From:	Dick Burch <dburch@southatlantic.bank>
Sent:	Monday, May 18, 2020 10:49 AM
To:	Comments
Subject:	[EXTERNAL MESSAGE] RIN 3064- AF53
Importance:	High

We are a $750 million community bank located along the coast of SC.
We have processed close to 900 triple P loans for ~$90 million.

- **Reporting of balances of PPP loans and Borrowings from the PPPLF\MMLF:** *SAB has segmented all PPP loans in order to correctly manage and report. We use a third party product to complete the call report. It contains checks and balances. How are the FFIEC changes going to be implemented? Will there be a new line added that would deduct the PPP loans in all sections to prevent duplicative entry? Will this pass through to the capital calculations and leverage? How will we need to handle the averages?*
- **PPP loans identified by call report codes:** *SAB has assigned the correct Call report code to each loan to report correctly.*
- **The exclusion of pledges to the PPPLF from total assets in five components of the formula for risk-based assessment rate:** ***ALL** PPP loans should be excluded from these areas whether they are pledged or **NOT**!. Most community banks may never borrow from the PPPLF if they have adequate collateral at other CHEAPER options.. In addition, the PPPLF requires a bank to fully fund any pledges at the time of the pledge…..This is unreasonable and bad balance sheet management. The pledging should work as other collateral at the Discount Window. We make pledges and request advances as needed for the amounts needed. Don't force borrowings on banks that are not needed!*
- **Quarterly Averages:** *We should be able to reduce the averages by the outstanding PPP loans at the reporting date without them being pledged to the PPPLF as stated above.*
- **Leverage Ratio Calculation:** *The leverage ratio should be adjusted based on outstanding PPP loans whether they are pledged or Not!*
- **Bank's assessment rate calculation:** *The bank should be allowed to reduce the deposits that were created by the funding of the PPP loans for the assessment calculation. Most banks have just created "paper" increases on both sides of the balance sheet……Loans and Deposits. These are not true deposits as they are proceeds from the PPP loans. Banks should not have to pay an increased assessment for funding PPP loans. Banks should not be penalized for not pledging to the PPPLF, as reasons stated already.*

The SBA and Treasury dumped the responsibility on the banks to get the funds out to the small business owner quickly. The community banks did an outstanding job of getting funds to our customers who needed them quickly.
This is not been profitable line of business for the banks and the more regulatory overhead, delays for receiving earned fees and forgiveness dollars continue to increase the cost of making these loans.
We don't need to be penalized too in our deposit assessment calculations!

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Thank you.

Dick Burch
Executive Vice President
Chief Financial Officer
South Atlantic Bank

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Update regarding the measures we are taking at South Atlantic Bank considering the ever evolving COVID-19 environment.

Effective Thursday, March 19, 2020;

All branch lobbies will be limited to appointment only service. All lanes of our drive-thru will be open to handle all teller services and transactions to include payments, deposits, and in-person withdrawals. Our priorities are the same in that we will work hard to ensure the safety and well-being of our employees and the communities we serve, all while providing our standard exemplary customer service. Please check our website https://southatlantic.bank or our social media sites for updates.

[redacted]