net  | 101,442                           | 144,367             |
| Accrued interest receivable   | 45,616                            | 53,973              |
| Goodwill  | 628,877                           | 651,162             |
| Other intangible assets, net  | 189,409                           | 211,075             |
| Life insurance contracts  | 367,317                           | 355,026             |
| FDIC loss share receivable  | 177,844                           | 231,085             |
| Deferred tax asset, net   | 128,385                           | 145,760             |
| Other assets  | 134,997                           | 163,408             |
| <b>Total assets</b>   | <b>\$19,464,485</b>               | <b>\$19,774,096</b> |
| <b>Liabilities and Stockholders' Equity:</b>  |                                   |                     |
| Deposits:   |                                   |                     |
| Non-interest bearing demand   | \$ 5,624,127                      | \$ 5,516,336        |
| Interest-bearing savings, NOW, money market and time  | 10,120,061                        | 10,197,243          |
| Total deposits  | 15,744,188                        | 15,713,579          |
| Short-term borrowings   | 639,133                           | 1,044,454           |
| Long-term debt  | 396,589                           | 353,890             |
| Accrued interest payable  | 4,814                             | 8,284               |
| Other liabilities   | 226,483                           | 286,726             |
| <b>Total liabilities</b>  | 17,011,207                        | 17,406,933          |
| Stockholders' equity:   |                                   |                     |
| Common stock-\$3.33 par value per share; 350,000,000 shares authorized, 84,847,796 and 84,705,496 and outstanding, respectively | 282,543                           | 282,069             |
| Capital surplus   | 1,647,638                         | 1,634,634           |
| Retained earnings   | 546,022                           | 476,970             |
| Accumulated other comprehensive income (loss), net  | (22,925)                          | (26,510)            |
| <b>Total stockholders' equity</b>   | 2,453,278                         | 2,367,163           |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$19,464,485</b>               | <b>\$19,774,096</b> |

See accompanying notes to consolidated financial statements.

**Hancock Holding Company and Subsidiaries**  
**Consolidated Statements of Income**

|   | <u>Years Ended December 31,</u>       |                  |                  |
|---|---------------------------------------|------------------|------------------|
|   | <u>2012</u>                           | <u>2011</u>      | <u>2010</u>      |
|   | (In thousands, except per share data) |                  |                  |
| <b>Interest income:</b>                             |                                       |                  |                  |
| Loans, including fees                               | \$668,387                             | \$499,721        | \$284,922        |
| Securities-taxable                                  | 86,402                                | 84,321           | 60,653           |
| Securities-tax exempt                               | 5,841                                 | 6,031            | 5,232            |
| Federal funds sold and other short term investments | 1,919                                 | 2,131            | 1,751            |
| Total interest income                               | <u>762,549</u>                        | <u>592,204</u>   | <u>352,558</u>   |
| <b>Interest expense:</b>                            |                                       |                  |                  |
| Deposits  | 32,741                                | 55,691           | 72,903           |
| Short-term borrowings                               | 6,005                                 | 7,034            | 9,306            |
| Long-term debt and other interest expense           | 12,936                                | 8,246            | 136              |
| Total interest expense                              | <u>51,682</u>                         | <u>70,971</u>    | <u>82,345</u>    |
| <b>Net interest income</b>                          | <u>710,867</u>                        | <u>521,233</u>   | <u>270,213</u>   |
| Provision for loan losses                           | 54,192                                | 38,732           | 65,991           |
| Net interest income after provision for loan losses | <u>656,675</u>                        | <u>482,501</u>   | <u>204,222</u>   |
| <b>Noninterest income:</b>                          |                                       |                  |                  |
| Service charges on deposit accounts                 | 78,246                                | 55,265           | 45,335           |
| Trust fees  | 32,736                                | 23,940           | 16,715           |
| Bank card fees                                      | 31,698                                | 28,879           | 14,941           |
| Investment and annuity fees                         | 18,033                                | 15,016           | 10,181           |
| ATM fees  | 17,414                                | 14,052           | 9,486            |
| Secondary mortgage market operations                | 16,488                                | 10,484           | 8,915            |
| Insurance commissions and fees                      | 15,692                                | 16,524           | 14,461           |
| Accretion of FDIC loss share receivable             | 5,000                                 | 16,689           | 4,890            |
| Other income  | 36,888                                | 25,578           | 12,025           |
| Securities gains (losses), net                      | 1,552                                 | (91)             | —                |
| Total noninterest income                            | <u>253,747</u>                        | <u>206,336</u>   | <u>136,949</u>   |
| <b>Noninterest expense:</b>                         |                                       |                  |                  |
| Compensation expense                                | 293,783                               | 234,071          | 112,478          |
| Employee benefits                                   | 72,401                                | 52,531           | 29,564           |
| Salaries and employee benefits                      | <u>366,184</u>                        | <u>286,602</u>   | <u>142,042</u>   |
| Net occupancy expense                               | 54,467                                | 43,220           | 23,803           |
| Equipment expense                                   | 24,097                                | 17,524           | 10,569           |
| Data processing expense                             | 49,935                                | 43,069           | 23,646           |
| Professional services expense                       | 57,457                                | 69,931           | 16,447           |
| Amortization of intangibles                         | 32,067                                | 16,551           | 2,728            |
| Telecommunications and postage                      | 21,437                                | 18,514           | 11,019           |
| Deposit insurance and regulatory fees               | 14,902                                | 12,980           | 11,401           |
| Other real estate owned expense, net                | 13,866                                | 6,910            | 4,475            |
| Other expense                                       | 78,655                                | 78,713           | 33,130           |
| Total noninterest expense                           | <u>713,067</u>                        | <u>594,014</u>   | <u>279,260</u>   |
| <b>Income before income taxes</b>                   | <u>197,355</u>                        | <u>94,823</u>    | <u>61,911</u>    |
| Income taxes  | 45,613                                | 18,064           | 9,705            |
| <b>Net income</b>                                   | <u>\$151,742</u>                      | <u>\$ 76,759</u> | <u>\$ 52,206</u> |
| Basic earnings per common share                     | <u>\$ 1.77</u>                        | <u>\$ 1.16</u>   | <u>\$ 1.41</u>   |
| Diluted earnings per common share                   | <u>\$ 1.75</u>                        | <u>\$ 1.15</u>   | <u>\$ 1.40</u>   |

See accompanying notes to consolidated financial statements.

**Hancock Holding Company and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**

|   | Years Ended December 31, |                  |                 |
|---|--------------------------|------------------|-----------------|
|   | 2012                     | 2011             | 2010            |
|   | (In thousands)           |                  |                 |
| Net income  | \$151,742                | \$ 76,759        | \$52,206        |
| Other comprehensive income before income taxes:                                   |                          |                  |                 |
| Net change in unrealized gain (loss)  | 8,140                    | (42,655)         | (8,197)         |
| Reclassification adjustment for net losses realized and included in earnings      | 6,327                    | 2,923            | 2,535           |
| Amortization of unrealized net gain on securities transferred to held-to-maturity | (8,752)                  | —                | —               |
| Other comprehensive income before income taxes                                    | 5,715                    | (39,732)         | (5,662)         |
| Income tax expense (benefit)  | 2,130                    | (13,841)         | (2,045)         |
| Other comprehensive income net of income taxes                                    | 3,585                    | (25,891)         | (3,617)         |
| <b>Comprehensive income</b>   | <b>\$155,327</b>         | <b>\$ 50,868</b> | <b>\$48,589</b> |

See accompanying notes to consolidated financial statements.

**Hancock Holding Company and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity**

|   | Common Stock<br>Shares                          | Stock<br>Amount | Capital<br>Surplus | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss), net | Total       |
|---|---|-----------------|--------------------|----------------------|---|-------------|
|   | (In thousands, except share and per share data) |                 |                    |                      |   |             |
| <b>Balance, January 1, 2010</b>   | 36,840,453                                      | \$122,679       | \$ 257,643         | \$454,343            | \$ 2,998  | \$ 837,663  |
| Comprehensive income  |   |                 |                    |                      |   |             |
| Net income  | —   | —               | —                  | 52,206               | —   | 52,206      |
| Other comprehensive income  | —   | —               | —                  | —                    | (3,617)   | (3,617)     |
| Comprehensive income  |   |                 |                    |                      |   | 48,589      |
| Cash dividends declared (\$0.96 per common share)   | —   | —               | —                  | (35,721)             | —   | (35,721)    |
| Common stock activity, long-term incentive plan, including excess income tax benefit of \$322 | 52,823  | 176             | 5,841              | —                    | —   | 6,017       |
| <b>Balance, December 31, 2010</b>   | 36,893,276                                      | \$122,855       | \$ 263,484         | \$470,828            | \$ (619)  | \$ 856,548  |
| Comprehensive income  |   |                 |                    |                      |   |             |
| Net income  | —   | —               | —                  | 76,759               | —   | 76,759      |
| Other comprehensive income  | —   | —               | —                  | —                    | (25,891)  | (25,891)    |
| Comprehensive income  |   |                 |                    |                      |   | 50,868      |
| Cash dividends declared (\$0.96 per common share)   | —   | —               | —                  | (70,617)             | —   | (70,617)    |
| Common stock issued in stock offering   | 6,958,143                                       | 23,170          | 190,824            | —                    | —   | 213,994     |
| Common stock issued in business combination   | 40,794,261                                      | 135,845         | 1,172,199          | —                    | —   | 1,308,044   |
| Common stock activity, long-term incentive plan, including excess income tax benefit of \$104 | 59,816  | 199             | 8,127              | —                    | —   | 8,326       |
| <b>Balance, December 31, 2011</b>   | 84,705,496                                      | \$282,069       | \$1,634,634        | \$476,970            | \$(26,510)  | \$2,367,163 |
| Net income  | —   | —               | —                  | 151,742              | —   | 151,742     |
| Other comprehensive income  | —   | —               | —                  | —                    | 3,585   | 3,585       |
| Comprehensive income  |   |                 |                    |                      |   | 155,327     |
| Cash dividends declared (\$0.96 per common share)   | —   | —               | —                  | (82,690)             | —   | (82,690)    |
| Common stock activity, long-term incentive plan, including excess income tax benefit of \$376 | 142,300   | 474             | 13,004             | —                    | —   | 13,478      |
| <b>Balance, December 31, 2012</b>   | 84,847,796                                      | \$282,543       | \$1,647,638        | \$546,022            | \$(22,925)  | \$2,453,278 |

See accompanying notes to consolidated financial statements.

**Hancock Holding Company and Subsidiaries**  
**Consolidated Statements of Cash Flows**

|   | Years Ended December 31, |           |           |
|---|--------------------------|-----------|-----------|
|   | 2012                     | 2011      | 2010      |
|   | (In thousands)           |           |           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                          |           |           |
| Net income  | \$ 151,742               | \$ 76,759 | \$ 52,206 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |           |           |
| Depreciation and amortization   | 32,856                   | 24,605    | 13,526    |
| Provision for loan losses   | 54,192                   | 38,732    | 65,991    |
| Losses (gains) on other real estate owned   | 8,353                    | 4,922     | (1,960)   |
| Deferred tax expense (benefit)  | 32,465                   | 8,703     | (11,602)  |
| Increase in cash surrender value of life insurance contracts                      | (12,807)                 | (12,169)  | (8,022)   |
| (Gain) loss on sales of securities, net   | (1,552)                  | 91        | —         |
| Loss (gain) on disposal of other assets   | 51                       | (424)     | (316)     |
| Net decrease (increase) in loans originated for sale                              | 21,991                   | (1,560)   | 22,032    |
| Net amortization of securities premium/discount                                   | 49,887                   | 29,523    | 7,071     |
| Amortization of intangible assets   | 32,067                   | 16,551    | 2,728     |
| Stock-based compensation expense  | 11,019                   | 7,196     | 4,077     |
| (Decrease) in interest payable and other liabilities                              | (53,703)                 | (99,986)  | (12,405)  |
| Funds collected under FDIC loss share agreements                                  | 114,976                  | 181,753   | 1,753     |
| Increase in FDIC loss share receivable  | (50,284)                 | (65,502)  | (5,283)   |
| Decrease in other assets  | 52,155                   | 63,956    | 65,953    |
| Other, net  | (376)                    | (104)     | (951)     |
| Net cash provided by operating activities   | 443,032                  | 273,046   | 194,798   |

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

|   | Years Ended December 31, |                     |                   |
|---|--------------------------|---------------------|-------------------|
|   | 2012                     | 2011                | 2010              |
|   | (In thousands)           |                     |                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                    |                          |                     |                   |
| Proceeds from sales of securities available for sale                            | \$ 48,336                | \$ 342,864          | \$ —              |
| Proceeds from maturities of securities available for sale                       | 1,081,193                | 998,726             | 603,102           |
| Purchases of securities available for sale                                      | (285,825)                | (1,732,757)         | (489,835)         |
| Proceeds from maturities of securities held to maturity                         | 432,331                  | —                   | —                 |
| Purchases of securities held to maturity  | (560,324)                | —                   | —                 |
| Net (increase) decrease in interest-bearing bank deposits                       | (314,763)                | (104,647)           | 218,015           |
| Net (increase) decrease in federal funds sold and short term investments        | (1,006)                  | 281,639             | (59,573)          |
| Net (increase) decrease in loans  | (507,530)                | 86,057              | 40,400            |
| Purchases of property, equipment and intangible assets                          | (42,979)                 | (72,975)            | (21,899)          |
| Proceeds from sales of property and equipment                                   | 6,270                    | 9,326               | 2,220             |
| Cash paid for acquisition, net of cash received                                 | —                        | (74,736)            | —                 |
| Proceeds from sales of other real estate  | 120,083                  | 80,125              | 41,945            |
| Net cash paid for divestiture of branches                                       | —                        | (114,645)           | —                 |
| Other, net  | 6,481                    | —                   | —                 |
| Net cash provided by (used in) investing activities                             | <u>(17,733)</u>          | <u>(301,023)</u>    | <u>334,375</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                    |                          |                     |                   |
| Net increase (decrease) in deposits   | 30,609                   | (65,298)            | (420,093)         |
| Net increase (decrease) in short-term borrowings                                | (405,321)                | 113,353             | (140,031)         |
| Repayments of long-term debt  | (192,087)                | (16,641)            | (295)             |
| Issuance of long term debt  | 232,720                  | 150,317             | —                 |
| Dividends paid  | (82,690)                 | (70,617)            | (35,721)          |
| Proceeds from exercise of stock options   | 2,014                    | 1,129               | 1,940             |
| Proceeds from stock offering  | —                        | 213,994             | —                 |
| Net cash provided by (used in) financing activities                             | <u>(414,755)</u>         | <u>326,237</u>      | <u>(594,200)</u>  |
| <b>NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS</b>                       | 10,544                   | 298,260             | (65,027)          |
| <b>CASH AND DUE FROM BANKS, BEGINNING</b>                                       | 437,947                  | 139,687             | 204,714           |
| <b>CASH AND DUE FROM BANKS, ENDING</b>  | <u>\$ 448,491</u>        | <u>\$ 437,947</u>   | <u>\$ 139,687</u> |
| <b>SUPPLEMENTAL INFORMATION</b>   |                          |                     |                   |
| Income taxes paid (refunded)  | \$ (24,237)              | \$ 24,529           | \$ 22,878         |
| Interest paid   | 57,370                   | 66,695              | 83,161            |
| <b>SUPPLEMENTAL INFORMATION FOR NON-CASH INVESTING AND FINANCING ACTIVITIES</b> |                          |                     |                   |
| Assets acquired in settlement of loans  | \$ 76,128                | \$ 117,690          | \$ 59,758         |
| Transfers from available for sale securities to held to maturity securities     | 1,523,585                | —                   | —                 |
| Fair value of assets acquired   | \$ —                     | \$ 11,156,952       | \$ —              |
| Liabilities assumed   | —                        | (10,130,706)        | —                 |
| Net identifiable assets acquired  | <u>\$ —</u>              | <u>\$ 1,026,246</u> | <u>\$ —</u>       |
| Common stock issued in connection with acquisition                              | —                        | 1,308,044           | —                 |

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 and operating in the states of Mississippi, Louisiana, Alabama, Florida and Texas. The Company operates through two wholly-owned bank subsidiaries, Hancock Bank, Gulfport, Mississippi (Hancock Bank) and Whitney Bank, New Orleans, Louisiana (Whitney Bank). Hancock Bank and Whitney Bank are referred to collectively as 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. The Banks or their subsidiaries also offer trust services, investment services and insurance agency services.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) and those generally practiced within the banking industry. The following is a summary of the more significant accounting policies.

**Basis of Presentation**

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 accounting principles the Company follows 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. These accounting principles and practices require management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

**Fair Value Accounting**

Generally accepted accounting principles require the use of fair values in determining the carrying values of certain assets and liabilities in the financial statements, as well as for specific disclosures about certain assets and liabilities.

Accounting guidance established 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 or assumptions developed from this 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.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Acquisition Accounting**

Acquisitions are accounted for under the purchase method of accounting. Purchased assets, including identifiable intangibles, and assumed liabilities are recorded at their respective acquisition date fair values. If the fair value of net assets purchased exceeds the consideration given, a bargain purchase gain is recognized. 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 with no carryover of the related allowance for loan losses. See the Acquired Loans section below for accounting policy regarding loans acquired in a business combination.

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).

**Securities**

Securities are classified as trading, held to maturity or available for sale. Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates this classification periodically as conditions change that could require reclassification.

Available for sale securities are stated at fair value. Unrealized holding gains and unrealized holding losses, other than those determined to be other than temporary, are reported net of tax in other comprehensive income and in accumulated other comprehensive income until realized.

Securities that the Company both positively intends and has the ability to hold to maturity are classified as securities held to maturity and are carried at amortized cost. The intent and ability to hold are not considered satisfied when a security is available to be sold in response to changes in interest rates, prepayment rates, liquidity needs or other reasons as part of an overall asset/liability management strategy.

Premiums and discounts on securities, both those held to maturity and those available for sale, are amortized and accreted to income as an adjustment to the securities' yields using the effective interest method. Realized gains and losses on securities, including declines in value judged to be other than temporary, are reported net as a component of noninterest income. The cost of securities sold is specifically identified for use in calculating realized gains and losses.

**Loans**

**Originated loans**

Loans originated for investment are reported at the principal balance outstanding net of unearned income. Interest on loans and accretion of unearned income, including deferred loan fees, are computed in a manner that approximates a level yield on recorded principal. Interest on loans is recognized in income as earned.

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

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Acquired loans**

Management has defined the loans purchased in the June 2011 Whitney acquisition as acquired loans. These loans were recorded at estimated fair value on the purchase date with no carryover of the related allowance for loan losses. The acquired loans were segregated between those considered to be performing (“acquired performing”) and those with evidence of credit deterioration (“acquired impaired”) based on such factors as past due status, nonaccrual status and credit risk ratings (rated substandard or worse).

The acquired loans were further segregated into loan pools designed to facilitate the development of expected cash flows to be used in estimating fair value. Acquired performing loans were segregated into pools based on characteristics such as loan type, credit risk ratings, and contractual interest rate and repayment terms. The major loan types included commercial and industrial loans not secured by real estate, real estate construction and land development loans, commercial real estate mortgages, residential mortgage loans, and consumer loans, with further segregation within certain types as needed. Expected cash flows, both principal and interest, from each pool were estimated based on key assumptions covering such factors as prepayments, default rates and severity of loss given a default. These assumptions were developed using both Whitney’s historical experience and the portfolio characteristics at acquisition as well as available market research. The segregation of acquired impaired loans into pools placed additional focus on identifying loans with similar credit risk profiles and was based primarily on characteristics such as loan type and market area in which originated. Loan types included most of the major types used for the acquired performing portfolio. The acquired impaired loans that had been originated in Louisiana and Texas were further segregated from loans originated in Mississippi, Alabama and Florida, in recognition of the differences in general economic conditions affecting borrowers in these market areas. The fair value estimate for each pool of acquired performing and acquired impaired loans was based on the estimate of expected cash flows from the pool discounted at prevailing market interest rates.

The difference between the fair value of an acquired performing loan pool and the contractual amounts due at the acquisition date (the “fair value discount”) is accreted into income over the estimated life of the pool. The Company’s policy for determining when to discontinue accruing interest on acquired performing loans and the subsequent accounting for such loans is essentially the same as the policy for originated loans described earlier.

The excess of cash flows expected to be collected from an acquired impaired loan pool over its estimated fair value at acquisition is referred to as the accretable yield and is recognized in interest income using an effective yield method over the remaining life of the loan pool. Each pool of acquired impaired loans is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. Acquired impaired loans in pools with an accretable yield are considered to be accruing and performing even though collection of contractual payments on loans within the pool may be in doubt, because the pool is the unit of accounting and income continues to be accreted on the pool as long as expected cash flows are reasonably estimable.

**Covered loans and the related loss share receivable**

The loans purchased in the 2009 acquisition of Peoples First Community Bank (Peoples First) are covered by two loss share agreements between the FDIC and the Company which afford the Company significant loss protection. These covered loans are accounted for as acquired impaired loans as described above in the section on acquired loans. The Company treated all loans for the Peoples First acquisition under ASC 310-30 based on the significant amount of deteriorating and nonperforming loans comprised mainly of ARM/HELOC loans located in Florida. The loss share receivable is measured separately from the related covered loans as it is not contractually

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

embedded in the loans and is not transferrable should the loans be sold. The fair value of the loss share receivable at acquisition was estimated by discounting projected cash flows related to the loss share agreements based on the expected reimbursements for losses using the applicable loss share percentages, including appropriate consideration of possible true-up payments to the FDIC at the expiration of the loss share agreements. The discounted amount is accreted into non-interest income over the remaining life of the loan pool or the life of the shared loss agreement.

The loss share receivable is reviewed and updated prospectively as loss estimates related to the covered loans change. Increases in expected reimbursements from a covered loan pool will lead to an increase in the loss share receivable. A decrease in expected reimbursements is reflected first as a reversal of any previously recorded increase in the loss share receivable on the covered loan pool with the remainder reflected as a reduction in the loss share receivable's accretion rate. Increases and decreases in the loss share receivable result in reductions in or additions to the provision for loan losses, which serve to offset the impact on the provision from impairment recognized on the underlying covered loan pool and reversals of previously recognized impairment. The impact on operations of a reduction in the loss share receivable's accretion rate is associated with an increase in the accretable yield on the underlying loan pool.

**Loans Held for Sale**

Loans held for sale are stated at the lower of cost or market. 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. At times, management may decide to sell loans that were not originated for that purpose. Those loans would be reclassified as held for sale when that decision is made and also carried at the lower of cost or market.

**Troubled Debt Restructurings**

Troubled debt restructurings (TDRs) occur when a borrower is experiencing, or is expected to experience, financial difficulties in the near-term and a modification in loan terms is granted that would otherwise not have been considered.

Troubled debt restructurings can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing to accrue, depending on the individual facts and circumstances of the borrower. All loans whose terms have been modified in a TDR, including both commercial and retail loans, are considered "impaired." When measuring impairment on a TDR, the present value of expected cash flows is calculated 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 allowance for loan and lease losses. A loan is not considered impaired due to a delay in payment if all amounts due, including interest accrued at the contractual interest rate for the period of delay, is expected to be collected. Modified acquired impaired loans are not removed from their accounting pool and accounted for as a TDR even if those loans would otherwise be deemed TDRs.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Allowance for Loan Losses**

**Originated loans**

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 losses 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 inherent losses in the existing loan 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, the estimated value of any underlying collateral and current economic conditions.

The analysis and methodology include two primary elements. These elements include a loss-rate analysis of various loan groups which incorporates a historical loss rate as updated for current conditions, and a specific reserve analysis for those loans considered impaired.

For the loss-rate analysis, loans are subdivided into three primary groups, commercial, residential mortgage and consumer, with consumer further segmented into, indirect 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 differences in current conditions as compared to those during the historical loss period. Adjustments will also be made to cover risks associated with trends in delinquencies, non-accruals, current economic conditions and credit administration/underwriting practices and policies.

The Company considers a loan to be impaired when, based upon current information and events, it believes it is probable all amounts due according to the contractual terms of the loan agreement will not be collected. Impaired loans include troubled debt restructurings, and performing and non-performing loans. When a loan is determined to be impaired, the amount of impairment is recognized by creating a specific allowance for any shortfall between the loans value and its recorded investment. The loan’s value is 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 the present value of expected future cash flows discounted at the loan’s effective interest rate. Any loans individually analyzed for impairment are not incorporated into the pool analysis to avoid double counting. The Company limits the specific reserve analysis to include all impaired commercial, commercial real estate and mortgage loans with balances of \$500,000 or greater.

It is the policy of the Company to promptly recognize a loan charge-off when available information reasonably confirms that the loan is wholly or partially uncollectible. For commercial and industrial, construction and land development and commercial real estate loans, the need for a charge-off requires consideration of, among other factors, the estimated realizable value of the collateral securing the loan, the borrower’s and any guarantor’s capacity and willingness to pay, and the status of the account in bankruptcy, if applicable. Charge-offs are recognized on residential mortgage and consumer loans that are 120 days past due, unless the loan is clearly both well secured and in the process of collection. These loans are generally charged down to the estimated fair value of any collateral less estimated selling costs. Loans are charged off against the allowance for loan losses, with subsequent recoveries added back to the allowance.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**Acquired loans**

An allowance for loan losses is calculated using a methodology similar to that described above for originated loans. Performing acquired loans are subsequently evaluated for any required allowance at each reporting date. The allowance as determined for each loan pool is compared to the remaining fair value discount for that pool. If greater, the excess is recognized as an addition to the allowance through a provision for loan losses. If less than the discount, no additional allowance is recorded. Charge-offs and losses first reduce any remaining fair value discount for the loan pool and once the discount is depleted, losses are applied against the allowance established for that pool.

For impaired acquired loans and covered loans, cash flows expected to be collected are recast at each reporting date for each loan pool. These evaluations require the continued use and updating of key assumptions and estimates such as default rates, loss severity given default and prepayment speed assumptions, similar to those used for the initial fair value estimate. Management judgment must be applied in developing these assumptions. If the present value of expected cash flows for a pool is less than its carrying value, an impairment is reflected by an increase in the allowance for loan losses and a charge to the provision for loan losses. If the present value of expected cash flows for a pool is greater than its carrying value, any previously established allowance for loan losses is reversed and any remaining difference increases the accretable yield which will be taken into income over the remaining life of the loan pool. Acquired impaired loans are generally not subject to individual evaluation for impairment and are not reported with impaired loans or TDRs, even if they would otherwise be deemed to be impaired or modified in a TDR.

**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 three 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.

Gains and losses related to retirement or disposition of property and equipment are recorded in other income under noninterest 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 2012, 2011, or 2010.

**Other Real Estate**

Other real estate owned includes real property that has been acquired in satisfaction of loans and property no longer used in the Banks’ business. Generally these assets are recorded at the lower of either cost or estimated fair value less the estimated cost of disposition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received less selling costs is charged to the allowance for loan losses. Subsequent losses on the periodic revaluation of the property are charged to current earnings, as are revenues from and costs of operating and maintaining the properties and gains or losses recognized on their disposition. Improvements made to properties are capitalized if the expenditures are expected to be recovered upon the sale of the properties.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**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. Impairment is defined as the amount by which the implied fair value of the goodwill contained in any reporting unit within a company is less than the goodwill's carrying value. Impairment losses would be charged to operating expense. Management reviews goodwill for impairment based on the Company's primary reporting segments, the Banks. If the reporting unit's fair value is less than its carrying value, an estimate of the implied fair value of the goodwill is compared to the unit's carrying value. The Company uses a present value technique to estimate fair value when testing for impairment. The cash flow estimates incorporate assumptions that market participants would use in their estimates of fair value. The cash flow analysis requires assumptions about the economic environment, expected net interest margins, growth rates, and the rate at which cash flows are discounted.

Other identifiable intangible assets with finite lives, such as core deposit intangibles and trade name, are initially recorded at fair value and are generally amortized over the periods benefited and are evaluated for impairment similar to long-lived assets.

**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.

**Derivative Instruments and Hedging Activities**

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. Changes in the fair value of derivatives to which hedge accounting does not apply are recognized immediately in earnings. Note 6 describes the derivative instruments currently used by the Company and discloses how these derivatives impact Hancock's financial position and 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)**

**Income Taxes**

Income taxes are accounted for using the asset and liability method. Current tax liabilities or assets are recognized for the estimated income taxes payable or refundable on tax returns to be filed with respect to the current year. Deferred tax assets and liabilities are based on temporary differences between the financial statement carrying amounts and the tax bases 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. Valuation allowances are established against deferred tax assets if, based on all available evidence, it is more likely than not that some or all of the assets will not be realized. The benefit of a position taken or expected to be taken in a tax return is recognized when it is more likely than not that the position will be sustained on its technical merits.

**Retirement Benefits**

The Company sponsors defined benefit pension plans and certain other defined benefit postretirement plans for eligible employees. The amounts reported in the consolidated financial statements with respect to these plans are based on actuarial valuations that incorporate various assumptions regarding future experience under the plans. Note 12 recaps some of the more significant actuarial assumptions and provides information about the liabilities or assets recognized for the funded status of the Company's obligations under these plans, the net benefit expense charged to current operations, and the amounts recognized as a component of other comprehensive income and accumulated other comprehensive income.

**Share-Based Payment Arrangements**

The grant date fair value of equity instruments awarded to employees and directors establishes the cost of the services received in exchange, and the cost associated with awards that are expected to vest 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.

**Earnings Per Share**

Hancock calculates earnings per share using the two-class method. The two-class method allocates net income to each class of common stock and participating security according to the common dividends declared and participation rights in undistributed earnings. Participating securities currently consist of unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents.

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

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

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.

**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.

**Reportable Segment Disclosures**

Accounting standards require that information be reported about a company's operating segments using a "management approach." Reportable segments are identified in these standards 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 February, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update (ASU) No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, to improve the transparency of reporting these reclassifications. Other comprehensive income includes gains and losses that are initially excluded from net income for an accounting period. Those gains and losses are later reclassified out of accumulated other comprehensive income into net income. The amendments in the ASU do not change the current requirements for reporting net income or other comprehensive income in financial statements. All of the information that this ASU requires already is required to be disclosed elsewhere in the financial statements under U.S. GAAP. The new amendments will require an organization to: Present (either on the face of the statement where net income is presented or in the notes) the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income—but only if the item reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period; and Cross-reference to other disclosures currently required under U.S. GAAP for other reclassification items (that are not required under U.S. GAAP) to be reclassified directly to net income in their entirety in the same reporting period. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is initially transferred to a balance sheet account (e.g., inventory for pension-related amounts) instead of directly to income or expense. The new requirements will take effect for public companies in interim and annual reporting periods beginning after December 15, 2012 (the first quarter of 2013 for public, calendar-year companies). This guidance impacts only the disclosures in financial statements and did not impact the company's financial condition or results of operations.

In January 2013, FASB issued an update to clarify ordinary trade receivables and receivables are not in the scope of ASU No. 2011-11 *Balance Sheet Disclosures about Offsetting Assets and Liabilities*. The update further

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

defined that the 2011 ASU applies only to derivatives, repurchase and reverse purchase agreements, and securities borrowing and lending transactions that are either offset in accordance with specific criteria contained in the FASB Accounting Standards Codification or subject to a master netting arrangement or similar agreement. The amendments in this update are effective for fiscal years beginning January 1, 2013 and interim periods within those annual periods. The amendments should be applied retrospectively for all comparative periods presented. The effective date is the same as that of ASU No. 2011-11. This guidance impacts only the disclosures in financial statements and did not impact the company's financial condition or results of operations.

In October 2012, FASB issued an update for entities that recognize an indemnification asset as a result of a government-assisted acquisition of a financial institution. When a reporting entity recognizes an indemnification asset as a result of a government-assisted acquisition of a financial institution and subsequently a change in the cash flows expected to be collected on the indemnification asset occurs (as a result of a change in cash flows expected to be collected on the assets subject to indemnification), the reporting entity should subsequently account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement (that is, the lesser of the term of the indemnification agreement and the remaining life of the indemnified assets). The amendments in this update are effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2012. Early adoption is permitted. The amendments should be applied prospectively to any new indemnification assets acquired after the date of adoption and to indemnification assets existing as of the date of adoption arising from a government-assisted acquisition of a financial institution. The adoption of this guidance is not expected to have a material impact on the Company's financial condition or results of operations.

In July 2012, FASB issued an update that an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount. Under the guidance in this ASU, an entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. The amendments in this ASU are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial condition or results of operations.

In December 2011, the FASB issued updated guidance to address the differences between international financial reporting standards (IFRS) and generally accepted accounting principles (GAAP) regarding the offsetting of assets and liabilities. Instead of proposing new criteria for netting assets and liabilities the FASB and International Accounting Standards Board (IASB) jointly issued common disclosure requirements related to offsetting arrangements, irrespective of whether they are offset on the statement of financial position, which require disclosure of both net and gross information for these assets and liabilities. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. This guidance impacts only the disclosures in financial statements and did not impact 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 June 2011, the FASB issued updated guidance regarding the presentation of comprehensive income, and subsequently amended this guidance in December 2011, prior to its effective date. The updated guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes to stockholders' equity, and, requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This amendment does not change the items that must be reported in other comprehensive income or when an item in other comprehensive income must be reclassified to net income. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively. The adoption of this guidance changed presentation only and did not have a material impact on the Company's financial condition or results of operations.

In May 2011, the FASB issued updated guidance to achieve common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. Certain provisions clarify the Board's intent about the application of existing fair value measurement and disclosure requirements, while others change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The guidance is to be applied prospectively and is effective during interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have a material impact on the Company's financial condition or results of operations.

In April 2011, FASB issued an update to improve the accounting for repurchase agreements ("repos") and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The guidance modifies the criteria for assessing if a transferor has maintained effective control over the transferred asset in determining when these transactions would be accounted for as financings (secured borrowings/lending agreements) as opposed to sales (purchases) with commitments to repurchase (resell). Specifically, the updated guidance removes the criterion requiring a transferor to have the ability to repurchase or redeem the financial assets on substantially the same terms, even in the event of default by the transferee, as well as the collateral maintenance guidance related to that criterion. The guidance is effective prospectively for new transfers and existing transactions that are modified in the first interim or annual period beginning on or after December 15, 2011. The adoption of this guidance did not have a material impact on the Company's financial condition or results of operations.

**Note 2. Acquisitions**

**Whitney Holding Corporation**

On June 4, 2011, Hancock acquired all of the outstanding common stock of Whitney Holding Corporation (Whitney), a bank holding company based in New Orleans, Louisiana, in a stock and cash transaction. Whitney common shareholders received 0.418 shares of Hancock common stock in exchange for each share of Whitney stock, resulting in Hancock issuing 40,794,261 common shares at a fair value of \$1.3 billion. Whitney's preferred stock and common stock warrant issued under TARP were purchased by the Company for \$307.7 million and retired as part of the merger transaction. In total, the purchase price was approximately \$1.6 billion including the value of the options to purchase common stock assumed in the merger. On September 16, 2011, seven Whitney Bank branches located on the Mississippi Gulf Coast and one branch located in Bogalusa, LA with approximately \$47 million in loans and \$180 million in deposits were divested in order to resolve branch concentration concerns of the U.S. Department of Justice relating to the merger.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2. Acquisitions (continued)**

The Whitney transaction was accounted for using the purchase method of accounting and, accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the acquisition date. Fair values were subject to refinement for up to one year after the closing date of the acquisition. Assets acquired, excluding goodwill, totaled \$11.2 billion, including \$6.5 billion in loans, \$2.6 billion of investment securities, and \$224 million of identifiable intangible assets. Liabilities assumed were \$10.1 billion, including \$9.2 billion of deposits.

Goodwill of \$589.5 million was calculated as the excess of the consideration exchanged over the net identifiable assets acquired. In 2012, goodwill was reduced \$22.3 million for deferred tax purchase accounting adjustments.

The following table provides the assets purchased, the liabilities assumed and the consideration transferred:

Statement of Net Assets Acquired (at fair value) and Consideration Transferred  
*(in millions except per share)*

|  | Fair value of net assets<br>acquired at<br>date of acquisition<br>June 4, 2011 | Subsequent<br>acquisition-date<br>adjustments | As recorded by<br>HHC<br>December 31, 2011 |
|--|--|---|--|
| <b>ASSETS</b>  |  |   |  |
| Cash and cash equivalents  | \$ 957   | \$—   | \$ 957                                     |
| Loans held for sale  | 57   | —   | 57   |
| Securities   | 2,635  | 1   | 2,636                                      |
| Loans and leases   | 6,456  | (9)   | 6,447                                      |
| Property and equipment   | 284  | (21)  | 263  |
| Other intangible assets (1)  | 266  | (42)  | 224  |
| Other assets   | 580  | (7)   | 573  |
| Total identifiable assets  | <u>11,235</u>  | <u>(78)</u>                                   | <u>11,157</u>                              |
| <b>LIABILITIES</b>   |  |   |  |
| Deposits   | 9,182  | —   | 9,182                                      |
| Borrowings   | 776  | —   | 776  |
| Other liabilities  | 175  | (3)   | 172  |
| Total liabilities  | <u>10,133</u>  | <u>(3)</u>                                    | <u>10,130</u>                              |
| Net identifiable assets acquired                                     | 1,102  | (75)  | 1,027                                      |
| Goodwill (2)   | 514  | 75  | 589  |
| Net assets acquired  | <u>\$ 1,616</u>  | <u>—</u>                                      | <u>\$ 1,616</u>                            |
| <b>CONSIDERATION:</b>  |  |   |  |
| Hancock Holding Company common shares issued                         | 41   |   |  |
| Purchase price per share of the Company's common stock (3)           | <u>32.04</u>   |   |  |
| Company common stock issued and cash exchanged for fractional shares | \$ 1,307   |   |  |
| Stock options converted  | 1  |   |  |
| Cash paid for TARP preferred stock and warrants                      | <u>308</u>   |   |  |
| Fair value of total consideration transferred                        | <u>\$ 1,616</u>  |   |  |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2. Acquisitions (continued)**

- (1) Intangible assets consists of core deposit intangible of \$189.4 million, trade name of \$11.7 million, trust relationships of \$11.1 million, and credit card relationships of \$11.3 million.

The amortization life is 12—20 years for the CDI intangible asset; 15 years for credit card relationships, 12 years for trust and 2.5 years for trade name intangible asset.

They will be amortized on an accelerated basis.

- (2) No goodwill is expected to be deductible for federal income tax purposes. The goodwill will be primarily allocated to the Whitney Bank segment.
- (3) The value of the shares of common stock exchanged with Whitney shareholders was based upon the closing price of the Company's common stock at June 3, 2011, the last traded day prior to the date of acquisition.

The following table (in thousands) provides a reconciliation of goodwill:

|  |                  |
|--|------------------|
| Goodwill balance at December 31, 2010  | \$ 61,631        |
| Additions:   |                  |
| Goodwill from Whitney acquisition at acquisition date  | 513,917          |
| Purchase accounting fair value adjustments subsequent to acquisition date made during the fourth quarter of 2011 | <u>75,614</u>    |
| Goodwill balance at December 31, 2011  | \$651,162        |
| Reductions:  |                  |
| Deferred tax purchase accounting adjustment made during 2012   | <u>(22,285)</u>  |
| Goodwill balance at December 31, 2012  | <u>\$628,877</u> |

The operating results of the Company for the year ended December 31, 2011 included the results from the operations acquired in the Whitney transaction since June 4, 2011. Whitney's operations contributed approximately \$232.5 million in revenue, net of interest expense, and an estimated \$35.8 million in net income for the period from the acquisition date.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2. Acquisitions (continued)**

Merger-related charges of \$45.8 million and \$86.8 million associated with the Whitney acquisition were included in noninterest expense for 2012 and 2011. Such expenses were for professional services and other incremental costs associated with the conversion of systems and integration of operations, costs related to branch and office consolidations, costs related to termination of existing contractual arrangements for various services, marketing and promotion expenses, and retention and severance and incentive compensation costs. The following table provides a breakdown (in thousands) of merger expenses by category:

|                               | <b>Years Ended December 31,</b> |                 |
|-------------------------------|---------------------------------|-----------------|
|                               | <b>2012</b>                     | <b>2011</b>     |
| Personnel                     | \$ 9,450                        | \$13,960        |
| Net occupancy expense         | 611                             | 330             |
| Equipment                     | 2,235                           | 552             |
| Data processing expense       | 3,116                           | 3,163           |
| Professional services expense | 24,436                          | 40,902          |
| Postage and communications    | 375                             | 897             |
| Advertising                   | 5,360                           | 5,958           |
| Printing and supplies         | 957                             | 568             |
| Insurance expense             | —                               | 3,177           |
| Other expense                 | (751)                           | 17,255          |
| Total merger-related expenses | <u>\$45,789</u>                 | <u>\$86,762</u> |

The following unaudited pro forma information presents the results of operations for the twelve months ended December 31, 2011 and 2010, as if the acquisition had occurred at the beginning of the earliest period presented. These adjustments include the impact of certain purchase accounting adjustments such as intangible assets amortization, fixed assets depreciation and elimination of Whitney's provision. In addition, the \$86.8 million in merger expenses discussed above are included in each year. Any additional future operating cost savings and other synergies the Company anticipates as a result of the acquisition are not reflected in the pro forma amounts. These unaudited pro forma results are presented for illustrative purposes and are not intended to represent or be indicative of the actual results of operations of the combined company that would have been achieved had the acquisition occurred at the beginning of the earliest period presented, nor are they intended to represent or be indicative of future results of operations.

|  | <b>Twelve Months Ended</b> |                          |
|--|----------------------------|--------------------------|
|  | <b>December 31, 2011</b>   | <b>December 31, 2010</b> |
| (In millions)                            |                            |                          |
| Total revenues , net of interest expense | \$979                      | \$983                    |
| Net Income                               | \$124                      | \$ 94                    |

In many cases, determining the fair value of the acquired assets and assumed liabilities required the Company to estimate future cash flows associated with those assets and liabilities and to discount those cash flows at appropriate rates of interest. The most significant estimates related to the valuation of acquired loans, including loans with evidence of credit quality deterioration (acquired impaired) and loans that did not meet this criteria (acquired performing). Note 1 discusses the Company's valuation of the acquired loan portfolios as well as significant aspects of the ongoing accounting for such acquired loans.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2. Acquisitions (continued)**

Loans at the acquisition date of June 4, 2011 are presented in the following table.

|   | <u>Acquired<br/>Impaired</u> | <u>Acquired<br/>Performing</u> | <u>Total<br/>Acquired<br/>Loans</u> |
|---|------------------------------|--------------------------------|-------------------------------------|
|   | (In thousands)               |                                |                                     |
| Commercial non-real estate                | \$128,813                    | \$2,414,002                    | \$2,542,815                         |
| Commercial real estate owner-occupied     | 91,885                       | 856,583                        | 948,468                             |
| Construction and land development         | 159,438                      | 564,795                        | 724,233                             |
| Commercial real estate non-owner occupied | 86,573                       | 839,258                        | 925,831                             |
| Total commercial/real estate              | <u>466,709</u>               | <u>4,674,638</u>               | <u>5,141,347</u>                    |
| Residential mortgage                      | 68,780                       | 818,152                        | 886,932                             |
| Consumer                                  | —                            | 418,563                        | 418,563                             |
| Total                                     | <u>\$535,489</u>             | <u>\$5,911,353</u>             | <u>\$6,446,842</u>                  |

The following table presents information about the acquired impaired loans at acquisition (in thousands).

|   |                  |
|---|------------------|
| Contractually required principal and interest payments              | \$880,612        |
| Nonaccretable difference  | <u>212,987</u>   |
| Cash flows expected to be collected                                 | 667,625          |
| Accretable difference   | <u>132,136</u>   |
| Fair value of loans acquired with a deterioration of credit quality | <u>\$535,489</u> |

The fair value of the acquired performing loans at June 4, 2011, was \$5.9 billion. The gross contractually required principal and interest payments receivable for acquired performing loans was \$6.8 billion.

