



# **Conversation with the Regulators**

---

**2018 Director's College**

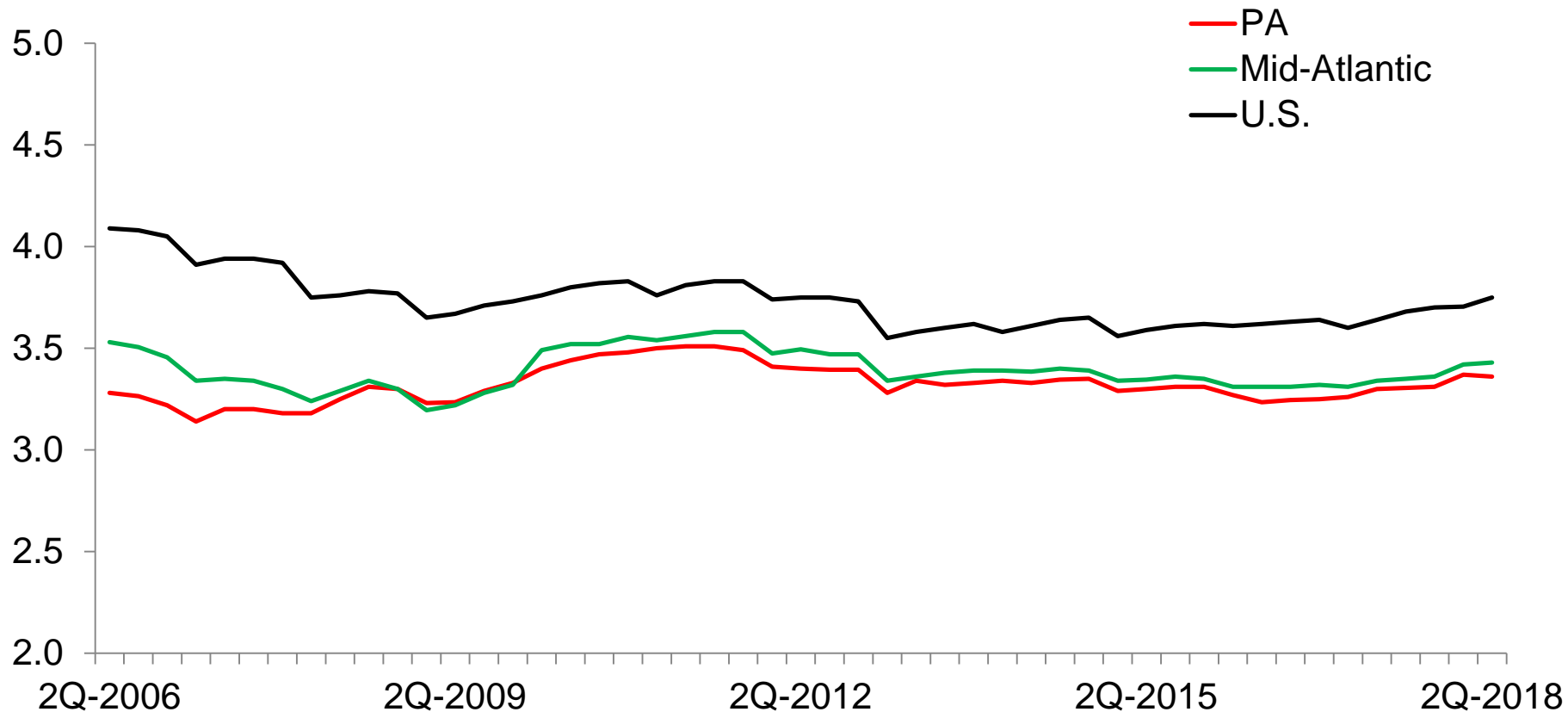


## **"Banking Bill" – Economic Growth, Reg Relief, Consumer Protection Act**

- **Raises the threshold for 18-month examination cycles to \$3 billion**
- **Exempts banks under \$10B in TA from the Volcker Rule**
- **Reciprocal deposits up to 20% of TL are exempt from "brokered" classification**
- **Simplified capital calculation if tangible equity capital is 8-10%**
- **Most banks exempt from reporting additional HMDA fields**

