May 19, 2020

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Via e-mail

RE: **RIN 3064-AF53**, Assessments, Mitigating the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program (PPP), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility

Dear Mr. Feldman

Hancock Whitney Bank welcomes the opportunity to comment on the proposed rule that was issued on May 12, 2020 and appreciates your efforts to mitigate the unintended impact of increased deposit insurance assessments from participation in the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration (SBA) and the Paycheck Protection Program Lending Facility (PPPLF) and Money Market Mutual Fund Liquidity Facility (MMLF) established by the Board of Governors of the Federal Reserve System.

Hancock Whitney Bank was proud to participant in PPP program that allowed us to provide more than 12,000 businesses with the financial support needed to remain open and serve our local communities, resulting in loans totaling more than $2.4 billion. However, we have strong liquidity and have not needed to utilize the PPPLF to fund these loans. We believe the relief provided in the proposed rule will mitigate a significant portion of the impact on our assessment rate but may not fully mitigate the impact of the increase in our assessment base. We are estimating that without changes to the proposed rule, our assessment calculated under the "Large Institution Scorecard" could increase by as much as 5%. We don't believe such increase is warranted given the low-risk nature of these assets with the substantial protection provided by the Federal Reserve.

We respectfully request that you consider excluding all PPP loans from the assessment base in the large bank calculation, whether or not pledged to the PPPLF. Below are comments specific to the questions from the interim final rule.

Question 1: *The FDIC invites comment on its proposal to apply a waterfall approach in excluding PPP loans, which include loans pledged to the PPPLF, from C&I Loans, All Other Loans, and Agricultural Loans in the calculation of an IDI's assessment rate. Is the assumption that all PPP loans are C&I Loans appropriate, or should these loans be distributed across loan categories in another manner? Should the FDIC collect additional data on how PPP loans are categorized in order to more accurately mitigate the deposit insurance assessment effects of these loans? Alternatively, should institutions report PPP loans as a separate loan category instead of including them in C&I Loans or*

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other loan categories, thus providing data that would reduce the need for the FDIC to rely on certain assumptions, reduce the amount of necessary changes to specific risk measures and other factors, and potentially more accurately mitigate the deposit insurance assessment effects of an IDI's participation in the program? Would this be overly burdensome for institutions?

The majority of our PPP loans are classified as C&I so that we believe the waterfall approach is appropriate and would not result in a materially different result to our assessment if these loans were to be segmented by specific type. For our institution, it would be somewhat burdensome to change the basic structure of the RC-C schedule to report PPP loans as a separate line item as it would require modification of existing processes in a relatively short time frame for a temporary loan classification. However, it would not be difficult for us to provide any required information via new memo items.

Question 2: *The FDIC invites comment on its proposal to exclude PPP loans from C&I Loans, All Other Loans, and Agricultural Loans in the calculation of an IDI's assessment rate. Is the assumption that all PPP loans are C&I loans appropriate, or should these loans be distributed across loan categories in another manner? If so, how and why? Should the FDIC collect additional data on how PPP loans are categorized?*

The majority of our PPP loans are classified as C&I (approximately 98%). The remaining 2% are primarily to nonprofits and are classified as other loans. Given that substantially all PPP loans are C&I, it does not appear that segregating them further would have a significant impact on our institution. We are able to provide this information relatively easily in new memo items, should you decide to collect it.

Question 3: *The FDIC invites comment on advantages and disadvantages of mitigating the effects of participating in the PPP and PPPLF on deposit insurance assessments. How does the approach in the proposed rule support or not support the objectives of the Paycheck Protection Program and the associated liquidity facility?*

The tying of the relief for the assessment base as well as the core earnings ratio and core deposit ratio calculation to the use of the specific funding source does not provide full relief to our institution. As a result, we will incur unintended added costs to provide this needed financial support to our customers. The added cost will not discourage us from providing the intended support, therefore the objectives of the Paycheck Protection Program will be met with the limited relief provided by the proposed rule.

Question 4: *The FDIC invites comment on the advantages and disadvantages of adjusting an IDI's assessment to offset the increase in its assessment base due to participation in the MMLF and PPPLF. How does the approach in the proposed rule support or not support the objectives of the Facilities?*

We believe the adjustment to the assessment provided in the proposed rule to offset the increase in assessment base due to participation in the MMLF and PPPLF are appropriate and supports the objectives of the facilities; however, as indicated above we believe the low-risk nature of the PPP loans warrants favorable treatment in the assessment base regardless of the funding source,

Question 5: *The FDIC invites comment on the reasonable and possible alternatives described in this proposed rule. Should the FDIC consider other reasonable and possible alternatives?*

Your proposed adjustments to the assessment calculation are welcome and will provide some relief to our institution. We respectfully request that you consider providing additional relief to institutions that have funded the PPP facilities using alternate sources.

Hancock Whitney Bank appreciates your efforts in providing relief and the opportunity to provide feedback. Thank you for considering my 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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