In connection with the Whitney acquisition, the Company recorded a liability for contingent payments to certain employees for arrangements that were in existence prior to acquisition. The fair value of this liability was \$58.0 million. The following table presents the changes in the liability for 2012 and 2011. Payments are expected to continue into 2014.

|                             | December 31,    |                  |
|-----------------------------|-----------------|------------------|
|                             | <u>2012</u>     | <u>2011</u>      |
| <b>Balance, January 1</b>   | \$ 23,183       | \$ —             |
| Adjustments                 | 1,127           | 57,964           |
| Cash Payments               | <u>(16,145)</u> | <u>(34,781)</u>  |
| <b>Balance, December 31</b> | <u>\$ 8,165</u> | <u>\$ 23,183</u> |

The Company also recorded a liability with a fair value of \$14.0 million for a contractual contingency assumed in connection with Whitney's obligations under contracts for a systems conversion and replacement initiative. This initiative was suspended in anticipation of the acquisition. Payments against this liability during 2012 and 2011 respectively were \$2.6 million and \$1.1 million. During 2012, the remainder was reversed upon reaching settlement terms.

**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 and held to maturity follow (in thousands):

**Securities Available for Sale**

|                            | December 31, 2012 |                              |                               |             | December 31, 2011 |                              |                               |             |
|----------------------------|-------------------|------------------------------|-------------------------------|-------------|-------------------|------------------------------|-------------------------------|-------------|
|                            | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value  | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value  |
| U.S. Treasury              | \$ 150            | \$ 8                         | \$—                           | \$ 158      | \$ 150            | \$ 14                        | \$ —                          | \$ 164      |
| U.S. government agencies   | 18,096            | 11                           | —                             | 18,107      | 248,595           | 1,308                        | —                             | 249,903     |
| Municipal obligations      | 49,608            | 571                          | 14                            | 50,165      | 294,489           | 15,218                       | 42                            | 309,665     |
| Mortgage-backed securities | 1,715,524         | 58,903                       | 21                            | 1,774,406   | 2,422,891         | 58,150                       | 696                           | 2,480,345   |
| CMOs                       | 196,723           | 1,354                        | —                             | 198,077     | 1,426,495         | 21,774                       | 2,193                         | 1,446,076   |
| Corporate debt securities  | 2,250             | —                            | —                             | 2,250       | 4,517             | 11                           | 34                            | 4,494       |
| Other equity securities    | 4,531             | 752                          | 4                             | 5,279       | 4,208             | 2,086                        | 41                            | 6,253       |
|                            | \$1,986,882       | \$61,599                     | \$ 39                         | \$2,048,442 | \$4,401,345       | \$98,561                     | \$3,006                       | \$4,496,900 |

**Securities Held to Maturity**

|                            | December 31, 2012 |                              |                               |             | December 31, 2011 |                              |                               |            |
|----------------------------|-------------------|------------------------------|-------------------------------|-------------|-------------------|------------------------------|-------------------------------|------------|
|                            | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value  | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value |
| Municipal obligations      | \$ 164,493        | \$16,017                     | \$—                           | \$ 180,510  | —                 | —                            | —                             | —          |
| Mortgage-backed securities | 180,397           | 3,429                        | —                             | 183,826     | —                 | —                            | —                             | —          |
| CMOs                       | 1,323,128         | 23,942                       | 941                           | 1,346,129   | —                 | —                            | —                             | —          |
|                            | \$1,668,018       | \$43,388                     | \$941                         | \$1,710,465 | —                 | —                            | —                             | —          |

During the first quarter of 2012, the Company reclassified approximately \$1.5 billion of securities available for sale as securities held to maturity. As a result of the acquisition of Whitney National Bank, the securities portfolio increased to such a size that the Company determined that only a portion of the portfolio needed to be classified as available for sale for liquidity purposes. The securities reclassified consisted primarily of collateral mortgage obligations (CMOs) and in-market municipal securities. The securities were transferred at fair value, which became the cost basis for the securities held to maturity. The unrealized net holding gain on the available for sale securities on the date of transfer totaled approximately \$39 million and continued to be reported, net of tax, as a component of accumulated other comprehensive income. This net unrealized gain is being accreted to interest income over the remaining life of the securities as a yield adjustment, which serves to offset the impact of the amortization of the net premium created in the transfer. There were no gains or losses recognized as a result of this transfer.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 3. Securities (continued)**

The following table presents the amortized cost and fair value of debt securities at December 31, 2012 by contractual maturity (in thousands). Actual maturities will differ from contractual maturities because of rights to call or repay obligations with or without penalties.

|   | Amortized<br>Cost | Fair<br>Value |
|---|-------------------|---------------|
| <b>Debt Securities Available for Sale</b> |                   |               |
| Due in one year or less                   | \$ 43,855         | \$ 44,003     |
| Due after one year through five years     | 241,988           | 244,207       |
| Due after five years through ten years    | 249,802           | 259,924       |
| Due after ten years                       | 1,446,706         | 1,495,029     |
| Total available for sale debt securities  | \$1,982,351       | \$2,043,163   |
| <br>                                      |                   |               |
|   | Amortized<br>Cost | Fair<br>Value |
| <b>Debt Securities Held to Maturity</b>   |                   |               |
| Due in one year or less                   | \$ 14,545         | \$ 14,626     |
| Due after one year through five years     | 417,869           | 427,022       |
| Due after five years through ten years    | 94,584            | 104,739       |
| Due after ten years                       | 1,141,020         | 1,164,078     |
| Total held to maturity securities         | \$1,668,018       | \$1,710,465   |

The Company held no securities classified as trading at December 31, 2012 or 2011.

The details for securities classified as available for sale with unrealized losses as of December 31, 2012 follow (in thousands):

**Available for sale**

|                            | Losses < 12 months |                               | Losses 12 months or > |                               | Total         |                               |
|----------------------------|--------------------|-------------------------------|-----------------------|-------------------------------|---------------|-------------------------------|
|                            | Fair<br>Value      | Gross<br>Unrealized<br>Losses | Fair<br>Value         | Gross<br>Unrealized<br>Losses | Fair<br>Value | Gross<br>Unrealized<br>Losses |
| U.S. Treasury              | \$ —               | \$—                           | \$ —                  | \$—                           | \$ —          | \$—                           |
| U.S. government agencies   | —                  | —                             | —                     | —                             | —             | —                             |
| Municipal obligations      | 5,278              | 14                            | —                     | —                             | 5,278         | 14                            |
| Mortgage-backed securities | 57,752             | 14                            | 1,097                 | 7                             | 58,849        | 21                            |
| CMOs                       | —                  | —                             | —                     | —                             | —             | —                             |
| Corporate debt securities  | —                  | —                             | —                     | —                             | —             | —                             |
| Equity securities          | 268                | 2                             | 2                     | 2                             | 270           | 4                             |
|                            | \$63,298           | \$ 30                         | \$1,099               | \$ 9                          | \$64,397      | \$ 39                         |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 3. Securities (continued)**

The details for securities classified as available for sale with unrealized losses as of December 31, 2011 follow (in thousands):

Available for sale

|                            | 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              | \$ —               | \$ —                    | \$—                   | \$—                     | \$ —             | \$ —                    |
| U.S. government agencies   | —                  | —                       | —                     | —                       | —                | —                       |
| Municipal obligations      | 18,854             | 42                      | —                     | —                       | 18,854           | 42                      |
| Mortgage-backed securities | 212,900            | 692                     | 337                   | 4                       | 213,237          | 696                     |
| CMOs                       | 296,860            | 2,193                   | —                     | —                       | 296,860          | 2,193                   |
| Corporate debt securities  | 398                | 34                      | —                     | —                       | 398              | 34                      |
| Equity securities          | 1,685              | 39                      | 2                     | 2                       | 1,687            | 41                      |
|                            | <u>\$530,697</u>   | <u>\$3,000</u>          | <u>\$339</u>          | <u>\$ 6</u>             | <u>\$531,036</u> | <u>\$3,006</u>          |

The details for securities classified as held to maturity with unrealized losses as of December 31, 2012 follow (in thousands):

Held to maturity

|                            | Losses < 12 months |                         | Losses 12 months or > |                         | Total            |                         |
|----------------------------|--------------------|-------------------------|-----------------------|-------------------------|------------------|-------------------------|
|                            | Fair Value         | Gross Unrealized Losses | Fair Value            | Gross Unrealized Losses | Fair Value       | Gross Unrealized Losses |
| Municipal obligations      | \$ —               | \$—                     | \$ —                  | \$—                     | \$ —             | \$—                     |
| Mortgage-backed securities | —                  | —                       | —                     | —                       | —                | —                       |
| CMOs                       | 87,852             | 259                     | 54,445                | 682                     | 142,297          | 941                     |
|                            | <u>\$87,852</u>    | <u>\$259</u>            | <u>\$54,445</u>       | <u>\$682</u>            | <u>\$142,297</u> | <u>\$941</u>            |

Substantially all of the unrealized losses relate to changes in market rates on fixed-rate debt securities since the respective purchase date. In all cases, the indicated impairment would be recovered by the security's maturity date or possibly earlier if the market price for the security increases with a reduction in the yield required by the market. None of the unrealized losses relate to the marketability of the securities or the issuer's ability to meet contractual obligations. The Company has adequate liquidity and, therefore, does not plan to and, more likely than not, will not be required to sell these securities before recovery of the indicated impairment. Accordingly, the unrealized losses on these securities have been determined to be temporary.

Proceeds from sales of securities available for sale were approximately \$48 million in 2012, \$343 million in 2011 and less than \$1 million in 2010. Realized gross gains and losses, computed through specific identification, were insignificant. Substantially all of the proceeds in 2011 came from the sale of a portion of the portfolio acquired in the Whitney acquisition.

Securities with carrying values totaling approximately \$2.6 billion at December 31, 2012 and \$3.0 billion at December 31, 2011 were pledged primarily to secure public deposits or sold under agreements to repurchase.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans**

The distinction between originated, acquired and covered loans and certain significant accounting policies relevant to each category are discussed in detail in Note 1. Loans, net of unearned income, consisted of the following:

|                                   | <u>December 31,</u><br><u>2012</u> | <u>December 31,</u><br><u>2011</u> |
|-----------------------------------|------------------------------------|------------------------------------|
| (In thousands)                    |                                    |                                    |
| <b>Originated loans:</b>          |                                    |                                    |
| Commercial non-real estate        | \$ 2,713,385                       | \$ 1,525,409                       |
| Construction and land development | 665,673                            | 540,806                            |
| Commercial real estate            | 1,548,402                          | 1,259,757                          |
| Residential mortgages             | 827,985                            | 487,147                            |
| Consumer                          | <u>1,351,776</u>                   | <u>1,074,611</u>                   |
| <b>Total originated loans</b>     | <u>\$ 7,107,221</u>                | <u>\$ 4,887,730</u>                |
| <b>Acquired loans:</b>            |                                    |                                    |
| Commercial non-real estate        | \$ 1,690,643                       | \$ 2,236,758                       |
| Construction and land development | 295,151                            | 603,371                            |
| Commercial real estate            | 1,279,546                          | 1,656,515                          |
| Residential mortgages             | 486,444                            | 734,669                            |
| Consumer                          | <u>202,974</u>                     | <u>386,540</u>                     |
| <b>Total acquired loans</b>       | <u>\$ 3,954,758</u>                | <u>\$ 5,617,853</u>                |
| <b>Covered loans:</b>             |                                    |                                    |
| Commercial non-real estate        | \$ 29,260                          | \$ 38,063                          |
| Construction and land development | 28,482                             | 118,828                            |
| Commercial real estate            | 95,146                             | 82,651                             |
| Residential mortgages             | 263,515                            | 285,682                            |
| Consumer                          | <u>99,420</u>                      | <u>146,219</u>                     |
| <b>Total covered loans</b>        | <u>\$ 515,823</u>                  | <u>\$ 671,443</u>                  |
| <b>Total loans:</b>               |                                    |                                    |
| Commercial non-real estate        | \$ 4,433,288                       | \$ 3,800,230                       |
| Construction and land development | 989,306                            | 1,263,005                          |
| Commercial real estate            | 2,923,094                          | 2,998,923                          |
| Residential mortgages             | 1,577,944                          | 1,507,498                          |
| Consumer                          | <u>1,654,170</u>                   | <u>1,607,370</u>                   |
| <b>Total loans</b>                | <u>\$11,577,802</u>                | <u>\$11,177,026</u>                |

In the following discussion and tables, commercial loans include the commercial non-real estate, construction and land development and commercial real estate loans categories shown in the previous table.

The Company generally makes loans in its market areas of south Mississippi, southern and central Alabama, southern and central Louisiana, the Houston, Texas area and the northern, central and panhandle regions of Florida. The Banks make loans in the normal course of business to directors and executive officers of the Company and the Banks and to their associates. Loans to such related parties are made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

transactions with unrelated parties and do not involve more than normal risk of collectability when originated. Balances of loans to the Company's directors, executive officers and their associates at December 31, 2012 and 2011 were approximately \$76.6 million and \$65.0 million, respectively. New loans, repayments and net balances from changes in directors and executive officers and their associates for 2012 were \$138.4 million, \$126.5 million and (\$0.3 million), respectively.

The following schedules show activity in the allowance for loan losses for 2012 and 2011 by portfolio segment and the corresponding recorded investment in loans as of December 31, 2012 and December 31, 2011. The allowance activity is summarized for December 31, 2010 because the allowance for covered loans was insignificant.

| <u>Originated loans:</u>               | <u>Commercial</u>        | <u>Residential<br/>mortgages</u> | <u>Consumer</u>  | <u>Total</u>     |
|--|--------------------------|----------------------------------|------------------|------------------|
| (In thousands)                         | <u>December 31, 2012</u> |                                  |                  |                  |
| <b>Allowance for loan losses:</b>      |                          |                                  |                  |                  |
| Beginning balance, January 1, 2012     | \$ 60,211                | \$ 4,894                         | \$ 18,141        | \$ 83,246        |
| Charge-offs                            | (42,277)                 | (6,275)                          | (16,208)         | (64,760)         |
| Recoveries                             | 5,375                    | 324                              | 4,030            | 9,729            |
| Net provision for loan losses          | 35,840                   | 7,463                            | 7,256            | 50,559           |
| Increase in FDIC loss share receivable | —                        | —                                | —                | —                |
| Ending balance                         | <u>\$ 59,149</u>         | <u>\$ 6,406</u>                  | <u>\$ 13,219</u> | <u>\$ 78,774</u> |
| Ending balance:                        |                          |                                  |                  |                  |
| Individually evaluated for impairment  | \$ 6,377                 | \$ —                             | \$ —             | \$ 6,377         |
| Ending balance:                        |                          |                                  |                  |                  |
| Collectively evaluated for impairment  | \$ 52,772                | \$ 6,406                         | \$ 13,219        | \$ 72,397        |
| <b>Loans:</b>                          |                          |                                  |                  |                  |
| Ending balance:                        | \$4,927,460              | \$827,985                        | \$1,351,776      | \$7,107,221      |
| Ending balance:                        |                          |                                  |                  |                  |
| Individually evaluated for impairment  | \$ 70,555                | \$ 2,721                         | \$ —             | \$ 73,276        |
| Ending balance:                        |                          |                                  |                  |                  |
| Collectively evaluated for impairment  | \$4,856,905              | \$825,264                        | \$1,351,776      | \$7,033,945      |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <u>Acquired loans:</u><br>(In thousands)   | <u>Commercial</u>        | <u>Residential<br/>mortgages</u> | <u>Consumer</u> | <u>Total</u>     |
|--|--------------------------|----------------------------------|-----------------|------------------|
|  | <u>December 31, 2012</u> |                                  |                 |                  |
| <b>Allowance for loan losses:</b>          |                          |                                  |                 |                  |
| Beginning balance, January 1, 2012         | \$ —                     | \$ —                             | \$ —            | \$ —             |
| Charge-offs                                | —                        | —                                | —               | —                |
| Recoveries                                 | —                        | —                                | —               | —                |
| Net Provision for loan losses (a)          | 788                      | —                                | —               | 788              |
| Increase in FDIC loss share receivable (a) | —                        | —                                | —               | —                |
| Ending balance                             | <u>\$ 788</u>            | <u>\$ —</u>                      | <u>\$ —</u>     | <u>\$ 788</u>    |
| Ending balance:                            |                          |                                  |                 |                  |
| Individually evaluated for impairment      | \$ 788                   | \$ —                             | \$ —            | \$ 788           |
| Ending balance:                            |                          |                                  |                 |                  |
| Collectively evaluated for impairment      | \$ —                     | \$ —                             | \$ —            | \$ —             |
| <b>Loans:</b>                              |                          |                                  |                 |                  |
| Ending balance:                            | \$3,265,340              | \$486,444                        | \$202,974       | \$3,954,758      |
| Ending balance:                            |                          |                                  |                 |                  |
| Individually evaluated for impairment      | \$ 6,202                 | \$ —                             | \$ —            | \$ 6,202         |
| Ending balance:                            |                          |                                  |                 |                  |
| Collectively evaluated for impairment      | \$3,259,138              | \$486,444                        | \$202,974       | \$3,948,556      |
| <br>                                       |                          |                                  |                 |                  |
| <u>Covered loans:</u><br>(In thousands)    | <u>Commercial</u>        | <u>Residential<br/>mortgages</u> | <u>Consumer</u> | <u>Total</u>     |
|  | <u>December 31, 2012</u> |                                  |                 |                  |
| <b>Allowance for loan losses:</b>          |                          |                                  |                 |                  |
| Beginning balance, January 1, 2012         | \$ 18,203                | \$ 9,024                         | \$ 14,408       | \$ 41,635        |
| Charge-offs                                | (29,947)                 | —                                | (1,094)         | (31,041)         |
| Recoveries                                 | 4,894                    | —                                | 78              | 4,972            |
| Net provision for loan losses (a)          | (895)                    | 11,948                           | (8,208)         | 2,845            |
| Increase in FDIC loss share receivable (a) | 25,777                   | 11,702                           | 719             | 38,198           |
| Ending balance                             | <u>\$ 18,032</u>         | <u>\$ 32,674</u>                 | <u>\$ 5,903</u> | <u>\$ 56,609</u> |
| Ending balance:                            |                          |                                  |                 |                  |
| Individually evaluated for impairment      | \$ —                     | \$ —                             | \$ —            | \$ —             |
| Ending balance:                            |                          |                                  |                 |                  |
| Collectively evaluated for impairment      | \$ 18,032                | \$ 32,674                        | \$ 5,903        | \$ 56,609        |
| <b>Loans:</b>                              |                          |                                  |                 |                  |
| Ending balance:                            | \$ 152,888               | \$263,515                        | \$ 99,420       | \$ 515,823       |
| Ending balance:                            |                          |                                  |                 |                  |
| Individually evaluated for impairment      | \$ 3,707                 | \$ 393                           | \$ —            | \$ 4,100         |
| Ending balance:                            |                          |                                  |                 |                  |
| Collectively evaluated for impairment      | \$ 149,181               | \$263,122                        | \$ 99,420       | \$ 511,723       |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <u>Total loans:</u><br>(In thousands)         | <u>Commercial</u>        | <u>Residential<br/>mortgages</u> | <u>Consumer</u>  | <u>Total</u>      |
|---|--------------------------|----------------------------------|------------------|-------------------|
|   | <u>December 31, 2012</u> |                                  |                  |                   |
| <b>Allowance for loan losses:</b>             |                          |                                  |                  |                   |
| Beginning balance, January 1, 2012            | \$ 78,414                | \$ 13,918                        | \$ 32,549        | \$ 124,881        |
| Charge-offs                                   | (72,224)                 | (6,275)                          | (17,302)         | (95,801)          |
| Recoveries                                    | 10,269                   | 324                              | 4,108            | 14,701            |
| Net provision for loan losses (a)             | 35,733                   | 19,411                           | (952)            | 54,192            |
| Increase in FDIC loss share<br>receivable (a) | 25,777                   | 11,702                           | 719              | 38,198            |
| Ending balance                                | <u>\$ 77,969</u>         | <u>\$ 39,080</u>                 | <u>\$ 19,122</u> | <u>\$ 136,171</u> |
| Ending balance:                               |                          |                                  |                  |                   |
| Individually evaluated for impairment         | \$ 7,165                 | \$ —                             | \$ —             | \$ 7,165          |
| Ending balance:                               |                          |                                  |                  |                   |
| Collectively evaluated for impairment         | \$ 70,804                | \$ 39,080                        | \$ 19,122        | \$ 129,006        |
| <b>Loans:</b>                                 |                          |                                  |                  |                   |
| Ending balance:                               | \$8,345,688              | \$1,577,944                      | \$1,654,170      | \$11,577,802      |
| Ending balance:                               |                          |                                  |                  |                   |
| Individually evaluated for impairment         | \$ 80,464                | \$ 3,114                         | \$ —             | \$ 83,578         |
| Ending balance:                               |                          |                                  |                  |                   |
| Collectively evaluated for impairment         | \$8,265,224              | \$1,574,830                      | \$1,654,170      | \$11,494,224      |

- (a) The Company increased the allowance by \$41.0 million for losses related to impairment on certain pools of covered loans. This provision was mostly offset by a \$38.2 million increase in the FDIC loss share receivable.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <u>Originated loans:</u>                   | <u>Commercial</u>        | <u>Residential<br/>mortgages</u> | <u>Consumer</u>  | <u>Total</u>     |
|--|--------------------------|----------------------------------|------------------|------------------|
| (In thousands)                             | <u>December 31, 2011</u> |                                  |                  |                  |
| <b>Allowance for loan losses:</b>          |                          |                                  |                  |                  |
| Beginning balance, January 1, 2011         | \$ 56,859                | \$ 4,626                         | \$ 19,840        | \$ 81,325        |
| Charge-offs                                | (43,654)                 | (2,634)                          | (12,500)         | (58,788)         |
| Recoveries                                 | 20,006                   | 1,091                            | 3,887            | 24,984           |
| Net provision for loan losses              | 27,000                   | 1,811                            | 6,914            | 35,725           |
| Increase in FDIC loss share receivable     | —                        | —                                | —                | —                |
| Ending balance                             | <u>\$ 60,211</u>         | <u>\$ 4,894</u>                  | <u>\$ 18,141</u> | <u>\$ 83,246</u> |
| Ending balance:                            |                          |                                  |                  |                  |
| Individually evaluated for impairment      | \$ 6,988                 | \$ 551                           | \$ —             | \$ 7,539         |
| Ending balance:                            |                          |                                  |                  |                  |
| Collectively evaluated for impairment      | \$ 53,223                | \$ 4,343                         | \$ 18,141        | \$ 75,707        |
| Loans:                                     |                          |                                  |                  |                  |
| Ending balance:                            | \$3,325,972              | \$487,147                        | \$1,074,611      | \$4,887,730      |
| Ending balance:                            |                          |                                  |                  |                  |
| Individually evaluated for impairment      | \$ 28,034                | \$ 4,090                         | \$ —             | \$ 32,124        |
| Ending balance:                            |                          |                                  |                  |                  |
| Collectively evaluated for impairment      | \$3,297,938              | \$483,057                        | \$1,074,611      | \$4,855,606      |
| <br>                                       |                          |                                  |                  |                  |
| <u>Covered loans:</u>                      | <u>Commercial</u>        | <u>Residential<br/>mortgages</u> | <u>Consumer</u>  | <u>Total</u>     |
| (In thousands)                             | <u>December 31, 2011</u> |                                  |                  |                  |
| <b>Allowance for loan losses:</b>          |                          |                                  |                  |                  |
| Beginning balance, January 1, 2011         | \$ —                     | \$ —                             | \$ 672           | \$ 672           |
| Charge-offs                                | (11,100)                 | —                                | (375)            | (11,475)         |
| Recoveries                                 | —                        | —                                | —                | —                |
| Net provision for loan losses (a)          | 2,762                    | (179)                            | 424              | 3,007            |
| Increase in FDIC loss share receivable (a) | 26,541                   | 9,203                            | 13,687           | 49,431           |
| Ending balance                             | <u>\$ 18,203</u>         | <u>\$ 9,024</u>                  | <u>\$ 14,408</u> | <u>\$ 41,635</u> |
| Ending balance:                            |                          |                                  |                  |                  |
| Individually evaluated for impairment      | \$ —                     | \$ —                             | \$ —             | \$ —             |
| Ending balance:                            |                          |                                  |                  |                  |
| Collectively evaluated for impairment      | \$ 18,203                | \$ 9,024                         | \$ 14,408        | \$ 41,635        |
| <b>Loans:</b>                              |                          |                                  |                  |                  |
| Ending balance:                            | \$239,542                | \$285,682                        | \$146,219        | \$671,443        |
| Ending balance:                            |                          |                                  |                  |                  |
| Individually evaluated for impairment      | \$ 18,209                | \$ 637                           | \$ —             | \$ 18,846        |
| Ending balance:                            |                          |                                  |                  |                  |
| Collectively evaluated for impairment      | \$221,333                | \$285,045                        | \$146,219        | \$652,597        |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <u>Total loans:</u><br>(In thousands)         | <u>Commercial</u>        | <u>Residential<br/>mortgages</u> | <u>Consumer</u>  | <u>Total</u>      | <u>Total</u>     |
|---|--------------------------|----------------------------------|------------------|-------------------|------------------|
|   | <u>December 31, 2011</u> |                                  |                  |                   | <u>2010</u>      |
| <b>Allowance for loan losses:</b>             |                          |                                  |                  |                   |                  |
| Beginning balance, January 1, 2011            | \$ 56,859                | \$ 4,626                         | \$ 20,512        | \$ 81,997         | \$ 66,050        |
| Charge-offs                                   | (54,754)                 | (2,634)                          | (12,875)         | (70,263)          | (58,266)         |
| Recoveries                                    | 20,006                   | 1,091                            | 3,887            | 24,984            | 7,584            |
| Net provision for loan losses (a)(c)          | 29,762                   | 1,632                            | 7,338            | 38,732            | 65,991           |
| Increase in FDIC loss share receivable (a)(c) | 26,541                   | 9,203                            | 13,687           | 49,431            | 638              |
| Ending balance                                | <u>\$ 78,414</u>         | <u>\$ 13,918</u>                 | <u>\$ 32,549</u> | <u>\$ 124,881</u> | <u>\$ 81,997</u> |
| Ending balance:                               |                          |                                  |                  |                   |                  |
| Individually evaluated for impairment         | \$ 6,988                 | \$ 551                           | \$ —             | \$ 7,539          | \$ 11,952        |
| Ending balance:                               |                          |                                  |                  |                   |                  |
| Collectively evaluated for impairment         | \$ 71,426                | \$ 13,367                        | \$ 32,549        | \$ 117,342        | \$ 70,045        |
| <b>Loans:</b>                                 |                          |                                  |                  |                   |                  |
| Ending balance:                               | \$8,062,158              | \$1,507,498                      | \$1,607,370      | \$11,177,026      | \$4,957,164      |
| Ending balance:                               |                          |                                  |                  |                   |                  |
| Individually evaluated for impairment         | \$ 46,243                | \$ 4,727                         | \$ —             | \$ 50,970         | \$ 62,454        |
| Ending balance:                               |                          |                                  |                  |                   |                  |
| Collectively evaluated for impairment (d)     | \$8,015,915              | \$1,502,771                      | \$1,607,370      | \$11,126,056      | \$4,894,710      |
| Ending balance:                               |                          |                                  |                  |                   |                  |
| Acquired loans (b)                            | \$4,496,644              | \$ 734,669                       | \$ 386,540       | \$ 5,617,853      | \$ —             |

- (a) During 2011, the Company increased the allowance by \$52.4 million for losses related to impairment on certain pools of covered loans. This provision was mostly offset by a \$49.4 million increase in the FDIC loss share receivable.
- (b) In accordance with purchase accounting rules, the Whitney loans were recorded at their fair value at the time of the acquisition, and the prior allowance for loan losses was eliminated. No allowance was established on these acquired loans in 2011. These loans are included in the ending balance of loans collectively evaluated for impairment.
- (c) During 2010, the Company increased the allowance by \$672 thousand for losses related to impairment on certain covered consumer loans. This provision was mostly offset by a \$638 thousand increase in the FDIC loss share receivable.
- (d) Covered loans of \$809.2 million are included in the ending balance of loans collectively evaluated for impairment at December 31, 2010.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

FDIC Loss Share Receivable

The receivable arising from the loss-sharing agreements (referred to as the “FDIC loss-share receivable” on our consolidated statements of financial condition) is measured separately from the covered loan portfolio because the agreements are not contractually part of the covered loans and are not transferable should the Company choose to dispose of the covered loans. The following schedule shows activity in the loss share receivable for 2012 and 2011:

(In thousands)

|  | December 31,      |                   |
|--|-------------------|-------------------|
|  | 2012              | 2011              |
| <b>Balance, January 1</b>                                | \$ 231,085        | \$ 332,521        |
| Discount accretion                                       | 5,000             | 16,689            |
| Charge-offs, writedowns and other losses                 | 45,459            | 48,540            |
| External expenses qualifying under loss share agreements | 11,276            | 15,088            |
| Payments received from the FDIC                          | <u>(114,976)</u>  | <u>(181,753)</u>  |
| <b>Balance, December 31</b>                              | <u>\$ 177,844</u> | <u>\$ 231,085</u> |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

The following table shows the composition of non-accrual loans by portfolio segment and class. Acquired impaired and certain covered loans are considered to be performing due to the application of the accretion method and are excluded from the table. Covered loans accounted for using the cost recovery method do not have an accretable yield and are disclosed below as non-accrual loans. Acquired performing loans that have subsequently been placed on non-accrual status are also disclosed below.

|                               | <b>December 31,<br/>2012</b> | <b>December 31,<br/>2011</b> |
|-------------------------------|------------------------------|------------------------------|
| (In thousands)                |                              |                              |
| <b>Originated loans:</b>      |                              |                              |
| Commercial                    | \$ 91,908                    | \$ 55,046                    |
| Residential mortgages         | 7,705                        | 24,406                       |
| Consumer                      | 3,815                        | 3,855                        |
| <b>Total originated loans</b> | <b>\$103,428</b>             | <b>\$ 83,307</b>             |
| <b>Acquired loans:</b>        |                              |                              |
| Commercial                    | \$ 16,902                    | \$ —                         |
| Residential mortgages         | 10,551                       | —                            |
| Consumer                      | 2,634                        | 1,117                        |
| <b>Total acquired loans</b>   | <b>\$ 30,087</b>             | <b>\$ 1,117</b>              |
| <b>Covered loans:</b>         |                              |                              |
| Commercial                    | \$ 3,707                     | \$ 18,209                    |
| Residential mortgages         | 393                          | 637                          |
| Consumer                      | —                            | —                            |
| <b>Total covered loans</b>    | <b>\$ 4,100</b>              | <b>\$ 18,846</b>             |
| <b>Total loans:</b>           |                              |                              |
| Commercial                    | \$112,517                    | \$ 73,255                    |
| Residential mortgages         | 18,649                       | 25,043                       |
| Consumer                      | 6,449                        | 4,972                        |
| <b>Total loans</b>            | <b>\$137,615</b>             | <b>\$103,270</b>             |

The amount of interest that would have been recorded on non-accrual loans had the loans not been classified as non-accrual in 2012, 2011 and 2010, was \$7.8 million, \$4.9 million and \$5.7 million, respectively. Interest actually received on non-accrual loans during 2012, 2011 and 2010 was \$2.6 million, \$1.1 million and \$1.0 million, respectively.

Included in non-accrual loans is \$30.3 million in restructured commercial loans. Total troubled debt restructurings (TDRs) for the period ending December 31, 2012, were \$32.2 million and \$18.1 million at December 31, 2011. Modified acquired impaired loans are not removed from their accounting pool and accounted for as TDRs, even if those loans would otherwise be deemed TDRs.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

The table below details the troubled debt restructurings (TDR) that occurred during 2012 and 2011 by portfolio segment and troubled debt restructurings that subsequently defaulted within twelve months of modification (dollar amounts in thousands). A reserve analysis is completed on all loans that have been determined to be troubled debt restructurings by management. All troubled debt restructurings are rated substandard and are considered impaired in calculating the allowance for loan losses.

|                                      | 2012                |  |   | 2011*               |  |   |
|--------------------------------------|---------------------|--|---|---------------------|--|---|
|                                      | Number of Contracts | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment | Number of Contracts | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment |
| <b>Troubled Debt Restructurings:</b> |                     |  |   |                     |  |   |
| <b>Originated loans:</b>             |                     |  |   |                     |  |   |
| Commercial                           | 15                  | \$15,150   | \$ 8,102  | 23                  | \$17,450   | \$7,150   |
| Residential mortgages                | 3                   | 865  | 722   | 1                   | 660  | 153   |
| Consumer                             | —                   | —  | —   | —                   | —  | —   |
| <b>Total originated loans</b>        | <u>18</u>           | <u>\$16,015</u>                                  | <u>\$ 8,824</u>                                   | <u>24</u>           | <u>\$18,110</u>                                  | <u>\$7,303</u>                                    |
| <b>Acquired loans:</b>               |                     |  |   |                     |  |   |
| Commercial                           | 4                   | \$ 4,823   | \$ 4,764  | —                   | \$ —   | \$ —  |
| Residential mortgages                | —                   | —  | —   | —                   | —  | —   |
| Consumer                             | —                   | —  | —   | —                   | —  | —   |
| <b>Total acquired loans</b>          | <u>4</u>            | <u>\$ 4,823</u>                                  | <u>\$ 4,764</u>                                   | <u>—</u>            | <u>\$ —</u>                                      | <u>\$ —</u>                                       |
| <b>Covered loans:</b>                |                     |  |   |                     |  |   |
| Commercial                           | —                   | \$ —   | \$ —  | —                   | \$ —   | \$ —  |
| Residential mortgages                | —                   | —  | —   | —                   | —  | —   |
| Consumer                             | —                   | —  | —   | —                   | —  | —   |
| <b>Total covered loans</b>           | <u>—</u>            | <u>\$ —</u>                                      | <u>\$ —</u>                                       | <u>—</u>            | <u>\$ —</u>                                      | <u>\$ —</u>                                       |
| <b>Total loans:</b>                  |                     |  |   |                     |  |   |
| Commercial                           | 19                  | \$19,973   | \$12,866  | 23                  | \$17,450   | \$7,150   |
| Residential mortgages                | 3                   | 865  | 722   | 1                   | 660  | 153   |
| Consumer                             | —                   | —  | —   | —                   | —  | —   |
| <b>Total loans</b>                   | <u>22</u>           | <u>\$20,838</u>                                  | <u>\$13,588</u>                                   | <u>24</u>           | <u>\$18,110</u>                                  | <u>\$7,303</u>                                    |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <b>Troubled Debt Restructurings That<br/>Subsequently Defaulted:</b> | <b>2012</b>                    |                                | <b>2011</b>                    |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | <b>Number of<br/>Contracts</b> | <b>Recorded<br/>Investment</b> | <b>Number of<br/>Contracts</b> | <b>Recorded<br/>Investment</b> |
| <b>Originated loans:</b>   |                                |                                |                                |                                |
| Commercial   | 4                              | \$1,895                        | 2                              | \$742                          |
| Residential mortgages  | —                              | —                              | —                              | —                              |
| Consumer   | —                              | —                              | —                              | —                              |
| <b>Total originated loans</b>  | 4                              | \$1,895                        | 2                              | \$742                          |
| <b>Acquired loans:</b>   |                                |                                |                                |                                |
| Commercial   | —                              | \$ —                           | —                              | \$—                            |
| Residential mortgages  | —                              | —                              | —                              | —                              |
| Consumer   | —                              | —                              | —                              | —                              |
| <b>Total acquired loans</b>  | —                              | \$ —                           | —                              | \$—                            |
| <b>Covered loans:</b>  |                                |                                |                                |                                |
| Commercial   | —                              | \$ —                           | —                              | \$—                            |
| Residential mortgages  | —                              | —                              | —                              | —                              |
| Consumer   | —                              | —                              | —                              | —                              |
| <b>Total covered loans</b>   | —                              | \$ —                           | —                              | \$—                            |
| <b>Total loans:</b>  |                                |                                |                                |                                |
| Commercial   | 4                              | \$1,895                        | 2                              | \$742                          |
| Residential mortgages  | —                              | —                              | —                              | —                              |
| Consumer   | —                              | —                              | —                              | —                              |
| <b>Total loans</b>   | 4                              | \$1,895                        | 2                              | \$742                          |

\* 2011 TDR numbers were restated to reflect TDR activity during the year rather than the period-end balance that was reported in the 2011 10K.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

The Banks' loans that are risk rated Substandard and Doubtful are reviewed for impairment. However, for FAS 114 analysis used in the ALLL methodology, only loans greater than \$500,000 are included in the impairment review. This information is the source for the following impaired table. For the credit quality indicator tables presented later in this note, all loans are included. The tables below present impaired loans disaggregated by class at December 31, 2012 and 2011:

| <u>December 31, 2012</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)           |                                    |                                   |
| <b>Originated loans:</b>            |                            |                                 |                          |                                    |                                   |
| With no related allowance recorded: |                            |                                 |                          |                                    |                                   |
| Commercial                          | \$34,705                   | \$55,101                        | \$ —                     | \$23,793                           | \$ 464                            |
| Residential mortgages               | 2,721                      | 4,874                           | —                        | 3,255                              | 155                               |
| Consumer                            | —                          | —                               | —                        | —                                  | —                                 |
|                                     | <u>37,426</u>              | <u>59,975</u>                   | <u>—</u>                 | <u>27,048</u>                      | <u>619</u>                        |
| With an allowance recorded:         |                            |                                 |                          |                                    |                                   |
| Commercial                          | 35,850                     | 37,917                          | 6,377                    | 41,232                             | 703                               |
| Residential mortgages               | —                          | —                               | —                        | 4,619                              | —                                 |
| Consumer                            | —                          | —                               | —                        | —                                  | —                                 |
|                                     | <u>35,850</u>              | <u>37,917</u>                   | <u>6,377</u>             | <u>45,851</u>                      | <u>703</u>                        |
| Total:                              |                            |                                 |                          |                                    |                                   |
| Commercial                          | 70,555                     | 93,018                          | 6,377                    | 65,025                             | 1,167                             |
| Residential mortgages               | 2,721                      | 4,874                           | —                        | 7,874                              | 155                               |
| Consumer                            | —                          | —                               | —                        | —                                  | —                                 |
| <b>Total originated loans</b>       | <u>\$73,276</u>            | <u>\$97,892</u>                 | <u>\$6,377</u>           | <u>\$72,899</u>                    | <u>\$1,322</u>                    |
| <b>Acquired loans:</b>              |                            |                                 |                          |                                    |                                   |
| With no related allowance recorded: |                            |                                 |                          |                                    |                                   |
| Commercial                          | \$ —                       | \$ —                            | \$ —                     | \$ —                               | \$ —                              |
| Residential mortgages               | —                          | —                               | —                        | —                                  | —                                 |
| Consumer                            | —                          | —                               | —                        | —                                  | —                                 |
|                                     | <u>—</u>                   | <u>—</u>                        | <u>—</u>                 | <u>—</u>                           | <u>—</u>                          |
| With an allowance recorded:         |                            |                                 |                          |                                    |                                   |
| Commercial                          | 6,202                      | 6,386                           | 788                      | 1,551                              | —                                 |
| Residential mortgages               | —                          | —                               | —                        | —                                  | —                                 |
| Consumer                            | —                          | —                               | —                        | —                                  | —                                 |
|                                     | <u>6,202</u>               | <u>6,386</u>                    | <u>788</u>               | <u>1,551</u>                       | <u>—</u>                          |
| Total:                              |                            |                                 |                          |                                    |                                   |
| Commercial                          | 6,202                      | 6,386                           | 788                      | 1,551                              | —                                 |
| Residential mortgages               | —                          | —                               | —                        | —                                  | —                                 |
| Consumer                            | —                          | —                               | —                        | —                                  | —                                 |
| <b>Total acquired loans</b>         | <u>\$ 6,202</u>            | <u>\$ 6,386</u>                 | <u>\$ 788</u>            | <u>\$ 1,551</u>                    | <u>\$ —</u>                       |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <u>December 31, 2012</u>            | <u>Recorded<br/>Investment</u> | <u>Unpaid<br/>Principal<br/>Balance</u> | <u>Related<br/>Allowance</u> | <u>Average<br/>Recorded<br/>Investment</u> | <u>Interest<br/>Income<br/>Recognized</u> |
|-------------------------------------|--------------------------------|---|------------------------------|--|---|
|                                     |                                |   | (In thousands)               |  |   |
| <b>Covered loans:</b>               |                                |   |                              |  |   |
| With no related allowance recorded: |                                |   |                              |  |   |
| Commercial                          | \$ 3,707                       | \$ 10,208                               | \$ —                         | \$ 6,008                                   | \$ —                                      |
| Residential mortgages               | 393                            | 787                                     | —                            | 446  | —   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>4,100</u>                   | <u>10,995</u>                           | <u>—</u>                     | <u>6,454</u>                               | <u>—</u>                                  |
| With an allowance recorded:         |                                |   |                              |  |   |
| Commercial                          | —                              | —                                       | —                            | —  | —   |
| Residential mortgages               | —                              | —                                       | —                            | —  | —   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>—</u>                       | <u>—</u>                                | <u>—</u>                     | <u>—</u>                                   | <u>—</u>                                  |
| Total:                              |                                |   |                              |  |   |
| Commercial                          | 3,707                          | 10,208                                  | —                            | 6,008                                      | —   |
| Residential mortgages               | 393                            | 787                                     | —                            | 446  | —   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
| <b>Total covered loans</b>          | <u>\$ 4,100</u>                | <u>\$ 10,995</u>                        | <u>\$ —</u>                  | <u>\$ 6,454</u>                            | <u>\$ —</u>                               |
| <b>Total loans:</b>                 |                                |   |                              |  |   |
| With no related allowance recorded: |                                |   |                              |  |   |
| Commercial                          | \$38,412                       | \$ 65,309                               | \$ —                         | \$29,801                                   | \$ 464                                    |
| Residential mortgages               | 3,114                          | 5,661                                   | —                            | 3,701                                      | 155                                       |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>41,526</u>                  | <u>70,970</u>                           | <u>—</u>                     | <u>33,502</u>                              | <u>619</u>                                |
| With an allowance recorded:         |                                |   |                              |  |   |
| Commercial                          | 42,052                         | 44,303                                  | 7,165                        | 42,783                                     | 703                                       |
| Residential mortgages               | —                              | —                                       | —                            | 4,619                                      | —   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>42,052</u>                  | <u>44,303</u>                           | <u>7,165</u>                 | <u>47,402</u>                              | <u>703</u>                                |
| Total:                              |                                |   |                              |  |   |
| Commercial                          | 80,464                         | 109,612                                 | 7,165                        | 72,584                                     | 1,167                                     |
| Residential mortgages               | 3,114                          | 5,661                                   | —                            | 8,320                                      | 155                                       |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
| <b>Total loans</b>                  | <u>\$83,578</u>                | <u>\$115,273</u>                        | <u>\$7,165</u>               | <u>\$80,904</u>                            | <u>\$1,322</u>                            |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <u>December 31, 2011</u>            | <u>Recorded<br/>Investment</u> | <u>Unpaid<br/>Principal<br/>Balance</u> | <u>Related<br/>Allowance</u> | <u>Average<br/>Recorded<br/>Investment</u> | <u>Interest<br/>Income<br/>Recognized</u> |
|-------------------------------------|--------------------------------|---|------------------------------|--|---|
|                                     |                                |   | (In thousands)               |  |   |
| <b>Originated loans:</b>            |                                |   |                              |  |   |
| With no related allowance recorded: |                                |   |                              |  |   |
| Commercial                          | \$10,177                       | \$24,935                                | \$ —                         | \$13,992                                   | \$359                                     |
| Residential mortgages               | 1,153                          | 1,957                                   | —                            | 1,087                                      | 58  |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>11,330</u>                  | <u>26,892</u>                           | <u>—</u>                     | <u>15,079</u>                              | <u>417</u>                                |
| With an allowance recorded:         |                                |   |                              |  |   |
| Commercial                          | 28,034                         | 33,168                                  | 6,988                        | 31,959                                     | 254                                       |
| Residential mortgages               | 4,090                          | 5,360                                   | 551                          | 5,007                                      | 7   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>32,124</u>                  | <u>38,528</u>                           | <u>7,539</u>                 | <u>36,966</u>                              | <u>261</u>                                |
| Total:                              |                                |   |                              |  |   |
| Commercial                          | 38,211                         | 58,103                                  | 6,988                        | 45,951                                     | 613                                       |
| Residential mortgages               | 5,243                          | 7,317                                   | 551                          | 6,094                                      | 65  |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
| <b>Total originated loans</b>       | <u>\$43,454</u>                | <u>\$65,420</u>                         | <u>\$7,539</u>               | <u>\$52,045</u>                            | <u>\$678</u>                              |
| <b>Covered loans:</b>               |                                |   |                              |  |   |
| With no related allowance recorded: |                                |   |                              |  |   |
| Commercial                          | \$17,874                       | \$21,757                                | \$ —                         | \$ 4,469                                   | \$—                                       |
| Residential mortgages               | 429                            | 845                                     | —                            | 1,847                                      | —   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>18,303</u>                  | <u>22,602</u>                           | <u>—</u>                     | <u>6,316</u>                               | <u>—</u>                                  |
| With an allowance recorded:         |                                |   |                              |  |   |
| Commercial                          | 335                            | 335                                     | 9                            | 27,765                                     | —   |
| Residential mortgages               | 208                            | 228                                     | 19                           | 52   | —   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>543</u>                     | <u>563</u>                              | <u>28</u>                    | <u>27,817</u>                              | <u>—</u>                                  |
| Total:                              |                                |   |                              |  |   |
| Commercial                          | 18,209                         | 22,092                                  | 9                            | 32,234                                     | —   |
| Residential mortgages               | 637                            | 1,073                                   | 19                           | 1,899                                      | —   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
| <b>Total covered loans</b>          | <u>\$18,846</u>                | <u>\$23,165</u>                         | <u>\$ 28</u>                 | <u>\$34,133</u>                            | <u>\$—</u>                                |
| <b>Total loans:</b>                 |                                |   |                              |  |   |
| With no related allowance recorded: |                                |   |                              |  |   |
| Commercial                          | \$28,051                       | \$46,692                                | \$ —                         | \$18,461                                   | \$359                                     |
| Residential mortgages               | 1,582                          | 2,802                                   | —                            | 2,934                                      | 58  |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>29,633</u>                  | <u>49,494</u>                           | <u>—</u>                     | <u>21,395</u>                              | <u>417</u>                                |
| With an allowance recorded:         |                                |   |                              |  |   |
| Commercial                          | 28,369                         | 33,503                                  | 6,997                        | 59,724                                     | 254                                       |
| Residential mortgages               | 4,298                          | 5,588                                   | 570                          | 5,059                                      | 7   |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
|                                     | <u>32,667</u>                  | <u>39,091</u>                           | <u>7,567</u>                 | <u>64,783</u>                              | <u>261</u>                                |
| Total:                              |                                |   |                              |  |   |
| Commercial                          | 56,420                         | 80,195                                  | 6,997                        | 78,185                                     | 613                                       |
| Residential mortgages               | 5,880                          | 8,390                                   | 570                          | 7,993                                      | 65  |
| Consumer                            | —                              | —                                       | —                            | —  | —   |
| <b>Total loans</b>                  | <u>\$62,300</u>                | <u>\$88,585</u>                         | <u>\$7,567</u>               | <u>\$86,178</u>                            | <u>\$678</u>                              |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

No acquired loans were evaluated individually for impairment at December 31, 2011.

