

Small Bank Requests for Review of Assessment Rate January 1, 2018 – September 30, 2021

Date of Request	Basis of Request	DIR Decision	Appealed to the AAC	AAC Decision
January 9, 2018	<p>The Bank filed a request for review stating the Bank’s “unique product offerings” were not properly captured in the Small Bank Assessment methodology or the Call Report. Further, the Bank took issue with several measures in the small bank pricing methodology that contributed to the increase in its assessment rate. These measures included the loan mix index, brokered deposit ratio, one-year asset growth rate, and net income before taxes ratio. The Bank requested an individualized assessment rate for the third quarter 2017 and subsequent quarters.</p>	<p>On February 27, 2018, the Division of Insurance and Research (DIR) found the regulation was properly followed and denied the Bank’s request. DIR is bound by the current assessment regulations and creating exceptions to the methodology for individual small banks would lead to inconsistent and inequitable treatment. In addition, the Bank filed its quarterly Call Report data correctly and that data was properly used to determine the assessment rate.</p>	<p>On March 23, 2018, the Bank filed an appeal with the AAC.</p>	<p>The AAC denied the appeal on April 30, 2018. AAC-2018-01 – 04/30/2018 - PDF</p>
April 17, 2018	<p>The Bank filed a request for review asking that a transaction undertaken by the Bank in the fourth quarter 2017, and affecting that quarter’s assessment rate, be treated differently for assessment rate determination. The Bank acquired a branch which resulted in a large increase to the Bank’s one-year asset growth rate and subsequent increase to the assessment rate. The Bank requested the branch acquisition be excluded from the calculation of the one-year asset growth rate and therefore lowering the assessment rate for the fourth quarter 2017 and following three quarters.</p>	<p>On May 30, 2018, the Division of Insurance and Research found the Bank’s assessment rate was calculated in accordance with current assessment regulation and applied correctly to the Bank using properly filed Call Report data and denied the Bank’s request. The regulation requires the FDIC to adjust the one-year asset growth rate for whole bank mergers and acquisitions but not for branch purchases or other assets from another bank. In addition, banks do not report, nor does the FDIC collect, information on branch purchases which could be used adjust the one-year asset growth rate for branch purchases.</p>	<p>On June 28, 2018, the Bank filed an appeal with the AAC.</p>	<p>The AAC denied the appeal on November 20, 2018. AAC-2018-02 – 11/20/2018 - PDF</p>

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August 5, 2020	<p>The Bank filed a request for review stating the Bank's assessment rate was inconsistent with a recent recapitalization and a CAMELS rating upgrade. After the Bank's recapitalization, the Bank maintained well-capitalized ratios starting five months before the start of the assessment period.</p>	<p>On September 30, 2020 the Division of Insurance and Research (DIR) found the regulation was properly followed and denied the Bank's request. The increased capital was used in the assessment rate calculation and DIR is bound by the current assessment regulations regarding the use of CAMELS ratings which become effective as of the date the ratings are officially transmitted to the institution.</p>	No	N/A
September 29, 2020	<p>The Bank filed a request for review asking that a recent goodwill impairment charge be added back to the Bank's net income when used to calculate the Bank's assessment rate. The Bank's holding company was purchased by another holding company which resulted in the booking of goodwill. Subsequently, the Bank was required to record a goodwill impairment which significantly impacted the Bank's net income. The Bank requested the removal of the goodwill impairment since it had no impact on the Bank's liquidity or capital ratios.</p>	<p>On October 16, 2020 the Division of Insurance and Research (DIR) found the regulation was properly followed and denied the Bank's request. The goodwill impairment charge was properly included in the net income calculation per FDIC regulations and Call Report instructions.</p>	No	N/A