July 20, 2023

James P. Sheesley, Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Via e-mail

RE: **RIN 3064–AF93,** Special Assessments Pursuant to Systemic Risk Determination

Dear Mr. Sheesley

Hancock Whitney Bank appreciates the opportunity to comment on the proposed rule that would impose special assessments to recover the loss to the Deposit Insurance Fund arising from the protection of uninsured depositors in connection with the systemic risk determination announced on March 12, 2023, following the closures of Silicon Valley Bank and Signature Bank, as required by the Federal Deposit Insurance Act.

Hancock Whitney Bank is a 124 year old state chartered institution in Mississippi that proudly serves the gulf south region. Our assets totaled $35.2 billion and deposits totaled $29.2 billion at December 31, 2022. We appreciate the challenge that your agency faced in the wake of the crisis driven by the Silicon Value Bank and Signature Bank failures. We believe the resolution of these institutions combined with the systemic risk determination contributed greatly to the continued strength and stability of the U.S. banking sector.

We would like to express our appreciation for the work done by the FDIC staff in review and analytics provided in the proposed rule. However, we believe that certain enhancements to the proposed rule are important in order to ensure that the special assessments are fair and appropriate. In the proposed rule, the FDIC focused in particular on the types of entities that it believes benefited from the systemic risk determination, noting the following: "In general, large banks and regional banks, particularly those with large amounts of uninsured deposits, were the banks most exposed to and likely would have been the most affected by uninsured deposit runs." While we believe that may be true, using estimated uninsured deposits reported in Memoranda Item 2 on Schedule RC-O as the assessment basis does not equate to those deposits at risk of leaving the institution. Specifically, the estimate uninsured deposit definition includes (1) collateralized government deposits and (2) internal subsidiary and affiliated deposits, both of which we believe were not at risk of a deposit run as a result of the banking crisis. We are requesting that you consider March 31, 2023, rather than December 31, 2022 as the reporting date as we believe that is a better reflection of the banks that benefited from the systematic risk exception. Further, we are requesting consideration be given to revising the $5 billion deduction upward and allowing for a phased in approach for impacts to regulatory capital. Additional discussion of our reasons for these suggested changes are included in our responses to the questions from the proposal that follow.

***Question 1:*** *Should the special assessments be calculated as proposed?*

We appreciate the complexity in determining a fair and appropriate assessment calculation. While we are requesting further consideration be given to the timing of the assessment base and adjustments for select uninsured deposits, we are not opposed to the calculation in general.

***Question 2:*** *Are there alternative methodologies for calculating the special assessments the FDIC should consider that would result in financial reporting in accordance with U.S. GAAP and could result in different timing for the impact to earnings and capital? Please describe.*

We believe the accounting guidance in U.S. GAAP is clear and requires immediate recognition of expense upon issuance of the final rule. However, we respectfully request consideration of a transition approach as it relates to regulatory capital. While we have more than sufficient capital to cover the impact of the proposal as written, we would appreciate a transition that mirrors the eight quarter payment cycle to match the impact to regulatory capital with the required cash outflow.

***Question 3:*** *Should the assessment base for the special assessments be equal to estimated uninsured deposits reported as of December 31, 2022, or reported as of some other date, and why?*

We respectfully request that the special assessment base should be based on the amount of uninsured deposits for the quarter ended March 31, 2023, rather than December 31, 2022, as proposed. March 31, 2023 is much closer in time to the timing of the bank failures and we believe is a more accurate approximation of the amount of uninsured deposits that existed at that time. Also, as described in the proposal, larger institutions witnessed an increase in deposits while smaller institutions experienced a decline in deposits following the March bank failures and the systemic risk determination. Using the March 31, 2023 date would include the impact of such deposit movement that we believe should be taken into account when determining which institutions benefited the most from the systemic risk determination and should bear the most responsibility for paying the special assessments.

***Question 4:*** *Should the assessment base for the special assessments be equal to estimated uninsured deposits or some other measure?*

While we do not believe uninsured deposits is an indication of overall systematic risk of our institution, we understand the complexity in trying to compute equitable basis for the assessment. Therefore, we do not object to uninsured deposits as a starting point, but respectfully request that certain uninsured deposits reportable in Memoranda Item 2 on Schedule RC-O be adjusted from the base, as discussed in more detail in Question 7 below.

***Question 5:*** *Is the deduction of $5 billion of aggregate estimated uninsured deposits from the assessment base for the special assessments for each IDI or banking organization appropriate? Why?*

We appreciate the proposal having a threshold to limit the burden on smaller institutions deemed less reliant on uninsured deposits. The data provided in the proposal reflected the average assets funded by uninsured deposit for banking organizations between $5 and $10 billion at 28.9%, which is very near $1 to $5 billion at 28.1%, whereas $10 to $50 billion jumps more significantly to 32.1%. We respectfully suggest that $10 billion may be a more fair and appropriate deduction from the deposit base.

***Question 6:*** *Should the FDIC collect special assessments over an eight quarter collection period, as proposed? Should the collection period be longer to spread out the effects of the payment of special assessments, or shorter?*

We believe the eight quarter collection period is fair and appropriate.

***Question 7:*** *Should the FDIC consider an exemption for specific types of deposits from the base for special assessments? On what basis?*

Estimated uninsured deposits as reported in Memoranda Item 2 on Schedule RC-O includes the following items that we believe should be considered for exclusion;

- Public fund deposits which must be collateralized to meet statutory requirements. Since these deposits are fully collateralized, there was no risk of deposit run related to deposit insurance and no benefit associated with the systematic risk determination.
- Affiliate subsidiary accounts including cash accounts for bank affiliates, eliminated in consolidation, as well as cash account for the parent holding company and other affiliated non bank subsidiaries. These accounts were also not at risk of a deposit run and therefore, there was no benefit associated with the systematic risk determination.

We believe removing these deposit balances from the assessment base would result in a more fair and appropriate assessment base. Further, we respectfully request that the final rule include clarifying language specifically related to the inclusion/exclusion of these specific deposit types from both those reported in in Memoranda Item 2 on Schedule RC-O and the assessment base as it appears there may be diversity in interpretation of the call report instructions across financial institutions which could lead to unfair assessments.

***Question 8:*** *Should any shortfall special assessments be calculated as proposed?*

We have no comments related to the calculation of the shortfall special assessment.

Hancock Whitney Bank appreciates your efforts in response to the events occurring in the industry this year. We appreciate the opportunity to comment on the proposed rule and thank you for considering these comments. If you need additional information or have questions, please contact me (michael.achary@hancockwhitney.com; 504-586-7161).

Sincerely,

[redacted]

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