Covered loans and loans acquired with existing credit impairment with an accretable yield are considered to be current in the following delinquency table. Certain covered loans accounted for using the cost recovery method are disclosed according to their contractual payment status below. The following table presents the age analysis of past due loans at December 31, 2012 and December 31, 2011:

| <u>December 31, 2012</u> | <u>30-59 days<br/>past due</u> | <u>60-89 days<br/>past due</u> | <u>Greater than<br/>90 days<br/>past due</u> | <u>Total<br/>past due</u> | <u>Current</u>      | <u>Total<br/>Loans</u> | <u>Recorded<br/>investment<br/>&gt; 90 days<br/>and<br/>accruing</u> |
|--------------------------|--------------------------------|--------------------------------|--|---------------------------|---------------------|------------------------|--|
|                          | (In thousands)                 |                                |  |                           |                     |                        |  |
| <b>Originated loans:</b> |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$24,398                       | \$16,508                       | \$46,355                                     | \$ 87,261                 | \$ 4,840,199        | \$ 4,927,460           | \$ 5,262   |
| Residential mortgages    | 11,500                         | 3,303                          | 4,100  | 18,903                    | 809,082             | 827,985                | —  |
| Consumer                 | 10,348                         | 2,150                          | 4,231  | 16,729                    | 1,335,047           | 1,351,776              | 2,474  |
| <b>Total</b>             | <u>\$46,246</u>                | <u>\$21,961</u>                | <u>\$54,686</u>                              | <u>\$122,893</u>          | <u>\$ 6,984,328</u> | <u>\$ 7,107,221</u>    | <u>\$ 7,736</u>  |
| <b>Acquired loans:</b>   |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$28,791                       | \$ 4,666                       | \$15,774                                     | \$ 49,231                 | \$ 3,216,109        | \$ 3,265,340           | \$ 4,354   |
| Residential mortgages    | 9,641                          | 1,290                          | 8,996  | 19,927                    | 466,517             | 486,444                | 1,106  |
| Consumer                 | 1,282                          | 430                            | 2,170  | 3,882                     | 199,092             | 202,974                | 47   |
| <b>Total</b>             | <u>\$39,714</u>                | <u>\$ 6,386</u>                | <u>\$26,940</u>                              | <u>\$ 73,040</u>          | <u>\$ 3,881,718</u> | <u>\$ 3,954,758</u>    | <u>\$ 5,507</u>  |
| <b>Covered loans:</b>    |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$ —                           | \$ —                           | \$ 3,707                                     | \$ 3,707                  | \$ 149,181          | \$ 152,888             | \$ —   |
| Residential mortgages    | —                              | —                              | 393  | 393                       | 263,122             | 263,515                | —  |
| Consumer                 | —                              | —                              | —  | —                         | 99,420              | 99,420                 | —  |
| <b>Total</b>             | <u>\$ —</u>                    | <u>\$ —</u>                    | <u>\$ 4,100</u>                              | <u>\$ 4,100</u>           | <u>\$ 511,723</u>   | <u>\$ 515,823</u>      | <u>\$ —</u>  |
| <b>Total loans:</b>      |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$53,189                       | \$21,174                       | \$65,836                                     | \$140,199                 | \$ 8,205,489        | \$ 8,345,688           | \$ 9,616   |
| Residential mortgages    | 21,141                         | 4,593                          | 13,489                                       | 39,223                    | 1,538,721           | 1,577,944              | 1,106  |
| Consumer                 | 11,630                         | 2,580                          | 6,401  | 20,611                    | 1,633,559           | 1,654,170              | 2,521  |
| <b>Total</b>             | <u>\$85,960</u>                | <u>\$28,347</u>                | <u>\$85,726</u>                              | <u>\$200,033</u>          | <u>\$11,377,769</u> | <u>\$11,577,802</u>    | <u>\$13,243</u>  |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

| <u>December 31, 2011</u> | <u>30-59 days<br/>past due</u> | <u>60-89 days<br/>past due</u> | <u>Greater than<br/>90 days<br/>past due</u> | <u>Total<br/>past due</u> | <u>Current</u>      | <u>Total<br/>Loans</u> | <u>Recorded<br/>investment<br/>&gt; 90 days<br/>and accruing</u> |
|--------------------------|--------------------------------|--------------------------------|--|---------------------------|---------------------|------------------------|--|
|                          | (In thousands)                 |                                |  |                           |                     |                        |  |
| <b>Originated loans:</b> |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$23,996                       | \$ 943                         | \$ 58,867                                    | \$ 83,806                 | \$ 3,242,166        | \$ 3,325,972           | \$3,821  |
| Residential mortgages    | 17,884                         | 4,364                          | 25,400                                       | 47,648                    | 439,499             | 487,147                | 994  |
| Consumer                 | 1,803                          | 2,481                          | 3,911  | 8,195                     | 1,066,416           | 1,074,611              | 56   |
| <b>Total</b>             | <u>\$43,683</u>                | <u>\$7,788</u>                 | <u>\$ 88,178</u>                             | <u>\$139,649</u>          | <u>\$ 4,748,081</u> | <u>\$ 4,887,730</u>    | <u>\$4,871</u>   |
| <b>Acquired loans:</b>   |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$ —                           | \$ —                           | \$ —   | \$ —                      | \$ 4,496,644        | \$ 4,496,644           | \$ —   |
| Residential mortgages    | —                              | —                              | —  | —                         | 734,669             | 734,669                | —  |
| Consumer                 | 1,698                          | 430                            | 2,126  | 4,254                     | 382,286             | 386,540                | 1,009  |
| <b>Total</b>             | <u>\$ 1,698</u>                | <u>\$ 430</u>                  | <u>\$ 2,126</u>                              | <u>\$ 4,254</u>           | <u>\$ 5,613,599</u> | <u>\$ 5,617,853</u>    | <u>\$1,009</u>   |
| <b>Covered loans:</b>    |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$ —                           | \$ —                           | \$ 18,209                                    | \$ 18,209                 | \$ 221,333          | \$ 239,542             | \$ —   |
| Residential mortgages    | —                              | —                              | 637  | 637                       | 285,045             | 285,682                | —  |
| Consumer                 | —                              | —                              | —  | —                         | 146,219             | 146,219                | —  |
| <b>Total</b>             | <u>\$ —</u>                    | <u>\$ —</u>                    | <u>\$ 18,846</u>                             | <u>\$ 18,846</u>          | <u>\$ 652,597</u>   | <u>\$ 671,443</u>      | <u>\$ —</u>  |
| <b>Total loans:</b>      |                                |                                |  |                           |                     |                        |  |
| Commercial               | \$23,996                       | \$ 943                         | \$ 77,076                                    | \$102,015                 | \$ 7,960,143        | \$ 8,062,158           | \$3,821  |
| Residential mortgages    | 17,884                         | 4,364                          | 26,037                                       | 48,285                    | 1,459,213           | 1,507,498              | 994  |
| Consumer                 | 3,501                          | 2,911                          | 6,037  | 12,449                    | 1,594,921           | 1,607,370              | 1,065  |
| <b>Total</b>             | <u>\$45,381</u>                | <u>\$8,218</u>                 | <u>\$109,150</u>                             | <u>\$162,749</u>          | <u>\$11,014,277</u> | <u>\$11,177,026</u>    | <u>\$5,880</u>   |

The following table presents the credit quality indicators of the Company's various classes of loans at December 31, 2012 and December 31, 2011. December 31, 2011 commercial-originated and commercial-acquired, pass and substandard grades, were restated due to the correction of a misclassification. Commercial-originated pass was overstated with commercial-originated substandard understated by \$91.6 million. Commercial-acquired pass was understated and commercial-acquired substandard was overstated by the same amount. Portfolio totals by risk grade were unchanged.

**Commercial Credit Exposure**

**Credit Risk Profile by Internally Assigned Grade**

|              | <u>December 31, 2012</u>           |                                  |                                 |                             | <u>December 31, 2011</u>           |                                  |                                 |                             |
|--------------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|
|              | <u>Commercial -<br/>originated</u> | <u>Commercial -<br/>acquired</u> | <u>Commercial -<br/>covered</u> | <u>Total<br/>commercial</u> | <u>Commercial -<br/>originated</u> | <u>Commercial -<br/>acquired</u> | <u>Commercial -<br/>covered</u> | <u>Total<br/>commercial</u> |
|              | (In thousands)                     |                                  |                                 |                             | (In thousands)                     |                                  |                                 |                             |
| Grade:       |                                    |                                  |                                 |                             |                                    |                                  |                                 |                             |
| Pass         | \$4,521,932                        | \$3,011,320                      | \$ 21,881                       | \$7,555,133                 | \$3,019,100                        | \$3,974,463                      | \$ 16,843                       | \$7,010,406                 |
| Pass-Watch   | 82,605                             | 71,405                           | 21,117                          | 175,127                     | 76,393                             | 60,042                           | 13,606                          | 150,041                     |
| Special      |                                    |                                  |                                 |                             |                                    |                                  |                                 |                             |
| Mention      | 83,985                             | 39,631                           | 7,433                           | 131,049                     | 35,155                             | 125,852                          | 9,368                           | 170,375                     |
| Substandard  | 238,486                            | 142,618                          | 49,041                          | 430,145                     | 194,900                            | 334,357                          | 124,371                         | 653,628                     |
| Doubtful     | 452                                | 366                              | 53,416                          | 54,234                      | 424                                | 1,930                            | 75,242                          | 77,596                      |
| Loss         | —                                  | —                                | —                               | —                           | —                                  | —                                | 112                             | 112                         |
| <b>Total</b> | <u>\$4,927,460</u>                 | <u>\$3,265,340</u>               | <u>\$152,888</u>                | <u>\$8,345,688</u>          | <u>\$3,325,972</u>                 | <u>\$4,496,644</u>               | <u>\$239,542</u>                | <u>\$8,062,158</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**

|                 | December 31, 2012                  |                                  |                                 |                             | December 31, 2011                  |                                  |                                 |                             |
|-----------------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|
|                 | Residential mortgages - originated | Residential mortgages - acquired | Residential mortgages - covered | Total residential mortgages | Residential mortgages - originated | Residential mortgages - acquired | Residential mortgages - covered | Total residential mortgages |
|                 | (In thousands)                     |                                  |                                 |                             | (In thousands)                     |                                  |                                 |                             |
| Grade:          |                                    |                                  |                                 |                             |                                    |                                  |                                 |                             |
| Pass            | \$804,007                          | \$444,571                        | \$124,605                       | \$1,373,183                 | \$460,261                          | \$673,751                        | \$120,180                       | \$1,254,192                 |
| Pass-Watch      | 3,794                              | 5,096                            | 15,420                          | 24,310                      | 7,499                              | 1,773                            | 18,133                          | 27,405                      |
| Special Mention | 701                                | 5,251                            | 3,195                           | 9,147                       | 542                                | 9,686                            | 3,286                           | 13,514                      |
| Substandard     | 19,483                             | 31,478                           | 95,137                          | 146,098                     | 18,845                             | 48,581                           | 139,643                         | 207,069                     |
| Doubtful        | —                                  | 48                               | 25,158                          | 25,206                      | —                                  | 878                              | 4,440                           | 5,318                       |
| Loss            | —                                  | —                                | —                               | —                           | —                                  | —                                | —                               | —                           |
| <b>Total</b>    | <b>\$827,985</b>                   | <b>\$486,444</b>                 | <b>\$263,515</b>                | <b>\$1,577,944</b>          | <b>\$487,147</b>                   | <b>\$734,669</b>                 | <b>\$285,682</b>                | <b>\$1,507,498</b>          |

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

|               | December 31, 2012     |                     |                    |                    | December 31, 2011     |                     |                    |                    |
|---------------|-----------------------|---------------------|--------------------|--------------------|-----------------------|---------------------|--------------------|--------------------|
|               | Consumer - originated | Consumer - acquired | Consumer - covered | Total Consumer     | Consumer - originated | Consumer - acquired | Consumer - covered | Total Consumer     |
|               | (In thousands)        |                     |                    |                    | (In thousands)        |                     |                    |                    |
| Performing    | \$1,347,961           | \$200,340           | \$99,420           | \$1,647,721        | \$1,070,756           | \$385,423           | \$146,219          | \$1,602,398        |
| Nonperforming | 3,815                 | 2,634               | —                  | 6,449              | 3,855                 | 1,117               | —                  | 4,972              |
| <b>Total</b>  | <b>\$1,351,776</b>    | <b>\$202,974</b>    | <b>\$99,420</b>    | <b>\$1,654,170</b> | <b>\$1,074,611</b>    | <b>\$386,540</b>    | <b>\$146,219</b>   | <b>\$1,607,370</b> |

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:

**Commercial:**

- 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.
- Doubtful - A Doubtful credit has all of the weaknesses inherent in one classified "Substandard" with the added characteristic that weaknesses make collection in full highly questionable or improbable.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Loans (continued)**

- Loss - Credits classified as Loss are considered uncollectable and are charged off promptly once so classified.

Consumer:

- 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.

The Company held \$50.6 million and \$72.4 million, respectively, in loans held for sale at December 31, 2012 and 2011. Of the \$50.6 million at December 31, 2012, \$3.6 million are problem commercial loans held for sale. The remainder of \$47.0 million represents mortgage loans originated for sale, which are carried at the lower of cost or estimated fair value. Residential mortgage 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 acquired impaired loans and accretable yield are presented in the following table for the years ended December 31, 2012 and 2011:

|  | December 31, 2012              |                     |                                |                     | December 31, 2011              |                     |                                |                     |
|--|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|
|  | Covered                        |                     | Non-covered                    |                     | Covered                        |                     | Non-covered                    |                     |
|  | Carrying<br>Amount<br>of Loans | Accretable<br>Yield |
| (In thousands)   |                                |                     |                                |                     |                                |                     |                                |                     |
| Balance at beginning of period   | \$ 671,443                     | \$153,137           | \$ 339,452                     | \$130,691           | \$ 809,459                     | \$107,638           | \$ —                           | \$ —                |
| Additions  | —                              | —                   | —                              | —                   | —                              | —                   | 535,489                        | 132,136             |
| Payments received, net   | (200,719)                      | —                   | (250,338)                      | —                   | (193,432)                      | —                   | (206,306)                      | —                   |
| Accretion  | 45,099                         | (45,099)            | 52,087                         | (52,087)            | 55,416                         | (55,416)            | 10,269                         | (22,719)            |
| Decrease in expected cash flows based on actual cash flow and changes in cash flow assumptions | —                              | (19,326)            | —                              | 23,688              | —                              | (18,930)            | —                              | (26,630)            |
| Net transfers from (to) nonaccretable difference to accretable yield                           | —                              | 26,882              | —                              | 100,894             | —                              | 119,845             | —                              | 47,904              |
| Balance at end of period   | <u>\$ 515,823</u>              | <u>\$115,594</u>    | <u>\$ 141,201</u>              | <u>\$203,186</u>    | <u>\$ 671,443</u>              | <u>\$153,137</u>    | <u>\$ 339,452</u>              | <u>\$130,691</u>    |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 5. Long-Term Debt**

Long-term debt consisted of the following:

|   | December 31 |           |
|---|-------------|-----------|
|   | 2012        | 2011      |
| Subordinated notes payable                | \$ 98,011   | \$150,000 |
| Term note payable dated December 21, 2012 | 220,000     | —         |
| Term note payable dated May 20, 2011      | —           | 140,000   |
| Other long-term debt                      | 78,578      | 63,890    |
| Total long-term debt                      | \$396,589   | \$353,890 |

On December 21, 2012, the Company entered into a three-year term loan agreement that provides for a \$220 million term loan facility, all of which was borrowed on the closing date. The agreement also provides for up to \$50 million in additional borrowings under the loan facility, subject to obtaining additional commitments from existing or new lenders and satisfaction of certain other conditions. Amounts borrowed under the loan facility bear interest at a variable rate based on LIBOR plus 1.875% per annum. The loan agreement requires quarterly principal payments of \$8.8 million, and outstanding borrowings may be prepaid in whole or in part at any time prior to the December 21, 2015 maturity date without premium or penalty.

The Company must satisfy certain financial covenants and is subject to other restrictions customary in financings of this nature, none of which is expected to adversely impact the operations of the Company. Under the financial covenants Hancock's ratio of consolidated nonperforming assets to consolidated total loans and other real estate, calculated without FDIC-covered assets, cannot exceed 3.50%. Hancock's consolidated net worth must be a minimum of \$2.1 billion initially, increasing each quarter by 50% of consolidated net income, but without reduction for net losses, and increasing by 100% of any common stock issuance. The Company and its financial institution subsidiaries must also maintain a Tier 1 regulatory capital leverage ratio of at least 8%; a Tier 1 risk based capital ratio of at least 10%; and a total risk based capital ratio of at least 12%. The Company was in compliance with all covenants as of December 31, 2012.

In connection with the execution of the new term loan agreement, the Company repaid the \$140 million principal and all remaining interest due under the prior term loan agreement that was scheduled to mature on June 3, 2013, and the prior agreement was terminated without premium or penalty.

During the second quarter of 2012, the Company initiated a tender offer for up to \$75 million of Whitney Bank's subordinated debt. A total of \$150 million of 10-year 5.875% fixed-rate subordinated debt had been issued by Whitney National Bank in March 2007 and was assumed by Hancock in the Whitney acquisition. In July 2012, the tender was consummated, and approximately \$52 million of the Whitney subordinated debt was repurchased. In addition to paying the indebtedness represented by the notes and accrued interest, the Company incurred approximately \$5.3 million in costs, including a premium of \$5.1 million that are included in noninterest expense for the third quarter for 2012. As of December 31, 2012, 80% of the balance of the subordinated notes qualify as capital in the calculation of certain regulatory capital ratios. The qualifying amount will be reduced by 20% per year in the second quarter of each year through maturity.

Substantially all of the other long-term debt consists of borrowings associated with tax credit fund activities. These borrowings mature at various dates beginning in 2015 through 2052. These borrowings have an expected maturity of generally seven years.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 6. Derivatives**

**Risk Management Objective of Using Derivatives**

The Company enters into derivative financial instruments to manage risks related to differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments, currently related to our variable rate borrowing. The Banks have also entered into interest rate derivative agreements as a service to certain qualifying customers. The Banks manage a matched book with respect to these customer derivatives in order to minimize their net risk exposure resulting from such agreements.

**Fair Values of Derivative Instruments on the Balance Sheet**

The Company has made an accounting policy election to use the exception in Accounting Standards Codification (ASC) 820-10-35-18D (commonly referred to as the "portfolio exception") with respect to measuring counterparty credit risk for derivative instruments, consistent with the guidance in ASC 820-10-35-18G. The table below presents the fair value (in thousands) of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of December 31, 2012 and December 31, 2011.

**Fair Values of Derivative Instruments**

|   | Asset Derivatives          |                 |                            |                 | Liability Derivatives      |                 |                            |                 |
|---|----------------------------|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|-----------------|
|   | As of December 31,<br>2012 |                 | As of December 31,<br>2011 |                 | As of December 31,<br>2012 |                 | As of December 31,<br>2011 |                 |
|   | Balance Sheet<br>Location  | Fair<br>Value   |
| Derivatives designated as<br>hedging instruments              |                            |                 |                            |                 |                            |                 |                            |                 |
| Interest rate products  | Other<br>assets            | \$ —            | Other<br>assets            | \$ —            | Other<br>liabilities       | \$ 298          | Other<br>liabilities       | \$ 107          |
| Total derivatives<br>designated as hedging<br>instruments     |                            | <u>\$ —</u>     |                            | <u>\$ —</u>     |                            | <u>\$ 298</u>   |                            | <u>\$ 107</u>   |
| Derivatives not designated<br>as hedging instruments          |                            |                 |                            |                 |                            |                 |                            |                 |
| Interest rate products  | Other<br>assets            | \$20,093        | Other<br>assets            | \$14,952        | Other<br>liabilities       | \$20,802        | Other<br>liabilities       | \$15,536        |
| Total derivatives not<br>designated as hedging<br>instruments |                            | <u>\$20,093</u> |                            | <u>\$14,952</u> |                            | <u>\$20,802</u> |                            | <u>\$15,536</u> |

**Cash Flow Hedges of Interest Rate Risk**

At both December 31, 2012 and 2011, the Company was party to an interest rate swap agreement with a notional amount of \$140 million that was designated as a cash flow hedge of the Company's forecasted variable cash flows under a variable-rate term borrowing agreement. The swap agreement expires in June 2013. Under the swap agreement, the Company receives interest on the notional amount at a variable rate and pays interest at a fixed rate. The Company's objective is to decrease volatility in interest expense and to manage its exposure to interest rate movements.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 6. Derivatives (continued)**

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive income (“AOCI”) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The impact on AOCI was insignificant during 2011, and the impact of reclassifications on earnings during 2012 has been and is expected to continue to be insignificant. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. No hedge ineffectiveness was recognized during 2012. Amounts reported in AOCI related to these derivatives will be reclassified to interest expense as interest payments are made on the Company’s variable-rate liabilities. During the next twelve months, the Company estimates that \$0.3 million will be reclassified as a decrease to interest expense.

**Derivatives Not Designated as Hedges**

**Customer interest rate derivative program**

The Banks enter into interest rate derivative agreements, primarily rate swaps, with commercial banking customers to facilitate their risk management strategies. The Banks simultaneously enter into offsetting agreements with unrelated financial institutions, thereby mitigating its net risk exposure resulting from such transactions. Because the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings. As of December 31, 2012 and 2011, the aggregate notional value of interest rate contracts with customers was approximately \$550 million and \$290 million, respectively, with a like amount of offsetting agreements.

**Mortgage banking derivatives**

The Banks also enter into certain derivative agreements as part of their mortgage banking activities. These agreements include interest rate lock commitments on prospective residential mortgage loans and forward commitments to sell these loans to investors on a best efforts delivery basis. The aggregate notional amount of mortgage banking derivatives was \$173 million at December 31, 2012 and \$110 million at December 31, 2011. The fair value of mortgage banking derivatives was immaterial at both December 31, 2012 and 2011.

**Effect of Derivative Instruments on the Income Statement**

The effect of the Company’s derivative financial instruments on the income statement was immaterial for the years ended December 31, 2012, 2011 and 2010.

**Credit Risk-Related Contingent Features**

Certain of the Banks’ derivative instruments contain provisions allowing the financial institution counterparty to terminate the contracts in certain circumstances, such as the downgrade of the Banks’ credit ratings below specified levels, a default by the Bank on its indebtedness, or the failure of a Bank to maintain specified minimum regulatory capital ratios or its regulatory status as a well-capitalized institution. These derivative agreements also contain provisions regarding the posting of collateral by each party. As of December 31, 2012, the aggregate fair value of derivative instruments with credit-risk-related contingent features that were in a net liability position was \$18.5 million, for which the Banks had posted collateral of \$16.8 million.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 7. Property and Equipment**

Property and equipment consisted of the following (in thousands):

|   | <b>December 31,</b> |                   |
|---|---------------------|-------------------|
|   | <b>2012</b>         | <b>2011</b>       |
| Land and land improvements                | \$ 121,013          | \$ 130,358        |
| Buildings and leasehold improvements      | 373,333             | 372,232           |
| Furniture, fixtures and equipment         | 99,288              | 92,097            |
| Software                                  | 28,167              | 34,184            |
| Assets under development                  | 16,655              | 25,296            |
|   | <u>638,456</u>      | <u>654,167</u>    |
| Accumulated depreciation and amortization | (160,592)           | (148,780)         |
| Property and equipment, net               | <u>\$ 477,864</u>   | <u>\$ 505,387</u> |

Depreciation and amortization expense was \$32.9 million, \$24.6 million and \$13.5 million for the years ended December 31, 2012, 2011 and 2010, respectively.

**Note 8. Goodwill and Other Intangible Assets**

Goodwill represents the excess of the consideration exchanged over the fair value of the net assets acquired in purchase business combinations. The Company tests goodwill for impairment annually and no impairment charges were identified in the most recent test as of September 30, 2012. No goodwill impairment charges were recognized during 2012, 2011, or 2010. The carrying amount of goodwill was \$628.9 million and \$651.2 million at December 31, 2012 and 2011, respectively. As discussed in Note 2 to the consolidated financial statements, the Company recorded approximately \$589.5 million of goodwill during 2011 in connection with its acquisition of Whitney. In 2012, goodwill was reduced \$22.3 million for deferred tax purchase accounting adjustments.

Identifiable intangible assets with finite lives are amortized over the periods benefited and are evaluated for impairment similar to other long-lived assets. The identifiable intangible assets recorded in connection with the Whitney acquisition during 2011 are detailed in Note 2 to the consolidated financial statements. During 2012, the Company recorded a \$10.0 million customer relationship intangible in connection with the repurchase of its merchant card processing business.

The carrying value of intangible assets subject to amortization was as follows (in thousands):

|                                      | <b>December 31, 2012</b> |                                 |                       |
|--------------------------------------|--------------------------|---------------------------------|-----------------------|
|                                      | <b>Purchase Value</b>    | <b>Accumulated Amortization</b> | <b>Carrying Value</b> |
| Core deposit intangibles             | \$200,547                | \$45,832                        | \$154,715             |
| Credit card and trust relationships  | 22,400                   | 4,980                           | 17,420                |
| Value of insurance business acquired | 2,431                    | 2,084                           | 347                   |
| Non-compete agreements               | 400                      | 100                             | 300                   |
| Trade name                           | 11,722                   | 4,124                           | 7,598                 |
| Merchant processing relationships    | 10,000                   | 971                             | 9,029                 |
|                                      | <u>\$247,500</u>         | <u>\$58,091</u>                 | <u>\$189,409</u>      |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 8. Goodwill and Other Intangible Assets (continued)**

|                                      | <b>December 31, 2011</b> |                                 |                       |
|--------------------------------------|--------------------------|---------------------------------|-----------------------|
|                                      | <b>Purchase Value</b>    | <b>Accumulated Amortization</b> | <b>Carrying Value</b> |
| Core deposit intangibles             | \$206,047                | \$27,691                        | \$178,356             |
| Credit card and trust relationships  | 22,400                   | 1,908                           | 20,492                |
| Value of insurance business acquired | 2,431                    | 1,926                           | 505                   |
| Non-compete agreements               | 322                      | 322                             | —                     |
| Trade name                           | 11,822                   | 100                             | 11,722                |
| Merchant processing relationships    | —                        | —                               | —                     |
|                                      | <u>\$243,022</u>         | <u>\$31,947</u>                 | <u>\$211,075</u>      |

|                                      | <b>Years Ended December 31,</b> |                 |                |
|--------------------------------------|---------------------------------|-----------------|----------------|
|                                      | <b>2012</b>                     | <b>2011</b>     | <b>2010</b>    |
| Aggregate amortization expense for:  |                                 |                 |                |
| Core deposit intangibles             | \$23,642                        | \$14,474        | \$2,491        |
| Credit card and trust relationships  | 3,072                           | 1,908           | —              |
| Value of insurance business acquired | 158                             | 169             | 213            |
| Non-compete agreements               | 100                             | —               | 14             |
| Trade name                           | 4,124                           | —               | 10             |
| Merchant processing relationships    | 971                             | —               | —              |
|                                      | <u>\$32,067</u>                 | <u>\$16,551</u> | <u>\$2,728</u> |

The weighted-average remaining life of core deposit intangibles is 5 years. The weighted-average remaining life of other identifiable intangibles is 4 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):

|            |                  |
|------------|------------------|
| 2013       | \$ 29,475        |
| 2014       | 26,925           |
| 2015       | 24,363           |
| 2016       | 19,872           |
| 2017       | 17,825           |
| Thereafter | <u>70,949</u>    |
|            | <u>\$189,409</u> |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 9. Deposits**

The maturities of time deposits at December 31, 2012 follow (in thousands):

|                     |                           |
|---------------------|---------------------------|
| 2013                | \$1,935,235               |
| 2014                | 236,471                   |
| 2015                | 210,762                   |
| 2016                | 73,137                    |
| 2017                | 119,152                   |
| Thereafter          | <u>6,209</u>              |
| Total time deposits | <u><u>\$2,580,966</u></u> |

Time deposits of \$100,000 or more totaled approximately \$1.3 billion and \$1.6 billion at December 31, 2012 and 2011, respectively.

**Note 10. Short-Term Borrowings**

The following table presents information concerning short-term borrowings (in thousands):

|  | <u>December 31,</u> |             |
|--|---------------------|-------------|
|  | <u>2012</u>         | <u>2011</u> |
| Federal funds purchased                        |                     |             |
| Amount outstanding at period-end               | \$ 25,704           | \$ 16,819   |
| Weighted average interest rate at period-end   | 0.37%               | 0.19%       |
| Weighted average interest rate during the year | 0.22%               | 0.18%       |
| Average daily balance during the year          | \$ 30,137           | \$ 12,911   |
| Maximum month end balance during the year      | \$ 33,964           | \$ 26,666   |
| Securities sold under agreements to repurchase |                     |             |
| Amount outstanding at period-end               | \$ 613,429          | \$1,027,635 |
| Weighted average interest rate at period-end   | 0.72%               | 0.65%       |
| Weighted average interest rate during the year | 0.78%               | 1.03%       |
| Average daily balance during the year          | \$ 760,938          | \$ 681,474  |
| Maximum month end balance during the year      | \$1,005,014         | \$1,027,635 |
| FHLB borrowings:                               |                     |             |
| Amount outstanding at period-end               | \$ —                | \$ —        |
| Weighted average interest rate at period-end   | —                   | —           |
| Weighted average interest rate during the year | 0.16%               | 0.15%       |
| Average daily balance during the year          | \$ 32,571           | \$ 81,673   |
| Maximum month end balance during the year      | \$ —                | \$ 10,153   |

The Banks borrow funds on a secured basis by selling securities under agreements to repurchase, mainly in connection with treasury-management services offered to their deposit customers. Customer repurchase agreements generally mature daily. Borrowings under repurchase agreements also include certain term agreements with dealers with various maturities, all of which are callable by the dealer. The Banks have the ability to exercise legal authority over the underlying securities. Federal funds purchased represent unsecured borrowings from other banks, generally on an overnight basis.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 10. Short-Term Borrowings (continued)**

The Company has a \$1.7 billion line of credit with the Federal Home Loan Bank (FHLB) that is secured by a blanket pledge of certain mortgage loans. At December 31, 2012, the borrowing capacity under the FHLB line of credit was approximately \$1.6 billion.

**Note 11. Stockholders' Equity**

**Common Stock Offering**

In April 2011, Hancock completed an underwritten public offering of the Company's common stock. The underwriters purchased 6,958,143 shares at a public offering price of \$32.25 per share. The net proceeds to the Company after deducting offering expenses and underwriting discounts totaled \$214 million. The proceeds of the offering were used for general corporate purposes, including the enhancement of the Company's capital position and the purchase of Whitney Holding Corporation's TARP preferred stock and warrant in connection with the Whitney acquisition. The number and value of Company common shares exchanged in the Whitney transaction are discussed in Note 2.

**Accumulated Other Comprehensive Income (Loss)**

AOCI includes unrealized gains and losses on available for sale ("AFS") securities. Unrealized gain (loss) on AFS securities also includes unrealized gains on AFS securities that were transferred to held to maturity securities in the first quarter of 2012. Such amounts will be amortized over the estimated remaining life of the security as an adjustment to yield, offsetting the related amortization of the net premium created in the transfer. Unrealized losses on employee benefit plans will be reclassified into income as pension and post retirement costs are recognized over the remaining service period of plan participants. Accumulated losses on the cash flow hedge of the variable-rate term loan agreement described in Note 6 will be reclassified into income over the life of the debt. Gains and losses in AOCI are net of deferred income taxes.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 11. Stockholders' Equity (continued)**

A rollforward of the components of accumulated other comprehensive income (loss) is included as follows (in thousands):

|  | Available for Sale<br>Securities | Held to Maturity<br>Securities<br>Transferred from<br>AFS | Employee Benefit<br>Plans | Loss on Effective<br>Cash Flow<br>Hedges | Total              |
|--|----------------------------------|---|---------------------------|--|--------------------|
| <b>Balance, December 31, 2009</b>  | \$ 28,386                        | \$ —  | \$(25,388)                | \$ —                                     | \$ 2,998           |
| Other comprehensive income before<br>income taxes:                                       |                                  |   |                           |  |                    |
| Net change in unrealized gain (loss)   | (1,760)                          | —   | (6,437)                   | —  | (8,197)            |
| Reclassification adjustment for net<br>losses realized and included in<br>earnings       | —                                | —   | 2,535                     | —  | 2,535              |
| Income tax expense (benefit)   | (606)                            | —   | (1,439)                   | —  | (2,045)            |
| <b>Balance, December 31, 2010</b>  | 27,232                           | —   | (27,851)                  | —  | (619)              |
| Other comprehensive income before<br>income taxes:                                       |                                  |   |                           |  |                    |
| Net change in unrealized gain (loss)   | 52,300                           | —   | (94,848)                  | (107)                                    | (42,655)           |
| Reclassification adjustment for net<br>losses realized and included in<br>earnings       | 91                               | —   | 2,832                     | —  | 2,923              |
| Income tax expense (benefit)   | 19,145                           | —   | (32,944)                  | (42)                                     | (13,841)           |
| <b>Balance, December 31, 2011</b>  | 60,478                           | —   | (86,923)                  | (65)                                     | (26,510)           |
| Other comprehensive income before<br>income taxes:                                       |                                  |   |                           |  |                    |
| Net change in unrealized gain (loss)   | 6,076                            | —   | 2,566                     | (502)                                    | 8,140              |
| Transfer of net unrealized gain from<br>AFS to HTM, net of cumulative<br>tax effect      | (24,598)                         | 24,598  | —                         | —  | —                  |
| Reclassification adjustment for net<br>losses realized and included in<br>earnings       | (1,441)                          | —   | 7,457                     | 311                                      | 6,327              |
| Amortization of unrealized net gain on<br>securities transferred to held-to-<br>maturity | —                                | (8,752)   | —                         | —  | (8,752)            |
| Income tax expense (benefit)   | 1,661                            | (3,244)   | 3,788                     | (75)                                     | 2,130              |
| <b>Balance, December 31, 2012</b>  | <u>\$ 38,854</u>                 | <u>\$ 19,090</u>  | <u>\$(80,688)</u>         | <u>\$(181)</u>                           | <u>\$ (22,925)</u> |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 11. Stockholders' Equity (continued)**

**Regulatory Capital**

Measures of regulatory capital are an important tool used by regulators to monitor the financial health of financial institutions. The primary quantitative measures used to gauge capital adequacy are the ratios of total and Tier 1 regulatory capital to risk-weighted assets (risk-based capital ratios) and the ratio of Tier 1 capital to average total assets (leverage ratio). Both the Company and its bank subsidiaries are required to maintain minimum risk-based capital ratios of 8.0% total regulatory capital and, 4.0% Tier 1 capital. The minimum leverage ratio is 3.0% for bank holding companies and banks that meet certain specified criteria, including having the highest supervisory rating. All others are required to maintain a leverage ratio of at least 4.0%.

To evaluate capital adequacy, regulators compare an institution's regulatory capital ratios with their agency guidelines, as well as with the guidelines established as part of the uniform regulatory framework for prompt corrective supervisory action toward financial institutions. The framework for prompt corrective action categorizes capital levels into one of five classifications rating from well-capitalized to critically under-capitalized. For an institution to be eligible to be classified as well capitalized its total risk-based capital ratios must be at least 10.0% for total capital and 6.0% for Tier 1 capital, and its leverage ratio must be at least 5.0%. In reaching an overall conclusion on capital adequacy or assigning a classification under the uniform framework, regulators must also consider other subjective and quantitative measures of risk associated with an institution. The subsidiary banks were deemed to be well capitalized 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. At December 31, 2012 and 2011, the Company and the Banks were in compliance with all of their respective minimum regulatory capital requirements.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 11. Stockholders' Equity (continued)**

Following is a summary of the actual regulatory capital amounts and ratios for the Company and the Banks together with corresponding regulatory capital requirements at December 31, 2012 and 2011 (amounts in thousands):

|  | Actual      |         | Required for Minimum Capital Adequacy |         | To Be Well Capitalized Under Prompt Corrective Action Provisions |         |
|--|-------------|---------|---------------------------------------|---------|--|---------|
|  | Amount      | Ratio % | Amount                                | Ratio % | Amount   | Ratio % |
| <b>At December 31, 2012</b>              |             |         |                                       |         |  |         |
| Total capital (to risk weighted assets)  |             |         |                                       |         |  |         |
| Company                                  | \$1,881,558 | 14.28   | \$1,053,781                           | 8.00    | \$ n/a   | n/a     |
| Hancock Bank                             | 643,202     | 14.39   | 357,687                               | 8.00    | 447,109  | 10.00   |
| Whitney Bank                             | 1,242,608   | 14.25   | 697,528                               | 8.00    | 871,910  | 10.00   |
| Tier 1 capital (to risk weighted assets) |             |         |                                       |         |  |         |
| Company                                  | \$1,666,042 | 12.65   | \$ 526,890                            | 4.00    | \$ n/a   | n/a     |
| Hancock Bank                             | 586,623     | 13.12   | 178,843                               | 4.00    | 268,265  | 6.00    |
| Whitney Bank                             | 1,122,341   | 12.87   | 348,764                               | 4.00    | 523,146  | 6.00    |
| Tier 1 leverage capital                  |             |         |                                       |         |  |         |
| Company                                  | \$1,666,042 | 9.10    | \$ 549,185                            | 3.00    | \$ n/a   | n/a     |
| Hancock Bank                             | 586,623     | 9.13    | 192,733                               | 3.00    | 321,221  | 5.00    |
| Whitney Bank                             | 1,122,341   | 9.24    | 364,540                               | 3.00    | 607,567  | 5.00    |
| <b>At December 31, 2011</b>              |             |         |                                       |         |  |         |
| Total capital (to risk weighted assets)  |             |         |                                       |         |  |         |
| Company                                  | \$1,783,037 | 13.59   | \$1,049,495                           | 8.00    | \$ n/a   | n/a     |
| Hancock Bank                             | 437,225     | 14.21   | 246,072                               | 8.00    | 307,590  | 10.00   |
| Whitney Bank                             | 1,277,591   | 12.76   | 801,025                               | 8.00    | 1,001,281  | 10.00   |
| Tier 1 capital (to risk weighted assets) |             |         |                                       |         |  |         |
| Company                                  | \$1,506,218 | 11.48   | \$ 524,748                            | 4.00    | \$ n/a   | n/a     |
| Hancock Bank                             | 397,900     | 12.94   | 123,036                               | 4.00    | 184,554  | 6.00    |
| Whitney Bank                             | 1,091,770   | 10.90   | 400,512                               | 4.00    | 600,769  | 6.00    |
| Tier 1 leverage capital                  |             |         |                                       |         |  |         |
| Company                                  | \$1,506,218 | 8.17    | \$ 553,318                            | 3.00    | \$ n/a   | n/a     |
| Hancock Bank                             | 397,900     | 8.15    | 146,408                               | 3.00    | 244,013  | 5.00    |
| Whitney Bank                             | 1,091,770   | 8.19    | 399,725                               | 3.00    | 666,208  | 5.00    |

**Regulatory Restrictions on Dividends**

Regulatory policy statements provide that generally bank holding companies should pay dividends only out of current operating earnings and that the level of dividends must be consistent with current and expected capital requirements. Dividends received from its subsidiary banks have been the primary source of funds available to the Company for the payment of dividends to Hancock's stockholders. Federal and state banking laws and regulations restrict the amount of dividends the subsidiary banks may distribute to Hancock without prior regulatory approval, as well as the amount of loans they may make to the 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 Whitney Bank are subject to approval by the Commissioner of Financial Institutions of the State of Louisiana.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans**

**Pension Plans - Defined Benefit**

The Company has a noncontributory defined benefit pension plan covering eligible legacy Hancock employees (Hancock Plan). Eligibility is based on minimum age and service-related requirements as well as job classification. The benefits are based on an employee's years of service and highest five-year average compensation as defined in the plan.

Certain legacy Whitney employees are covered by a noncontributory qualified defined benefit pension plan (Whitney plan). The benefits are based on an employee's total years of service and his or her highest consecutive five-year level of compensation during the final ten years of employment. Certain legacy Whitney employees are also covered by an unfunded nonqualified defined benefit pension plan that provides retirement benefits to designated executive officers. These benefits are calculated using the qualified plan's formula, but without applying the restrictions imposed on qualified plans by certain provisions of the Internal Revenue Code. Benefits that become payable under the nonqualified plan supplement amounts paid from the qualified plan. The Whitney plans have been closed to new participants since 2008, and benefit accruals have been frozen for all participants other than those who met certain vesting, age and years of service criteria as of December 31, 2008.

Effective January 1, 2013, the Company adopted one qualified defined pension plan covering all eligible employees. The new qualified plan terms are substantially the same for legacy Hancock employees as those in effect at December 31, 2012 under the Hancock Plan. Retirement benefits for eligible legacy Whitney employees under the new plan will be based on the employee's accrued benefit under the Whitney Plan as of December 31, 2012 and any benefit accrued under the new plan based on years of service and compensation beginning in 2013. Accrued benefits under the Whitney nonqualified plan were frozen as of December 31, 2012 and no future benefits will be accrued under this plan.