# Net Interest Margins Have Increased, but Remain Among the Lowest in the Nation

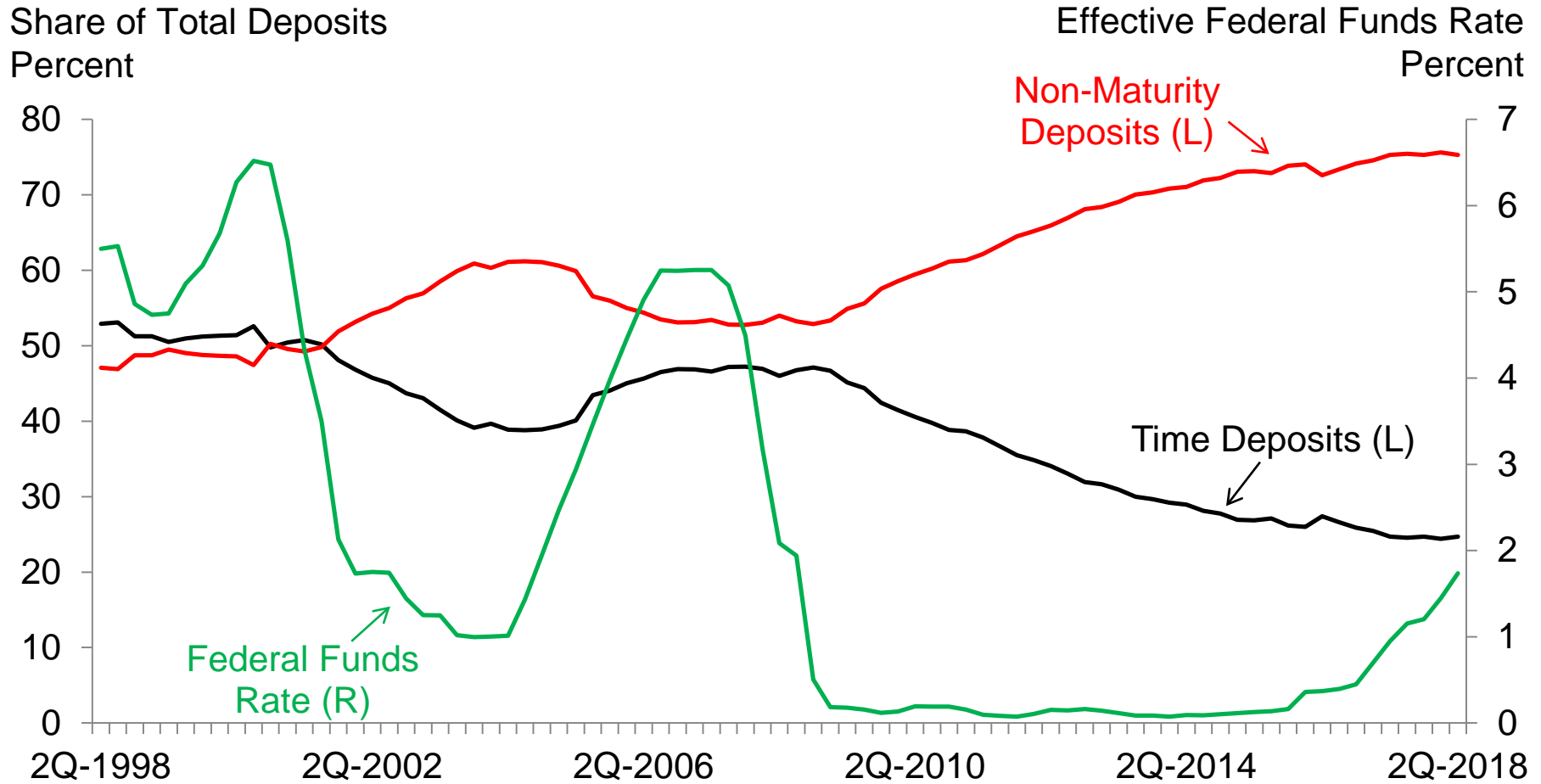
Net Interest Margin  
Median Percent



Source: FDIC.

