There are a few updates on the coronavirus (covid 19) virus and the impact on banks that we wanted to share with you today. They include information from the Federal Reserve, the FDIC, the OCC and -- separately -- from ICBA.

I. The Federal bank regulatory agencies today announced two actions to support the U.S. economy and allow banks to continue lending to households and businesses. You may access and review these announcements at the Office of the Comptroller of the Currency website (www.occ.gov.)

The announcements include:

- A statement encouraging banks to use their resources to support households and businesses; and
- A technical change to phase in, as intended, the automatic distribution restrictions gradually if a firm's capital levels decline.

The joint statement, from the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, notes "banks have more than doubled their capital and liquidity levels over the past decade and are now substantially safer and stronger than they were previously. As a result, the agencies are encouraging banks to use that strength to support households and businesses."

The technical change is an interim final rule that, if a bank's capital declines by a certain amount, phases in the agencies' automatic distribution restrictions gradually, as intended. Like the statement, the interim final rule facilitates the use of firms' capital buffers to promote lending activity to households and businesses.

The agencies have also issued a Statement on the Use of Capital and Liquidity Buffers:

"The (Fed) Board, FDIC, and Office of the Comptroller of the Currency (agencies) are encouraging banking organizations to use their capital and liquidity buffers as they respond to the challenges presented by the effects of the coronavirus. Since the global financial crisis of 2007-2008, U.S. banking organizations have built up substantial levels of capital and liquidity in excess of regulatory minimums and buffers. The largest banking organizations hold $1.3 trillion in common equity and $2.9 trillion in high quality liquid assets (HQLA). The agencies also significantly increased capital and liquidity requirements, including improving the quality of regulatory capital, raising minimum capital requirements and establishing capital and liquidity buffers, and implementing annual capital stress tests. These capital and liquidity buffers were designed to provide banking organizations with the means to support the economy in adverse situations and allow banking organization to continue to serve households and businesses. The agencies support banking organizations that choose to use their capital and liquidity buffers to lend and undertake other supportive actions in a safe and sound manner. The agencies expect banking organizations to continue to manage their capital actions and liquidity risk prudently."

In addition, there is a Federal Register Notice (attached) regarding the Interim Final Rule with Request for Comments.In light of recent disruptions in economic conditions caused by the coronavirus disease 2019 (COVID-19) and current strains in U.S. financial markets, the (Fed) Board, OCC and FDIC are issuing an interim final rule that revises the definition of eligible retained income for all depository institutions, bank holding companies, and savings and loan holding companies subject to the agencies' capital rule (together, a banking organization or banking organizations). **Please see the attachment.**

II. ICBA has written to the Chairs and Ranking Members of the key congressional committees.
The letters outline recommendations in addressing the coronavirus crisis, and reflect the judgement of ICBA's community bank members regarding what would be most effective in addressing this crisis. **These letters have been attached for your review**.

We will continue to keep you fully informed as the coronavirus situation continues to evolve.

John Witkowski, President & CEO
Stephen W. Rice, Director of Communications & Government Relations
Independent Bankers Association of New York State

Johnw@ibanys.net
Stever@ibanys.net
www.ibanys.net