The Company makes contributions to the qualified pension plan in amounts sufficient to meet funding requirements set forth in federal employee benefit and tax laws, plus such additional amounts as the company may determine to be appropriate. Based on currently available information, Hancock anticipates making contributions totaling approximately \$16.0 million during 2013.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

The following tables detail the changes in the benefit obligations and plan assets of the combined qualified plans and for the nonqualified plan for the years ended December 31, 2012 and 2011 as well as the funded status of the plans at each year end and the amounts recognized in the Company's balance sheets (in thousands). The Company uses a December 31 measurement date for all defined benefit pension plans and other postretirement benefit plans.

|   | Years Ended December 31, |                    |                    |                    |
|---|--------------------------|--------------------|--------------------|--------------------|
|   | 2012                     |                    | 2011               |                    |
|   | Qualified                | Non-qualified      | Qualified          | Non-qualified      |
| <b>Change in benefit obligation</b>                               |                          |                    |                    |                    |
| Benefit obligation:   |                          |                    |                    |                    |
| at beginning of year  | \$399,508                | \$ 15,934          | \$101,746          | \$ —               |
| of Whitney plan at acquisition date                               | —                        | —                  | 216,992            | 14,442             |
| Service cost  | 12,940                   | 49                 | 8,440              | 27                 |
| Interest cost   | 16,518                   | 688                | 12,117             | 438                |
| Actuarial loss  | 4,131                    | 1,401              | 67,971             | 1,597              |
| Benefits paid   | (12,858)                 | (1,207)            | (7,758)            | (570)              |
| Benefit obligation, end of year                                   | <u>420,239</u>           | <u>16,865</u>      | <u>399,508</u>     | <u>15,934</u>      |
| <b>Change in plan assets</b>                                      |                          |                    |                    |                    |
| Fair value of plan assets:  |                          |                    |                    |                    |
| at beginning of year  | 328,060                  | —                  | 71,640             | —                  |
| of Whitney plan at acquisition date                               | —                        | —                  | 223,495            | —                  |
| Actual return on plan assets                                      | 38,464                   | —                  | (3,979)            | —                  |
| Employer contributions  | 26,000                   | 1,207              | 44,907             | 570                |
| Benefit payments  | (12,858)                 | (1,207)            | (7,758)            | (570)              |
| Expenses  | (533)                    | —                  | (245)              | —                  |
| Fair value of plan assets, end of year                            | <u>379,133</u>           | <u>—</u>           | <u>328,060</u>     | <u>—</u>           |
| <b>Funded status at end of year - net liability</b>               | <u>\$ (41,106)</u>       | <u>\$ (16,865)</u> | <u>\$ (71,448)</u> | <u>\$ (15,934)</u> |
| <b>Amounts recognized in accumulated other comprehensive loss</b> |                          |                    |                    |                    |
| Unrecognized loss:  |                          |                    |                    |                    |
| at beginning of year  | \$123,780                | \$ 1,597           | \$ 38,810          | \$ —               |
| of Whitney plan at acquisition date                               | —                        | —                  | —                  | —                  |
| Amount of (loss)/gain recognized during the year                  | (6,526)                  | (56)               | (2,343)            | —                  |
| Net actuarial loss/(gain)   | (8,402)                  | 1,401              | 87,313             | 1,597              |
| Unrecognized loss at end of year                                  | <u>\$108,852</u>         | <u>\$ 2,942</u>    | <u>\$123,780</u>   | <u>\$ 1,597</u>    |

|                                | December 31 |           |
|--------------------------------|-------------|-----------|
|                                | 2012        | 2011      |
| Projected benefit obligation   | \$437,104   | \$415,442 |
| Accumulated benefit obligation | 395,543     | 363,983   |
| Fair value of plan assets      | 379,133     | 328,060   |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

The following table shows net periodic benefit cost included in expense and the changes in the amounts recognized in accumulated other comprehensive income during 2012 and 2011 (in thousands). Hancock expects to recognize \$6.0 million of the net actuarial loss included in accumulated other comprehensive income at December 31, 2012 as a component of net pension expense in 2013.

|  | Years Ended December 31, |                 |                  |                 |                 |
|--|--------------------------|-----------------|------------------|-----------------|-----------------|
|  | 2012                     |                 | 2011             |                 | 2010            |
|  | Qualified                | Non-qualified   | Qualified        | Non-qualified   | Qualified       |
| <b>Net periodic benefit cost</b>   |                          |                 |                  |                 |                 |
| Service cost   | \$ 12,940                | \$ 49           | \$ 8,440         | \$ 27           | \$ 3,500        |
| Interest cost  | 16,518                   | 688             | 12,117           | 438             | 5,233           |
| Expected return on plan assets   | (25,398)                 | —               | (15,118)         | —               | (4,646)         |
| Recognized net amortization and deferral   | 6,526                    | 56              | 2,343            | —               | 2,281           |
| Net periodic benefit cost  | <u>10,586</u>            | <u>793</u>      | <u>7,782</u>     | <u>465</u>      | <u>6,368</u>    |
| <b>Other changes in plan assets and benefit obligations recognized in other comprehensive income, before taxes</b> |                          |                 |                  |                 |                 |
| Net (loss)/gain recognized during the year   | (6,526)                  | (56)            | (2,343)          | —               | (2,281)         |
| Net actuarial loss/(gain)  | (8,402)                  | 1,401           | 87,313           | 1,597           | 4,338           |
| Total recognized in other comprehensive income   | <u>(14,928)</u>          | <u>1,345</u>    | <u>84,970</u>    | <u>1,597</u>    | <u>2,057</u>    |
| Total recognized in net periodic benefit cost and other comprehensive income                                       | <u>\$ (4,342)</u>        | <u>\$ 2,138</u> | <u>\$ 92,752</u> | <u>\$ 2,062</u> | <u>\$ 8,425</u> |
| <b>Weighted average assumptions as of measurement date</b>   |                          |                 |                  |                 |                 |
| Discount rate for benefit obligations:   |                          |                 |                  |                 |                 |
| Hancock plan   | 3.74%                    | n/a             | 4.35%            | n/a             | 5.46%           |
| Whitney plan   | 3.87%                    | 3.87%           | 4.31%            | 4.31%           | n/a             |
| Discount rate for net periodic benefit cost:   |                          |                 |                  |                 |                 |
| Hancock plan   | 4.35%                    | n/a             | 5.46%            | n/a             | 5.95%           |
| Whitney plan   | 4.31%                    | 4.31%           | 5.35%            | 5.35%           | n/a             |
| Expected long-term return on plan assets:  |                          |                 |                  |                 |                 |
| Hancock plan   | 7.50%                    | n/a             | 7.50%            | n/a             | 7.50%           |
| Whitney plan   | 7.50%                    | n/a             | 7.50%            | n/a             | n/a             |
| Rate of compensation increase:   |                          |                 |                  |                 |                 |
| Hancock plan   | 4.00%                    | n/a             | 4.00%            | n/a             | 4.00%           |
| Whitney plan   | 3.58%                    | 3.58%           | 3.58%            | 3.58%           | n/a             |

The long term rate of return on plan assets is determined by using the weighted-average of historical real returns for major asset classes based on target asset allocations. At December 31, 2012 and 2011, the discount rate was calculated by matching expected future cash flows to the Citigroup Pension Discount Curve Liability Index.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

The following shows expected pension plan benefit payments over the next ten years (in thousands):

|           | <u>Qualified</u> | <u>Nonqualified</u> | <u>Total</u>     |
|-----------|------------------|---------------------|------------------|
| 2013      | \$ 12,594        | \$ 1,147            | \$ 13,741        |
| 2014      | 13,721           | 1,138               | 14,859           |
| 2015      | 14,599           | 1,136               | 15,735           |
| 2016      | 15,431           | 1,143               | 16,574           |
| 2017      | 16,376           | 1,161               | 17,537           |
| 2018-2022 | 99,128           | 5,612               | 104,740          |
|           | <u>\$171,849</u> | <u>\$11,337</u>     | <u>\$183,186</u> |

The expected benefit payments are estimated based on the same assumptions used to measure the Company's benefit obligations at December 31, 2012.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

The fair values of pension plan assets at December 31, 2012 and 2011, by asset category, are shown in the following tables (in thousands):

| <u>Asset Category / Fund</u>                        | <u>Total</u>            | <u>Quoted Prices<br/>in<br/>Active Markets<br/>for Identical<br/>Assets<br/>(Level 1)</u> | <u>Significant<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
|---|-------------------------|---|--|--|
| <b>Fair Value Measurements at December 31, 2012</b> |                         |   |  |  |
| Cash and cash-equivalents:                          |                         |   |  |  |
| Cash and equivalents                                | \$ 4,850                | \$ 4,850  | \$ —   | \$—  |
| Hancock Horizon Government Money Market Fund        | 1,596                   | 1,596   | —  | —  |
| Total cash and cash-equivalents                     | <u>6,446</u>            | <u>6,446</u>  | <u>—</u>   | <u>—</u>   |
| Fixed income:                                       |                         |   |  |  |
| US government and agency securities and other       | 54,246                  | 10,405  | 43,841   | —  |
| Hancock Horizon Strategic Income Bond Fund          | 49,192                  | 49,192  | —  | —  |
| Corporate debt                                      | 39,273                  | —   | 39,273   | —  |
| Total fixed income                                  | <u>142,711</u>          | <u>59,597</u>   | <u>83,114</u>  | <u>—</u>   |
| Equity:   |                         |   |  |  |
| Hancock Horizon Quantitative Long/Short Fund        | 7,481                   | 7,481   | —  | —  |
| Hancock Horizon Diversified International Fund      | 32,984                  | 32,984  | —  | —  |
| Hancock Horizon Burkenroad Small Cap Fund           | 3,863                   | 3,863   | —  | —  |
| Hancock Horizon Growth Fund                         | 27,332                  | 27,332  | —  | —  |
| Hancock Horizon Diversified Value Fund              | 28,543                  | 28,543  | —  | —  |
| Equity securities - large cap                       | 87,769                  | 87,769  | —  | —  |
| Equity securities - small cap                       | 42,004                  | 42,004  | —  | —  |
| Total Equity  | <u>229,976</u>          | <u>229,976</u>  | <u>—</u>   | <u>—</u>   |
| <b>TOTAL</b>  | <u><u>\$379,133</u></u> | <u><u>\$296,019</u></u>   | <u><u>\$83,114</u></u>                                     | <u><u>\$—</u></u>  |
| <b>Fair Value Measurements at December 31, 2011</b> |                         |   |  |  |
| Cash and cash-equivalents:                          |                         |   |  |  |
| Cash and equivalents                                | \$ 12,189               | \$ 12,189   | \$ —   | \$—  |
| Hancock Horizon Government Money Market Fund        | 28,081                  | 28,081  | —  | —  |
| Total cash and cash-equivalents                     | <u>40,270</u>           | <u>40,270</u>   | <u>—</u>   | <u>—</u>   |
| Fixed income:                                       |                         |   |  |  |
| US government and agency securities and other       | 44,017                  | 15,032  | 28,985   | —  |
| Hancock Horizon Strategic Income Bond Fund          | 29,895                  | 29,895  | —  | —  |
| Corporate debt                                      | 33,319                  | —   | 33,319   | —  |
| Total fixed income                                  | <u>107,231</u>          | <u>44,927</u>   | <u>62,304</u>  | <u>—</u>   |
| Equity:   |                         |   |  |  |
| Hancock Horizon Quantitative Long/Short Fund        | 3,674                   | 3,674   | —  | —  |
| Hancock Horizon Diversified International Fund      | 24,528                  | 24,528  | —  | —  |
| Hancock Horizon Burkenroad Small Cap Fund           | 2,414                   | 2,414   | —  | —  |
| Hancock Horizon Growth Fund                         | 13,403                  | 13,403  | —  | —  |
| Hancock Horizon Diversified Value Fund              | 19,742                  | 19,742  | —  | —  |
| Equity securities - large cap                       | 72,607                  | 72,607  | —  | —  |
| Equity securities - small cap                       | 44,191                  | 44,191  | —  | —  |
| Total Equity  | <u>180,559</u>          | <u>180,559</u>  | <u>—</u>   | <u>—</u>   |
| <b>TOTAL</b>  | <u><u>\$328,060</u></u> | <u><u>\$265,756</u></u>   | <u><u>\$62,304</u></u>                                     | <u><u>\$—</u></u>  |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

The percentage allocations of the plan assets by asset category and corresponding target allocations at December 31, 2012 and 2011 follow:

| Asset category          | Plan Assets<br>at December 31, |             | Target Allocation at<br>December 31, |          |
|-------------------------|--------------------------------|-------------|--------------------------------------|----------|
|                         | 2012                           | 2011        | 2012                                 | 2011     |
| Equity securities       | 61%                            | 55%         | 40 – 70%                             | 40 – 70% |
| Fixed income securities | 37%                            | 33%         | 30 – 60%                             | 30 – 60% |
| Cash equivalents        | 2%                             | 12%         | 0 – 10%                              | 0 – 10%  |
|                         | <u>100%</u>                    | <u>100%</u> |                                      |          |

The Whitney plan assets included 16,375 shares of Hancock common stock with a value of approximately \$0.5 million at both December 31, 2012 and 2011. A \$25 million contribution to the Hancock plan late in 2011 was initially invested in cash equivalents. After these funds were reinvested, the distribution of plan assets was within target allocations.

The investment strategy of the plans 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 plans is to meet or exceed the return of a balanced market index comprised of 55% of the S&P 500 Index and 45% of the Barclays Intermediate Aggregate Bond Index. The pension plan investment committee meets periodically to review the policy, strategy and performance of the plans.

**Pension Plans - Defined Contribution**

The Company sponsors defined contribution retirement plans under Section 401(k) of the Internal Revenue Code. Through the end of 2012, the Hancock plan covered substantially all legacy Hancock employees who have been employed 60 days and meet certain other requirements and job classification criteria. Under this plan, the Company matched 50% of the savings of each participant up to 6% of his or her compensation.

Through the end of 2012, eligible legacy Whitney employees who are employed by the new Whitney Bank after the merger continued to be covered by an employee savings plan under Section 401(k). An employee of the new Whitney Bank who was not a participant at the merger date became eligible to participate in the savings plan after meeting the eligibility conditions, provided the employee performed services at a legacy Whitney location as of the merger date. Under the savings plan, the Company matched the savings of each participant up to 4% of his or her compensation. Participants are fully vested in their savings and in the matching Company contribution at all times. Under the savings plan, the Company could also make discretionary profit sharing contributions on behalf of participants who were either (a) ineligible to participate in the Whitney qualified defined-benefit plan or (b) subject to the freeze in benefit accruals under the defined-benefit plan. The discretionary profit sharing contribution for a plan year was up to 4% of the participants' eligible compensation for such year and was allocated only to participants who were employed on the first day of the plan year and at year end. Participants must complete three years of service to become vested in the Company's contributions subject to earlier vesting in the case of retirement, death or disability. The Whitney board amended the plan shortly prior to the merger to provide that Whitney employees terminated as a result of a force reduction after the closing date of the merger would also be immediately vested.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

Effective January 1, 2013, the Company combined the Hancock and Whitney 401(k) plans. The combined plan covers substantially all employees who have been employed 60 days and meet certain other requirements and employment classification criteria. Under the combined plan, the Company will match 100% of the first 1% of compensation saved by a participant, and 50% of the next 5% of compensation saved. Eligible employees who are not participating in the plan and have not actively opted out of participation will be automatically enrolled at an initial 3% savings rate. Participants are fully vested in their savings and associated earnings at all times. The Company's matching contributions and associated earnings vest immediately after the participant has completed two years of service. The Company's discretionary profit-sharing contribution under the Whitney plan will no longer be available for plan years beginning in 2013.

The expense of the Company's matching contributions to both the Hancock and legacy Whitney 401(k) plans was \$6.1 million in 2012, \$4.5 million in 2011 and \$2.0 million in 2010. The discretionary profit-sharing contribution under the legacy Whitney plan will be approximately \$2.9 million for 2012 and was \$1.6 million for 2011.

**Health and Welfare Plans - Defined Benefit**

The Company also sponsors defined benefit postretirement plans for both legacy Hancock and legacy Whitney employees. The Hancock plans provide health care and life insurance benefits to retiring employees who participate in medical and/or group life insurance benefit plans for active employees at the time of retirement and have reached 55 years of age with ten years of service or age 65 with five years of service. The postretirement health care plan is contributory, with retiree contributions adjusted annually and subject to certain employer contribution maximums. Neither Hancock plan is available to employees hired on or after January 1, 2000.

The legacy Whitney plans offer health care and life insurance benefit plans for retirees and their eligible dependents. Participant contributions are required under the health plan. Currently, these plans restrict eligibility for postretirement health benefits to retirees already receiving benefits as of the plan amendments in 2007 and to those active participants who were eligible to receive benefits as of December 31, 2007. Life insurance benefits are currently only available to employees who retired before December 31, 2007.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

The following table details the changes in the benefit obligation of the postretirement plans for the years ended December 31, 2012 and 2011, as well as the funded status of the plans at each year end and the amounts recognized in the Company's consolidated balance sheets (in thousands).

|   | <u>Years Ended December 31,</u> |                          |
|---|---------------------------------|--------------------------|
|   | <u>2012</u>                     | <u>2011</u>              |
| <b>Change in postretirement benefit obligation</b>                |                                 |                          |
| Projected postretirement benefit                                  |                                 |                          |
| beginning of year   | \$ 34,107                       | \$ 12,373                |
| from acquisition date   | —                               | 15,949                   |
| Service cost  | 192                             | 137                      |
| Interest cost   | 1,337                           | 1,091                    |
| Plan participants' contributions                                  | 1,419                           | 869                      |
| Actuarial loss  | 4,435                           | 5,939                    |
| Benefit payments  | <u>(3,659)</u>                  | <u>(2,251)</u>           |
| Projected postretirement benefit obligation, end of year          | <u>37,831</u>                   | <u>34,107</u>            |
| <b>Change in plan assets</b>                                      |                                 |                          |
| Plan assets, beginning of year                                    | —                               | —                        |
| Employer contributions  | 2,240                           | 1,382                    |
| Plan participants' contributions                                  | 1,419                           | 869                      |
| Benefit payments  | <u>(3,659)</u>                  | <u>(2,251)</u>           |
| Plan assets, end of year  | <u>—</u>                        | <u>—</u>                 |
| <b>Funded status at end of year - net liability</b>               | <u><u>\$(37,831)</u></u>        | <u><u>\$(34,107)</u></u> |
| <b>Amounts recognized in accumulated other comprehensive loss</b> |                                 |                          |
| Unrecognized loss at beginning of year                            | \$ 10,996                       | \$ 5,546                 |
| Amount of (loss)/gain recognized during the year                  | (918)                           | (489)                    |
| Net actuarial loss/(gain)   | <u>4,435</u>                    | <u>5,939</u>             |
| Unrecognized loss at end of year                                  | <u><u>\$ 14,513</u></u>         | <u><u>\$ 10,996</u></u>  |

The Company uses a December 31 measurement date for all defined benefit retirement plans. The discount rates for the determination of the projected postretirement benefit obligation as of December 31, 2012 and 2011 were:

|              | <u>December 31,</u> |             |
|--------------|---------------------|-------------|
|              | <u>2012</u>         | <u>2011</u> |
| Hancock plan | 3.83%               | 4.25%       |
| Whitney plan | 3.55%               | 4.10%       |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 12. Retirement Benefit Plans (continued)**

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

|  | <u>Years Ended December 31,</u> |                |                |
|--|---------------------------------|----------------|----------------|
|  | <u>2012</u>                     | <u>2011</u>    | <u>2010</u>    |
| <b>Net periodic postretirement benefit cost</b>  |                                 |                |                |
| Service cost   | \$ 192                          | \$ 137         | \$ 124         |
| Interest costs   | 1,337                           | 1,091          | 556            |
| Amortization of net loss   | 966                             | 538            | 302            |
| Amortization of prior service cost   | (48)                            | (48)           | (48)           |
| Net periodic postretirement benefit cost   | <u>2,447</u>                    | <u>1,718</u>   | <u>934</u>     |
| <b>Other changes in plan assets and benefit obligations recognized in other comprehensive income, before taxes</b> |                                 |                |                |
| Amount of loss recognized during the year  | (966)                           | (538)          | (302)          |
| Net actuarial (gain)/loss  | 4,435                           | 5,938          | 2,098          |
| Amortization of prior service cost   | 48                              | 48             | 48             |
| Total recognized in other comprehensive income   | <u>3,517</u>                    | <u>5,448</u>   | <u>1,844</u>   |
| Total recognized in net periodic benefit cost and other comprehensive income                                       | <u>\$5,964</u>                  | <u>\$7,166</u> | <u>\$2,778</u> |

The Company assumed certain trends in health care costs in the determination of the benefit obligations. At December 31, 2012, the plans assumed a 7.50% increase in the pre- and post-Medicare age health costs for 2013, declining uniformly over a period of years to a 5.0% annual rate. At December 31, 2011, the plan assumptions were substantially the same as in 2012.

The following table illustrates the effect on the annual periodic postretirement benefit costs and postretirement benefit obligation of a 1% increase or 1% decrease in the assumed health care cost trend rates from the rates assumed at December 31, 2012:

|                                      | <u>1% Decrease<br/>in Rates</u> | <u>Assumed<br/>Rates</u> | <u>1% Increase<br/>in Rates</u> |
|--------------------------------------|---------------------------------|--------------------------|---------------------------------|
| Aggregated service and interest cost | \$ 1,332                        | \$ 1,529                 | \$ 1,774                        |
| Postretirement benefit obligation    | 33,476                          | 37,831                   | 43,115                          |

Expected benefits to be paid over the next ten years are reflected in the following table (in thousands):

|           |                 |
|-----------|-----------------|
| 2013      | \$ 2,205        |
| 2014      | 2,145           |
| 2015      | 2,042           |
| 2016      | 1,984           |
| 2017      | 1,869           |
| 2018-2022 | <u>9,353</u>    |
|           | <u>\$19,598</u> |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 13. Share-Based Payment Arrangements**

Hancock maintains incentive compensation plans that incorporate share-based payment arrangements for employees and directors. The most recent plan was approved by the Company's stockholders in 2005 (the "Plan"). The Compensation Committee of the Company's Board of Directors administers the Plan, makes determinations with respect to participation by employees or directors and authorizes share-based awards under the Plan. Under the Plan, participants may be awarded stock options (including incentive stock options for employees), restricted shares, performance stock awards and stock appreciation rights, all on a stand-alone, combination or tandem basis. To date, the Committee has awarded stock options, tenure-based restricted shares and performance stock awards.

The Plan authorizes the issuance of an aggregate of 5,000,000 shares of the Company's common stock pursuant to awards under the Plan. The Plan limits the number of shares for which awards may be granted during any calendar year to 2% of the outstanding common stock reported at the end of the previous fiscal year, plus any unused portion of the annual limit for the prior year and subject to certain other adjustments. At December 31, 2012 there were 4.2 million shares available for future issuance under equity compensation plans. Whitney options converted at the acquisition date do not count against the number of shares available for future issuance. The awards available for issuance cover outstanding unvested share awards and unexercised option awards as well as future awards. The Company may use authorized unissued shares or shares held in treasury to satisfy awards under the Plan.

For the years ended December 31, 2012, 2011 and 2010 total share-based compensation recognized in income was \$11.0 million, \$7.2 million and \$4.1 million respectively. The total recognized tax benefit related to the share-based compensation was \$3.9 million, \$2.5 million and \$1.4 million, respectively, for 2012, 2011 and 2010.

A summary of option activity for 2012 is presented below:

| <u>Options</u>                   | <u>Number of<br/>Shares</u> | <u>Weighted-<br/>Average<br/>Exercise<br/>Price (\$)</u> | <u>Weighted-<br/>Average<br/>Remaining<br/>Contractual<br/>Term<br/>(Years)</u> | <u>Aggregate<br/>Intrinsic<br/>Value<br/>(\$000)</u> |
|----------------------------------|-----------------------------|--|---|--|
| Outstanding at January 1, 2012   | 1,686,907                   | \$41.05  |   |  |
| Granted                          | 152,140                     | 29.73  |   |  |
| Exercised                        | (73,275)                    | 22.36  |   |  |
| Forfeited or expired             | (210,476)                   | 57.69  |   |  |
| Outstanding at December 31, 2012 | <u>1,555,296</u>            | <u>\$38.57</u>   | <u>5.3</u>  | <u>\$1,112</u>                                       |
| Exercisable at December 31, 2012 | <u>1,056,172</u>            | <u>\$41.75</u>   | <u>3.8</u>  | <u>\$ 526</u>  |

The exercise price for stock options is set at the closing market price of the Company's stock on the date immediately preceding the date of grant, except for the exercise price of certain options granted to major stockholders which is set at 110% of the market price. Option awards generally vest equally over five years of continuous service and have ten-year contractual terms.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 13. Share-Based Payment Arrangements (continued)**

Whitney's stock options outstanding at the acquisition date were assumed by Hancock, as adjusted for the share exchange ratio specified in the merger agreement. These options will expire at the earlier of (1) their expiration date (which is generally ten years after the grant date), except for grants made in 2005 that expired six months following the merger, or (2) a date on or following termination of employment, as set forth in the prior grant plan document.

The total intrinsic value of options exercised during 2012, 2011 and 2010 was \$0.8 million, \$0.3 million, and \$0.8 million, respectively.

The weighted-average grant-date fair values of options awarded during 2012, 2011, and 2010 were \$8.43, \$8.64, and \$10.73, respectively. The fair value of each option award was estimated as of the grant date using the Black-Scholes-Merton option-pricing model. The significant assumptions made in applying the option-pricing model are 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 was 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 was based on the U.S. Treasury yield curve in effect at the time of grant.

|                          | Years Ended December 31, |        |             |
|--------------------------|--------------------------|--------|-------------|
|                          | 2012                     | 2011   | 2010        |
| Expected volatility      | 38.64%                   | 38.90% | 40.53%      |
| Expected dividends       | 3.23%                    | 3.20%  | 2.90%-2.99% |
| Expected term (in years) | 6.58                     | 6.38   | 9.55        |
| Risk-free rates          | 1.78%                    | 1.99%  | 2.73%-3.33% |

A summary of the status of the Company's nonvested restricted and performance shares as of December 31, 2012, and changes during 2012, is presented below:

|                                | Number of<br>Shares | Weighted-<br>Average<br>Grant-Date<br>Fair Value (\$) |
|--------------------------------|---------------------|---|
| Nonvested at January 1, 2012   | 957,536             | \$33.61   |
| Granted                        | 890,744             | 29.62   |
| Vested                         | (73,598)            | 39.69   |
| Forfeited                      | (90,322)            | 32.33   |
| Nonvested at December 31, 2012 | 1,684,360           | \$31.30   |

As of December 31, 2012, there was \$37.2 million of total unrecognized compensation related to nonvested restricted shares expected to vest. This compensation is expected to be recognized in expense over a weighted-average period of 3.7 years. The total fair value of shares which vested during 2012 and 2011 was \$2.3 million and \$1.3 million, respectively.

In 2012, Hancock granted 27,797 performance shares with an average fair value of \$36.16 per share to key members of executive and senior management. The number of 2012 performance shares that ultimately vest at the end of the three-year required service period will be based on the relative rank of Hancock's three-year total shareholder return (TSR) among the TSRs of a peer group of fifty regional banks. The maximum number of

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 13. Share-Based Payment Arrangements (continued)**

performance shares that could vest is 200% of the target award. The fair value of the awards at the grant date was determined using a Monte Carlo simulation method. Compensation expense for these performance shares will be recognized on a straight-line basis over the service period.

**Note 14. Fair Value of Financial Instruments**

The Financial Accounting Standards Board (FASB) defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The FASB's guidance also established 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 for identical assets or liabilities (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.

**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 in the consolidated balance sheets.

|   | <u>Level 1</u>  | <u>December 31, 2012</u><br><u>Level 2</u> | <u>Total</u>       |
|---|-----------------|--|--------------------|
| <b>Assets</b>   |                 |  |                    |
| Available for sale debt securities:                   |                 |  |                    |
| U.S. Treasury and government agency securities        | \$18,265        | \$ —                                       | \$ 18,265          |
| Municipal obligations                                 | —               | 50,165                                     | 50,165             |
| Corporate debt securities                             | 2,250           | —  | 2,250              |
| Mortgage-backed securities                            | —               | 1,774,406                                  | 1,774,406          |
| Collateralized mortgage obligations                   | —               | 198,077                                    | 198,077            |
| Equity securities                                     | <u>5,279</u>    | <u>—</u>                                   | <u>5,279</u>       |
| Total available-for-sale securities                   | <u>25,794</u>   | <u>2,022,648</u>                           | <u>2,048,442</u>   |
| Derivative assets (1)                                 | <u>—</u>        | <u>20,093</u>                              | <u>20,093</u>      |
| Total recurring fair value measurements - assets      | <u>\$25,794</u> | <u>\$2,042,741</u>                         | <u>\$2,068,535</u> |
| <b>Liabilities</b>                                    |                 |  |                    |
| Derivative liabilities (1)                            | <u>\$ —</u>     | <u>\$ 21,100</u>                           | <u>\$ 21,100</u>   |
| Total recurring fair value measurements - liabilities | <u>\$ —</u>     | <u>\$ 21,100</u>                           | <u>\$ 21,100</u>   |

(1) For further disaggregation of derivative assets and liabilities, see Note 6 - Derivatives

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 14. Fair Value of Financial Instruments (continued)**

|   | <u>Level 1</u>   | <u>December 31, 2011</u><br><u>Level 2</u> | <u>Total</u>       |
|---|------------------|--|--------------------|
| <b>Assets</b>   |                  |  |                    |
| Available for sale debt securities:                   |                  |  |                    |
| U.S. Treasury and government agency securities        | \$250,067        | \$ —                                       | \$ 250,067         |
| Municipal obligations                                 | —                | 309,665                                    | 309,665            |
| Corporate debt securities                             | 4,494            | —  | 4,494              |
| Mortgage-backed securities                            | —                | 2,480,345                                  | 2,480,345          |
| Collateralized mortgage obligations                   | —                | 1,446,076                                  | 1,446,076          |
| Equity securities                                     | 6,253            | —  | 6,253              |
| Total available-for-sale securities                   | <u>260,814</u>   | <u>4,236,086</u>                           | <u>4,496,900</u>   |
| Derivative - assets (1)                               | —                | 14,952                                     | 14,952             |
| Total recurring fair value measurements - assets      | <u>\$260,814</u> | <u>\$4,251,038</u>                         | <u>\$4,511,852</u> |
| <b>Liabilities</b>                                    |                  |  |                    |
| Derivative - liabilities (1)                          | \$ —             | \$ 15,643                                  | \$ 15,643          |
| Total recurring fair value measurements - liabilities | <u>\$ —</u>      | <u>\$ 15,643</u>                           | <u>\$ 15,643</u>   |

(1) For further disaggregation of derivative assets and liabilities, see Note 6 - Derivatives

Securities classified as level 1 within the valuation hierarchy include U.S. Treasury securities, obligations of U.S. Government-sponsored agencies, and certain other debt and equity securities. Level 2 classified securities include residential mortgage-backed securities and collateralized mortgage obligations that are issued or guaranteed by U.S. government agencies, and state and municipal bonds. The level 2 fair value measurements for investment securities are obtained quarterly from a third-party pricing service that uses industry-standard pricing models. Substantially all of the model inputs were observable in the marketplace or can be supported by observable data. The Company invests only in high quality securities of investment grade quality with a targeted duration, for the overall portfolio, generally between two to five years. Company policies limit investments to securities having a rating of not less than “Baa” or its equivalent by a nationally recognized statistical rating agency, except for certain non-rated obligations of counties, parishes and municipalities within our markets in Mississippi, Louisiana, Texas, Florida and Alabama. There were no transfers between valuation hierarchy levels during the periods shown.

The fair value of derivative financial instruments, which are predominantly interest rate swaps, is obtained from a third-party pricing service that uses an industry-standard discounted cash flow model that relies on inputs, such as interest rate futures, observable in the marketplace. To comply with the accounting guidance, credit valuation adjustments are incorporated in the fair values to appropriately reflect nonperformance risk for both the Company and the counterparties. Although the Company has determined that the majority of the inputs used to value the derivative instruments fall within level 2 of the fair value hierarchy, the credit value adjustments utilize level 3 inputs, such as estimates of current credit spreads. The Company has determined that the impact of the credit valuation adjustments is not significant to the overall valuation of these derivatives. As a result, the Company has classified its derivative valuations in interest rates swaps in level 2 of the fair value hierarchy. The Company’s policy is to measure counterparty credit risk quarterly for all derivative instruments subject to master netting arrangements consistent with how market participants would price the net risk exposure at the measurement date.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 14. Fair Value of Financial Instruments (continued)**

The Company also has certain derivative instruments associated with the Banks' mortgage-banking activities. These derivative instruments include interest rate lock commitments on prospective residential mortgage loans and forward commitments to sell these loans to investors on a best efforts delivery basis. The fair value of these derivative instruments is measured using observable market prices for similar instruments and are classified as level 2 measurements. The fair value of mortgage banking derivatives was immaterial at both December 31, 2012 and 2011.

**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. Collateral-dependent 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 assets carried at the balance of the loan or at estimated fair value less estimated selling costs, whichever is less. Fair values are determined by sales agreement or appraisal.

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.

|  | <b>December 31, 2012</b> |                  |                  |
|--|--------------------------|------------------|------------------|
|  | <u>(Level 1)</u>         | <u>(Level 2)</u> | <u>Total</u>     |
| Collateral dependent impaired loans        | \$—                      | \$ 76,413        | \$ 76,413        |
| Other real estate owned                    | —                        | 105,835          | 105,835          |
| Total nonrecurring fair value measurements | <u>\$—</u>               | <u>\$182,248</u> | <u>\$182,248</u> |

|  | <b>December 31, 2011</b> |                  |                  |
|--|--------------------------|------------------|------------------|
|  | <u>(Level 1)</u>         | <u>(Level 2)</u> | <u>Total</u>     |
| Collateral dependent impaired loans        | \$—                      | \$ 55,252        | \$ 55,252        |
| Other real estate owned                    | —                        | 144,367          | 144,367          |
| Total nonrecurring fair value measurements | <u>\$—</u>               | <u>\$199,619</u> | <u>\$199,619</u> |

Accounting guidance from the FASB requires the disclosure of estimated fair value information about certain on- and off-balance sheet financial instruments, including those financial instruments that are not measured and reported at fair value on a recurring basis. The significant methods and assumptions used by the Company to estimate the fair value of financial instruments are discussed below.

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

**Securities Available for Sale** - The fair value measurement for securities available for sale was discussed earlier. The same measurement techniques were applied to the valuation of securities held to maturity.

**Loans, Net** - The fair value measurement for certain impaired loans was discussed earlier. For the remaining portfolio, fair values were generally estimated by discounting scheduled cash flows using discount rates determined with reference to current market rates at which loans with similar terms would be made to borrowers with similar credit quality.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 14. Fair Value of Financial Instruments (continued)**

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

**Deposits** - The accounting 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.

**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 Debt** - The fair value is estimated by discounting the future contractual cash flows using current market rates at which debt with similar terms could be obtained.

**Derivative Financial Instruments** – The fair value measurement for derivative financial instruments was discussed earlier.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 14. Fair Value of Financial Instruments (continued)**

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

|  | <u>(Level 1)</u> | <u>December 31, 2012</u> |                  | <u>Total</u>      | <u>Carrying</u> |
|--|------------------|--------------------------|------------------|-------------------|-----------------|
|  |                  | <u>(Level 2)</u>         | <u>(Level 3)</u> | <u>Fair Value</u> | <u>Amount</u>   |
| Financial assets:  |                  |                          |                  |                   |                 |
| Cash, interest-bearing bank deposits, and federal funds sold | \$1,948,679      | \$ —                     | \$ —             | \$ 1,948,679      | \$ 1,948,679    |
| Available for sale securities                                | 25,794           | 2,022,648                | —                | 2,048,442         | 2,048,442       |
| Held to maturity securities                                  | —                | 1,710,465                | —                | 1,710,465         | 1,668,018       |
| Loans, net   | —                | 76,413                   | 11,425,653       | 11,502,066        | 11,441,631      |
| Loans held for sale  | —                | 50,605                   | —                | 50,605            | 50,605          |
| Accrued interest receivable                                  | 45,616           | —                        | —                | 45,616            | 45,616          |
| Derivative financial instruments                             | —                | 20,093                   | —                | 20,093            | 20,093          |
| Financial liabilities:                                       |                  |                          |                  |                   |                 |
| Deposits   | \$ —             | \$ —                     | \$15,757,044     | \$15,757,044      | \$15,744,188    |
| Federal funds purchased                                      | 25,704           | —                        | —                | 25,704            | 25,704          |
| Securities sold under agreements to repurchase               | 613,429          | —                        | —                | 613,429           | 613,429         |
| Long-term debt   | —                | 410,791                  | —                | 410,791           | 396,589         |
| Accrued interest payable                                     | 4,814            | —                        | —                | 4,814             | 4,814           |
| Derivative financial instruments                             | —                | 21,100                   | —                | 21,100            | 21,100          |
|  |                  |                          |                  |                   |                 |
|  | <u>(Level 1)</u> | <u>December 31, 2011</u> |                  | <u>Total</u>      | <u>Carrying</u> |
|  |                  | <u>(Level 2)</u>         | <u>(Level 3)</u> | <u>Fair Value</u> | <u>Amount</u>   |
| Financial assets:  |                  |                          |                  |                   |                 |
| Cash, interest-bearing bank deposits, and federal funds sold | \$1,622,366      | \$ —                     | \$ —             | 1,622,366         | \$ 1,622,366    |
| Available for sale securities                                | 260,814          | 4,236,086                | —                | 4,496,900         | 4,496,900       |
| Loans, net   | —                | 55,252                   | 11,134,410       | 11,189,662        | 11,052,145      |
| Loans held for sale  | —                | 72,378                   | —                | 72,378            | 72,378          |
| Accrued interest receivable                                  | 53,973           | —                        | —                | 53,973            | 53,973          |
| Derivative financial instruments                             | —                | 14,952                   | —                | 14,952            | 14,952          |
| Financial liabilities:                                       |                  |                          |                  |                   |                 |
| Deposits   | \$ —             | \$ —                     | \$15,737,667     | \$15,737,667      | \$15,713,579    |
| Federal funds purchased                                      | 16,819           | —                        | —                | 16,819            | 16,819          |
| Securities sold under agreements to repurchase               | 1,027,635        | —                        | —                | 1,027,635         | 1,027,635       |
| Long-term debt   | —                | 365,421                  | —                | 365,421           | 353,890         |
| Accrued interest payable                                     | 8,284            | —                        | —                | 8,284             | 8,284           |
| Derivative financial instruments                             | —                | 15,643                   | —                | 15,643            | 15,643          |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 15. Commitments and Contingencies**

**Credit Related**

In the normal course of business, the Banks enter into financial instruments, such as commitments to extend credit and letters of credit, to meet the financing needs of their customers. Such instruments are not reflected in the accompanying consolidated financial statements until they are funded, although they expose the Banks to varying degrees of credit risk and interest rate risk in much the same way as funded loans.

Commitments to extend credit include revolving commercial credit lines, nonrevolving loan commitments issued mainly to finance the acquisition and development of construction of real property or equipment, and credit card and personal credit lines. The availability of funds under commercial credit lines and loan commitments generally depends on whether the borrower continues to meet credit standards established in the underlying contract and has not violated other contractual conditions. Loan commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. Credit card and personal credit lines are generally subject to cancellation if the borrower's credit quality deteriorates. A number of commercial and personal credit lines are used only partially or, in some cases, not at all before they expire, and the total commitment amounts do not necessarily represent future cash requirements of the Company.

A substantial majority of the letters of credit are standby agreements that obligate the Banks to fulfill a customer's financial commitments to a third party if the customer is unable to perform. The Banks issue standby letters of credit primarily to provide credit enhancement to their customers' other commercial or public financing arrangements and to help them demonstrate financial capacity to vendors of essential goods and services.

The contract amounts of these instruments reflect the Company's exposure to credit. The Company undertakes the same credit evaluation in making loan commitments and assuming conditional obligations as it does for on-balance sheet instruments and may require collateral or other credit support. These off-balance sheet financial instruments are summarized below (in thousands):

|                              | <u>December 31,</u> |             |
|------------------------------|---------------------|-------------|
|                              | <u>2012</u>         | <u>2011</u> |
| Commitments to extend credit | \$4,373,679         | \$4,189,421 |
| Letters of credit            | 401,861             | 441,048     |

**Legal Proceedings**

The Company is party to various legal proceedings arising in the ordinary course of business. Based on current knowledge, management does not believe that loss contingencies, if any, arising from pending litigation and regulatory matters will have a material adverse effect on the consolidated financial position or liquidity of the Company.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 15. Commitments and Contingencies (continued)**

**Lease Commitments**

The Company currently is obligated under a number of non-cancelable operating leases for buildings and equipment. Certain of these leases have escalation clauses and renewal options. Future minimum lease payments for non-cancelable operating leases with initial terms in excess of one year were as follows at December 31, 2012 (in thousands):

|                              | <b>Operating<br/>Leases</b> |
|------------------------------|-----------------------------|
| 2013                         | \$12,873                    |
| 2014                         | 11,358                      |
| 2015                         | 9,929                       |
| 2016                         | 8,504                       |
| 2017                         | 7,392                       |
| Thereafter                   | 29,606                      |
| Total minimum lease payments | <u>\$79,662</u>             |

Rental expense approximated \$14.3 million, \$11.9 million and \$7.2 million for the years ended December 31, 2012, 2011, and 2010, respectively.