Note: Banks under \$10 billion in total assets.

# A Shift in Deposit Composition May Sharpen the Rising Cost of Funds

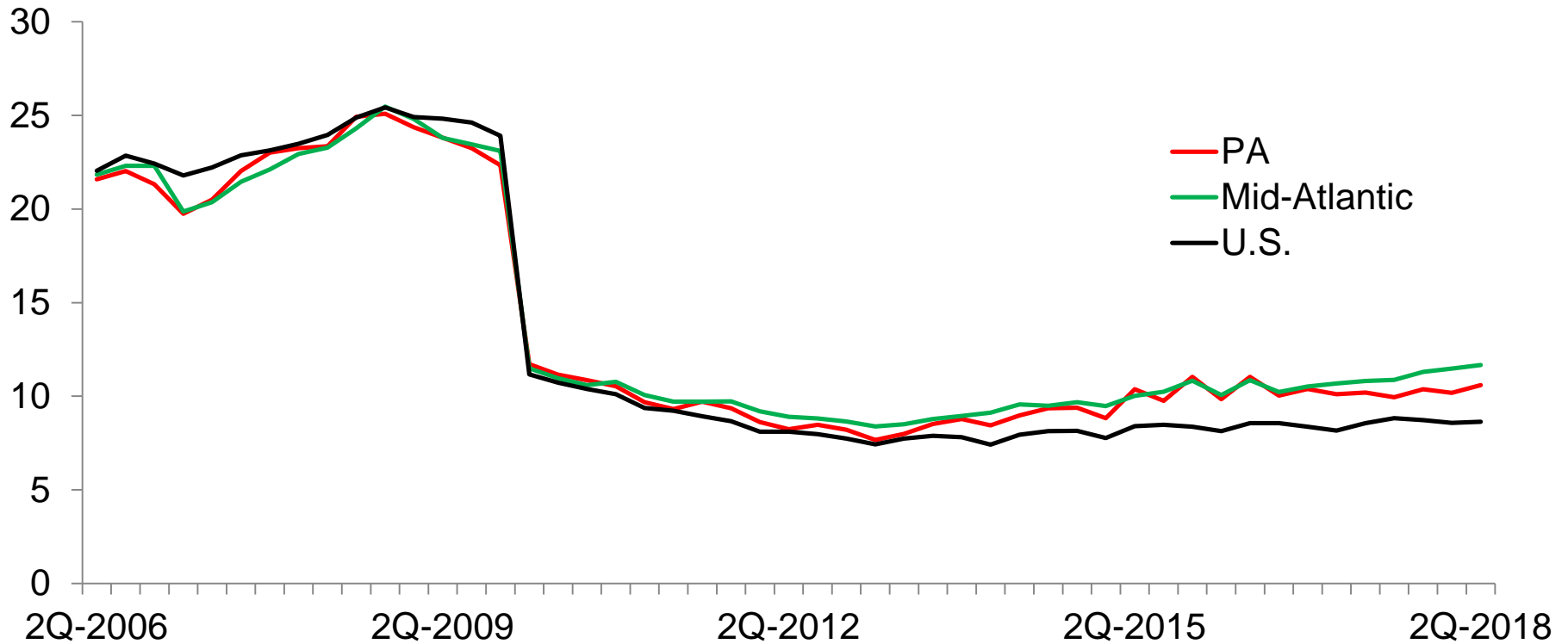


Source: FDIC; Federal Reserve Board.

Note: Banks under \$10 billion in total assets; effective federal funds rate is daily average for the quarter.

