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Much like its impact on the world, the COVID 19 situation has resulted in broad and unique operating challenges for financial institutions, and a very fluid regulatory environment. In response, we will be posting periodic updates to help keep BBW stakeholders informed on what we see transpiring across the industry. Below you will find summaries of the following:

- Recently issued interagency guidance
- Other recently issued regulatory guidance or legislative developments
- Examples of early “best practices” we are encouraging or seeing implemented during these unprecedented times

RECENT INTERAGENCY RELEASES (SINCE 3/19/2020)

CRA Consideration for Activities in Response to COVID-19 (issued 3/19) - encourages institutions to work with affected customers and communities, particularly those that are low- and moderate-income, and sets forth examples of activities that will receive favorable CRA consideration.

Loan Modifications and Reporting in Working with Customers Affected by the Coronavirus (issued 3/22) – sets forth guidelines for working with borrowers adversely affected by COVID-19, including deferral, TDR, past due, and nonaccrual/charge-off guidelines (*Note: there are additional pending legislative developments that could further impact this Statement*)

30 Day Grace Period for First Quarter 2020 Call Report (issued 3/26) – extends normal filing deadline by 30 days.

Encouraging Responsible Small-Dollar Lending to Consumers and Small Businesses in Response to COVID-19 (issued 3/26) - specifically encourages financial institutions to offer responsible small-dollar loans to both consumers and small businesses to help meet their needs for credit due to temporary cash-flow imbalances, unexpected expenses, or income short-falls during periods of economic stress or disaster recoveries. (*Note: this Statement denotes that the agencies are working on future guidance and lending principles for responsible small-dollar loans to facilitate the ability of financial institutions to more effectively meet the ongoing credit needs of their communities and customers.*)

OTHER KEY REGULATORY GUIDANCE/LEGISLATIVE DEVELOPMENTS

Use of the Discount Window (issued 3/16) - The FRB, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency encourage depository institutions to use the discount window to meet demands for credit from households and businesses at this time and help depository institutions manage their liquidity risks efficiently and avoid actions that have negative consequences for their customers, such as withdrawing credit during times of market stress.

Providing an optional extension of the regulatory capital transition for the CECL accounting standard (issued 3/27) - The FRB, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency issued an interim rule that allows banking organizations to mitigate the effects of CECL in their regulatory capital. Banking organizations that are required under U.S. accounting standards to adopt CECL this year can mitigate the estimated cumulative regulatory capital effects for up to two years. This is in addition to the three-year transition period already in place. Alternatively, banking organizations can follow the capital transition rule issued by the banking agencies in February 2019. The changes will be effective immediately and the agencies will accept comments on the CECL interim final rule for 45 days.

Congressional approval of \$2 trillion stimulus bill (3/27) - House of Rep approval, now awaiting enactment by President Trump - This will include approximately \$350 billion in funding for the Keeping American Workers Employed and Paid Act designed to provide federally supported loans, debt relief, grants, entrepreneurial assistance, and other support for small businesses and their employees.

BEST PRACTICES OBSERVATIONS/EXAMPLES

- Formulate guidelines to help manage the bank's deferral/accommodation efforts. Solicit regulatory or other third-party feedback if it doubt on action/strategies implemented.
- Update broader risk management systems to help manage loan accommodation/deferral strategies being implemented.
- Utilize proactive outreach to customers to let them know of efforts the bank is taking to provide assistance, as well as informative updates on other programs (i.e. SBA) available to mitigate customer hardship.
- Use social media to maintain proactive/real-time communications with customers, and share examples of how the bank is helping its customers/communities during these hard times.
- Providing added financial bonuses or contributions to key stakeholders (employees, community organizations).