**Note 16. Other Noninterest Income and Other Noninterest Expense**

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

|                                       | <b>Years Ended December 31,</b> |                 |                 |
|---------------------------------------|---------------------------------|-----------------|-----------------|
|                                       | <b>2012</b>                     | <b>2011</b>     | <b>2010</b>     |
| Other noninterest income:             |                                 |                 |                 |
| Income from bank-owned life insurance | \$11,163                        | \$ 9,311        | \$ 5,219        |
| Credit-related fees                   | 6,681                           | 5,752           | 1,451           |
| Income from derivatives               | 3,600                           | 760             | —               |
| Gain on sales of assets               | 4,366                           | 1,083           | 618             |
| Safety deposit box income             | 2,006                           | 1,591           | 841             |
| Other miscellaneous income            | 9,072                           | 7,081           | 3,896           |
| Total other noninterest income        | <u>\$36,888</u>                 | <u>\$25,578</u> | <u>\$12,025</u> |
| Other noninterest expense:            |                                 |                 |                 |
| Advertising                           | 13,515                          | 17,687          | 7,713           |
| Ad valorem and franchise taxes        | 8,321                           | 5,330           | 3,568           |
| Printing and supplies                 | 7,491                           | 5,608           | 2,380           |
| Insurance expense                     | 5,494                           | 7,490           | 2,010           |
| Travel                                | 5,758                           | 3,590           | 2,137           |
| Entertainment and contributions       | 6,049                           | 3,954           | 1,651           |
| Tax credit investment amortization    | 5,974                           | 3,515           | —               |
| Other expense                         | 26,053                          | 31,539          | 13,671          |
| Total other noninterest expense       | <u>\$78,655</u>                 | <u>\$78,713</u> | <u>\$33,130</u> |

Included in other noninterest expense are merger-related expenses related to the Whitney and People's First acquisitions totaling \$5.6 million in 2012, \$27.0 million in 2011 and \$0.8 million in 2010.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 17. Income Taxes**

Income tax expense included in net income consisted of the following components (in thousands):

|   | <u>Years Ended December 31,</u> |                   |                   |
|---|---------------------------------|-------------------|-------------------|
|   | <u>2012</u>                     | <u>2011</u>       | <u>2010</u>       |
| Included in net income                          |                                 |                   |                   |
| Current federal                                 | \$11,195                        | \$ 7,400          | \$ 20,707         |
| Current state                                   | 1,953                           | 1,961             | 600               |
| Total current provision                         | <u>13,148</u>                   | <u>9,361</u>      | <u>21,307</u>     |
| Deferred federal                                | 34,219                          | 9,735             | (10,676)          |
| Deferred state                                  | (1,754)                         | (1,032)           | (926)             |
| Total deferred provision                        | <u>32,465</u>                   | <u>8,703</u>      | <u>(11,602)</u>   |
| Total included in net income                    | <u>\$45,613</u>                 | <u>\$ 18,064</u>  | <u>\$ 9,705</u>   |
| Included in shareholder's equity                |                                 |                   |                   |
| Deferred tax related to retirement benefits     | \$ 3,788                        | \$(32,944)        | \$ (1,439)        |
| Deferred tax related to securities              | (1,583)                         | 19,145            | (606)             |
| Deferred tax related to derivatives and hedging | (75)                            | (42)              | —                 |
| Total included in shareholder's equity          | <u>\$ 2,130</u>                 | <u>\$(13,841)</u> | <u>\$ (2,045)</u> |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 17. Income Taxes (continued)**

Temporary differences arise between the tax bases of assets or liabilities and their carrying amounts for financial reporting purposes. The expected tax effects when these differences are resolved are recorded currently as deferred tax assets or liabilities. Significant components of the Company's deferred tax assets and liabilities were as follows (in thousands):

|                                      | <u>December 31,</u> |                   |
|--------------------------------------|---------------------|-------------------|
|                                      | <u>2012</u>         | <u>2011</u>       |
| Deferred tax assets:                 |                     |                   |
| Allowance for loan losses            | \$ 77,957           | \$ 85,289         |
| Employee compensation and benefits   | 64,030              | 40,013            |
| Loan purchase accounting adjustments | 185,789             | 241,412           |
| Tax credit carryforward              | 35,605              | 25,465            |
| Federal net operating loss           | —                   | 24,524            |
| State net operating loss             | 1,805               | 2,958             |
| Other                                | 18,102              | 25,436            |
| Gross deferred tax assets            | <u>383,288</u>      | <u>445,097</u>    |
| Federal valuation allowance          | —                   | —                 |
| State valuation allowance            | (1,805)             | (2,415)           |
| Subtotal valuation allowance         | <u>(1,805)</u>      | <u>(2,415)</u>    |
| Net deferred tax assets              | <u>381,483</u>      | <u>442,682</u>    |
| Deferred tax liabilities:            |                     |                   |
| Fixed assets & intangibles           | (124,402)           | (135,987)         |
| Securities                           | (46,088)            | (55,642)          |
| Deferred gain on acquisition         | (8,962)             | (13,232)          |
| FDIC loss share receivable           | (62,311)            | (83,348)          |
| Other                                | (11,335)            | (8,713)           |
| Gross deferred tax liabilities       | <u>(253,098)</u>    | <u>(296,922)</u>  |
| Net deferred tax asset (liability)   | <u>\$ 128,385</u>   | <u>\$ 145,760</u> |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 17. Income Taxes (continued)**

Reported income tax expense differed from amounts computed by applying the statutory income tax rate of 35% to earnings before income taxes because of the following factors (in thousands):

|   | Years Ended December 31, |            |                 |            |                 |            |
|---|--------------------------|------------|-----------------|------------|-----------------|------------|
|   | 2012                     |            | 2011            |            | 2010            |            |
|   | Amount                   | %          | Amount          | %          | Amount          | %          |
| Taxes computed at statutory rate                      | \$ 69,074                | 35%        | \$33,188        | 35%        | \$21,669        | 35%        |
| Increases (decreases) in taxes resulting from:        |                          |            |                 |            |                 |            |
| State income taxes, net of federal income tax benefit | (78)                     | 0%         | 689             | 1%         | (410)           | -1%        |
| Tax-exempt interest                                   | (7,127)                  | -4%        | (6,892)         | -8%        | (6,747)         | -11%       |
| Bank owned life insurance                             | (4,005)                  | -2%        | (3,352)         | -4%        | (1,918)         | -3%        |
| Tax credits   | (13,661)                 | -7%        | (8,384)         | -9%        | (3,702)         | -6%        |
| Merger transaction costs                              | —                        | 0%         | 2,178           | 3%         | —               | 0%         |
| Other, net  | 1,410                    | 1%         | 637             | 1%         | 813             | 1%         |
| Income tax expense                                    | <u>\$ 45,613</u>         | <u>23%</u> | <u>\$18,064</u> | <u>19%</u> | <u>\$ 9,705</u> | <u>15%</u> |

As of December 31, 2012, the Company had approximately \$36 million in federal tax credit carryforwards that originated in the tax years from 2008 through 2012 and that begin expiring in 2028. The Company had approximately \$42 million in state net operating loss carryforwards that originated in the tax years 2002 through 2011 and that begin expiring in 2017. A valuation allowance has been established for the state net operating loss carryforwards. The impact of this valuation allowance is immaterial to the financial statements.

The tax benefit of a position taken or expected to be taken in a tax return should be recognized when it is more likely than not that the position will be sustained on its technical merits. The liability for unrecognized tax benefits was immaterial at December 31, 2012 and 2011. The Company does not expect the liability for unrecognized tax benefits to change significantly during 2013. Hancock recognizes interest and penalties, if any, related to income tax matters in income tax expense, and the amounts recognized during 2012, 2011 and 2010 were insignificant.

The Company and its subsidiaries file a consolidated U.S. federal income tax return, as well as filing various state returns. Generally, the returns for years before 2009 are no longer subject to examination by taxing authorities.

**Note 18. Earnings Per Share**

Hancock calculates earnings per share using the two-class method. The two-class method allocates net income to each class of common stock and participating security according to common dividends declared and participation rights in undistributed earnings. Participating securities consist of unvested stock-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 18. Earnings Per Share (continued)**

A summary of the information used in the computation of earnings per common share follows (in thousands, except per share data):

|  | <u>Years Ended December 31,</u> |             |             |
|--|---------------------------------|-------------|-------------|
|  | <u>2012</u>                     | <u>2011</u> | <u>2010</u> |
| <i><b>Numerator:</b></i>   |                                 |             |             |
| Net income to common shareholders                                    | \$151,742                       | \$76,759    | \$52,206    |
| Net income allocated to participating securities - basic and diluted | 1,557                           | 866         | 320         |
| Net income allocated to common shareholders - basic and diluted      | \$150,185                       | \$75,893    | \$51,886    |
| <i><b>Denominator:</b></i>   |                                 |             |             |
| Weighted-average common shares - basic                               | 84,767                          | 65,590      | 36,876      |
| Dilutive potential common shares                                     | 821                             | 480         | 178         |
| Weighted average common shares - diluted                             | 85,588                          | 66,070      | 37,054      |
| Earnings per common share:   |                                 |             |             |
| Basic  | \$ 1.77                         | \$ 1.16     | \$ 1.41     |
| Diluted  | \$ 1.75                         | \$ 1.15     | \$ 1.40     |

Potential common shares consist of employee and director stock options. These potential common shares do not enter into the calculation of diluted earnings per share if the impact would be anti-dilutive, i.e., increase earnings per share or reduce a loss per share. Weighted-average anti-dilutive potential common shares totalled 449,377 for the twelve months ended December 31, 2012 and 680,611 for the twelve months ended December 31, 2011. There were no anti-dilutive potential common shares in 2010.

**Note 19. Segment Reporting**

The Company's reportable operating segments consist of the Hancock segment, which coincides generally with the Company's Hancock Bank subsidiary, and the Whitney segment, which coincides generally with its Whitney Bank subsidiary. Each of the bank segments offer commercial, consumer and mortgage loans and deposit services as well as certain other services, such as trust and treasury management services. Although the bank segments offer the same products and services, they are managed separately due to different pricing, product demand, and consumer markets. On June 4, 2011, the Company completed its acquisition of Whitney Holding Corporation, the parent of Whitney National Bank. Whitney National Bank was merged into Hancock Bank of Louisiana and the combined entity was renamed Whitney Bank. Prior to the merger the segment now called Whitney Bank was comprised generally of Hancock Bank Louisiana. On March 15, 2012, Whitney Bank transferred the assets and liabilities of its operations in Florida, Alabama, and Mississippi to Hancock Bank and retained its operations in Louisiana and Texas. In the following tables, the "Other" column includes activities of other consolidated subsidiaries and the holding company which do not constitute reportable segments under the quantitative and aggregation accounting guidelines. These subsidiaries provide investment services, insurance agency services, insurance underwriting and various other services to third parties.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 19. Segment Reporting (continued)**

Following is selected information for the Company's segments (in thousands):

|   | Year Ended December 31, 2012 |                     |                    |                      |                     |
|---|------------------------------|---------------------|--------------------|----------------------|---------------------|
|   | Hancock                      | Whitney             | Other              | Eliminations         | Consolidated        |
| Interest income                               | \$ 269,915                   | \$ 473,664          | \$ 23,996          | \$ (5,026)           | \$ 762,549          |
| Interest expense                              | (22,553)                     | (25,178)            | (8,516)            | 4,565                | (51,682)            |
| Net interest income                           | <u>247,362</u>               | <u>448,486</u>      | <u>15,480</u>      | <u>(461)</u>         | <u>710,867</u>      |
| Provision for loan losses                     | (21,304)                     | (32,834)            | (54)               | —                    | (54,192)            |
| Noninterest income                            | 78,785                       | 133,228             | 40,219             | (37)                 | 252,195             |
| Depreciation and amortization                 | (14,309)                     | (17,515)            | (1,032)            | —                    | (32,856)            |
| Other noninterest expense                     | (230,208)                    | (403,935)           | (46,105)           | 37                   | (680,211)           |
| Securities transactions                       | 579                          | 966                 | 7                  | —                    | 1,552               |
| Income before income taxes                    | 60,905                       | 128,396             | 8,515              | (461)                | 197,355             |
| Income tax expense                            | 11,878                       | 30,998              | 2,737              | —                    | 45,613              |
| Net income                                    | <u>\$ 49,027</u>             | <u>\$ 97,398</u>    | <u>\$ 5,778</u>    | <u>\$ (461)</u>      | <u>\$ 151,742</u>   |
| Goodwill                                      | \$ 94,130                    | \$ 530,265          | \$ 4,482           | \$ —                 | \$ 628,877          |
| Total assets                                  | <u>\$6,308,690</u>           | <u>\$13,127,109</u> | <u>\$2,865,346</u> | <u>\$(2,836,660)</u> | <u>\$19,464,485</u> |
| Total interest income from affiliates         | \$ 4,042                     | \$ 984              | \$ —               | \$ (5,026)           | \$ —                |
| Total interest income from external customers | \$ 265,873                   | \$ 472,680          | \$ 23,996          | \$ —                 | \$ 762,549          |

|   | Year Ended December 31, 2011 |                     |                    |                      |                     |
|---|------------------------------|---------------------|--------------------|----------------------|---------------------|
|   | Hancock                      | Whitney             | Other              | Eliminations         | Consolidated        |
| Interest income                               | \$ 195,230                   | \$ 380,072          | \$ 21,794          | \$ (4,892)           | \$ 592,204          |
| Interest expense                              | (39,056)                     | (29,538)            | (6,807)            | 4,430                | (70,971)            |
| Net interest income                           | <u>156,174</u>               | <u>350,534</u>      | <u>14,987</u>      | <u>(462)</u>         | <u>521,233</u>      |
| Provision for loan losses                     | (17,216)                     | (17,550)            | (3,966)            | —                    | (38,732)            |
| Noninterest income                            | 76,846                       | 96,349              | 32,761             | 471                  | 206,427             |
| Depreciation and amortization                 | (10,649)                     | (13,123)            | (834)              | —                    | (24,606)            |
| Other noninterest expense                     | (163,088)                    | (372,034)           | (34,894)           | 608                  | (569,408)           |
| Securities transactions                       | (51)                         | —                   | (40)               | —                    | (91)                |
| Income before income taxes                    | 42,016                       | 44,176              | 8,014              | 617                  | 94,823              |
| Income tax expense                            | 6,513                        | 7,584               | 3,967              | —                    | 18,064              |
| Net income                                    | <u>\$ 35,503</u>             | <u>\$ 36,592</u>    | <u>\$ 4,047</u>    | <u>\$ 617</u>        | <u>\$ 76,759</u>    |
| Goodwill                                      | \$ 23,386                    | \$ 623,294          | \$ 4,482           | \$ —                 | \$ 651,162          |
| Total assets                                  | <u>\$4,934,003</u>           | <u>\$14,792,788</u> | <u>\$2,462,281</u> | <u>\$(2,414,976)</u> | <u>\$19,774,096</u> |
| Total interest income from affiliates         | \$ 4,364                     | \$ 528              | \$ —               | \$ (4,892)           | \$ —                |
| Total interest income from external customers | \$ 190,866                   | \$ 379,544          | \$ 21,794          | \$ —                 | \$ 592,204          |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 19. Segment Reporting (continued)**

|   | Year Ended December 31, 2010 |                    |                    |                      |                    |
|---|------------------------------|--------------------|--------------------|----------------------|--------------------|
|   | Hancock                      | Whitney            | Other              | Eliminations         | Consolidated       |
| Interest income                               | \$ 203,222                   | \$ 132,205         | \$ 22,122          | \$ (4,991)           | \$ 352,558         |
| Interest expense                              | (61,384)                     | (21,198)           | (4,294)            | 4,531                | (82,345)           |
| Net interest income                           | <u>141,838</u>               | <u>111,007</u>     | <u>17,828</u>      | <u>(460)</u>         | <u>270,213</u>     |
| Provision for loan losses                     | (37,845)                     | (22,554)           | (5,592)            | —                    | (65,991)           |
| Noninterest income                            | 67,940                       | 43,331             | 25,745             | (67)                 | 136,949            |
| Depreciation and amortization                 | (9,755)                      | (3,003)            | (767)              | —                    | (13,525)           |
| Other noninterest expense                     | <u>(152,956)</u>             | <u>(81,665)</u>    | <u>(31,244)</u>    | <u>130</u>           | <u>(265,735)</u>   |
| Income before income taxes                    | 9,222                        | 47,116             | 5,970              | (397)                | 61,911             |
| Income tax expense (benefit)                  | <u>(5,101)</u>               | <u>12,373</u>      | <u>2,433</u>       | <u>—</u>             | <u>9,705</u>       |
| Net income                                    | <u>\$ 14,323</u>             | <u>\$ 34,743</u>   | <u>\$ 3,537</u>    | <u>\$ (397)</u>      | <u>\$ 52,206</u>   |
| Goodwill                                      | \$ 23,386                    | \$ 33,763          | \$ 4,482           | \$ —                 | \$ 61,631          |
| Total assets                                  | <u>\$5,247,383</u>           | <u>\$2,906,365</u> | <u>\$1,093,565</u> | <u>\$(1,108,986)</u> | <u>\$8,138,327</u> |
| Total interest income from affiliates         | \$ 4,991                     | \$ —               | \$ —               | \$ (4,991)           | \$ —               |
| Total interest income from external customers | <u>\$ 198,231</u>            | <u>\$ 132,205</u>  | <u>\$ 22,122</u>   | <u>\$ —</u>          | <u>\$ 352,558</u>  |

Consolidated other intangible assets totaled \$189.4 million and \$211.1 million, respectively, at December 31, 2012 and 2011. The balance at the end of 2012 consisted of core deposit intangibles of \$154.7 million and other identifiable intangible assets of \$34.7 million. The total was allocated \$168.9 million to the Whitney segment, \$20.3 million to the Hancock segment, and \$0.2 million to the Other segment. Total other intangible assets at the end of 2011 consisted of core deposit intangibles of \$178.4 million and other identifiable intangibles assets of \$32.7 million. The 2011 total was allocated \$201.4 million to Whitney, \$9.4 million to Hancock, and \$0.3 million to the Other segment.

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 20. Condensed Parent Company Information**

The following condensed financial statements reflect the accounts and transactions of Hancock Holding Company only (in thousands):

**Condensed Balance Sheets**

|  | December 31, |             |
|--|--------------|-------------|
|  | 2012         | 2011        |
| <b>Assets:</b>                               |              |             |
| Cash   | \$ 26,041    | \$ 28,015   |
| Securities available for sale                | 132,551      | 103,788     |
| Investment in bank subsidiaries              | 2,495,412    | 2,358,368   |
| Investment in non-bank subsidiaries          | 8,071        | 10,222      |
| Due from subsidiaries and other assets       | 13,447       | 9,014       |
|  | \$2,675,522  | \$2,509,407 |
| <b>Liabilities and Stockholders' Equity:</b> |              |             |
| Long term debt                               | \$ 220,000   | \$ 140,000  |
| Due to subsidiaries and other liabilities    | 2,244        | 2,244       |
| Stockholders' equity                         | 2,453,278    | 2,367,163   |
|  | \$2,675,522  | \$2,509,407 |

**Condensed Statements of Income**

|  | Years Ended December 31, |           |          |
|--|--------------------------|-----------|----------|
|  | 2012                     | 2011      | 2010     |
| <b>Operating Income</b>  |                          |           |          |
| From subsidiaries  |                          |           |          |
| Cash dividends received from bank subsidiaries                                 | \$ 25,000                | \$123,100 | \$41,500 |
| Non-cash dividend from bank subsidiary in restructuring                        | 225,000                  | 13,451    | —        |
| Dividends received from non-bank subsidiaries                                  | 150                      | —         | —        |
| Equity in earnings of subsidiaries greater than (less than) dividends received | (94,486)                 | (57,172)  | 10,471   |
| Total operating income   | 155,664                  | 79,379    | 51,971   |
| Other (expense) income   | (6,673)                  | (2,592)   | 342      |
| Income tax expense (benefit)   | (2,751)                  | 28        | 107      |
| <b>Net income</b>  | \$151,742                | \$ 76,759 | \$52,206 |

**HANCOCK HOLDING COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 20. Condensed Parent Company Information (continued)**

**Condensed Statements of Cash Flows**

|   | <u>Years Ended December 31,</u> |                  |                 |
|---|---------------------------------|------------------|-----------------|
|   | <u>2012</u>                     | <u>2011</u>      | <u>2010</u>     |
| Cash flows from operating activities - principally dividends received from subsidiaries | \$ 18,789                       | \$ 113,355       | \$ 31,241       |
| Net cash (used in) provided by operating activities                                     | <u>18,789</u>                   | <u>113,355</u>   | <u>31,241</u>   |
| Cash flows from investing activities  |                                 |                  |                 |
| Contribution of capital to subsidiary   | (955)                           | (233)            | (454)           |
| Loans to nonbank subsidiaries, net of repayments  | 1,684                           | —                | —               |
| Purchase of available for sale securities   | (77,058)                        | (103,432)        | —               |
| Proceeds of securities available for sale   | 47,305                          | 1,396            | —               |
| Cash paid in connection with business combination                                       | —                               | (275,563)        | —               |
| Net cash used by investing activities   | <u>(29,024)</u>                 | <u>(377,832)</u> | <u>(454)</u>    |
| Cash flows from financing activities:   |                                 |                  |                 |
| Proceeds from issuance of long term debt  | 217,933                         | 140,000          | —               |
| Repayment of long term debt   | (140,000)                       | —                | —               |
| Dividends paid to stockholders  | (83,151)                        | (70,617)         | (36,182)        |
| Stock transactions, net   | 13,479                          | 222,322          | 5,876           |
| Net cash (used by) financing activities   | <u>8,261</u>                    | <u>291,705</u>   | <u>(30,306)</u> |
| Net increase (decrease) in cash   | (1,974)                         | 27,228           | 481             |
| Cash, beginning of year   | <u>28,015</u>                   | <u>787</u>       | <u>306</u>      |
| Cash, end of year   | <u>\$ 26,041</u>                | <u>\$ 28,015</u> | <u>\$ 787</u>   |

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

None

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### *Evaluation of Disclosure Controls and Procedures*

The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The rules refer to the controls and other procedures designed to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and (2) accumulated and communicated to its management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

As of December 31, 2012, management, including our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures. Based on that evaluation, management, including our Chief Executive Officer and Chief Financial Officer, concluded that as of December 31, 2012, our disclosure controls and procedures were effective.

#### *Internal Control Over Financial Reporting*

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Rule 13(a)–15(f) under the Exchange Act. 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. 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, 2012 have 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, 2012.

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, 2012.

### **ITEM 9B. OTHER INFORMATION**

Hancock Holding Company (the Company) will hold its Annual Meeting of Shareholders of common stock on Friday, April 12, 2013, at 10:00 a.m. local time at One Hancock Plaza, 2510 14<sup>th</sup> Street, Gulfport, Mississippi.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The names, ages, positions and business experience of our executive officers:

| <u>Name</u>          | <u>Age</u> | <u>Position</u>   |
|----------------------|------------|---|
| Carl J. Chaney       | 51         | President (since 2008) and Chief Executive Officer (since 2006) of the Company; Director, Mississippi Power Company (since 2009); Director of the Company since 2006.   |
| John M. Hairston     | 49         | Chief Executive Officer (since 2006) and Chief Operating Officer (since 2008) of the Company; Director of the Company since 2006.   |
| Michael M. Achary    | 52         | Executive Vice President since 2008; Chief Financial Officer since 2007.  |
| Joseph S. Exnicios   | 57         | President, Whitney Bank since 2011; Senior Executive Vice President and Chief Risk Officer of Whitney Holding Corporation and Whitney National Bank from 2009 to 2011; Executive Vice President of Whitney Holding Corporation and Whitney National Bank from 2004 to 2009.   |
| Edward G. Francis    | 47         | Executive Vice President since 2008; Chief Commercial Banking Officer since 2010; Executive – Commercial Banking from 2008 to 2010; Senior Commercial Lending Officer from 2003 to 2008.  |
| Richard T. Hill      | 56         | Executive Vice President since 2002; Chief Retail Banking Officer since February 2010; Executive – Retail Banking from 2008 to 2010.  |
| Samuel B. Kendricks  | 53         | Executive Vice President since 2011; Chief Credit Officer since 2010; Chief Credit Policy Officer from 2009 to 2010; Senior Regional Credit Officer from 2008 to 2009; Regional Credit Officer from 2004 to 2008.   |
| D. Shane Loper       | 47         | Chief Risk Officer since 2012; Executive Vice President since 2008; Chief Risk and Administrative Officer since 2010; Chief Information Officer since 2007; Director of Corporate Human Resources from 2002 to 2007.  |
| Joy Lambert Phillips | 57         | Executive Vice President since 2009; Corporate Secretary since June 2011; General Counsel since 1999.   |
| Clifton J. Saik      | 59         | Executive Vice President since 2002; Chief Wealth Management Officer since 2010; Executive, Wealth Management from 2007 to 2010; Director of Trust from 1998 to 2011.   |
| Suzanne C. Thomas    | 58         | Chief Wholesale Credit Approval Officer since 2012; Executive Vice President and Chief Credit Officer, Whitney Bank since 2011; Executive Vice President and Chief Credit Officer of Whitney Holding Corporation and Whitney National Bank from 2010 to 2011; Senior Vice President of Whitney National Bank from 2001 to 2009. |
| Stephen E. Barker    | 56         | Chief Accounting Officer, Hancock Holding Company (since 2011); Comptroller, Whitney National Bank (2000)   |

Information concerning our directors will appear in our definitive proxy statement to be filed with the Securities and Exchange Commission for our 2013 annual meeting of shareholders under the captions “Information About Director Nominees” and “Information About Incumbent Directors.” Information concerning compliance with Section 16(a) of the Exchange Act will appear in our proxy statement under the caption “Section 16(a) Beneficial Ownership Reporting Compliance.” Information concerning our code of business ethics for officers and associates, our code of ethics for financial officers, and our code of ethics for directors will appear in our proxy statement under the caption “Transactions with Related Persons.” Information concerning our audit committee will appear in our proxy statement under the caption “Board of Directors and Corporate Governance – Audit Committee.” Such information is incorporated herein by reference.

## ITEM 11. EXECUTIVE COMPENSATION

Information concerning our executive compensation will appear in our proxy statement under the caption “Executive Compensation.” Information concerning our compensation committee interlocks and insider participation and our compensation committee report will appear in our proxy statement under the caption “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report,” respectively. Such information is incorporated herein by reference.

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

Information concerning ownership of certain beneficial owners and management will appear in our proxy statement under the caption “Security Ownership of Certain Beneficial Owners and Management.” Such information is incorporated herein by reference.

### Equity Compensation Plan Information

| <u>Plan Category</u>                                       | <u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)<br/>(a)</u> | <u>Weighted-average exercise price of outstanding options, warrants and rights (2)<br/>(b)</u> | <u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (3)<br/>(c)</u> |
|--|--|--|--|
| Equity compensation plans approved by security holders     | 1,388,580  | \$34.59  | 2,803,569  |
| Equity compensation plans not approved by security holders | —  | —  | —  |
| Total  | <u>1,388,580</u>   | <u>\$34.59</u>   | <u>2,803,569</u>   |

- (1) Includes 55,354 shares potentially issuable upon the vesting of outstanding restricted share units and 4,918 shares potentially issuable upon the vesting of outstanding performance share units that represent awards deferred into our Nonqualified Deferred Compensation Plan. The total does not include securities to be issued upon the exercise of options that were assumed by the Company in the acquisition of Whitney Holding Corporation. At December 31, 2012, 226,988 Whitney options were outstanding with a weighted-average exercise price of \$61.88.
- (2) The weighted average exercise price relates only to the exercise of outstanding options included in column (a)
- (3) Includes 2,803,569 shares remaining available for issuance under the Amended and Restated 2005 Long-Term Incentive Plan, as amended and 211,173 shares remaining available for issuance under the Company’s 2010 Employee Stock Purchase Plan, as amended.

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

Information concerning certain relationships and related transactions will appear in our proxy statement under the caption “Transactions with Related Persons.” Information concerning director independence will appear in our proxy statement under the caption “Board of Directors and Corporate Governance.” Such information is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services will appear in our proxy statement under the caption “Independent Registered Public Accounting Firm.” Such information is incorporated herein by reference.

## **PART IV**

### **ITEM 15. EXHIBITS AND 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, 2012 and 2011

Consolidated statements of income – Years ended December 31, 2012, 2011, and 2010

Consolidated statements of changes in stockholders' equity– Years ended December 31, 2012, 2011, and 2010

Consolidated statements of cash flows –Years ended December 31, 2012, 2011, and 2010

Notes to consolidated financial statements – December 31, 2012 (pages 73 to 143)

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 INDEX

| <u>Exhibit Number</u> | <u>Description</u>   |
|-----------------------|--|
| 2.1                   | Agreement and Plan of Merger, dated December 21, 2010, between Hancock Holding Company and Whitney Holding Corporation (filed as Exhibit 2.1 to Hancock's Current Report on Form 8-K filed with the Commission on December 23, 2010 and incorporated herein by reference).   |
| 3.1                   | Amended and Restated Articles of Incorporation dated November 8, 1990 (filed as Exhibit 3.1 to Hancock's Form 10-K for the year ended December 31, 1990 filed with the Commission and incorporated herein by reference).   |
| 3.2                   | Amended and Restated Bylaws, dated November 8, 1990 (filed as Exhibit 3.2 to Hancock's registration statement on Form S-8 filed with the Commission on September 19, 1996 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 Hancock's Form 10-Q for the quarter ended September 30, 1991 filed with the Commission and incorporated herein by reference).   |
| 3.4                   | Articles of Correction, filed with Mississippi Secretary of State on November 15, 1991 (filed as Exhibit 4.2 to Hancock's Form 10-Q for the quarter ended September 30, 1991 filed with the Commission and incorporated herein by reference).  |
| 3.5                   | Articles of Amendment to the Articles of Incorporation of Hancock Holding Company, adopted February 13, 1992 (filed as Exhibit 3.5 to Hancock's Form 10-K for the year ended December 31, 1992 filed with the Commission 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 Hancock's Form 10-K for the year ended December 31, 1992 filed with the Commission 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 Hancock's Form 10-K filed with the Commission on March 28, 1997 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 Hancock's Form 10-Q for the quarter ended March 31, 1989 and incorporated herein by reference).   |
| 4.2                   | By executing this Form 10-K, Hancock hereby agrees to deliver to the Commission upon request copies of instruments defining the rights of holders of long-term debt of Hancock 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 thereunder does not exceed 10 percent of the total assets of Hancock and its subsidiaries on a consolidated basis.  |
| 4.3                   | Shareholder Rights Agreement, dated February 21, 1997, between Hancock Holding Company and Hancock Bank, as Rights Agent (filed as Exhibit 1 to Hancock's Form 8-A12G filed with the Commission on February 27, 1997 and incorporated herein by reference) as extended by Amendment No. 1 to Rights Agreement, dated February 19, 2007, between Hancock and Hancock Bank (filed with the Commission as Exhibit 4.1 to Hancock's Form 8-K filed with the Commission on February 20, 2007 and incorporated herein by reference). |
| *10.1                 | 1996 Long Term Incentive Plan (filed as Exhibit A to Hancock's definitive proxy materials filed with the Commission on January 23, 1996 and incorporated herein by reference).   |
| * **10.2              | Amended and Restated Hancock Holding Company 2005 Long-Term Incentive Plan dated December 18, 2008 and effective January 1, 2009.  |

| <u>Exhibit<br/>Number</u> | <u>Description</u>   |
|---------------------------|--|
| * **10.3                  | Amendment to Amended and Restated Hancock Holding Company 2005 Long-Term Incentive Plan dated May 24, 2012 and effective January 1, 2012.  |
| * **10.4                  | Form of 2011 Performance Stock Award Agreement.  |
| * **10.5                  | Form of 2011 Incentive Stock Option Agreement for Section 16 individuals.  |
| * **10.6                  | Form of 2011 Restricted Stock Award Agreement for Section 16 individuals.  |
| *10.7                     | Form of 2012 Restricted Stock Agreement (filed as Exhibit 10.2 to Hancock's Current Report on Form 8-K filed with the Commission on February 14, 2013 and incorporated herein by reference).   |
| *10.8                     | Form of Performance Stock Award Agreement for 2012 (filed as Exhibit 10.3 to Hancock's Current Report on Form 8-K filed with the Commission on February 14, 2013 and incorporated herein by reference).  |
| * **10.9                  | Restated Hancock Holding Company Nonqualified Deferred Compensation Plan, dated December 18, 2008 and effective January 1, 2008.   |
| * **10.10                 | Amendment to the Hancock Holding Company Nonqualified Deferred Compensation Plan, dated August 18, 2009.   |
| * **10.11                 | Amendment to the Hancock Holding Company Nonqualified Deferred Compensation Plan, dated September 10, 2009.  |
| * **10.12                 | Amendment to the Hancock Holding Company Nonqualified Deferred Compensation Plan, dated September 1, 2011.   |
| 10.13                     | Purchase and Assumption Agreement, dated December 18, 2009, among the Federal Deposit Insurance Corporation, in its capacity as receiver of Peoples First Community Bank, Panama City Florida, Hancock and the Federal Deposit Insurance Corporation acting in its corporate capacity (filed as Exhibit 10.8 to Hancock's Annual Report on Form 10-K filed with the Commission on February 17, 2010 and incorporated herein by reference). |
| *10.14                    | Hancock Holding Company 2010 Employee Stock Purchase Plan, (filed as Exhibit 99.1 to Hancock's Current Report on Form 8-K filed with the Commission on January 5, 2011 and incorporated herein by reference).  |
| * **10.15                 | Amendment to Hancock Holding Company 2010 Employee Stock Purchase Plan, dated December 15, 2011 and effective January 1, 2011.   |
| 10.16                     | Term Loan Agreement, dated December 21, 2012, among Hancock, certain lenders from time to time party thereto, Suntrust Bank (as administrative agent) and U.S. Bank National Association (as syndication agent) (filed as Exhibit 10.1 to Hancock's Current Report on Form 8-K filed with the Commission on December 28, 2012 and incorporated herein by reference).   |
| * **10.17                 | Form of Change in Control Employment Agreement between Hancock and certain Executive Officers.   |
| *10.18                    | Retention Agreement, dated March 1, 2011, between Whitney Bank (as successor in interest to Hancock Bank of Louisiana) and Joseph S. Exnicious (filed as Exhibit 10.13 to Hancock's Annual Report on Form 10-K filed with the Commission on February 28, 2012 and incorporated herein by reference).   |
| *10.19                    | Retention Agreement, dated March 31, 2011, between Whitney Bank (as successor in interest to Hancock Bank of Louisiana) and Suzanne Thomas (filed as Exhibit 10.13 to Hancock's Annual Report on Form 10-K filed with the Commission on February 28, 2012 and incorporated herein by reference).   |
| **21.1                    | Subsidiaries of Hancock Holding Company.   |
| **23.1                    | Consent of PricewaterhouseCoopers, 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.  |

| <u>Exhibit<br/>Number</u> | <u>Description</u>  |
|---------------------------|---|
| **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.  |
| **99.1                    | Chief Executive Officer Certification—IFR Section 30.15   |
| **99.2                    | Chief Financial Officer Certification—IFR Section 30.15   |
| **101.INS                 | XBRL Instance Document  |
| **101.SCH                 | XBRL Schema Document  |
| **101.CAL                 | XBRL Calculation Document   |
| **101.LAB                 | XBRL Label Link Document  |
| **101.PRE                 | XBRL Presentation Linkbase Document   |
| **101.DEF                 | XBRL Definition Linkbase Document   |
| *                         | Compensatory plan or arrangement.   |
| **                        | Filed with this Form 10-K   |

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, 2013

Date

By: /s/ Carl J. Chaney

Carl J. Chaney  
President & Chief Executive Officer  
Director

February 28, 2013

Date

By: /s/ John M. Hairston

John M. Hairston  
Chief Executive Officer & Chief Operating Officer  
Director

February 28, 2013

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.

/s/ James B. Estabrook, Jr

James B. Estabrook, Jr.

Chairman of the Board,  
Director

February 28, 2013

/s/ Frank E. Bertucci

Frank E. Bertucci

Director

February 28, 2013

/s/ Jerry L. Levens

Jerry L. Levens

Director

February 28, 2013

/s/ James H. Horne

James H. Horne

Director

February 28, 2013

/s/ John H. Pace

John H. Pace

Director

February 28, 2013

/s/ Christine L. Pickering

Christine L. Pickering

Director

February 28, 2013

(signatures continued)

|   |          |                   |
|---|----------|-------------------|
| <u>/s/ Robert W. Roseberry</u><br>Robert W. Roseberry | Director | February 28, 2013 |
| <u>/s/ Anthony J. Topazi</u><br>Anthony J. Topazi     | Director | February 28, 2013 |
| <u>/s/ Randall W. Hanna</u><br>Randall W. Hanna       | Director | February 28, 2013 |
| <u>/s/ Thomas H. Olinde</u><br>Thomas H. Olinde       | Director | February 28, 2013 |
| <u>/s/ Richard B. Crowell</u><br>Richard B. Crowell   | Director | February 28, 2013 |
| <u>/s/ Hardy B. Fowler</u><br>Hardy B. Fowler         | Director | February 28, 2013 |
| <u>/s/ Terence E. Hall</u><br>Terence E. Hall         | Director | February 28, 2013 |
| <u>/s/ R. King Milling</u><br>R. King Milling         | Director | February 28, 2013 |
| <u>/s/ Eric J. Nickelsen</u><br>Eric J. Nickelsen     | Director | February 28, 2013 |

**AMENDED AND RESTATED  
HANCOCK HOLDING COMPANY  
2005 LONG-TERM INCENTIVE PLAN**

This Amendment and Restatement of the Hancock Holding Company 2005 Long-Term Incentive Plan (hereinafter the “Plan”) is made this the 18<sup>th</sup> day of December, 2008, to be effective as of the 1<sup>st</sup> day of January, 2009.

**WITNESSETH:**

**WHEREAS**, effective the 31<sup>st</sup> day of March, 2005, Hancock Holding Company (the “Company”) adopted the Plan to provide incentives and awards to Associates and Directors of the Company and to Associates of its Subsidiaries; and

**WHEREAS**, the Company desires to amend the Plan to comply with applicable provisions of Section 409A of the Code and to reflect certain other changes and desires to restate the Plan in its entirety to incorporate such amendments.

**NOW, THEREFORE**, the Amended and Restated Hancock Holding Company 2005 Long-Term Incentive Plan is as follows:

**ARTICLE I  
PURPOSE**

The purpose of the Hancock Holding Company 2005 Long-Term Incentive Plan is (i) to provide incentives and rewards for Associates and Directors of the Company and for Associates of its Subsidiaries (ii) to support the execution of the Company’s business and human resource strategies and the achievement of its goals and (iii) to associate the interests of Associates and Directors with those of the Company’s shareholders.

**ARTICLE II  
DEFINITIONS**

Section 2.1 “**Associate**” means an employee of the Company or a Subsidiary.

Section 2.2 “**Award**” means a grant under this Plan of stock options (including incentive stock options under Section 422 of the Code), Restricted Shares, Performance Stock Awards or Stock Appreciation Rights on a stand alone, combination or tandem basis, as described herein.

Section 2.3 “**Award Agreement**” means a written or electronic agreement entered into between the Company and a Participant setting forth the terms and conditions of an Award made to such Participant under this Plan, in the form prescribed by the Committee.

Section 2.4 “**Board**” means the Board of Directors of the Company.

Section 2.5 “**Change of Control**” shall have the meaning specified in Section 12.2.

Section 2.6 “**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

Section 2.7 “**Committee**” means the Committee appointed by the Board, each member of which shall be a “Non-Employee Director” within the meaning of Rule 16b-3 under the Exchange Act, an “outside director” within the meaning of Section 162(m) of the Code and an “independent director” as defined in Nasdaq Marketplace Rule 4200(15). The Committee shall be composed of no fewer than the minimum number of “Non-Employee Directors” as may be required by Rule 16b-3.

Section 2.8 “**Common Stock**” means the common stock of the Company.

Section 2.9 “**Company**” means Hancock Holding Company, a bank holding company under the Bank Holding Company Act of 1956, headquartered in Gulfport, Mississippi, and its successors and assigns.

Section 2.10 “**Director**” means a member of the board of directors of the Company.

Section 2.11 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

Section 2.12 “**Fair Market Value**” means the closing price of the Common Stock as reported on the Nasdaq Stock Market on the day immediately preceding the relevant valuation date or, if there were no Common Stock transactions on such day, on the next preceding date on which there were Common Stock transactions.

Section 2.13 “**Incentive Award**” means an Award to an Associate or Director under this Plan.

Section 2.14 “**Negative Discretion**” means other factors to be applied by the Committee in reducing the number of shares of Common Stock to be issued pursuant to a Performance Stock Award if the Performance Goals have been met or exceeded if, in the Committee’s sole judgment, such application is appropriate in order to act in the best interest of the Company and its shareholders. The Negative Discretion factors include, but are not limited to, the achievement of measurable individual performance objectives established by the Committee and communicated to the Associate or Director in advance of the Performance Period, and competitive pay practices.

Section 2.15 “**Participant**” means an Associate or Director who has been granted an Award under this Plan.

Section 2.16 “**Performance Goals**” means, with respect to any Performance Period, performance goals based on any of the following criteria and established by the Committee prior to the beginning of such Performance Period or performance goals based on any of the following criteria and established by the Committee after the beginning of such Performance Period that meet the requirements to be considered pre-established performance goals under Section 162(m) of the Code: earnings or earnings growth; earnings per share; return on equity, assets or investment; revenues; expenses; charge-offs; reductions in non-performing assets; any component of or combination of the preceding and/or any other performance measure as may be determined and defined from time to time by the Committee. Such Performance Goals may be particular to an Associate or Director or the division, department, branch, line of business, Subsidiary or other unit in which the Associate works, or may be based on the performance of the Company generally.

Section 2.17 “**Performance Period**” means the period of time designated by the Committee applicable to Restricted Shares or a Performance Stock Award during which the Performance Goals shall be measured.

Section 2.18 “**Performance Stock Award**” shall have the meaning specified in Section 6(d).

Section 2.19 “**Plan**” means the Hancock Holding Company 2005 Long-Term Incentive Plan, amended and restated as set forth herein.

Section 2.20 “**Plan Year**” means a twelve-month period beginning with January 1 of each year.

Section 2.21 “**Reporting Person**” means an officer or director of the Company subject to the reporting requirements of Section 16 of the Exchange Act.

Section 2.22 “**Subsidiary**” means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, a proprietary interest of more than 50% by reason of stock ownership or otherwise.

ARTICLE III  
ELIGIBILITY

Any Associate of the Company or a Subsidiary and any Director of the Company selected by the Committee is eligible to receive an Incentive Award.

ARTICLE IV  
PLAN ADMINISTRATION

Section 4.1 **Committee.** This Plan shall be administered by the Committee. The Committee shall periodically make determinations with respect to the participation of Associates or Directors in this Plan and the grant terms of Awards hereunder as provided in Article VI. Except as otherwise required by this Plan, the Committee shall have authority to interpret and construe the provisions of this Plan and the Award Agreements and make determinations pursuant to any Plan provision or Award Agreement which shall be final and binding on all persons.

Section 4.2 **Delegation.** The Committee may designate persons other than its members to carry out its responsibilities under such conditions or limitations as it may set, other than its authority with regard to Awards granted to Reporting Persons.

ARTICLE V  
STOCK SUBJECT TO THE PROVISIONS OF THIS PLAN

Section 5.1 **Types of Shares.** The stock subject to the provisions of this Plan shall either be shares of authorized but unissued Common Stock, shares of Common Stock held as treasury stock or previously issued shares of Common Stock reacquired by the Company, including shares purchased on the open market.

Section 5.2 **Aggregate Limitations.** Subject to adjustment in accordance with the provisions of Article X, and subject to Section 5.6, the aggregate number of shares of Common Stock that may be issued pursuant to Awards granted under this Plan is Five Million (5,000,000) all of which can be issued to Associates as Incentive Stock Options if the Committee so determines in its sole discretion. The aggregate number of shares subject to this Plan may be increased from time to time by amendment hereto in accordance with Article IX, provided, however, the total number of shares of Common Stock issuable pursuant to Awards of Incentive Stock Options shall not be increased to more than Five Million (5,000,000) (other than pursuant to an adjustment for changes in capitalization as provided in Article X) without approval by the shareholders of the Company.

Section 5.3 **Annual Limitation.** Subject to adjustment in accordance with the provisions of Article X, and subject to Section 5.6, the total number of shares of Common Stock for which Awards may be granted (including, without limitation, Awards of Restricted Shares and Performance Stock Awards) in any Plan Year shall not exceed two percent (2%) of the outstanding Common Stock as reported in the Company's Annual Report on Form 10-K for the fiscal year ending immediately prior to such Plan Year.

Section 5.4 **Participant Limitations.** Subject to adjustment in accordance with Section X, and subject to Section 5.2, (i) the total number of shares of Common Stock available for grants of Awards in any Plan Year to any Participant shall not exceed 100,000 shares of Common Stock and (ii) the total number of shares of Common Stock available for grants of Restricted Shares to be issued pursuant to Performance Stock Awards in any Plan Year to any Participant shall not exceed 35,000 shares of Common Stock. In addition, the aggregate Fair Market Value (determined as of the date of the grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year shall not exceed One Hundred Thousand and no/100 Dollars (\$100,000.00).

Section 5.5 **Calculation of Shares.** In addition to the provisions of Section 5.6 below, for purposes of calculating the total number of shares of Common Stock available for grants of Awards hereunder, the following shall apply:

- (1) The number of shares of Common Stock available for grants of Awards hereunder shall be reduced by the number of shares for which Awards are actually granted, and by the number of shares credited as restricted stock units and/or performance shares to the account of the Participant under the Company's Nonqualified Deferred Compensation Plan in lieu of an Award of Restricted Shares or of Performance Stock under this Plan, and
- (2) The grant of a Performance Stock Award shall be deemed to be equal to the maximum number of shares of Common Stock which may be issued under the Award.

Section 5.6 **Determining Limits.** There shall be carried forward and be available for Awards under this Plan in each succeeding Plan Year, in addition to shares of Common Stock available for grant in such Plan Year under Section 5.3, all of the following: (i) any unused portion of the limit set forth in Section 5.3 for preceding Plan Years; (ii) shares of common Stock represented by Awards which have been cancelled, forfeited, surrendered, terminated or expire unexercised during preceding Plan Years; and (iii) the excess amount of variable Awards which become fixed at less than their maximum limitations.

In addition, if any Award under the Plan shall expire, terminate or be canceled (including cancellation upon the Participant's exercise of a related Award) for any reason without having been exercised in full, or if any Award shall be forfeited to the Company, the unexercised or forfeited Award shall not count against the aggregate limitations under Section 5.2 and shall again become available for grants under the Plan (unless the holder of such Award received dividends or other economic benefits with respect to such Award, which dividends or other economic benefits are not forfeited, in which case the Award shall count against the above limits). Shares of Common Stock equal in number to the shares surrendered in payment of the option price, and shares of Common Stock that are withheld in order to satisfy Federal, state or local tax liability, shall not count against the aggregate limitations in Section 5.2. Only the number of shares of Common Stock actually issued upon exercise of a Stock Appreciation Right shall count against the above limit, and any shares that were estimated to be used for such purposes and were not in fact so used shall again become available for grants under the Plan. Cash settlements of Awards will not count against the above limits.

## ARTICLE VI INCENTIVE AWARDS UNDER THIS PLAN

Section 6.1 **Types of Awards.** As the Committee may determine, the following types of Incentive Awards may be granted under this Plan to Associates or Directors on a stand alone, combination or tandem basis:

(a) **Stock Option.** A right to buy a specified number of shares of Common Stock at a fixed exercise price during a specified time, all as the Committee may determine; provided that the exercise price of any option shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant of the Award.

(b) **Incentive Stock Option.** An Award to an Associate in the form of a stock option which shall comply with the requirements of Section 422 of the Code or any successor Section as it may be amended from time to time. Incentive Stock Options may only be awarded to an Associate. In no event will a Director be eligible to receive, nor shall a Director be granted hereunder, an Award of an Incentive Stock Option, unless such Director is otherwise eligible as an Associate.

(c) **Restricted Shares.** A transfer of shares of Common Stock to a Participant, subject to such restrictions on transfer, vesting or other incidents of ownership, or subject to specified performance standards, for such periods of time as the Committee may determine. Stock certificates representing the Restricted Shares granted to a Participant shall be registered in the name of the Participant, and the Participant shall be entitled to dividends on and have the right to vote such shares.

(d) **Performance Stock Awards.** A right, granted to a Participant, to receive Common Stock that is not to be issued to the Participant until after the satisfaction of the Performance Goals during a Performance Period.

(e) **Stock Appreciation Rights.** An Award which entitles the Participant to receive upon exercise of the right, all or a portion of the excess of (a) the Fair Market Value of a specified number of shares of Common Stock at the time of exercise over (b) a specified price that shall not be less than one hundred percent (100%) of the Fair Market Value of the shares of Common Stock at the time of grant. Stock Appreciation Rights may be granted in connection with a previously or contemporaneously granted option, or independent of any option. If issued in connection with an option, the Committee may impose a condition that exercise of a Stock Appreciation Right cancels the option with which it is connected. A Stock Appreciation Right may not be exercised at any time when the Fair Market Value of the shares of Common Stock to which it relates does not exceed the exercise price of the option associated with those shares of Common Stock. A Stock Appreciation Right issued in connection with an option may be exercised at any time the option to which it relates is exercisable, but only to the extent the option to which it relates is then exercisable, and shall be subject to the conditions applicable to such option. Upon exercise of a Stock Appreciation Right, only Common Stock can be delivered in settlement thereof.

Section 6.2 **Award Agreement.** Each Award under the Plan shall be evidenced by a written or electronic agreement that shall set forth the terms of the Award. Except as otherwise required by law or the provisions of this Plan, the Committee shall have sole discretion to determine the terms of each Award granted hereunder, including vesting schedules, price, performance standards (including Performance Goals), length of relevant performance, restriction or option period, dividend rights, post-retirement and termination rights, payment alternatives such as cash, stock, contingent awards or other means of payment consistent with the purpose of this Plan, risks of forfeiture, and such other terms and conditions as the Committee shall deem appropriate.

## ARTICLE VII PERFORMANCE STOCK AWARDS

Section 7.1 **Administration.** Performance Stock Awards may be granted to a Participant either alone or in addition to other Incentive Awards granted under this Plan. The Committee shall determine the Associates and Directors to whom Performance Stock Awards shall be granted for any Performance Period, the duration of the applicable Performance Period, the number of shares of Common Stock to be awarded at the end of a Performance Period if the Performance Goals are met or exceeded and the terms and conditions of the Performance Stock Award in addition to those contained in this Article VII.

Section 7.2 **Payment of Award.** During or after the end of a Performance Period, the financial performance of the Company during such Performance Period shall be measured against the Performance Goals. If the Performance Goals are not met, no Common Stock shall be issued pursuant to the Performance Stock Award. If the Performance Goals are met or exceeded, the Committee shall certify that fact in writing in the Committee minutes or elsewhere and certify the number of shares of Common Stock to be issued under each Performance Stock Award in accordance with the related Award Agreement. The Committee may, in its sole discretion, apply Negative Discretion to reduce the number of shares of Common Stock to be issued under a Performance Stock Award.

Section 7.3 **Entitlement to Shares.** To be entitled to earn or receive shares under a Performance Stock Award, a Participant must remain as an Associate or Director through the end of the Performance Period and for a period of forty-five (45) days thereafter.

## ARTICLE VIII OTHER TERMS AND CONDITIONS

Section 8.1 **Assignability.** With respect to Incentive Stock Options only, except to the extent, if any, as may be permitted by the Code and rules promulgated under Section 16 of the Exchange Act, (i) no Incentive Stock Option shall be assignable or transferable except by will, by the laws of descent and distribution or by a beneficiary designation filed with the Company in accordance with procedures established by the Committee and (ii) during the lifetime of a Participant, the Award shall be exercisable only by such Participant or such Participant's guardian or legal representative.

With respect to other Awards, unless the Committee shall permit (on such terms and conditions as it shall establish) an Award to be transferred to a member of the Participant's immediate family or to a trust or similar vehicle for the benefit of such immediate family members (collectively, the "Permitted Transferees"), (i) no Award shall be assignable or transferable except by will, by the laws of descent and distribution or by a beneficiary designation filed with the Company in accordance with procedures established by the Committee or pursuant to a domestic relations order and (ii) during the lifetime of a Participant, the Award shall be exercisable only by such Participant or such Participant's guardian, legal representative or assignee pursuant to a domestic relations order or, if applicable, the Permitted Transferees.

Section 8.2 **Exercise of Option by Transferee**. Upon the transfer of (i) an Incentive Stock Option to a beneficiary or devisee or (ii) an option other than an Incentive Stock Option to any transferee pursuant to a transfer approved by the Committee, such transferee shall have the balance of the original exercise period within which to exercise the transferred option.

Section 8.3 **Rights As A Shareholder**. Except as otherwise provided herein with respect to Restricted Shares or in any Award Agreement, a Participant shall have no rights as a shareholder with respect to shares of Common Stock covered by an Award until the date the Participant or his nominee (which, for purposes of this Plan, shall include any third party agent selected by the Committee to hold such shares on behalf of a Participant), guardian or legal representative is the holder of record of such shares.

Section 8.4 **No Obligation to Exercise**. The grant of an Award shall impose no obligation upon the Participant to exercise the Award.

Section 8.5 **Payments by Participants**. The Committee may determine that Incentive Awards for which a payment is due from a Participant may be payable: (i) in U.S. dollars by personal check, bank draft or money order payable to the order of the Company, by money transfers or direct account debits; (ii) through the delivery or deemed delivery based on attestation to the ownership of shares of Common Stock with a Fair Market Value equal to the total payment due from the Participant; (iii) by a combination of the methods described in (i) and (ii) above; or (iv) by such other methods as the Committee may deem appropriate.

Section 8.6 **Tax Withholding**. The Company shall have the right to withhold from any payments made under this Plan, including the Common Stock distributed or to be distributed pursuant to an Award hereunder, or to collect from the Participant as a condition of such payment, any taxes required by applicable federal, state and/or local income tax law to be withheld ("Withholding Taxes"). At any time any Withholding Taxes are required to be withheld in connection with a distribution of shares of Common Stock pursuant to this Plan, the Participant may elect to satisfy this obligation, in whole or in part, by either (i) remitting cash to the Company equal to the amount of the Withholding Taxes, or (ii) directing the Company to withhold from such distribution shares of Common Stock having a value equal to the amount of the Withholding Taxes. Such an election may be made in connection with a Stock Option at the time of the exercise of such Stock Option. In the case of Restricted Shares or other Awards, such election must be made prior to the time the Award vests or otherwise becomes taxable to the Participant. Such an election is subject to the disapproval of the Committee. If an election is not made by the Participant, the amount of the Withholding Taxes shall be withheld from the Common Stock to be distributed under the Award.

Section 8.7 **Restrictions On Sale and Exercise**. With respect to Reporting Persons, and if required to comply with rules promulgated under Section 16 of the Exchange Act (i) no Award providing for exercise, a vesting period, a restriction period or the attainment of performance standards shall permit unrestricted ownership of shares of Common Stock by the Participant for at least six months from the date of grant, and (ii) shares of Common Stock acquired pursuant to this Plan (other than shares of Common Stock acquired as a result of the granting of a "derivative security") may not be sold or otherwise disposed of for at least six months after acquisition.

Section 8.8 **Requirements of Law**. The granting of Awards and the issuance of shares of Common Stock upon the exercise of Awards shall be subject to all applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Common Stock may be listed. As a condition precedent to the issuance of shares of Common Stock pursuant to the grant or exercise of an Award, the Company may require the Participant to take any reasonable action to meet such requirements.

ARTICLE IX  
AMENDMENTS AND TERMINATION

Section 9.1 **Board Authority.** Except as otherwise provided in this Plan, the Board may at any time terminate and, from time to time, may amend or modify this Plan. Any such action of the Board may be taken without the approval of the Company's shareholders, but only to the extent that such shareholder approval is not required by applicable law, regulation, or self-regulatory organization rule, including specifically Rule 16b-3 under the Exchange Act and NASDAQ Marketplace Rule 4350(i).

Section 9.2 **Preservation of Awards.** No amendment, modification or termination of this Plan shall in any manner adversely affect any Awards theretofore granted to a Participant under this Plan without the consent of such Participant.

ARTICLE X  
RECAPITALIZATION

The aggregate number of shares of Common Stock as to which Awards may be granted to Participants, the number of shares of Common Stock which may be issued in each Plan Year, the number of shares of Common Stock covered by each outstanding Award, and the price per share thereof in each such Award, shall all be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, stock dividend, combination or exchange of shares, exchange for other securities, reclassification, or reorganization, redesignation, merger, consolidation, recapitalization or other such change. Any such adjustment may provide for the elimination of fractional shares.

ARTICLE XI  
NO RIGHT TO EMPLOYMENT

No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or a Subsidiary. Nothing in this Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or any Subsidiary.

ARTICLE XII  
CHANGE OF CONTROL

Section 12.1 **Effect of a Change of Control.** In the event of a Change of Control (as defined below), each Incentive Award outstanding on the date of such Change of Control may be immediately exercised and/or realized if and to the extent provided in the Award Agreement evidencing such Incentive Award. In addition, notwithstanding anything contained in this Plan or any Award Agreement to the contrary, the following may, in the sole discretion of the Committee, occur with respect to any and all Incentive Awards outstanding as of the date of such Change of Control:

(i) automatic maximization of performance standards, lapse of all restrictions and acceleration of any time periods relating to the vesting of such Awards so that such Awards may be immediately vested in full on or before the relevant date fixed in the Award Agreement;

(ii) Performance Stock Awards shall be paid entirely in cash;

(iii) following a Change of Control, if a Participant's employment or service as a Director terminates for any reason other than retirement under a retirement plan of the Company or death, any Options held by such Participant may be exercised by such Participant until the earlier of three months after the termination of employment or the expiration date of such Options; and

(iv) all Awards become non-cancelable.

Section 12.2 **Definition.** For purposes of this Plan, a “Change of Control” of the Company shall be deemed to have occurred upon the happening of any of the following events:

(i) The acquisition by any one person or by more than one person acting as a group, of ownership of stock that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total Fair Market Value or total voting power of the stock of the Company;

(ii) The acquisition by any one person, or by more than one person acting as a group, during the twelve-month period ending on the date of the most recent acquisition, of ownership of stock in the Company possessing fifty percent (50%) or more of the total voting power of the stock of the Company;

(iii) The replacement during any twelve-month period of a majority of the members of the Board by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or

(iv) The acquisition by any one person, or more than one person acting as a group, during the twelve-month period ending on the date of the most recent acquisition, of assets of the Company having a total gross fair market value of more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

For purposes of the above, “persons acting as a group” shall have the meaning as in Treasury Regulations Section 1.409A-3(i)(5)(v)(B).

It is intended that the definition of Change of Control contained herein shall be the same as (i) a change of ownership of a corporation, (ii) a change in the effective control of a corporation and/or (iii) a change in the ownership of a substantial portion of a corporation’s assets as reflected in Treasury Regulations Section 1.409A-3(i)(5), as modified by the substitution of the higher percentage requirements in items (b) and (d) above; and all questions or determinations in connection with any such Change of Control shall be construed and interpreted in accordance with the provisions of such Regulations. This definition of a Change of Control shall be applicable only for purposes of determining benefits related to Awards granted under this Plan which become applicable in the event of such a Change of Control and for no other purpose.

#### ARTICLE XIII GOVERNING LAW

To the extent that federal laws and/or related federal rules and regulations do not otherwise control, this Plan shall be construed in accordance with and governed by the law of the State of Mississippi.

#### ARTICLE XIV INDEMNIFICATION

Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit or proceeding to which he may be a party or in which he may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him in settlement thereof, with the Company’s approval, or paid by him in satisfaction of any judgment in any such action, suit or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company’s Articles of Incorporation or Code of Regulation, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

ARTICLE XV  
SAVINGS CLAUSE

This Plan is intended to comply in all aspects with applicable law and regulation, including, with respect to those Participants who are Reporting Persons, Rule 16b-3 under the Exchange Act. In case any one or more of the provisions of this Plan shall be held invalid, illegal or unenforceable in any respect under applicable law and regulation (including Rule 16b-3), the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provision shall be deemed null and void; however, to the extent permissible by laws, any provision which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Plan to be construed in compliance with all applicable laws (including Rule 16b-3) so as to foster the intent of this Plan. Notwithstanding anything in this Plan to the contrary, the Committee, in its sole and absolute discretion, may bifurcate this Plan so as to restrict, limit or condition the use of any provision of this Plan to Participants who are Reporting Persons without so restricting, limiting or conditioning this Plan with respect to other Participants.

**EFFECTIVE DATE AND TERM**

The effective date of this Amendment and Restatement of the Plan is January 1, 2009. The original effective date of the Plan is March 31, 2005, the date of its approval by the Company's shareholders. This Plan shall remain in effect until the tenth anniversary of its approval by the shareholders.

**HANCOCK HOLDING COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Attest  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO THE  
AMENDED AND RESTATED  
HANCOCK HOLDING COMPANY  
2005 LONG-TERM INCENTIVE PLAN**

This Amendment of the Amended and Restated Hancock Holding Company 2005 Long-Term Incentive Plan (hereinafter the “Plan”) is made this the 24<sup>th</sup> day of May, 2012, to be effective as of the 1<sup>st</sup> day of January, 2012.

**WITNESSETH:**

**WHEREAS**, effective the 31<sup>st</sup> day of March, 2005, Hancock Holding Company (the “Company”) adopted the Plan to provide incentives and awards to Associates and Directors of the Company and to Associates of its Subsidiaries; and

**WHEREAS**, the Plan was amended and restated in its entirety effective January 1, 2009 to comply with applicable provisions of Section 409A of the Code; and

**WHEREAS**, the Company desires to further amend the Plan with respect to Performance Stock Awards that may be granted hereunder.

**NOW, THEREFORE**, the Amended and Restated Hancock Holding Company 2005 Long-Term Incentive Plan is hereby amended as follows:

**I.**

Section 2.14 is hereby amended by the deletion of that section in its entirety and the substitution of the following:

2.14 “**Negative Discretion**” means such other factors, if any, as may be applied by the Committee, as set forth in an Award Agreement, to reduce the number of shares of Common Stock to be issued pursuant to a Performance Stock Award if the Performance Goals have been met or exceeded if, in the Committee’s sole judgment, such reduction is appropriate in order to act in the best interest of the Company and its shareholders. The Negative Discretion factors include, but are not limited to, the achievement of measurable individual performance objectives established by the Committee and communicated to the Associate or Director in advance of the Performance Period, and competitive pay practices. With respect to relative performance based Awards, Negative Discretions factors may also include actual shareholder experience over a Performance Period.

**II.**

Section 2.16 is hereby amended by the deletion of that section in its entirety and the substitution of the following:

2.16 “**Performance Goals**” means, with respect to any Performance Period, performance goals based on any of the following criteria and established by the Committee prior to the beginning of such Performance Period or performance goals based on any of the following criteria and established by the Committee after the beginning of such Performance Period that meet the requirements to be considered pre-established goals under Section 162(m) of the Code: earnings or earnings growth; earnings per share; return on equity, assets or investments;

revenues; expenses; charge offs; reductions in non-performing assets; market conditions including, but not limited to, average stock price and total shareholder return; any component of or combination of the preceding and/or any other performance measure as may be determined and defined from time to time by the Committee. Such Performance Goals may be particular to an Associate or Director or the division, department, branch or line of business, Subsidiary or other unit in which the Associate works, or may be based on the performance of the Company generally.

### III.

Section 7.3 is hereby amended by the deletion of that Section in its entirety and the substitution of the following:

7.3 **Entitlement to Shares**. To be entitled to earn or receive shares under a Performance Stock Award, a Participant must remain as an Associate or Director through the end of the Performance Period. The Committee may, in its discretion, provide such exception to this requirement as is deemed appropriate and equitable and such exception shall be set forth in the Award Agreement; provided, however, no such exception shall have the effect of accelerating the receipt of shares under or otherwise modifying a Performance Stock Award in a manner that would result in violation of the provisions of Section 409A of the Code.

### IV.

Capitalize terms used in this Amendment shall have the same meaning as when used in the Plan unless otherwise specifically provided herein.

**V.**

Except as amended herein, the Amended and Restated Hancock Holding Company 2005 Long-Term Incentive Plan shall remain unchanged.

**IN WITNESS WHEREOF** this Amendment has been executed the date and year first above written.

**HANCOCK HOLDING COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Re: Performance Stock Award

The Board of Directors of Hancock Holding Company (the “Company”) is pleased to grant you a Performance Stock Award (“Award”) under the Hancock Holding Company 2005 Long-Term Incentive Plan (the “Plan”). This Award grants you the opportunity to receive the number of shares of Common Stock of the Company set forth in the Portfolio Section of this website (the “Target Shares”). The number of shares actually payable to you under this Award is contingent on the level of achievement of the Performance Goals during the Performance Period and on any Negative Discretion factors applied in the Committee’s discretion, as further explained in this Agreement. The specifics of your Performance Stock Award, including the number of Target Shares subject to the Award, the Performance Goals, the Performance Period, the Negative Discretion factors and any other applicable terms, constitute a part of this Award Agreement. These specifics are described in detail and may be viewed by clicking on “Grant Date” in the Portfolio Section of the website. This Award Agreement sets out other provisions applicable to the Award:

The information in this Award Agreement is for you only and is highly confidential. Any disclosure of this information to persons other than the Director of Corporate Human Resources, Manager of Compensation and Benefits, Compensation Analyst, Manager of Corporate Trust Operations, or their subsequent replacements will be grounds for termination of the grant and/or termination of your employment. In the event of any such termination, all unvested awards will immediately be forfeited. Neither this award nor any of the provisions of this Award Agreement should be disclosed to or discussed with any other persons, specifically including other personnel of Hancock Holding Company or its subsidiaries. This confidentiality provision is not intended to preclude you from discussing this award or the contents of this Agreement with your spouse or other members of your immediately family or with your tax advisors. Neither will any disclosure of the award required to comply with federal or state security or other laws be deemed a violation of this provision.

The Plan is administered by a committee appointed by the Board of Directors of the Company (the “Committee”), which has authority to make certain determinations as to the terms of the Awards granted under the Plan, including whether to apply Negative Discretion factors to reduce the number of shares you may receive under this Award. Any interpretation of this Award by the Committee and any decision made by it with respect to this Award are final and binding on all persons.

Before accepting this Award, you should review the Plan and Prospectus, copies of which may be accessed from this website. You should pay particular attention to the Plan since it sets forth other provisions which cover your Award. Also, you should note that the acceptance of your Award means that you have agreed to take any reasonable action required to meet the requirements imposed by Federal and State securities and other laws, rules or regulations and by any regulatory agencies having jurisdiction and you have agreed to allow the Company to withhold from any payments made to you, or to collect as a condition of payment, any taxes required by law to be withheld because of this Award. The Prospectus contains an explanation of certain Federal Income Tax consequences and is current as of the date of the Prospectus. However, since tax laws often change, you should consult your tax advisor for current information at any given time.

The Award granted to you hereunder is subject to the terms and conditions set forth herein and in the Plan. It is also subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in this Agreement.

The number of shares of Common Stock of the Company which you actually receive under this Award (the “Awarded Shares”) is contingent upon the level of achievement of the Performance Goals applicable hereto during the Performance Period and on the adjustments, if any, applied by the Committee in its discretion for Negative Discretion (as defined in the Plan) or as otherwise provided in this Award Agreement, and shall be determined as follows:

If the financial performance of the Company during the Performance Period equals or exceeds 100% of the Target in each category of the Performance Goals, your Awarded Shares will equal the number of the Target Shares as adjusted, in the discretion of the Committee, for any Negative Discretion.

If 100% of the Target is not achieved in all categories but the financial performance of the Company during the Performance Period exceeds the Threshold established for one or more of the categories, your Awarded Shares under this Agreement shall be a percentage of the Target Shares adjusted, in the discretion of the Committee, as provided below. Such percentage shall be equal to the sum of the weighting percentages for all categories as such weighting percentages have been adjusted on a pro rata basis to reflect the level of achievement of the financial performance in each category for the performance period over the Threshold amount as a percentage of the Target over the Threshold amount. (Formula: Threshold = A, Target = B and Actual = C.  $(C-A)/(B-A) = X\%$ ) The number of Awarded Shares as determined under such formula may be reduced by the Committee, in its discretion, for any Negative Discretion. In addition, the Committee, in its discretion, may adjust the number of Awarded Shares (but in no event to exceed the number of Target Shares), taking into consideration all the facts and circumstances available, including, but not limited to, the category or categories in which the targeted Performance Goals were or were not met, the variance in each category, the extent to which the failure to achieve the Performance Goals results from Company performance and/or industry performance, and the performance of the Company against the top quartile and regional peer groups.

If the financial performance of the Company during the Performance Period falls below the Threshold amount for Performance Goals in all categories, you shall not be entitled to and shall not receive any Awarded Shares under this Agreement.

It is intended that, for purposes of this Agreement, the financial performance for measuring attainment of the Target and Threshold in each category of Performance Goals during the Performance Period shall be determined based on performance of the Company and its subsidiaries as in existence at the beginning of the Performance Period. However, in the event of any merger or other similar corporate transaction or the acquisition of a subsidiary or other affiliated entity occurring during the Performance Period, the effect of such transaction or merger on the financial performance of the Company may, in the discretion of the Committee, be taken into consideration. The Committee also may, in its discretion, modify the Performance Goals to reflect any such transaction or acquisition. You will be notified of any such modification in the Performance Goals and/or of the effect of any such transaction or acquisition in determining the attainment of the Performance Goals. Further, the effect of any such transaction or acquisition may, in the discretion of the Committee, be considered a factor in applying Negative Discretion.

You must remain in the service of the Company or one of its subsidiaries (employed in a comparable position of responsibility and authority if this Award was granted to you as an employee or as a member of the Board of Directors if the Award is granted to you as a director) throughout the Performance Period and for a period of 2 years thereafter, i.e., three years from the date of grant (the "Vesting Period") to be entitled to receive the shares of Common Stock under this Award. This Award shall automatically terminate in the event of your termination of employment or other service with the Company at any time prior to the end of the Vesting Period for any reason. In the event of such termination, all obligations of the Company to you under this Award shall become void and of no further effect.

Within thirty (30) days of the end of the Vesting Period, the Awarded Shares shall be issued to you by the Company. Said Awarded Shares shall be issued in a DRS book entry or, upon your written request to the Committee, in a certificate representing such shares. You will not be required to pay any issue price to the Company in exchange for the Awarded Shares; however, you must remit to the Company the amount of any taxes required to be withheld or instruct that a portion of the Awarded Shares be withheld to cover such taxes as a condition to receiving the Awarded Shares hereunder.

You have no rights as a shareholder with respect to the shares of Common Stock subject to this Award during the Vesting Period or at any time until the Awarded Shares are issued to you as provided above.

Notwithstanding any other provision of this Award, in the event of the occurrence of a Change in Control (as defined in the Prospectus) during the Performance Period and while you are employed by the Company, you may become entitled to a portion of the Target Shares. In the event of such a Change in Control, the Committee shall determine the extent, if any, to which you shall be entitled to a portion of the Target Shares taking into consideration the time which has lapsed since the grant of this Award, the extent to which the Company has met or is on track to meet the Performance Goals and other criteria similar to that set forth above, for determining the number of shares to which you would be entitled if the Performance Goals were not met. If such Change in Control occurs after the Performance Period but before the end of the Vesting Period, upon such Change in Control, you will become one hundred percent (100%) vested in the number of shares earned during the Performance Period. The Awarded Shares will be issued as soon as feasible following the Change in Control and the payment by you of the taxes required to be withheld or receipt of your instructions to withhold a portion of the Awarded Shares in settlement thereof, but in no event more than ninety (90) days after such Change in Control.

Any amounts that may be earned pursuant to this document are intended to be exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended, by reason of the short-term deferral exemption under applicable Treasury Regulations. This Award shall be administered, interpreted and construed to carry out such intention, and any provision hereof that cannot be so administered, interpreted and construed shall be disregarded. However, the Company does not represent, warrant or guarantee that any amount that may be earned hereunder will not be includible in your gross income pursuant to Section 409A of the Code, nor does the Company make any other representation, warranty or guaranty to you as to the tax consequences of this Award.

This Award Agreement is required by the Plan. This Agreement is binding upon, and inures to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. Your rights hereunder are personal to you and may not be assigned to any other person or persons. This Award Agreement is binding on you and your beneficiaries, heirs and personal representatives.

**Your electronic acceptance of this Performance Stock Award indicates your acceptance of this Award Agreement and the terms and provisions of this grant.**

Please remember the **strict confidentiality** requirements of this Agreement.

Again, we congratulate you on your Award. Thank you for your service to Hancock Holding Company.

**Hancock Holding Company**

One Hancock Plaza  
Post Office Box 4019  
Gulfport, Mississippi 39502

228-868-4000

**Re: Incentive Stock Option**

We are pleased to inform you of your grant of an Incentive Stock Option to purchase shares of Hancock Holding Company stock (“Incentive Stock Option” or “Option”). The specifics of the Option granted to you, including the grant date, number of shares, vesting schedule, exercise period, expiration date, and other terms and conditions, as applicable, that are set forth in this online notification of your grant constitute a part of this Agreement and are incorporated herein by this reference. This Award Agreement sets out other provisions applicable to the grant of your Incentive Stock Option.

The information in this Award Agreement is highly confidential. If you have any questions regarding your award or this Award Agreement, such questions should be directed only to your immediate supervisor or to the Director of Corporate Human Resources, Manager of Compensation and Benefits, Executive Compensation Analyst, Manager of Corporate Trust Operations, or their subsequent replacements. Neither this award nor any of the provisions of this Award Agreement should be disclosed to or discussed with any other persons, specifically including other personnel of Hancock Holding Company or its subsidiaries. This confidentiality provision is not intended to preclude you from discussing this award or the contents of this Agreement with your spouse or other members of your immediately family or with your tax advisors. Neither will any disclosure of the award required to comply with federal or state security or other laws be deemed a violation of this provision.

The Board of Directors has granted your Incentive Stock Option under the Hancock Holding Company 2005 Long-Term Incentive Plan (the “Plan”). The Plan is administered by a committee appointed by the Board of Directors of the Company (the “Committee”), which has authority to make certain determinations as to the terms of and to interpret the Option granted to you under the Plan.

Before accepting this grant, you should review the Plan and the Prospectus. A link has been provided in this online notification from which you may access copies of these documents. You should pay particular attention to the Plan since it sets forth other provisions which cover your Incentive Stock Option. Also, you should note that the acceptance of your Option means that you have agreed to take any reasonable action required to meet the requirements imposed by Federal and State securities and other laws, rules or regulations and by any regulatory agencies having jurisdiction and you have agreed to allow the Company to withhold from any payments made to you, or to collect as a condition of payment, any taxes required by law to be withheld because of this Option. The Prospectus contains an explanation of certain Federal Income Tax consequences and is current as of the date of the Prospectus.

**However, since tax laws often change, you should consult your tax advisor for current information at any given time.**

The vesting schedule applicable to your Incentive Stock Option will be accelerated and your Incentive Stock Option will become one hundred percent (100%) vested in the event of your death or your permanent disability (disability to be determined by the Committee) provided the following conditions are met at the time of your death or disability:

1. You are an active employee of the Company or one of its subsidiaries;
  2. You are in good standing with the Company (i.e., meeting expectations performance rating as established by the Company);
- and

3. You have at least ten years of service with the Company or its subsidiaries. For this purpose, years of service with any entity (the "Acquired Entity") acquired by the Company or its subsidiaries in a merger, stock exchange or similar transaction shall be counted as years of service with the Company, provided you were employed by the Acquired Entity on the effective date of the merger with or other acquisition by the Company and/or its subsidiary. The number of years of service with the Acquired Entity to be taken into account for this purpose shall be the maximum years credited for seniority time in accordance with the policies and procedures of the Acquired Entity prior to such merger or acquisition.

In addition, your Incentive Stock Options shall become one hundred percent (100%) vested and immediately exercisable upon a CHANGE IN CONTROL, as defined in the Plan and Prospectus, while you are employed by the Company.

Vested Options may be exercised at any time during their exercise period in whole or in part. At the time you exercise your Incentive Stock Option, you will be governed by the limitations of the exercise procedures approved under the Plan, including any determination of acceptable forms of payment of the exercise price.

Your Incentive Stock Option is not transferable except by will, the laws of descent and distribution or a beneficiary designation filed with the Company. During your life, your Incentive Stock Option may be exercised only by you, or if you become disabled and your Incentive Stock Option is still exercisable, by your duly appointed guardian or other legal representative.

All unvested Options will immediately be forfeited upon your termination of employment. All vested unexercised Incentive Stock Options will terminate on your last date of employment (termination of employment with or without cause) with the Company or its subsidiaries, except for termination due to your death, disability or normal retirement. If termination of your employment occurs as a result of death or disability, the vested unexercised Options will not terminate for one year. If termination of your employment occurs as a result of your normal retirement, the vested unexercised Options will not terminate for six months; however, Options that are not exercised within three months of your termination of employment in connection with your normal retirement will cease to qualify as Incentive Stock Options and will not qualify for the favorable tax treatment available on exercise of an incentive stock option (see the discussion below and in the Prospectus). In no case shall the Options be exercised more than ten years from the date of the grant of this award (or five years from the date of the grant of this award if, on the date of the grant, you own more than ten percent of the stock of the Company).

In the event of your termination of service with the Company for any reason (other than your death, disability or normal retirement) within six (6) months of an exercise of all or any part of the Option granted hereunder, the shares you acquire pursuant to such exercise must be tendered to the Company within thirty days of such termination. The Company shall purchase the shares so tendered for a purchase price equal to the exercise price paid by you for such shares. The purchase price shall be paid by the Company in cash in a single payment. The Company shall receive good and marketable title to such shares, free of any encumbrances. This obligation shall be binding upon your personal representatives, heirs-at-law, successors and assigns.

The Company must be notified prior to any transfer of the shares acquired upon exercise of the Option.

Shares of Common Stock acquired upon exercise of the Option shall be issued to you either in a certificate representing such shares or in a DRS book entry with an appropriate stop transfer instruction to assure compliance with the resale and transfer restrictions under this Award Agreement. However, you may request, in writing to the Committee, that all shares acquired upon exercise of the Option be issued to you in a certificate in lieu of a DRS book entry. Any certificate so issued will contain the following legend:

"The shares of common stock of Hancock Holding Company (the "Company") represented by this stock certificate are subject to certain obligations of resale to the Company and the transfer of such shares are subject to certain requirements, all of which are set forth in an Award Agreement entered into by and between the Company and the named certificate holder under which Incentive Stock Options were awarded to the certificate holder, and, as such, the certificate holder is required to notify the Company by contacting the Trust Department of Hancock Bank at (228) 563-7663 prior to any such transfer."

A notation shall be made on the stock register of the Company so that transfers of the shares will not be affected on the records of the Company without compliance with these restrictions.

All Options granted hereunder, whether vested or unvested, shall immediately be forfeited and may not be exercised in the event your employment with the Company is terminated “for cause” and the Company shall thereafter have no further obligation to you and you shall have no further rights hereunder. For this purpose, termination “for cause” shall mean (a) your willful and continued failure to meet and fulfill the duties and obligations of your employment with the Company, whether pursuant to the terms of an employment agreement or otherwise, (other than due to incapacity resulting from physical or mental illness) after demand for substantial performance is delivered by the Company that specifically identifies the manner in which the Company believes you are not fulfilling or performing said obligation; (b) your willful misconduct which is materially injurious to the Company, monetarily, or which otherwise materially damages the Company’s business; (c) any act of fraud, disloyalty, dishonesty or any willful violation of any law or significant policy of the Company committed in connection with your employment and resulting in a material adverse effect on the Company; (d) misappropriation or intentional damage to the properties or operations of the Company; (e) any willful act or acts of dishonesty resulting or intended to result in gain to you or your personal enrichment at the Company’s expense. For purposes hereof, no act or failure to act shall be considered “willful” unless not in good faith and done or omitted without reasonable belief that such act or omission was in the best interest of the Company.

Your Incentive Stock Option is designed to meet the requirements of Section 422 of the Internal Revenue Code and to qualify for the favorable tax treatment applicable to such options. Among other requirements, in order to obtain the favorable tax treatment for your Incentive Stock Option, you may not dispose of the stock acquired upon exercise of the Option within **two years after the grant of the Incentive Stock Option or within one year after issuance of the shares to you pursuant to your exercise of the Option**. The favorable tax treatment and tax consequences are discussed in detail in the Prospectus.

This Award Agreement is required by the Plan. **Your electronic acceptance of this grant of an Incentive Stock Option indicates your acceptance of this Award Agreement and the terms and provisions of this grant.**

Please remember the **strict confidentiality** requirements of this Agreement.

Again, we congratulate you on your award. Thank you for your service to Hancock Holding Company.

***Hancock Holding Company***

*One Hancock Plaza  
Post Office Box 4019  
Gulfport, Mississippi 39502*

*228-868-4000*

**Re: Award of Restricted Common Stock**

We are pleased to inform you of your grant of Restricted Common Stock of Hancock Holding Company (the “Restricted Shares”). The specifics of the grant, including the grant date, number of shares, vesting schedule (the “Vesting Period”) and other terms and conditions, as applicable, that are set forth in this online notification of your grant constitute a part of this Agreement and are incorporated herein by this reference. Upon your acceptance of this grant, you will become entitled to receive dividends on the Restricted Shares from and after the grant date and to immediately vote the Restricted Shares. This Award Agreement sets out other provisions applicable to the grant of your Restricted Shares.

The information in this Award Agreement is highly confidential. If you have any questions regarding your award or this Award Agreement, such questions should be directed only to your immediate supervisor or to the Director of Corporate Human Resources, Manager of Compensation and Benefits, Executive Compensation Analyst, Manager of Corporate Trust Operations, or their subsequent replacements. Neither this award nor any of the provisions of this Award Agreement should be disclosed to or discussed with any other persons, specifically including other personnel of Hancock Holding Company or its subsidiaries. This confidentiality provision is not intended to preclude you from discussing this award or the contents of this Agreement with your spouse or other members of your immediate family or with your tax advisors. Neither will any disclosure of the award required to comply with federal or state security or other laws be deemed a violation of this provision.

The Board of Directors made this grant of Restricted Shares under the Hancock Holding Company 2005 Long-Term Incentive Plan (the “Plan”). The Plan is administered by a committee appointed by the Board of Directors (the “Committee”) which has authority to make certain decisions as to the terms of and to interpret the provisions of the Restricted Shares awarded to you under the Plan.

Before accepting this grant, you should review the Plan and Prospectus. A link has been provided in this online notification from which you may access copies of these documents. You should pay particular attention to the Plan since it sets forth other provisions which cover your award of Restricted Shares. Also, you should note that the acceptance of your award of Restricted Shares means that you have agreed to take any reasonable action required to meet the requirements imposed by Federal and State securities and other laws, rules or regulations and by any regulatory agencies having jurisdiction and you have agreed to allow the Company to withhold from any payments made to you, or to collect as a condition of payment, any taxes required by law to be withheld because of this award. The Prospectus contains an explanation of certain Federal Income Tax consequences and is current as of the date of the Prospectus. **However, since tax laws often change, you should consult your tax advisor for current information at any given time.**

The Restricted Shares will vest in accordance with the vesting schedule provided you remain employed with the Company or its subsidiaries during the entire Vesting Period and keep a comparable position of responsibility and authority during the Vesting Period. Until they become vested, the Restricted Shares are to be held in escrow for you with Hancock Bank. Once your Restricted Shares become vested and you remit the amount of any taxes required to be withheld by the Company or instruct that a portion of the stock be withheld to cover such taxes, your stock will be released from escrow and from all restrictions on your ownership imposed hereunder.

Upon release from escrow, the Restricted Shares will be sent to you in a certificate representing such shares or will be issued in your name in a DRS book entry. However, you may request, in writing to the Committee, that all Restricted Shares be issued in a certificate and forwarded to you in lieu of a DRS book entry.

During the Vesting Period, you may not encumber or sell the Restricted Shares and you may not transfer the Restricted Shares except by will, the laws of descent and distribution, a beneficiary designation filed with the Company or pursuant to a domestic relations order. However, you may transfer your right to the Restricted Shares to a member of your immediate family or to a trust or similar vehicle for the benefit of your immediate family members subject to the same terms and conditions applicable to you. You must notify the Company of any transfer of your Restricted Shares. If you terminate employment or transfer to a position not having comparable responsibility or authority, whether voluntarily or involuntarily, at any time prior to the Restricted Shares becoming vested, your Restricted Shares will be forfeited and the Restricted Shares will become the sole property of the Company.

The vesting schedule applicable to your Restricted Shares shall be accelerated and your Restricted Shares will immediately become one hundred percent (100%) vested in the event of your death or your permanent disability (disability to be determined by the Committee) provided the following conditions are met at the time of your death or disability:

1. You are an active employee of the Company or one of its subsidiaries;
2. You are in good standing with the Company (i.e., meeting expectations performance rating as established by the Company); and
3. You have at least ten years of service with the Company or its subsidiaries. For this purpose, years of service with any entity (the "Acquired Entity") acquired by the Company or its subsidiaries in a merger, stock exchange or similar transaction shall be counted as years of service with the Company, provided you were employed by the Acquired Entity on the effective date of the merger with or other acquisition by the Company and/or its subsidiary. The number of years of service with the Acquired Entity to be taken into account for this purpose shall be the maximum years credited for seniority time in accordance with the policies and procedures of the Acquired Entity prior to such merger or acquisition.

In addition, in the event of a CHANGE IN CONTROL, as defined in the Plan and Prospectus, all restrictions on ownership are lifted and the Restricted Shares will become one hundred percent (100%) vested. In such event, you will have the option of either receiving shares of Common Stock of the Company or the cash equivalent.

This Award Agreement is required by the Plan. **Your electronic acceptance of this grant of Restricted Shares indicates your acceptance of this Award Agreement and the terms and provisions of this grant.**

Please remember the **strict confidentiality** requirements of this Agreement.

Again, we congratulate you on your award. Thank you for your service to Hancock Holding Company.

**HANCOCK HOLDING COMPANY**  
**NONQUALIFIED DEFERRED COMPENSATION PLAN**  
(Restated January 1, 2008)

**Hancock Holding Company**

Nonqualified Deferred Compensation Plan

Restated January 1, 2008

**HANCOCK HOLDING COMPANY  
NONQUALIFIED DEFERRED COMPENSATION PLAN  
TABLE OF CONTENTS**

|   | Page      |
|---|-----------|
| <b>ARTICLE 1—DEFINITIONS</b>  | <b>1</b>  |
| <b>ARTICLE 2—PARTICIPATION</b>  | <b>6</b>  |
| DESIGNATION OF PARTICIPANTS   | 6         |
| ENROLLMENT  | 7         |
| <b>ARTICLE 3—DEFERRALS; COMPANY CONTRIBUTIONS</b>   | <b>7</b>  |
| PERMITTED DEFERRAL AMOUNTS  | 7         |
| ELECTION TO DEFER   | 7         |
| WITHHOLDING AND CREDITING OF DEFERRALS  | 8         |
| DETERMINING AND CREDITING COMPANY CONTRIBUTIONS   | 9         |
| CREDITING INCENTIVE AWARDS  | 9         |
| VESTING   | 9         |
| <b>ARTICLE 4—MEASUREMENT FUNDS; RESTRICTED STOCK UNITS</b>  | <b>10</b> |
| MEASUREMENT FUNDS   | 10        |
| COMMON STOCK MEASUREMENT FUND   | 10        |
| INCENTIVE UNITS   | 11        |
| CREDITING OR DEBITING RETURNS   | 11        |
| NOTIONAL INVESTMENT   | 11        |
| COMMON STOCK UNITS; INCENTIVE UNITS   | 11        |
| <b>ARTICLE 5—SCHEDULED DISTRIBUTIONS; UNFORESEEABLE FINANCIAL EMERGENCIES; OTHER DISTRIBUTION RULES</b> | <b>12</b> |
| DISTRIBUTION EVENTS   | 12        |
| SCHEDULED DISTRIBUTIONS   | 12        |
| UNFORESEEABLE FINANCIAL EMERGENCIES   | 13        |
| COMPLETE DISTRIBUTION   | 13        |
| DEDUCTION LIMITATION  | 13        |
| <b>ARTICLE 6—RETIREMENT BENEFITS</b>  | <b>13</b> |
| APPLICATION   | 13        |
| AMOUNT OF RETIREMENT BENEFIT  | 13        |
| TIME OF PAYMENT   | 14        |
| FORM OF PAYMENT   | 14        |

**Hancock Holding Company**

Nonqualified Deferred Compensation Plan

Restated January 1, 2008

|  |           |
|--|-----------|
| <b>ARTICLE 7—TERMINATION AND DISABILITY BENEFITS</b>             | <b>14</b> |
| <b>ARTICLE 8—RESERVED</b>  | <b>15</b> |
| <b>ARTICLE 9—DEATH BENEFITS</b>                                  | <b>15</b> |
| <b>DEATH BENEFIT</b>   | <b>15</b> |
| <b>BENEFICIARY DESIGNATIONS</b>                                  | <b>15</b> |
| <b>NO DESIGNATION; CONSTRUCTION</b>                              | <b>15</b> |
| <b>ARTICLE 10—LEAVES OF ABSENCE</b>                              | <b>15</b> |
| <b>PAID LEAVE OF ABSENCE</b>                                     | <b>15</b> |
| <b>UNPAID LEAVE OF ABSENCE</b>                                   | <b>15</b> |
| <b>ARTICLE 11—TERMINATION OF PLAN; AMENDMENT OR MODIFICATION</b> | <b>16</b> |
| <b>TERMINATION OF PLAN</b>                                       | <b>16</b> |
| <b>AMENDMENT</b>   | <b>17</b> |
| <b>EFFECT OF PAYMENT</b>   | <b>17</b> |
| <b>ARTICLE 12—ADMINISTRATION</b>                                 | <b>17</b> |
| <b>POWERS</b>  | <b>17</b> |
| <b>DELEGATION OF ADMINISTRATIVE AUTHORITY</b>                    | <b>17</b> |
| <b>FEES AND EXPENSES</b>   | <b>17</b> |
| <b>CODE SECTION 409A</b>   | <b>17</b> |
| <b>OTHER BENEFITS AND AGREEMENTS</b>                             | <b>18</b> |
| <b>SERVICE AS AN ASSOCIATE AND DIRECTOR</b>                      | <b>18</b> |
| <b>SMALL BENEFITS</b>  | <b>18</b> |
| <b>ARTICLE 13—CLAIMS PROCDEDURES</b>                             | <b>18</b> |
| <b>PRESENTATION OF CLAIM</b>                                     | <b>18</b> |
| <b>NOTIFICATION OF DECISION</b>                                  | <b>18</b> |
| <b>REVIEW OF A DENIED CLAIM</b>                                  | <b>19</b> |
| <b>DECISION ON REVIEW</b>  | <b>19</b> |
| <b>LEGAL ACTION</b>  | <b>20</b> |
| <b>ARTICLE 14—TRUST</b>  | <b>20</b> |
| <b>ESTABLISHMENT</b>   | <b>20</b> |
| <b>DISTRIBUTIONS FROM THE TRUST</b>                              | <b>20</b> |
| <b>ARTICLE 15—MISCELLANEOUS</b>                                  | <b>20</b> |
| <b>TAXES</b>   | <b>20</b> |
| <b>STATUS OF PLAN</b>  | <b>20</b> |
| <b>EMPLOYER’S LIABILITY</b>                                      | <b>21</b> |

**Hancock Holding Company**

Nonqualified Deferred Compensation Plan

Restated January 1, 2008

|  |           |
|--|-----------|
| <b>NONASSIGNABILITY</b>                        | <b>21</b> |
| <b>NOT A CONTRACT OF EMPLOYMENT</b>            | <b>21</b> |
| <b>FURNISHING INFORMATION</b>                  | <b>21</b> |
| <b>GENERAL PROVISIONS</b>                      | <b>21</b> |
| <b>NOTICE</b>                                  | <b>22</b> |
| <b>SPOUSE'S INTEREST</b>                       | <b>22</b> |
| <b>VALIDITY</b>                                | <b>22</b> |
| <b>INCOMPETENT</b>                             | <b>22</b> |
| <b>COURT ORDER</b>                             | <b>22</b> |
| <b>INSURANCE</b>                               | <b>22</b> |
| <b>EFFECT OF A CHANGE IN CONTROL</b>           | <b>23</b> |
| <b>ARTICLE 16—PRIOR PLAN; TRANSITION RULES</b> | <b>23</b> |
| <b>PREDECESSOR PLAN</b>                        | <b>23</b> |
| <b>TRANSITION MATTERS</b>                      | <b>23</b> |
| <b>APPENDIX A—AFFILIATES</b>                   | <b>25</b> |

## Hancock Holding Company

Nonqualified Deferred Compensation Plan

Restated January 1, 2008

### HANCOCK HOLDING COMPANY NONQUALIFIED DEFERRED COMPENSATION PLAN

**This Nonqualified Deferred Compensation Plan** was first adopted by the Board of Directors of Hancock Holding Company, effective as of February 1, 2006, and was intended to amend and restate, in their entirety, each of the Hancock Holding Company Executive Deferred Compensation Plan, effective as of May 1, 2003, and the Hancock Holding Company Directors Deferred Compensation Plan, effective as of January 1, 2001 (collectively, the "Predecessor Plan"); this amendment and restatement is intended to comply with the final regulations promulgated under Section 409A of the Internal Revenue Code of 1986, as amended, and to be effective as of January 1, 2008.

#### ARTICLE 1 DEFINITIONS

1.1 "**Account Balance**" or "**Account**" shall mean, with respect to a Participant, an entry on the books and records of the Employer equal to the sum of his or her (a) Deferral Account, (b) Company Contribution Account, (c) Company Restoration Matching Account, (d) Supplemental Contribution Account, (e) Incentive Units, and (f) Transfer Amount, if any. An Account Balance hereunder shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant or to his or her designated Beneficiary, hereunder.

1.2 "**Affiliate**" shall mean a corporation or other entity, with respect to which at least 80% of the outstanding equity interests are owned, directly or indirectly by the Company, determined in accordance with Code Sections 414(b), (c) and (m).

1.3 "**Annual Deferral**" shall mean that portion of a Participant's Base Salary, Bonus, Commissions, Cash Director Fees and Incentives deferred hereunder with respect to a Plan Year. In the event of a Participant's Retirement, Disability, death or Separation From Service prior to the end of a Plan Year, such year's Annual Deferral shall be the actual amount deferred and withheld prior to such event.

1.4 "**Annual Installment Method**" shall mean annual installment payments over the number of years designated by a Participant, not in excess of 15; each such payment shall be calculated as the vested balance of a Participant's Account as of each Benefit Distribution Date multiplied by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due the Participant.

1.5 "**Associate**" shall mean a common law employee of the Employer, as determined in accordance with the personnel records of the Company.

1.6 "**Bank**" shall mean Hancock Bank, a financial institution with its principal place of business in Gulfport, Mississippi.

1.7 "**Base Salary**" shall mean annual cash compensation paid for services rendered by an Associate for the Employer during any calendar year, excluding distributions from nonqualified and nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive compensation payments, severance payments, income replacement on account of long-term disability, non-monetary awards, director fees and other fees, and automobile and other allowances, for employment services rendered (whether or not such allowances are included in the

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

Associate's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by a Participant pursuant to all qualified or nonqualified plans of the Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by the Employer. For any Plan Year, Base Salary shall include applicable amounts actually paid within such year.

1.8 "**Beneficiary**" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 9 hereof, who is entitled to receive benefits under this Plan upon the death of a Participant.

1.9 "**Benefit Distribution Date**" shall mean the date or dates on which a benefit is distributed hereunder:

- a. A Participant's initial Benefit Distribution Date shall be the first business day administratively practicable that is within 90 days of a Participant's Retirement, Separation Date, death or Disability or a later date determined hereunder;
- b. If a Participant receives a distribution hereunder on account of his or her Retirement or Separation From Service and he or she is then a Specified Employee, his or her initial Benefit Distribution Date shall be no earlier than the first business day of the calendar month that is at least six months following such event; or
- c. If a Participant's Account Balance is paid in the form of installments, each subsequent Benefit Distribution Date shall be the first business day that coincides with or immediately follows the anniversary of such original distribution date.

1.10 "**Board**" or "**Board of Directors**" shall mean the Board of Directors of the Company.

1.11 "**Bonus**" shall mean any compensation, other than Base Salary and Commissions, earned by an Associate for services rendered during a Plan Year under the Employer's annual bonus, cash incentive plan or similar arrangement. The Committee or its designee shall determine whether any Bonus shall be eligible for deferral hereunder.

1.12 "**Cash Director Fees**" shall mean such meeting fees, retainer or other compensation payable to a Director in the form of cash.

1.13 For purposes of this Plan, a "**Change in Control**" shall be deemed to have occurred upon the happening of any of the following events:

- a. The acquisition by any one person, or by more than one person acting as a group, of ownership of the Company's equity securities that, together with the securities held by such person or group, constitutes more than 50% of the total Fair Market Value or total voting power of the Company;
- b. The acquisition by any one person, or by more than one person acting as a group, during the 12-month period ending on the date of the most recent acquisition, of ownership of the Company's equity securities possessing 50% or more of the total voting power of the Company;

## Hancock Holding Company

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- c. The replacement during any 12-month period of a majority of the members of the Board by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or
- d. The acquisition by any one person, or more than one person acting as a group, during the 12-month period ending on the date of the most recent acquisition, of assets of the Company having a total gross Fair Market Value of more than 50% of the total gross Fair Market Value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

For this purpose, “persons acting as a group” shall have the meaning ascribed to it in Code Section 409A and the regulations promulgated thereunder. Except as expressly provided herein, it is intended that the foregoing definition shall be the same as a change of ownership of a corporation, a change in the effective control of a corporation and/or a change in the ownership of a substantial portion of a corporation’s assets as provided in Code Section 409A and the regulations promulgated thereunder, and any questions or determinations shall be construed and interpreted in accordance with the provisions thereof.

1.14 “**Code**” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time, including any regulation or other authority promulgated thereunder.

1.15 “**Commissions**” shall mean the cash commissions earned by an Associate from the Employer for services rendered during a Plan Year, excluding Bonus or other additional incentives or awards earned by the Participant.

1.16 “**Committee**” shall mean the Compensation Committee of the Board of Directors of the Company, or the members thereof who are non-employee directors within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.

1.17 “**Common Stock**” shall mean \$3.33 par value common stock issued by the Company.

1.18 “**Common Stock Measurement Fund**” shall mean a measurement fund established in accordance with Section 4.2 hereof, consisting solely or primarily of Common Stock Units.

1.19 “**Common Stock Unit**” shall mean a bookkeeping entry representing a share of Common Stock, whether first allocated to the Common Stock Measurement Fund or acquired by reinvestment of Dividend Equivalent Units, which is credited to the Common Stock Measurement Fund or an Incentive Account maintained hereunder.

1.20 “**Company**” shall mean Hancock Holding Company, a Mississippi corporation, and any successor to all or substantially all of the Company’s assets or business.

1.21 “**Company Contribution**” shall mean a credit made by the Company or the Employer in accordance with Section 3.4(a) hereof; “**Company Contribution Account**” shall mean the Account credited with a Participant’s Company Contributions.

1.22 “**Company Restoration Contribution**” shall mean a credit made by the Company or the Employer in accordance with Section 3.4(b) hereof; “**Company Restoration Matching Account**” shall mean the Account credited with a Participant’s Company Restoration Contributions.

## Hancock Holding Company

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

1.23 “**Deferral Account**” shall mean the Account credited with each Participant’s Annual Deferrals hereunder.

1.24 “**Director**” shall mean a nonemployee member of the Board of Directors of the Company or the board of directors of the Bank, a nonemployee member of the board of directors of an Affiliate, or a member of an advisory or similar board maintained by the Company, the Bank, or an Affiliate with respect to a region, business division or similar unit thereof.

1.25 “**Disability**” or “**Disabled**” shall mean that a Participant is (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Employer or, as to a Director, a substantially analogous plan.

1.26 “**Dividend Equivalent Unit**” shall mean a credit made with respect to a Common Stock Unit or Incentive Unit equal to the per share cash dividend declared on the Company’s Common Stock.

1.27 “**Employer**” shall mean the Company and/or any of its Affiliates designated on Exhibit A hereto, from time to time. Notwithstanding any provision of this Plan to the contrary, a Participant’s Employer shall be based upon his or her common law employment relationship.

1.28 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.29 “**Fair Market Value**” shall mean the closing price of the Common Stock as reported on the Nasdaq Stock Market on the day immediately preceding the relevant valuation date hereunder or, if no Common Stock is traded on such day, on the next preceding date on which there were Common Stock transactions.

1.30 “**401(k) Plan**” shall mean the Bank’s 401(k) Savings and Investment Plan, as the same may be amended, superceded or replaced, from time to time.

1.31 “**Incentive Account**” shall mean the Account credited with the number of Incentive Units equal to the number of shares of restricted stock or performance stock awarded to a Participant under the Incentive Plan and deferred by such Participant hereunder.

1.32 “**Incentive Award**” shall mean an award of restricted stock or performance stock made to a Participant under the Company’s separate Incentive Plan. The Committee or its designee shall determine whether any Incentive Award shall be eligible for deferral hereunder.

1.33 “**Incentive Plan**” shall mean the Hancock Holding Company 2005 Long-Term Incentive Plan, including any amendment or successor thereto.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

1.34 “**Incentive Unit**” shall mean a Common Stock Unit credited to a Participant’s Incentive Account hereunder.

1.35 “**Measurement Fund**” shall mean the fund or funds designated by the Committee or its designee with respect to which the earnings, gains or losses credited to a Participants’ Accounts shall be measured.

1.36 “**Participant**” shall mean (a) any Director or Associate for whom an Account Balance is maintained hereunder, and (b) each other Participant in the Predecessor Plan for whom an Account Balance is maintained hereunder.

1.37 “**Plan**” shall mean this Hancock Holding Company Nonqualified Deferred Compensation Plan, which shall be evidenced by this instrument and by each Participation Agreement, as may be amended from time to time.

1.38 “**Plan Year**” shall mean the calendar year.

1.39 “**Retirement**,” “**Retire(s)**” or “**Retired**” shall mean, with respect to an Associate, his or her Separation Date, such separation occurring for any reason, other than death, Disability or involuntary separation on account of cause (as determined by the Committee), provided he or she:

- a. Has then attained age 65 and completed five Years of Service; or
- b. Has then attained age 55 and completed ten Years of Service.

Such term shall mean with respect to a Director, that he or she has ceased to serve as a member of the Board or the board of directors of an Affiliate, other than on account of removal, death or Disability.

1.40 “**Retirement Benefit**” shall mean a benefit payable in accordance with Article 6 hereof on account of a Participant’s Retirement.

1.41 “**Scheduled Distribution**” shall mean a distribution made in accordance with Section 5.2 hereof; “**Scheduled Distribution Date**” means the date on which a Scheduled Distribution is made.

1.42 “**Separation From Service**” or “**Separation Date**” shall mean the later of the date on which (a) a Participant’s employment with the Company and its Affiliates ceases, or (b) the Company and such Participant reasonably anticipate that the Participant will perform no further services for the Company and its Affiliates, whether as an Associate or an independent contractor. Notwithstanding the foregoing, a Participant may be deemed to incur a Separation From Service if he or she continues to provide services to the Company or Affiliate, provided such services are not more than 20% of the average level of services performed by such Participant, whether as an Associate or independent contractor, during the immediately preceding 36-month period. As to a Director, such term shall mean the removal of such Director by the remaining members of the Board prior to the expiration of his or her term.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

1.43 **"Specified Employee"** shall mean any Participant who is a "key employee" (as defined in Code Section 416(i) without regard to paragraph (5) thereof) of the Employer, provided that equity securities of the Company or any Affiliate are then publicly traded on an established securities market. Status as a Specified Employee hereunder shall be determined each December 31st, and shall be applicable during the 12-month period commencing on the following April 1st.

1.44 **"Supplemental Contribution"** shall mean a contribution by the Company or the Employer in accordance with Section 3.4 (c) hereof; **"Supplemental Contribution Account"** shall mean the Account credited with a Participant's Supplemental Contributions.

1.45 **"Transfer Amount"** shall mean the amount credited to a Participant under the Predecessor Plan as of January 31, 2006, which shall be transferred to a separate Account maintained hereunder, and shall be subject to adjustment as provided in Article 4 hereof.

1.46 **"Unforeseeable Financial Emergency"** shall mean a severe financial hardship resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code Section 152(a)) or his or her Beneficiary, (b) a loss of the Participant's property due to casualty, or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or his or her spouse, dependent or Beneficiary.

1.47 **"Years of Service"** shall mean the total number of whole years in which a Participant has been employed by the Employer. For purposes of this definition, a Year of Service shall be a consecutive 365-day period (or 366-day period in the case of a leap year) that, for the first Year of Service, commences on the Associate's date of hire and that, for any subsequent year, commences on an anniversary of such date. The Committee shall make a determination as to whether any partial year of employment shall be counted as a Year of Service hereunder.

## **ARTICLE 2 PARTICIPATION**

2.1 **Designation of Participants.** Participants hereunder shall be determined by the Committee prior to the first day of each Plan Year, or at such other time or times as the Committee may deem appropriate, and shall be limited to:

- a. **A Director who is a member of the Board of Directors, who shall be eligible to participate in the Plan upon his or her election or appointment and at all times thereafter, without the necessity of further action by the Committee.**
- b. A Director who is a member of the board of directors of an Affiliate, provided such Affiliate has been designated by the Committee on Appendix A hereto; once such designation is made and unless a later date is designated by the Committee within the time required by law, each such Director shall be eligible to participate in the Plan upon his or her election or appointment, without the necessity of further action by the Committee.
- c. A Director who serves as a member of an advisory or similar board maintained by the Company, the Bank, or an Affiliate with respect to a region, business division or similar unit thereof, who shall be eligible to participate herein when designated by the Committee, whether individually or by group or class.

## Hancock Holding Company

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- d. Associates designated by the Committee, who may be designated individually or by groups or classes. In lieu of individual designation hereunder and with respect to Associates, other than executive officers of the Company or the Bank, the Committee may ratify the recommendations of the appropriate officers of the Company or the Bank, as the case may be, which may be made individually or by class.

2.2 **Enrollment.** As a condition of his or her initial deferral hereunder, each Associate or Director shall (a) execute a deferral election in the form prescribed under Article 3 hereof and a beneficiary designation in accordance with the provisions of Article 9 hereof, (b) designate the Measurement Funds in which his or her Accounts shall be invested, and (c) deliver such other documents or agreements as the Committee may reasonably request.

### ARTICLE 3 DEFERRALS; COMPANY CONTRIBUTIONS

#### 3.1 Permitted Deferral Amounts:

a. **Annual Deferrals.** Except as may be provided herein or otherwise determined by the Committee, for each Plan Year a Participant may elect to defer his or her Base Salary, Bonus, Commissions, and/or Cash Director Fees in the following percentages or amounts:

| <u>Type of Deferral</u> | <u>Minimum Amount</u>    | <u>Maximum Amount</u> |
|-------------------------|--------------------------|-----------------------|
| Base Salary             | \$3,000 in the aggregate | 80%                   |
| Bonus                   | \$3,000 in the aggregate | 100%                  |
| Commissions             | \$3,000 in the aggregate | 100%                  |
| Cash Director Fees      | \$0                      | 100%                  |

If a Participant elects to defer less than the minimum amount, or if no election is made, the amount deferred with respect to the applicable Plan Year shall be zero. Notwithstanding the foregoing, if a Director or Associate first becomes a Participant during a Plan Year, the minimum Annual Deferral Amount shall be prorated, based upon the number of whole months remaining in the such year.

b. **Incentive Awards.** For each Incentive Award and subject to the approval of the Committee or its designee, a Participant may elect to defer all or any portion of such award, expressed as a percentage thereof. If no election is made, the percentage deferred shall be zero.

#### 3.2 Election to Defer:

a. **Initial Plan Year.** For the Plan Year in which a Participant first commences participation hereunder, such Participant shall make a deferral election not later than 30 days following the date on which he or she is first designated or otherwise eligible to participate herein.

## Hancock Holding Company

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

b. **Subsequent Plan Years.** In each succeeding Plan Year, each Participant shall:

- i. As to Base Salary, make a deferral election on or before the last day of the last completed payroll period during the Plan Year preceding the Plan Year with respect to which it relates; and
- ii. As to all other amounts, make a deferral election as of the last day of the Plan Year preceding the Plan Year to which it relates or such earlier date as may be designated by the Committee.

c. **Incentive Awards.** An election to defer an Incentive Award shall be made no later than the last business day of the calendar year preceding the Plan Year during which restricted stock or performance stock is awarded to a Participant under the Incentive Plan.

d. **Performance-Based Compensation.** The Committee, in its discretion, may permit any Participant to defer the receipt of performance-based compensation not later than six months before the end of the performance cycle applicable to such compensation, provided that the payment of such compensation is not then substantially certain. For this purpose, the term "performance-based compensation" shall have the meaning set forth in Code Section 409A and shall be payable with respect to a performance cycle of not less than 12 months. A Participant who is employed for less than an entire performance cycle or who is eligible to receive performance-based compensation for less than an entire cycle shall be entitled to defer a pro rata portion of such compensation.

e. **Compensation Subject to Risk of Forfeiture.** With respect to compensation, the payment of which is unforeseeable prior to the first day of any Plan Year, and with respect to which:

- i. A Participant has a legally binding right to the payment of such compensation in a subsequent year; and
- ii. Such compensation is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right,

the Committee may, in its sole discretion, permit the deferral of such amounts hereunder. An election to defer such compensation shall be made no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least 12 months in advance of the earliest date on which the forfeiture condition could lapse.

f. **Deferral Elections.** Deferral elections made hereunder shall be deemed made upon their receipt and acceptance by the Committee or its designee. Such elections shall be in the form prescribed by the Committee. Once made, any such election shall be irrevocable as to the period with respect to which it relates.

3.3 **Withholding and Crediting of Deferrals:** For each Plan Year, Base Salary deferred hereunder shall be withheld from each regularly scheduled pay period in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. Such deferrals shall be credited to each Participant's Account as soon as practicable after each pay date. Any Bonus, Commissions, and/or Cash Director Fees deferred hereunder shall be withheld at the time such Bonus, Commissions, or Cash Director Fees would otherwise be payable to a Participant or Director, whether occurring during or after the Plan Year. Such amount shall be credited to an Account hereunder as soon as practicable after such date.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

#### **3.4 Determining and Crediting Company Contributions:**

a. **Company Contributions.** For each Plan Year, the Employer shall credit to a Participant's Company Contribution Account such amounts as may be required under any employment or similar agreement entered into between a Participant and his or her Employer. Any such amount shall be credited on the date or dates prescribed in such agreement, or if no date is prescribed, as of the last business day of the affected Plan Year.

In addition to the foregoing, the Committee, in its discretion, may credit a Company Contribution to the Company Contribution Account of one or more Participants hereunder, in such amounts and at such times as it deems appropriate.

b. **Company Restoration Matching Contributions.** The amount of a Participant's Company Restoration Matching Contribution shall be determined by the Committee, in such amount as the Committee deems appropriate, to compensate for certain limits imposed under the 401(k) Plan or other qualified plan, or for such other purposes the Committee may determine. A Participant's Company Restoration Matching Contribution, if any, shall be credited on a date or dates determined by the Committee, in its discretion.

c. **Supplemental Contributions.** For each Plan Year, the Committee, in its discretion, may credit an amount to a Participant's Supplemental Contribution Account, which credit shall be made in such amounts and on a date or dates to be determined by the Committee.

d. **Discretionary Contributions.** Except as to any amount required to be made under an employment or similar agreement, any contribution or credit described in this Section 3.4 shall be made in the discretion of the Committee and need not be uniform as among any group of Participants hereunder, whether or not similarly situated.

**3.5 Crediting Incentive Awards:** Incentive Units shall be credited to a Participant's Incentive Account as of the date on which restricted or performance stock would otherwise be awarded to such Participant under the Company's Incentive Plan.

#### **3.6 Vesting:**

a. **Vested Amounts.** Unless otherwise provided in subparagraph b hereof, a Participant's Account shall vest and be nonforfeitable as follows:

- i. A Participant shall, at all times, be fully vested in his or her Deferral Account and Transfer Amount.
- ii. A Participant's Incentive Account shall vest and be nonforfeitable at such time or times and in such amounts as the Participant's Incentive Award would otherwise vest in accordance with the terms of the Incentive Plan.
- iii. A Participant shall be vested in his or her Company Contribution Account and Supplemental Contribution Account in accordance with the vesting schedule(s) determined by the Committee or in an employment agreement or any other agreement entered into between the Participant and his or her Employer.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- iv. Unless otherwise provided by the Committee, a Participant shall be vested in his or her Company Restoration Matching Account at the time or times and in the amounts determined in accordance with the provisions of the 401(k) Plan.

b. **Acceleration Events.** Notwithstanding the provisions of subparagraph a hereof, if a Participant Retires, dies or becomes Disabled while employed by the Employer, such Participant's Company Contribution Account, Company Restoration Matching Account and Supplemental Contribution Account shall be fully vested and nonforfeitable.

In the event of a Change in Control, the interest of a Participant in his or her Company Contribution Account, Company Restoration Matching Account and Supplemental Contribution Account shall vest and be nonforfeitable in accordance with the terms of any employment, severance or similar arrangement between such Participant and his or her Employer. If there is no such agreement or any such agreement is silent, such Participant's Accounts shall be deemed fully vested and nonforfeitable upon the occurrence of a Change in Control, but only to the extent that such acceleration would not cause the deduction limitation of Code Section 280G and the excise tax provisions of Code Section 4999 to be effective as to the Company or such Participant, as the case may be. The Committee shall make any determination required hereunder.

A Participant's Incentive Account shall be fully vested upon the occurrence of a Change in Control or Retirement, death or Disability to the extent provided in such Participant's initial award of Restricted or Performance Stock under the Incentive Plan.

## **ARTICLE 4**

### **MEASUREMENT FUNDS; RESTRICTED STOCK UNITS**

#### **4.1 Measurement Funds:**

a. **Designation of Measurement Funds.** One or more Measurement Funds shall be designated by the Committee or its designee for the purpose of determining the earnings, gains or losses to be credited or debited to each Participant's Accounts hereunder. The Committee or its designee may discontinue, substitute or add measurement funds, from time to time, as it deems appropriate.

b. **Notional Investments.** Except as provided in section 4.2 hereof, a Participant shall designate one or more Measurement Funds in which his or her Account shall be notionally invested. If a Participant does not designate a Measurement Fund, such Participant's Accounts shall be deemed invested in the lowest-risk Measurement Fund. The Committee or its designee shall adopt such additional rules and procedures as it deems necessary or appropriate with respect to a Participant's designation of Measurement Funds hereunder.

#### **4.2 Common Stock Measurement Fund:**

- a. Any portion of a Participant's Transfer Amount invested in Common Stock Units under the terms of the Predecessor Plan shall be allocated to the Common Stock Measurement Fund.
- b. A Participant may elect to invest all or any of his or her Bonus or Cash Directors Fees in the Common Stock Measurement Fund; Base Salary shall not be eligible for such investment.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- c. Amounts allocated to the Common Stock Measurement Fund shall not be reallocated to any other measurement fund and shall be distributable only in the form of Common Stock.
- d. Dividend Equivalent Units shall be credited to the Participant's Account as of each dividend payment date and deemed reinvested in Common Stock Units immediately thereafter. The number of Common Stock Units credited hereunder shall be determined by dividing the Dividend Equivalent Units credited hereunder by the Fair Market Value of a share of Common Stock on the applicable dividend payment date.

**4.3 Incentive Units:** Incentive Units credited hereunder shall be subject to the following:

- a. Such units shall not be reallocated to any measurement fund and shall be distributable only in the form of Common Stock.
- b. Dividend Equivalent Units shall be credited to the Participant's Account as of each dividend payment date and deemed reinvested in Common Stock Units immediately thereafter. The number of such units shall be determined by dividing the Dividend Equivalent Units credited hereunder by the Fair Market Value of a share of Common Stock on the applicable dividend payment date.

**4.4 Crediting or Debiting Returns:** The performance of each Measurement Fund, whether positive or negative, shall be determined and allocated to a Participant's Account at least as frequently as quarterly.

**4.5 Notional Investment:** A Participant's Account Balance shall, at all times, be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or any Trust established hereunder. Each Participant shall, at all times, remain an unsecured creditor of the Company as to his or her Account. Notwithstanding any provision of this Plan to the contrary, Measurement Funds shall be used solely to determine the amount of income, gain or loss credited to each Account hereunder. A Participant's election of a Measurement Fund, the allocation of his or her Account thereto, and the calculation and crediting or debiting of amounts to a Participant's Account shall not be considered or construed in any manner as an actual investment in any such fund.

**4.6 Common Stock Units; Incentive Units:**

a. **Adjustment.** In the event of any merger, consolidation or other reorganization of the Company, there shall be substituted for each of the Common Stock Units then subject to the Plan the number and kind of shares of stock or other securities to which the holders of Common Stock are entitled in such transaction. In the event of any recapitalization, stock dividend, stock split, combination of shares or other change in the number of shares of Common Stock then outstanding for which the Company does not receive consideration, the number of Common Stock Units then subject to the Plan shall be adjusted in proportion to the change in outstanding shares of Common Stock.

Incentive Units shall be subject to adjustment as provided under the Incentive Plan.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

b. **Shareholder Rights.** No Participant or Beneficiary shall have any voting or other shareholder rights on account of his or her status as such or with respect to Common Stock Units or Incentive Units credited to an Account hereunder.

c. **Share Allocation.** For purposes of any allocation made by the Board of Directors with respect to the issuance of Common Stock under the Incentive Plan or this Plan;

- i. Each Incentive Unit credited hereunder shall offset the number of shares of Common Stock reserved for issuance under the Incentive Plan; and
- ii. Each Common Stock Unit credited hereunder shall offset the number of shares of Common Stock reserved for issuance under this Plan.

## **ARTICLE 5 SCHEDULED DISTRIBUTIONS;**

### **UNFORESEEABLE FINANCIAL EMERGENCIES; OTHER DISTRIBUTION RULES**

5.1 **Distribution Events:** Notwithstanding any provision of this Plan to the contrary, a Participant's Account shall be distributed on the earliest to occur of the following: his or her Scheduled Distribution Date, Separation From Service, Retirement, death or Disability.

#### **5.2 Scheduled Distributions:**

a. **Distribution Date.** As to each Annual Deferral, a Participant may elect to receive a Scheduled Distribution with respect to all or a portion of such deferral. Such amount shall be credited to a separate Account and shall be:

- i. Paid in the form of a lump sum; and
- ii. Paid within 90 days of the first day of the Plan Year designated by the Participant, which shall not be less than three Plan Years after the last day of the Plan Year to which the Participant's affected deferral election relates.

A Participant shall designate an Annual Deferral as a Scheduled Distribution hereunder, including the designation of the year of payment in accordance with subparagraph ii hereof, when he or she first defers such amount. Except as provided in Section 5.2b hereof, such designation shall be irrevocable.

b. **Postponing Scheduled Distributions.** A Participant may postpone the date on which a Scheduled Distribution is paid by delivery of a modification to the Committee, provided that:

- i. Such modification shall be delivered and accepted by the Committee at least 12 months prior to the previously scheduled payment date;

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- ii. Such designated payment date shall not be less than five years after the previously scheduled distribution date; and
- iii. Such modification must be received and accepted by the Committee at least 12 months prior to the date on which it is given effect.

**5.3 Unforeseeable Financial Emergencies:** If a Participant experiences an Unforeseeable Financial Emergency, such Participant may request a withdrawal, subject to the provisions set forth herein. Such withdrawal, if any, shall not exceed the lesser of (a) the Participant's vested Account Balance, excluding such Participant's Incentive Account, calculated as of the close of business as of the date of such withdrawal, or (b) the amount necessary to satisfy the Unforeseeable Financial Emergency, plus any amount necessary to pay Federal, state or local income taxes or penalties reasonably anticipated as a result of the withdrawal. Notwithstanding the foregoing, a Participant may not receive a withdrawal hereunder to the extent that the Unforeseeable Financial Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship.

If the Committee approves a Participant's request for withdrawal hereunder, such withdrawal shall be made not later than 60 days after the date of such approval; the Participant's deferrals hereunder shall cease until the first day of the Plan Year following the year in which such withdrawal occurs or such later time designated by the Committee.

**5.4 Complete Distribution:** Notwithstanding any provision of the Plan or the terms of a Participant's Participation Agreement to the contrary, if a Participant's vested Account has been distributed in full prior to the date on which any final deferral or contribution is credited hereunder, such final deferral or contribution shall be distributed to such Participant in the form of a lump sum payment as soon as practicable after the date on which any such amount is credited hereunder.

**5.5 Deduction Limitation:** If the Employer reasonably anticipates that the Federal income tax deduction with respect to any distribution hereunder would be subject to Code Section 162(m), then to the extent deemed necessary by the Committee, such Employer may delay payment of any such amount. Any amount for which distribution is delayed hereunder shall continue to be adjusted as provided in Section 4.3 hereof. Such amounts shall be distributed at the earliest date the Committee reasonably anticipates that the deduction of the payment of the amount will not be limited under Code Section 162(m).

## **ARTICLE 6 RETIREMENT BENEFITS**

**6.1 Application:** If a Participant Retires, this Article VI shall apply, notwithstanding any provision of this Plan to the contrary.

**6.2 Amount of Retirement Benefit:** A Participant who Retires shall receive, as a Retirement Benefit hereunder, his or her vested Account Balance, determined as of the close of business as of the Participant's Benefit Distribution Date or as soon as practicable thereafter.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

6.3 **Time of Payment:** A Retirement Benefit payable hereunder shall be paid as of a Participant's Benefit Distribution Date; provided, however, that:

- a. At the time of any deferral hereunder and subject to any limitations imposed herein or by the Committee, a Participant may designate the time at which his or her Retirement Benefit shall be paid, which shall not be earlier than his or her Retirement or later than five years following his or her Retirement;
- b. At any time a Participant may elect to postpone the distribution of his or her Retirement Benefit, provided that:
  - i. Such postponement shall not be less than five years following the scheduled payment date; for this purpose, installment payments shall be treated as a single payment made as of such scheduled date;
  - ii. Such postponement may be expressed as a specified date or a specified period after his or her Retirement;
  - iii. Such postponement shall be made in the form prescribed by the Committee and shall be given effect 12 months after it is received and accepted by the Committee; and
  - iv. If the Participant's Retirement Benefit is to be distributed at a specified time within the meaning of Code Section 409A, such postponement shall be given effect only if it is received and accepted not less than 12 months before such specified time.

6.4 **Form of Payment:** A Participant shall elect to receive his or her Retirement Benefit in the form of a lump sum or the Annual Installment Method when he or she first commences participation hereunder. If a Participant fails to make an election, he or she shall be deemed to have elected to receive his or her Retirement Benefit in the form of a lump sum. A Participant may change his or her election hereunder, provided that:

- a. Such change shall be received and accepted by the Committee 12 months before it is given effect; and
- b. Payment shall be delayed at least five years from the Participant's originally-scheduled Benefit Distribution Date.

For purposes of applying the foregoing requirements, installment payments shall be treated as a single payment.

## **ARTICLE 7 TERMINATION AND DISABILITY BENEFITS**

If a Participant experiences a Separation From Service or becomes Disabled on or before his or her Retirement or the date on which a Scheduled Distribution is payable hereunder, then notwithstanding any provision of this Plan to the contrary, such Participant shall receive his or her vested Account Balance as of his or her Benefit Distribution Date in the form of a lump sum.

## **Hancock Holding Company**

Nonqualified Deferred Compensation Plan

Restated January 1, 2008

### **ARTICLE 8**

#### **RESERVED**

### **ARTICLE 9**

#### **DEATH BENEFITS**

**9.1 Death Benefit:** A Participant's Beneficiary(ies) shall receive, upon his or her death, an amount equal to the Participant's vested Account Balance. Such amount shall be paid in the form of a lump sum as of the Participant's Benefit Distribution Date.

**9.2 Beneficiary Designations:** Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies). A Participant shall designate his or her Beneficiary, in writing, in the form prescribed by the Committee. A Participant shall be entitled to change his or her Beneficiary by completing, signing and otherwise complying with the terms of the forms and procedures required by the Committee. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required on a form acceptable to the Committee.

Upon the acceptance by the Committee of a new designation form, all designations previously filed shall be void and of no effect. The Committee shall be entitled to rely on the designation last received and accepted by the Committee. No designation or change shall be effective until it is received and acknowledged in writing by the Committee or its designee.

**9.3 No Designation; Construction:** If a Participant fails to designate a Beneficiary, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant is not survived by a spouse, his or her benefit shall be paid to the executor or personal representative of the Participant's estate.

If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

### **ARTICLE 10**

#### **LEAVES OF ABSENCE**

**10.1 Paid Leave of Absence:** If a Participant is on a paid leave of absence from his or her employment, such Participant shall not be entitled to a distribution hereunder, and his or her deferrals shall continue during the period of such leave.

**10.2 Unpaid Leave of Absence:** If a Participant is on an unpaid leave of absence from employment, his or her deferrals hereunder shall remain in effect with respect to any compensation paid with respect to services rendered before such leave commenced, and he or she shall not be entitled to a distribution hereunder until a Separation From Service occurs. His or her deferrals of cash compensation shall resume upon the termination of such leave in accordance with the terms of his or her prior deferral election.

## **Hancock Holding Company**

Nonqualified Deferred Compensation Plan

Restated January 1, 2008

### **ARTICLE 11 TERMINATION OF PLAN; AMENDMENT OR MODIFICATION**

**11.1 Termination of Plan:** The Board of Directors may terminate this Plan, in its discretion, in which event:

- a. No additional Participants shall be admitted to the Plan;
- b. No additional deferral elections shall be permitted, provided that any deferral election then in effect shall continue in accordance with its terms through December 31st;
- c. No additional contributions shall be made by the Company or the Employer hereunder;
- d. Each Participant shall continue to invest and reinvest his or her Accounts in the Measurement Funds available, from time to time, hereunder; and
- e. Each Participant's Accounts shall be paid as provided herein.

The Measurement Funds available following such termination shall be comparable in number and type to those Measurement Funds available in the Plan Year preceding the Plan Year in which such termination is effective.

Notwithstanding the foregoing, during the 30 days preceding or 12 months following a Change in Control, the Board shall be permitted to terminate the Plan and to distribute all Accounts in a lump sum no later than 12 months thereafter, provided that:

- a. The Company reasonably determines that such termination will not adversely affect the rights and benefits of any Participant in any other plan of deferred compensation maintained by the Company or its Affiliates; and
- b. A termination may be applicable to an individual Employer hereunder only to the extent permitted under Code Section 409A.

**11.2 Amendment:** The Board of Directors may, at any time, amend or modify the Plan in whole or in part. Notwithstanding the foregoing:

- a. No amendment or modification shall decrease the value of a Participant's vested Account Balance determined at the time such amendment or modification is made;
- b. The ability of the Board to amend any provision hereof related to Incentive Units shall be limited by any restriction contained in the Incentive Plan; and

## Hancock Holding Company

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- c. The Board may amend the Plan or any form or agreement hereunder, without the consent of any Participant or Beneficiary, to the extent it reasonably determines that such amendment is necessary or appropriate to ensure that any amount credited hereunder is not includable in the income of any such Participant or Beneficiary prior to the date on which it is distributed hereunder, whether on account of Code Section 409A or otherwise.

**11.3 Effect of Payment:** Full payment of a Participant's vested Account Balance hereunder shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Participation Agreement and participation hereunder shall terminate.

## ARTICLE 12 ADMINISTRATION

**12.1 Powers:** This Plan and all matters related thereto shall be administered by the Committee. The Committee shall have the power and authority to interpret the provisions of this Plan and shall determine all questions arising under the Plan including, without limitation, all questions concerning administration, eligibility, the determination of benefits hereunder, and the interpretation of any form or other document related to this Plan. In addition, the Committee shall have the authority to prescribe, amend and rescind rules and administrative procedures relating to the operation of this Plan and to correct any defect, supply any omission or reconcile any inconsistency in this Plan.

Any determination by the Committee need not be uniform as to all or any Participant hereunder. Any such determination shall be conclusive and binding on all persons. The Committee shall engage the services of such independent actuaries, accountants, attorneys and other administrative personnel as it deems necessary to administer the Plan.

**12.2 Delegation of Administrative Authority:** The Committee, in its discretion, may delegate to the appropriate officers of the Company or its Affiliates all or any portion of the power and authority granted to it hereunder, subject to any limitations imposed under applicable Federal or state securities laws and the applicable rules of the securities exchange upon which Common Stock is traded or reported. When acting in accordance with such delegation, whether made orally or in writing, such officers shall be deemed to possess the power and authority granted to the Committee hereunder. Without the requirement of further action, the Committee shall be deemed to have delegated to its appropriate officers:

- a. The authority to review and administer distributions and other payments and withdrawals in accordance with the provisions hereof; and
- b. The authority to make such amendments to this Plan or any ancillary form or document related to this Plan contemplated under Section 11.2(a)(iii) hereof.

**12.3 Fees and Expenses:** The Company shall bear all costs, fees and expenses associated with the establishment, administration, and maintenance of the Plan.

**12.4 Code Section 409A:** This Plan is intended to comply and shall be interpreted and construed in a manner consistent with the provisions of Code Section 409A, including any rule or regulation promulgated thereunder. In the event that any provision of the Plan would cause an amount deferred hereunder to be subject to tax under the Code prior to the time such amount is paid to a Participant, such provision shall, without the necessity of further action by the Board or the Committee, be deemed null and void as of the Restatement Date or such earlier date as may be required by law.

Notwithstanding any provision of this Plan to the contrary, the Committee may direct the distribution to any Participant or Beneficiary in the form of a single-sum payment all or any portion of the amount then credited to a Participant's Account if an adverse determination is made with respect to such Participant. For this purpose, the term "adverse determination" shall mean that, based upon Federal tax or revenue law, a published or private ruling or similar announcement issued by the Internal Revenue Service, a regulation issued by the Secretary of the Treasury, a decision by a court of competent jurisdiction, a closing agreement

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

made under Section 7121 of the Code that is approved by the Internal Revenue Service and involves such Participant or a determination of counsel, this plan has failed to comply with Code Section 409A and, as a result, such Participant has or will recognize income for Federal income tax purposes with respect to any amount that is or will be payable under this Plan before it is otherwise to be paid hereunder.

**12.5 Other Benefits and Agreements:** Benefits under this Plan are in addition to any benefits available under any other plan or program for employees of the Employer. This Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

**12.6 Service as an Associate and Director:** If a Participant hereunder is employed by the Company or an Affiliate as an Associate and also serves as a Director:

- a. A separate Account shall be established and maintained hereunder with respect to his or her Cash Director Fees deferred hereunder, if any;
- b. The distribution provisions set forth in Articles 5, 6, 7, 8 and 9 hereof shall be separately administered with respect to each such Account; and
- c. Except as may be limited under Code Section 409A, nothing contained herein shall prohibit a distribution from any such Account with respect to one capacity contemporaneous with the crediting of deferrals or contributions hereunder with respect to the other.

**12.7 Small Benefits:** If the value of a Participant's Account is not more than the applicable limit under Code Section 402(g), determined as of the date of his or her Benefit Distribution Date, then notwithstanding any provision of this Plan to the contrary, the Committee shall distribute such amount to such Participant, or his or her Beneficiary, in the form of a single-sum payment within 90 days of such date, which distribution shall be in lieu of any benefit otherwise provided hereunder.

## **ARTICLE 13 CLAIMS PROCEDURES**

**13.1 Presentation of Claim:** Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

**13.2 Notification of Decision:** The Committee shall consider a Claimant's claim within a reasonable time, but no later than 90 days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

## Hancock Holding Company

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- a. That the Claimant's requested determination has been made, and that the claim has been allowed in full;
- b. That the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
- c. The specific reason(s) for the denial of the claim, or any part of it;
- d. Specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
- e. A description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
- f. An explanation of the claim review procedure set forth in Section 13.3 below; and
- g. A statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

**13.3 Review of a Denied Claim:** On or before 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

- a. May, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits; and/or
- b. May submit written comments or other documents.

**13.4 Decision on Review:** The Committee shall render its decision on review promptly, and no later than 60 days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 60-day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- a. Specific reasons for the decision;
- b. Specific reference(s) to the pertinent Plan provisions upon which the decision was based;

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

- c. A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and
- d. A statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

**13.5 Legal Action:** A Claimant's compliance with the foregoing provisions of this Article 13 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan, which shall be brought not more than two years after receipt of the Committee's decision on review.

## **ARTICLE 14 TRUST**

**14.1 Establishment:** In order to provide assets from which to fulfill the obligations of the Participants and their beneficiaries under the Plan, the Company may establish a trust to which the Employer, in its discretion, may contribute. The provisions of this Plan shall govern the rights of a Participant to receive distributions hereunder. The provisions of the trust shall govern the rights of the Employer to the use or appropriation of assets contained therein.

**14.2 Distributions From the Trust:** The Employer's obligations under the Plan may be satisfied from the assets of any trust established hereunder and any such distribution shall reduce the Employer's obligations hereunder.

## **ARTICLE 15 MISCELLANEOUS**

### **15.1 Taxes:**

a. **Annual Deferrals.** For each Plan Year in which an Annual Deferral is made hereunder, the Employer shall withhold from each Participant's Base Salary, Bonus and/or Commissions, his or her share of FICA and such other employment taxes as may be required by law to be withheld or the Participant shall separately remit to the Employer the amount of any such withholding.

b. **Company Contribution Account, Company Restoration Matching Account and Supplemental Contribution Account.** When a Participant becomes vested in any portion of his or her Company Contribution Account, Company Restoration Matching Account, Supplemental Contribution Account or Incentive Account, as a condition of vesting the Employer shall withhold from any amount not deferred hereunder such FICA and other employment taxes as may be required by law to be withheld or the Participant shall separately remit to the Employer the amount of any such required withholding.

c. **Distributions.** The Employer shall withhold from any payment made to a Participant hereunder, as a condition thereof, the amount of any federal, state and local income, employment or other taxes required by law to be withheld.

**15.2 Status of Plan:** The Plan is not intended to be qualified within the meaning of Code Section 401(a). The Plan is intended to constitute an unfunded plan maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1).

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Employer. For purposes of the payment of benefits under this Plan, any and all of the Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

**15.3 Employer's Liability:** The Employer's liability for the payment of benefits shall be defined only by the Plan and the Participation Agreement, as entered into between the Employer and a Participant. The Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Participation Agreement.

**15.4 Nonassignability:** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

**15.5 Not a Contract of Employment:** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Employer, either as an Associate or a Director, or to interfere with the right of the Employer to discipline or discharge the Participant at any time.

**15.6 Furnishing Information:** A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

#### **15.7 General Provisions:**

a. **Headings.** The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

b. **Choice of Law.** Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Mississippi without regard to its conflicts of laws principles.

c. **Successors and Assigns.** The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

## **Hancock Holding Company**

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

15.8 **Notice:** Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Hancock Holding Company  
Attn: Chief Operations Officer  
Corporate Human Resources  
2510 14th Street  
Gulfport, Mississippi 39501

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

15.9 **Spouse's Interest:** The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

15.10 **Validity:** In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

15.11 **Incompetent:** If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

15.12 **Court Order:** The Committee is authorized to comply with any court order in any action in which the Plan or the Committee has been named as a party, including any action involving a determination of the rights or interests in a Participant's benefits under the Plan. Notwithstanding the foregoing, the Committee shall interpret this provision in a manner that is consistent with Code Section 409A and other applicable tax law. In addition, if necessary to comply with a qualified domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee, in its sole discretion, shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.

15.13 **Insurance:** The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

## Hancock Holding Company

### Nonqualified Deferred Compensation Plan

Restated January 1, 2008

15.14 **Effect of a Change in Control:** Immediately preceding the occurrence of a Change in Control and to the extent consistent with applicable law and stock exchange requirements, the Committee may:

- a. Replace one or more members of the Committee; and/or
- b. To the extent the Bank then serves as trustee of any Trust established hereunder, appoint a successor thereto, which shall be a financial institution, other than an Affiliate of the Company or any successor thereto, with deposits of not less than \$1 billion.

## ARTICLE 16

### PRIOR PLAN; TRANSITION RULES

16.1 **Predecessor Plan:** Notwithstanding any provision of the Plan to the contrary, with respect to any Participant credited with a Transfer Amount hereunder who was not actively employed by the Employer or serving as a member of the Board of Directors of the Company or its Affiliates as of February 1, 2006, such Participant's election as to the time and form of payment under the Predecessor Plan effective as of his or her termination of employment or service shall be irrevocable and shall govern the distribution of such amount hereunder. As to any such Participant who is in pay status thereunder as of such date, the distribution election of such Participant last effective under the Predecessor Plan shall continue to govern the time and method of distribution of such Participant's Transfer Amount hereunder, and such distribution shall continue without interruption.

16.2 **Transition Matters:** Notwithstanding any provision of the Plan to the contrary, a Participant as of January 1, 2005, who does not experience a Separation From Service before December 31, 2008 (a "**Transition Participant**"), shall be entitled to:

- a. Designate a Benefit Distribution Date, which may be a Scheduled Distribution or may be on a specified date on or after his or her Retirement or a specified period after his or her Retirement, provided that such period is not more than five years after his or her Retirement; and
- b. Designate either (i) a new form of payment, or (ii) an increase or decrease in the number of annual installment payments previously in effect.

Any such designation shall be made on forms provided by the Committee and, notwithstanding any provision of the Plan to the contrary, shall be given effect provided it is received and accepted by the Committee or its designee not later than December 31, 2008, or such earlier date as may be required by the Committee. If a Transition Participant fails to timely submit an election hereunder, the time and form of payment previously in effect shall remain applicable.

**Hancock Holding Company**

Nonqualified Deferred Compensation Plan

Restated January 1, 2008

**This Hancock Holding Company Nonqualified Deferred Compensation Plan** was approved by the Board of Directors of the Company on December 16, 2008, to be effective as provided herein.

**Hancock Holding Company**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: December 18, 2008

NO:99910436.2

**APPENDIX A  
AFFILIATES**

As of January 1, 2008, members of the boards of directors of the following Affiliates and associates of such Affiliates who are designated by the Committee shall be entitled to participate in the Plan:

Hancock Bank of Alabama  
Hancock Bank of Florida  
Hancock Bank of Louisiana  
Hancock Bank  
Harrison Finance Company, Inc.  
Hancock Investment Services, Inc.  
Hancock Insurance Agency and its divisions  
J. Everett Eaves, Inc.

NO:99910436.3

**AMENDMENT TO THE HANCOCK HOLDING COMPANY  
NONQUALIFIED DEFERRED COMPENSATION PLAN**

**Whereas**, Hancock Holding Company maintains the Hancock Holding Company Nonqualified Deferred Compensation Plan (the “plan”); and

**Whereas**, the Board of Directors of Hancock Holding Company has the authority to amend the plan pursuant to Section 11;

**Now, therefore**, effective as of the execution date below, the plan is amended as follows:

The first paragraph of Section 3.6(b) shall be amended as restated as set forth below:

b. **Acceleration Events.** Notwithstanding the provisions of subparagraph a hereof, if a Participant dies or becomes Disabled while employed by the Employer, such Participant’s Company Contribution Account, Company Restoration Matching Account and Supplemental Contribution Account shall be fully vested and nonforfeitable.

This amendment was approved by the Board of Directors and was executed the 18th day of August, 2009.

**Hancock Holding Company**

---

By:  
Its:

**HANCOCK HOLDING COMPANY  
NONQUALIFIED DEFERRED COMPENSATION PLAN  
Amendment  
(Tax Withholding)**

**Whereas**, Hancock Holding Company (the “Company”) maintains the Nonqualified Deferred Compensation Plan, which plan was most recently amended and restated effective as of January 1, 2008 (the “Plan”);

**Whereas**, the Board of Directors of the Company now desires to amend the Plan to provide for an exemption under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, with respect to certain withholding transactions related to shares of the Company’s \$3.33 par value common stock paid or distributed from the Plan;

**Now, Therefore**, the Plan shall be amended as follows, such amendment to be effective as set forth herein:

**Tax Withholding:**

Effective with respect to distributions or payments made from the Plan as of October 1, 2009, or thereafter, section 15.1(c) of the Plan shall be amended and restated to read in its entirety as follows:

- “c. **Distributions.** The Employer shall withhold from any payment made to a Participant hereunder, as a condition thereof, the amount of any federal, state and local income, employment or other tax required by law to be withheld. To the extent a Participant may direct, he or she may satisfy this obligation, in whole or in part, by directing the Employer to withhold from any payment or distribution hereunder shares of Common Stock having a Fair Market Value equal to the amount required to be withheld, provided that (i) such amount shall be determined for Federal income tax purposes at a rate not in excess of the aggregate rates applicable to supplemental wage payments and employment taxes, to the extent withholding is required with respect thereto, (ii) such withholding shall not exceed the amount of such tax, determined at the rates provided herein, attributable to Common Stock paid or distributed hereunder, and (iii) Fair Market Value shall be determined as of the date on which such shares are otherwise subject to payment or distribution hereunder.”

**This Amendment** was approved by the Board of Directors on September 10, 2009, to be effective as set forth above, and was executed by an authorized officer of the Company on this 10<sup>th</sup> day of September, 2009.

**Hancock Holding Company**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**AMENDMENT TO THE HANCOCK HOLDING COMPANY  
NONQUALIFIED DEFERRED COMPENSATION PLAN**

**Whereas**, Hancock Holding Company maintains the Hancock Holding Company Nonqualified Deferred Compensation Plan (the “plan”); and

**Whereas**, the Board of Directors of Hancock Holding Company has the authority to amend the plan pursuant to Section 11;

**Now, therefore**, effective as of the execution date below, the plan is amended as follows:

Section 1.48 shall be added as follows:

1.48 **Valuation.** On the last business day of the month following Participant’s Retirement, Separation Date, death, or Disability, such Participant’s Account shall be valued and the amount due determined, provided that the Account of any Participant who is a Specified Employee shall be valued on the last business day of the month that is at least six months after such Participant’s Retirement or Separation Date.

This amendment was approved by the Board of Directors and was executed the 1st day of September, 2011.

**Hancock Holding Company**

---

By:  
Its:

**FIRST AMENDMENT TO  
HANCOCK HOLDING COMPANY  
2010 EMPLOYEE STOCK PURCHASE PLAN**

**HANCOCK HOLDING COMPANY** (the “Company”) hereby amends the **HANCOCK HOLDING COMPANY 2010 EMPLOYEE STOCK PURCHASE PLAN** (the “Plan”) this the 15th day of December, 2011.

**WITNESSETH:**

**WHEREAS**, effective the 1<sup>st</sup> day of January, 2011, the Company established the Plan to provide for ownership of stock in the Company by Associates of the Company and/or of its Affiliates; and

**WHEREAS**, pursuant to Section 18.1 of the Plan, the Company reserved the right to amend the Plan at any time provided no such amendment affects any Participant’s rights to the benefits of contributions made prior to the date of such amendment; and

**WHEREAS**, the Company desires to amend the eligibility provisions of the Plan.

**NOW, THEREFORE**, the Hancock Holding Company 2010 Employee Stock Purchase Plan is hereby amended as follows:

**ARTICLE XVI**

Section 4.1 of the Plan is hereby amended by the deletion of the Section in its entirety and the substitution of the following:

4.1 **Eligibility Requirements**. Each Eligible Associate shall be eligible for participation in this Plan after attaining age eighteen (18) and completing sixty (60) days of consecutive employment as an Eligible Associate with the Company or one of its Affiliates.

**ARTICLE XVII**

This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

**ARTICLE XVIII**

Capitalized terms used in this Amendment shall have the same meaning as when used in the Plan unless otherwise specifically provided herein.

ARTICLE XIX

This Amendment shall be effective as of the 1<sup>st</sup> day of January, 2012.

ARTICLE XX

Except as amended here, the Hancock Holding Company 2010 Employee Stock Purchase Plan shall remain unchanged.

**IN WITNESS WHEREOF**, the Company has caused this Amendment to be executed by its officers thereunto duly authorized and attested as of the date first-noted above.

ATTEST:

**HANCOCK HOLDING COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

CHANGE IN CONTROL EMPLOYMENT AGREEMENT

THIS AGREEMENT is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between HANCOCK HOLDING COMPANY, a corporation organized and existing under the laws of the State of Mississippi ("HHC") and \_\_\_\_\_("Executive").

WITNESSETH:

WHEREAS, the Executive is employed by HHC or one of its Subsidiaries (HHC and its Subsidiaries are herein referred to, collectively, as the "Company") in a top executive or key management position having significant authority and responsibility and has made and is expected to make significant contributions to the profitability, growth and financial strength of the Company; and

WHEREAS, HHC, on behalf of itself, its shareholders and its Subsidiaries, wishes to attract and retain well-qualified executives and key personnel and to assure itself of the continuity of its management; and

WHEREAS, HHC recognizes that Executive is a valuable resource and, in the event of a Change in Control (as hereinafter defined) of HHC, HHC desires to assure itself of Executive's employment, continued loyalty and services or, in the event Executive is terminated or Executive's position with the Company is adversely affected as a result thereof, to assure Executive of adequate severance; and

WHEREAS, in the event of a Change in Control of HHC, HHC desires to assure, as much as possible, that its management team remains intact for a period of time after the Change in Control in order to assure a smooth transition and to increase the value of its franchise to its shareholders; and

WHEREAS, HHC and Executive are parties to that certain [amended and restated]1 Change of Control Employment Agreement, dated effective \_\_\_\_\_, 20\_\_\_\_, (the "Prior Change in Control Agreement"); and

WHEREAS, HHC and Executive entered into the Prior Change in Control Agreement to insure that Executive is not practically disabled from discharging his duties upon a Change in Control (as defined hereinafter); and

WHEREAS, the terms of the Prior Change in Control Agreement are superseded by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Term and Operation of Agreement.

(a) This Agreement shall be effective and binding as of the date of its execution as first noted above (the "Effective Date") and this Agreement shall continue in effect until December 31, 2015 (the "Term"). Thereafter, this Agreement will automatically renew on January 1st of each year for successive one-year terms unless not later than October 31st preceding the upcoming renewal date, either HHC or Executive gives the other written

1 All except Mr. Kendricks

HHC:\_\_\_\_\_

Executive:\_\_\_\_\_

notice terminating this Agreement at the end of the current term. Notwithstanding the preceding, this Agreement shall earlier terminate, automatically, upon Executive's termination of employment with the Company prior to the end of the Term of this Agreement or any renewal thereof. In such event, all obligations of either party under this Agreement shall terminate except as otherwise specifically provided herein.

(b) Although this Agreement shall become effective and binding as of the Effective Date noted in Section 1(a) above, this Agreement shall not be effective and binding as an Employment Agreement and the provisions of Sections 2, 3, and 4 of this Agreement shall not be operative unless and until there shall have occurred a Change in Control (as hereinafter defined) during the Term as defined in Section 1(a) or any renewal thereof.

(c) HHC and Executive acknowledge and agree that Executive's employment by the Company is at will and that Executive may resign from employment with the Company at any time, whether before or after this Agreement becomes effective as an Employment Agreement and whether before or after the occurrence of a Change in Control. Executive further acknowledges and agrees that Executive's employment is at the pleasure of the Board of Directors (or, to the extent so delegated by such Board of Directors, the Chief Executive Officer) of HHC or the Subsidiary by which Executive is employed and that Executive may be removed at any time by such Board of Directors (or, to the extent so delegated by such Board of Directors, the Chief Executive Officer).

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

**2. Employment.**

Upon the occurrence of a Change in Control of HHC, and subject to the terms and conditions of this Agreement, HHC hereby agrees to continue Executive in the employ of the Company, and Executive hereby agrees to remain in the employ of the Company, for the Employment Period (as hereinafter defined) provided Executive is employed by HHC or a Subsidiary thereof on the day immediately preceding the Closing Date (as hereinafter defined) with respect to the Change in Control. It is hereby acknowledged and agreed between the parties that, as provided in Section 1(c) above, this Agreement shall not operate to ensure employment, and further, as provided in Section 1(b) above, this Agreement shall not constitute an employment agreement unless and until a Change in Control, as defined herein, occurs, and, in the event of a Change in Control, shall operate as an employment agreement only for the Employment Period.

**3. Position and Duties.**

(a) During the Employment Period, Executive shall hold such position and exercise such authority and perform such duties as are commensurate with the position held and authority being exercised and duties being performed by Executive immediately prior to the Closing Date. Such services shall be performed at the location where Executive was employed immediately prior to the Closing Date or at such other location as HHC or the Subsidiary by which Executive is employed may reasonably require within a thirty-five (35) mile radius of such location, unless Executive agrees to employment at another location. The position, authority and duties of Executive shall not be deemed to be commensurate with Executive's previous position, authority or duties unless, after such Change in Control and throughout the Employment Period, Executive's position, authority and duties are at least commensurate in all material respects with those held and exercised by and assigned to Executive by HHC or the Subsidiary by which Executive was employed immediately prior to the Closing Date.

(b) Excluding periods of vacation and sick leave to which Executive shall be entitled on the same terms and conditions as other executives and key employees in commensurate positions and with commensurate duties, Executive agrees that, during the Employment Period, Executive shall devote his or her full business time and attention to Executive's responsibilities as described herein and shall perform such duties and responsibilities faithfully and efficiently. Notwithstanding the foregoing, Executive may engage in such outside professional, civic, charitable and personal activities as are permitted by HHC's policies and which do not materially interfere with the performance of Executive's duties and responsibilities under this Agreement.

**4. Compensation and Benefits During Employment Period.**

During the Employment Period, Executive shall receive the following compensation and benefits:

(a) An annual base salary which is not less than his or her annual base salary immediately prior to the Closing Date. During the Employment Period, Executive's annual base salary shall be reviewed at least annually and shall be increased from time to time consistent with increases in annual base salary awarded in the ordinary course of business to other executives and key employees of the Company. Any increase in annual base salary shall not limit or reduce any other obligation to Executive under this Agreement. Executive's annual base salary shall not be reduced during the Employment Period without Executive's consent.

(b) An Employment Period Bonus (as hereinafter defined). The Employment Period Bonus shall be payable within sixty (60) days after the end of each fiscal year.

(c) Notwithstanding anything in Section 4(b) above to the contrary, however, Executive shall not be entitled to an Employment Period Bonus with respect to any year for which no bonuses have been or will be paid to any officer eligible to receive a bonus from the Company. It is expressly understood and agreed by the parties hereto that any bonus, regardless of when paid, that is paid to any officer of the Company that relates to a year to which an Employment Period Bonus is otherwise required to be paid, shall require the payment of an Employment Period Bonus to Executive.

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

(d) Executive shall be eligible to participate in and to continue existing participation in any and all incentive (cash and/or non-cash) compensation plans of the Company on the same terms and conditions as other executives and key employees of the Company.

(e) Executive shall be entitled to participate in salaried employee benefit plans of the Company and receive perquisites on the same terms and conditions as other executives and key employees of the Company.

(f) Executive shall be entitled to continue to participate in and accrue credited service for retirement benefits and receive retirement benefits under and pursuant to the terms of any qualified retirement plan of the Company or supplemental executive retirement plan of the Company in effect on the Closing Date, and/or to participate in any successor plan or other qualified retirement plan or supplemental executive retirement plan adopted after the Closing Date, on the same terms and conditions as other executives and key employees.

**5. Severance Benefits.**

(a) If, at any time on or after the Closing Date of a Change in Control and prior to the expiration of the Employment Period, Executive is involuntarily terminated, other than for Cause; terminates service with the Company as a result of Executive's Disability; or resigns his or her position for Good Reason, HHC or the Subsidiary by which Executive is employed shall pay Executive the following benefits:

(i) A lump-sum severance amount equal to [\_\_\_\_\_]2 times Executive's Base Compensation and Average Annual Bonus. Said payment shall be in addition to his accrued, but unpaid annual salary and benefits through the date of termination. Said severance amount shall be paid in a lump-sum, subject to Section 5(d), within 90 days following Executive's termination.

(ii) As an additional severance benefit, HHC will provide Executive with [\_\_\_\_\_]3 months, beginning with the month immediately following the month in which the effective date of the Change in Control occurs, (the "Coverage Period") of continued coverage under HHC's group health plan covering its executive associates, as the same may be amended from time to time, at the level of benefits (whether single or family coverage) previously elected by and in effect with respect to Executive immediately before the termination of Executive's employment. HHC shall continue to pay the premiums for said coverage during the Coverage Period to the same extent and in the same percentage as HHC pays premiums for similarly situated active executives participating in the group health plan. Notwithstanding this provision, however, coverage under HHC's group health plan shall cease upon Executive becoming eligible for coverage under a group health plan of another employer providing substantially similar benefits prior to the end of the Coverage Period. For this purpose, Executive will be deemed to be eligible for coverage under another employer's group health plan when Executive has met the eligibility requirements for coverage under such plan and completed any waiting period, whether or not Executive elects to participate in such coverage. Executive shall be responsible for notifying HHC of Executive's eligibility for coverage under another employer's plan during the Coverage Period; and, in the event of failure to

---

2 Three (3) for Messrs. Chaney and Hairston; Two (2) for Messrs. Achary, Francis, Hill, Kendricks, Loper and Saik and Ms. Phillips

3 36 for Messrs. Chaney and Hairston; 24 for Messrs. Achary, Francis, Hill, Kendricks, Loper and Saik and Ms. Phillips

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

notify HHC of such eligibility, shall be liable to reimburse HHC for any premiums paid on behalf of Executive after the date of such eligibility. Coverage under the HHC group health plan shall also cease in the event of a breach of any of the covenants under Section 6 of this Agreement during the Coverage Period.

(iii) Executive shall fully vest in and become entitled to payment of all incentive compensation, whether cash-based or stock-based, and other stock-based equity compensation under HHC's Long Term Incentive Plan, and the award agreements thereunder, or any other incentive or other plan or agreement with the Company ("Incentive Plan or Agreement"). Notwithstanding the preceding, in the event the incentive compensation to be paid under any such Incentive Plan or Agreement is to be determined based on the level of achievement of performance or production goals and the period for which such achievement is to be measured (the "Performance Period") has not expired as of the date of Executive's termination, Executive shall be entitled to a pro rata portion of the incentive compensation based on Executive's actual performance for the portion of the Performance Period ending on the date of Executive's termination as compared to the prorated performance or production goals. In determining such pro rata amount, only full months completed during the Performance Period shall be taken into consideration and any partial month shall be disregarded. The payment of benefits pursuant to this Section shall be made in a lump-sum simultaneously with the payment of the lump-sum severance amount pursuant to Section 5(a)(i), notwithstanding the payment provisions of the Incentive Plan or Agreement. However, if any Incentive Plan or Agreement under which Executive is entitled to benefits contains provisions specifically providing for the acceleration of vesting in connection with a Change in Control, the provisions thereof shall control in lieu of this Section 5(a)(iii) and Executive shall vest in and become entitled to payment of all equity awards and/or incentive compensation thereunder in accordance with the terms and conditions of the respective Incentive Plans and Agreements.

Notwithstanding the preceding, or any other provisions of this Agreement or of any Incentive Plan or Agreement, in the event the surviving entity in a Change in Control does not assume the Company's obligations under any such Incentive Plan or Agreement or convert Executive's rights under such Incentive Plan or Agreement into equivalent rights to equity in the surviving entity in connection with such Change in Control, the Board of Directors may, in its discretion, provide that Executive's benefits under such Incentive Plan or Agreement will become one hundred percent (100%) vested immediately upon such Change in Control whether or not Executive terminates service with the Company. In such event, all benefits under such Incentive Plan or Agreement shall be paid in a lump-sum, subject to Section 5(d), within 90 days following Executive's termination.

(b) In the event Executive's employment with the Company is terminated on or after the Closing Date and prior to the expiration of the Employment Period for any reason other than as provided in 5(a) above, Executive shall be entitled to and HHC or the Subsidiary by which Executive is employed shall pay to Executive only his annual base salary through the date of termination not theretofore paid, and any other benefits accrued but unpaid through the date of termination.

(c) Notwithstanding anything to the contrary in this Agreement, no severance payments or benefits to be paid or provided to Executive, if any, pursuant to the Agreement that are considered deferred compensation not exempt under Section 409A of the Code will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A of the Code. For purposes of this Agreement, any reference to "termination of service" or "termination" or any similar term shall be construed to mean a "separation of service" within the meaning of Section 409A of the Code. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A of the Code pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has a "separation from service" within the meaning of Section 409A of the Code.

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

(d) To the extent required by Section 409A of the Code, if any amount constituting non-exempt deferred compensation under Section 409A of the Code is or becomes payable to Executive at a time in which Executive is a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i), solely as a result of Executive's termination of employment with the Company, payment of such amount shall be delayed until the first business day after the six-month anniversary of the date of such termination of employment. Whether or not Executive is a specified employee and whether or not the payment is required to be delayed for such six-month period shall be determined by HHC in accordance with the provisions of Treasury Regulation Section 1.409A-1(i).

(e) Notwithstanding anything in this Section 5 to the contrary, in the event any severance or other benefits provided to or for the benefit of Executive pursuant to this Agreement, together with any payments or benefits under any other agreement, benefit, plan or policy of HHC and/or a Subsidiary thereof to which Executive is entitled (this Agreement and such other agreements, benefits, plans or policies collectively being referred to herein as the "Change in Control Arrangements") constitute "parachute payments" within the meaning of Section 280G(b)(2) of the Code (the "Change in Control Payments") that would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), HHC will provide Executive with a computation of:

(i) the maximum amount of Change in Control Payments that could be made under all the Change in Control Arrangements, without the imposition of Excise Tax (the "Reduced Amount");

(ii) the value of all Change in Control Payments that could be made pursuant to the terms of all the Change in Control Arrangements (the "Unreduced Amount");

(iii) the dollar amount of Excise Tax which Executive would become obligated to pay pursuant to Section 4999 of the Code as a result of the receipt of the Unreduced Amount; and

(iv) the net value of the Unreduced Amount after reduction by (a) the amount of the Excise Tax, (b) the estimated income taxes payable by Executive on the difference between the Reduced Amount and the Unreduced Amount, assuming that Executive is paying the highest marginal tax rate for state, local and federal income taxes, and (c) the estimated hospital insurance taxes payable by Executive on the difference between the Reduced Amount and the Unreduced Amount based on the hospital insurance tax rate under Section 3101(b) of the Code (the "Net Change in Control Amount").

If the Reduced Amount is greater than the Net Change in Control Amount, the Executive shall be entitled to receive or commence to receive payments equal to the Reduced Amount. If the Net Change in Control Amount is greater than the Reduced Amount, Executive shall be entitled to receive or commence to receive the Unreduced Amount. If Executive receives the Unreduced Amount, Executive shall be solely responsible for the payment of Excise Tax due from Executive and attributable to such Unreduced Amount with no right of additional payment from HHC as reimbursement for such taxes. The computation required under this Section shall be made in writing by HHC's tax counsel and/or independent public accounting firm, and HHC shall bear all costs incurred with the calculation under this Section. For purposes of making the calculations under this Section, HHC's tax counsel and/or independent public accounting firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the applications of Sections 280G and 4999 of the Code. HHC and Executive shall furnish such information and documents as tax counsel and/or the independent public accounting firm may reasonably request in order to make a determination and the computations contemplated under this Section. Computations under this Section may be reviewed by tax counsel and/or independent accountants of Executive's choice and at the Executive's sole expense. In the event of a disagreement between HHC and Executive regarding the computations under this Section, such dispute shall be settled by a separate tax counsel and/or independent public accountant (the "Auditor") agreed to by HHC and Executive who shall review and recalculate the amounts under this Section and whose costs and expenses shall be borne equally by HHC and Executive. The determination by such Auditor shall be conclusive and binding upon HHC and Executive.

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

(f) To the extent any reimbursement or in-kind benefits provided to Executive pursuant to this Agreement are subject to Section 409A of the Code, including without limitation any health plan benefit subject to Section 409A of the Code, then in accordance with Section 409A of the Code (i) the amount of the expenses eligible for reimbursement or in-kind benefits provided during Executive's taxable year shall not affect the expense eligible for reimbursement or in-kind benefits provided in any other taxable year; (ii) the reimbursement must be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred; and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(g) Notwithstanding anything in this Section 5 to the contrary, the parties hereto acknowledge and agree that, upon their mutual consent, they may modify or amend the provisions hereof or terminate this Agreement at any time before or after the Closing Date. In the event of a termination of this Agreement, the provisions hereof shall thereafter have no further force or effect. No such modification, amendment or termination of this Agreement, however, shall be made which shall have the effect of causing any provision hereof or any payment hereunder to violate or result in immediate taxation to Executive under Section 409A of the Code and any such attempted modification, amendment or termination shall be void and of no effect.

## **6. Executive's Covenants**

Executive agrees that during Executive's employment by the Company and for a period of two (2) years thereafter (the "Restrictive Period") Executive shall comply with the restrictive covenants set forth in this Section 6. Executive's receipt of the severance pay and benefits under Section 5 of this Agreement is conditioned upon Executive's compliance with these covenants while employed by the Company and through the payment date of the lump-sum severance amount as set forth in Section 5(a)(i). Additionally, any rights to coverage under the HHC group health plan pursuant to Section 5(a)(ii) shall terminate in the event of a breach of one or more of the covenants contained herein during the Coverage Period.

(a) Executive will not, without the prior written consent of HHC, (i) divert or attempt to divert from HHC or any Subsidiary any business by influencing or attempting to influence or soliciting or attempting to solicit any customers of HHC or a Subsidiary or affiliate (or any particular customer with whom HHC or any Subsidiary or affiliates had business contacts in the one-year period immediately preceding Executive's termination of employment or with whom Executive may have dealt at any time during his employment by the Company); (ii) recruit, solicit, hire, attempt to hire, or assist any other person to hire any employee of HHC or a Subsidiary or affiliate or any person who was an employee of any of the foregoing in the six (6) months preceding Executive's termination of employment, or solicit or encourage any employee of any of the foregoing to terminate employment; or (iii) otherwise assist any person in any way to do, or attempt to do, anything prohibited by the foregoing.

(b) Executive will not disclose or permit the disclosure of any confidential information to any person other than an employee of the Company or an individual engaged by the Company to render professional services to the Company under circumstances that require such person to maintain the confidentiality of such information, except as such disclosure may be required by law. For purposes of this Agreement "confidential information" shall include but not be limited to trade secrets, customer lists, operational methods, marketing plans or strategies, business acquisition or disposition plans, personnel or employment plans, financial budgets and forecasts and technical processes, except for information that (i) was or becomes generally available to the public other than as a result of disclosure by Executive and/or (ii) was or becomes available to Executive on a non-confidential basis from a source other than the Company. Executive acknowledges and agrees that any and all non-public information regarding the Company and its customer is confidential and the unauthorized disclosures of such information will result in irreparable harm to the Company.

(c) Executive agrees that Executive will not at any time make, publish or communication (whether orally or in writing) to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning HHC or a Subsidiary or its businesses, or any of its employees, officers, members of its Board of Directors and existing and prospective customers, investors and associated third parties.

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

**7. Definitions.**

The following definitions shall apply to this Agreement:

(a) "Average Annual Bonus" shall mean for purposes of Section 5, the average bonus paid to Executive for the three fiscal years (or such fewer years as Executive has been employed by the Company) immediately preceding the date of Executive's termination.

(b) "Base Compensation" shall mean for purposes of Section 5 Executive's base salary paid during the twelve (12) months immediately preceding the date of Executive's termination under Section 5.

(c) "Cause" shall mean a material breach by Executive of Executive's obligations under Section 3 or of Executive's covenants under Section 6 of this Agreement or any failure or refusal to perform the material duties associated with Executive's position.

(d) "Change in Control" shall be deemed to have occurred upon the happening of any of the following events as to HHC:

(i) The acquisition by any one person or by more than one person acting as a group, of ownership of stock that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of HHC;

(ii) The acquisition by any one person, or by more than one person acting as a group, during the twelve-month period ending on the date of the most recent acquisition, of ownership of stock possessing fifty percent (50%) or more of the total voting power of the stock of HHC;

(iii) The replacement during any twelve-month period of a majority of the members of the Board of HHC by directors whose appointment or election is not endorsed by a majority of the members of such Board before the date of such appointment or election; or

(iv) The acquisition by any one person, or more than one person acting as a group, during the twelve-month period ending on the date of the most recent acquisition, of assets of HHC having a total gross fair market value of more than fifty percent (50%) of the total gross fair market value of all of the assets of HHC immediately prior to such acquisition or acquisitions.

For purposes of the above, "persons acting as a group" shall have the meaning as in Treasury Regulations Section 1.409A-3(i)(5)(v)(B).

It is intended that the definition of Change in Control contained herein shall be the same as a change of ownership of a corporation, a change in the effective control of a corporation and/or a change in the ownership of a substantial portion of a corporation's assets as reflected in Treasury Regulations Section 1.409A-3(i)(5), as modified by the substitution of the higher percentage requirement in items (ii) and (iv) above; and all questions or determinations in connection with any such Change in Control shall be construed and interpreted in accordance with the provisions of such Regulations. This definition of Change in Control shall be applicable only for purposes of determining Executive's rights under this Agreement which become applicable in the event of such a Change in Control and for no other purpose.

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

(e) "Disability" shall mean circumstances that qualify Executive for long-term disability benefits under the Company's Long-Term Disability Plan as in effect immediately prior to the Change in Control.

(f) "Closing Date" shall mean the date on which a Change in Control occurs. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if Executive's employment with the Company is terminated prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or in anticipated of a Change in Control, then for all purposes of this Agreement the "Closing Date" shall mean the date immediately prior to the date of such termination of employment.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(h) "Employment Period Bonus" shall mean a bonus (either pursuant to a bonus or incentive plan or program of the Company or otherwise) in cash at least equal to the product of the average of the bonus payout ratio for the three years (or such shorter period as Executive has been employed by the Company) immediately preceding the Closing Date (expressed as a fraction) times the target bonus established by the Company for the year in question. For purposes of this definition, the parties acknowledge and agree that the bonus payout ratio is the percentage of Executive's target bonus for the year(s) in question which was actually awarded to Executive in the year(s) in question.

(i) "Employment Period" shall mean the period commencing on the Closing Date of the Change in Control and ending on the last day of the month that is two (2) years after the Closing Date.

(j) "Good Reason" shall mean any of the following occurring without Executive's consent:

(i) a material diminution in Executive's position, authority, duties or responsibilities from those which Executive held immediately prior to the Closing Date of the Change in Control;

(ii) requiring Executive to be based at any office which is a material change from the geographic location of the office at which Executive was employed immediately prior to the Change in Control; provided, however, that any such relocation request shall not be considered a material change if such relocation is within a thirty-five (35) mile radius of the office at which Executive was based immediately prior to the Closing Date of a Change in Control;

(iii) a material diminution in the budget over which Executive retains authority;

(iv) a material diminution in Executive's annual base salary; or

(v) any other action or inaction that constitutes a material breach by the Company of any agreement, including this Agreement, pursuant to which Executive performs services for the Company.

Notwithstanding the preceding, however, none of such actions shall constitute "Good Reason" unless (1) Executive provides the Company notice of the existence of such condition within ninety (90) days of the initial existence thereof specifically identifying the acts or omissions constituting the grounds for Good Reason and a period of at least thirty (30) days following such notice within which to remedy such condition and (2) Executive's termination occurs within the two-year period following the initial existence of such condition.

(k) Subsidiary(ies) shall mean any corporation that is directly or indirectly, through one or more intermediaries, controlled by HHC.

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

**8. Liability of HHC: Regulatory Restrictions.**

The parties recognize that the enforceability of employment contracts with banks are subject to some uncertainty and that banks and their bank holding companies are subject to regulatory restrictions that change from time to time. As a result, Executive may be prevented from obtaining or enforcing any or all of his or her rights hereunder from HHC. Nothing herein shall require HHC or a Subsidiary thereof to perform any obligation hereunder if such performance is prohibited or limited by applicable law or regulation, as determined in a proceeding or adjudication by a court, tribunal, or regulatory agency having authority to so determine, which determination is final and subject to no further appeals. The parties further acknowledge and agree that it is the intent of this Agreement that it be enforced to the fullest degree permitted by law and regulation.

**9. Notices.**

All notices and other communications provided for by this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or mailed by United States Certified Mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:

\_\_\_\_\_  
\_\_\_\_\_

If to HHC:

Hancock Holding Company  
P. O. Box 4019  
Gulfport, MS 39502-4019  
Attention: Chief Human Resources Officer

or to such other addresses any party may have furnished to the other in writing in accordance with this Agreement. Notices and other communications hereunder to a Subsidiary shall be addressed to such Subsidiary's principal place of business addressed to the President thereof, unless another address has been furnished for such purpose under the provisions of this Section.

**10. 409A Compliance.**

Notwithstanding any other provision in this Agreement, HHC and Executive intend for this Agreement to comply in all respects with the provisions of Section 409A of the Code and Treasury Regulations and other guidance issued thereunder. Each provision and term of this Agreement should be interpreted accordingly. If any provision or term of this Agreement would be prohibited by or be inconsistent with Section 409A of the Code, then such provision shall be deemed to be conformed to comply with Section 409A of the Code or, if it is not possible to conform the provision to comply with Section 409A, such provision shall be null and void to the extent, and only to the extent, required for this Agreement to be in compliance with Section 409A of the Code without affecting the remainder of this Agreement.

**11. Governing Law.**

The provisions of this Agreement shall be interpreted and construed in accordance with, and enforcement may be made under, the laws of the State of Mississippi.

HHC:\_\_\_\_\_

Executive:\_\_\_\_\_

**12. Successors and Assigns.**

(a) The Agreement is personal to Executive and, without the prior written consent of HHC, shall not be assignable by Executive. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representative.

(b) This Agreement shall be binding upon and inure to the benefit of HHC and its successors and assigns.

**13. Severability.**

(a) any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by applicable law.

**14. Entire Agreement; Amendment.**

This Agreement sets forth the entire Agreement of the parties hereto and supersedes all prior agreements, understandings and covenants with respect to the subject matter hereof. Except as provided in Section 1, this Agreement may be amended or terminated only by mutual agreement of the parties in writing.

SIGNATURE PAGE FOLLOWS

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

HANCOCK HOLDING COMPANY

By: \_\_\_\_\_  
Title \_\_\_\_\_

EXECUTIVE

\_\_\_\_\_ Print Name: \_\_\_\_\_

HHC: \_\_\_\_\_

Executive: \_\_\_\_\_

**Subsidiaries of Hancock Holding Company**

| <u>Name</u>                              | <u>Jurisdiction</u> |
|--|---------------------|
| Hancock Bank                             | Mississippi         |
| Whitney Bank                             | Louisiana           |
| 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             |
| Whitney Securities LLC                   | Louisiana           |
| Berwick LLC                              | Louisiana           |
| Key Investment Securities, Inc.          | Louisiana           |

**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, 2013 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, 2013

## 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, 2013

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, 2013

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, 2013

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, 2012 (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, 2013  
Date

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

February 28, 2013  
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, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) 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, 2013  
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.

**CHIEF EXECUTIVE OFFICER CERTIFICATION—IFR SECTION 30.15  
WHITNEY HOLDING CORPORATION—UST #161**

I, Carl J. Chaney, certify, based on my knowledge, that:

Effective June 3, 2011, Hancock Holding Company (“Hancock”) purchased from the U.S. Treasury (the “Repayment”) all of the outstanding securities and other obligations of Whitney Holding Corporation (“Whitney”) issued to the U.S. Treasury under the TARP Capital Purchase Program (“TARP CPP”) and thereby ended Whitney’s participation in the TARP CPP. Hancock is the successor to Whitney following the merger of Whitney with and into Hancock that occurred effective June 4, 2011 (“the “Merger”), and this certification is submitted by the undersigned officer of Hancock on behalf of the former Whitney based on a review of documents and other materials of Whitney.

(i) As a result of the Repayment and Merger described above, the standard referred to in paragraph (i) of the Model Certification for Years Following First Year Certification (the “Model Certification”) set forth in the U.S. Department of the Treasury’s Interim Final Rule, 31 C.F.R. Part 30, as amended, under Section 111 of the Emergency Economic Stabilization Act of 2008, as amended (“EESA”), was not required to be met by Whitney;

(ii) Due to the Repayment and Merger described above, the standard referred to in paragraph (ii) of the Model Certification was not required to be met by Whitney;

(iii) Due to the Repayment and Merger described above, the standard referred to in paragraph (iii) of the Model Certification was not required to be met by Whitney;

(iv) Due to the Repayment and Merger described above, the standard referred to in paragraph (iv) of the Model Certification was not required to be met by Whitney;

(v) Due to the Repayment and Merger described above, the standard referred to in paragraph (v) of the Model Certification was not required to be met by Whitney;

(vi) Whitney had required that bonus payments to the senior executive officers (the “SEOs”) or any of the next twenty most highly compensated employees, as defined in the regulations and guidance established under Section 111 of EESA (bonus payments), be subject to a recovery or “clawback” provision during any part of the most recently completed fiscal year that was a TARP period if the bonus payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;

(vii) Whitney had prohibited any golden parachute payment, as defined in the regulations and guidance established under section 111 of EESA, to a SEO or any of the next five most highly compensated employees during any part of the most recently completed fiscal year that was a TARP period;

(viii) Whitney had limited bonus payments to its applicable employees in accordance with section 111 of EESA and the regulations and guidance established thereunder during any part of the most recently completed fiscal year that was a TARP period;

(ix) Whitney and its employees had complied with the excessive or luxury expenditures policy, as defined in the regulations and guidance established under Section 111 of EESA, during any part of the most recently completed fiscal year that was a TARP period; and any expenses that, pursuant to the policy, required approval of the board of directors, a committee of the board of directors, an SEO, or an executive officer with a similar level of responsibility, were properly approved;

(x) Due to the Repayment and Merger described above, the standard referred to in paragraph (x) of the Model Certification was not required to be met by Whitney;

(xi) Hancock, on behalf of Whitney, will disclose the amount, nature, and justification for offering during any part of the most recently completed fiscal year that was a TARP period, of any perquisites, as defined in the regulations and guidance established under section 111 of EESA, whose total value exceeds \$25,000 for any employee who is subject to the bonus payment limitations identified in paragraph (viii);

(xii) Hancock, on behalf of Whitney, will disclose whether Whitney, the board of directors of Whitney, or the compensation committee of Whitney had engaged during any part of the most recently completed fiscal year that was a TARP period a compensation consultant; and the services the compensation consultant or any affiliate of the compensation consultant provided during this period;

(xiii) Whitney had prohibited the payment of any gross ups, as defined in the regulations and guidance established under section 111 of EESA, to the CEOs and the next twenty most highly compensated employees during any part of the most recently completed fiscal year that was a TARP period;

(xiv) Whitney had substantially complied with all other requirements related to employee compensation that are provided in the agreement between Whitney and Treasury, including any amendments;

(xv) Due to the Repayment and Merger described above, the standard referred to in paragraph (xv) of the Model Certification was not required to be met by Whitney;

(xvi) I understand that a knowing and willful false or fraudulent statement made in connection with this certification may be punished by fine, imprisonment, or both. (See, for example 18 U.S.C. 1001.)

**DATE:**

---

/s/ Carl J. Chaney  
Chief Executive Officer  
Hancock Holding Company

**CHIEF FINANCIAL OFFICER CERTIFICATION—IFR SECTION 30.15  
WHITNEY HOLDING CORPORATION—UST #161**

I, Michael M. Achary, certify, based on my knowledge, that:

Effective June 3, 2011, Hancock Holding Company (“Hancock”) purchased from the U.S. Treasury (the “Repayment”) all of the outstanding securities and other obligations of Whitney Holding Corporation (“Whitney”) issued to the U.S. Treasury under the TARP Capital Purchase Program (“TARP CPP”) and thereby ended Whitney’s participation in the TARP CPP. Hancock is the successor to Whitney following the merger of Whitney with and into Hancock that occurred effective June 4, 2011 ( “the “Merger”), and this certification is submitted by the undersigned officer of Hancock on behalf of the former Whitney based on a review of documents and other materials of Whitney.

(i) As a result of the Repayment and Merger described above, the standard referred to in paragraph (i) of the Model Certification for Years Following First Year Certification (the “Model Certification”) set forth in the U.S. Department of the Treasury’s Interim Final Rule, 31 C.F.R. Part 30, as amended, under Section 111 of the Emergency Economic Stabilization Act of 2008, as amended (“EESA”), was not required to be met by Whitney;

(ii) Due to the Repayment and Merger described above, the standard referred to in paragraph (ii) of the Model Certification was not required to be met by Whitney;

(iii) Due to the Repayment and Merger described above, the standard referred to in paragraph (iii) of the Model Certification was not required to be met by Whitney;

(iv) Due to the Repayment and Merger described above, the standard referred to in paragraph (iv) of the Model Certification was not required to be met by Whitney;

(v) Due to the Repayment and Merger described above, the standard referred to in paragraph (v) of the Model Certification was not required to be met by Whitney;

(vi) Whitney had required that bonus payments to the senior executive officers (the “SEOs”) or any of the next twenty most highly compensated employees, as defined in the regulations and guidance established under Section 111 of EESA (bonus payments), be subject to a recovery or “clawback” provision during any part of the most recently completed fiscal year that was a TARP period if the bonus payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;

(vii) Whitney had prohibited any golden parachute payment, as defined in the regulations and guidance established under section 111 of EESA, to a SEO or any of the next five most highly compensated employees during any part of the most recently completed fiscal year that was a TARP period;

(viii) Whitney had limited bonus payments to its applicable employees in accordance with section 111 of EESA and the regulations and guidance established thereunder during any part of the most recently completed fiscal year that was a TARP period;

(ix) Whitney and its employees had complied with the excessive or luxury expenditures policy, as defined in the regulations and guidance established under Section 111 of EESA, during any part of the most recently completed fiscal year that was a TARP period; and any expenses that, pursuant to the policy, required approval of the board of directors, a committee of the board of directors, an SEO, or an executive officer with a similar level of responsibility, were properly approved;

(x) Due to the Repayment and Merger described above, the standard referred to in paragraph (x) of the Model Certification was not required to be met by Whitney;

(xi) Hancock, on behalf of Whitney, will disclose the amount, nature, and justification for offering during any part of the most recently completed fiscal year that was a TARP period, of any perquisites, as defined in the regulations and guidance established under section 111 of EESA, whose total value exceeds \$25,000 for any employee who is subject to the bonus payment limitations identified in paragraph (viii);

(xii) Hancock, on behalf of Whitney, will disclose whether Whitney, the board of directors of Whitney, or the compensation committee of Whitney had engaged during any part of the most recently completed fiscal year that was a TARP period a compensation consultant; and the services the compensation consultant or any affiliate of the compensation consultant provided during this period;

(xiii) Whitney had prohibited the payment of any gross ups, as defined in the regulations and guidance established under section 111 of EESA, to the CEOs and the next twenty most highly compensated employees during any part of the most recently completed fiscal year that was a TARP period;

(xiv) Whitney had substantially complied with all other requirements related to employee compensation that are provided in the agreement between Whitney and Treasury, including any amendments;

(xv) Due to the Repayment and Merger described above, the standard referred to in paragraph (xv) of the Model Certification was not required to be met by Whitney;

(xvi) I understand that a knowing and willful false or fraudulent statement made in connection with this certification may be punished by fine, imprisonment, or both. (See, for example 18 U.S.C. 1001.)

**DATE:**

---

/s/ Michael M. Achary  
Chief Financial Officer  
Hancock Holding Company