# Noncore Funding to Assets Continues to Increase

Noncore Funding to Total Assets  
Median Percent

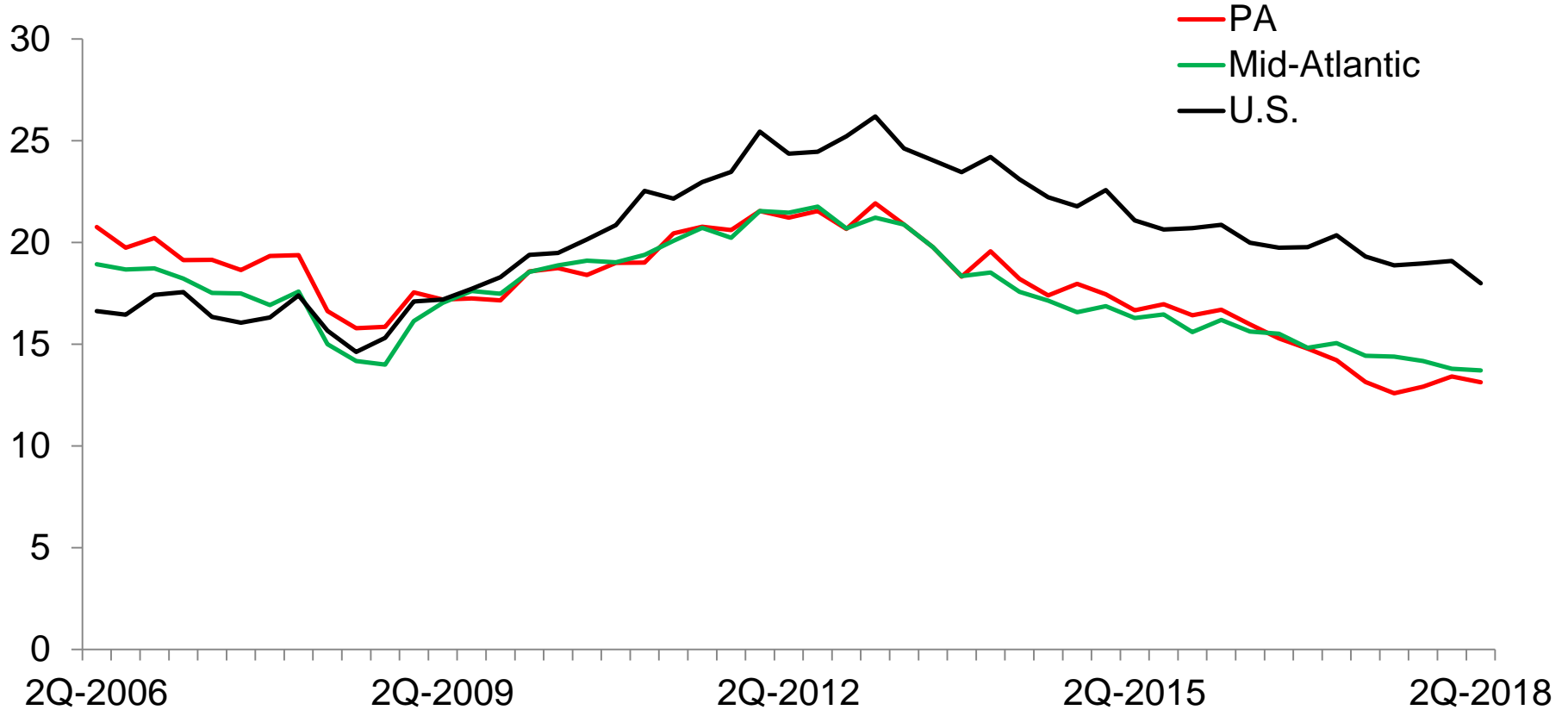


Source: FDIC.

Note: Banks under \$10 billion in total assets; noncore funds include time deposits over the insurance limit, which increased to \$250,000 in 2010.

# On Balance Sheet Liquidity Continues to Decline and is Near Historical Low

Liquid Assets to Total Assets  
Median Percent

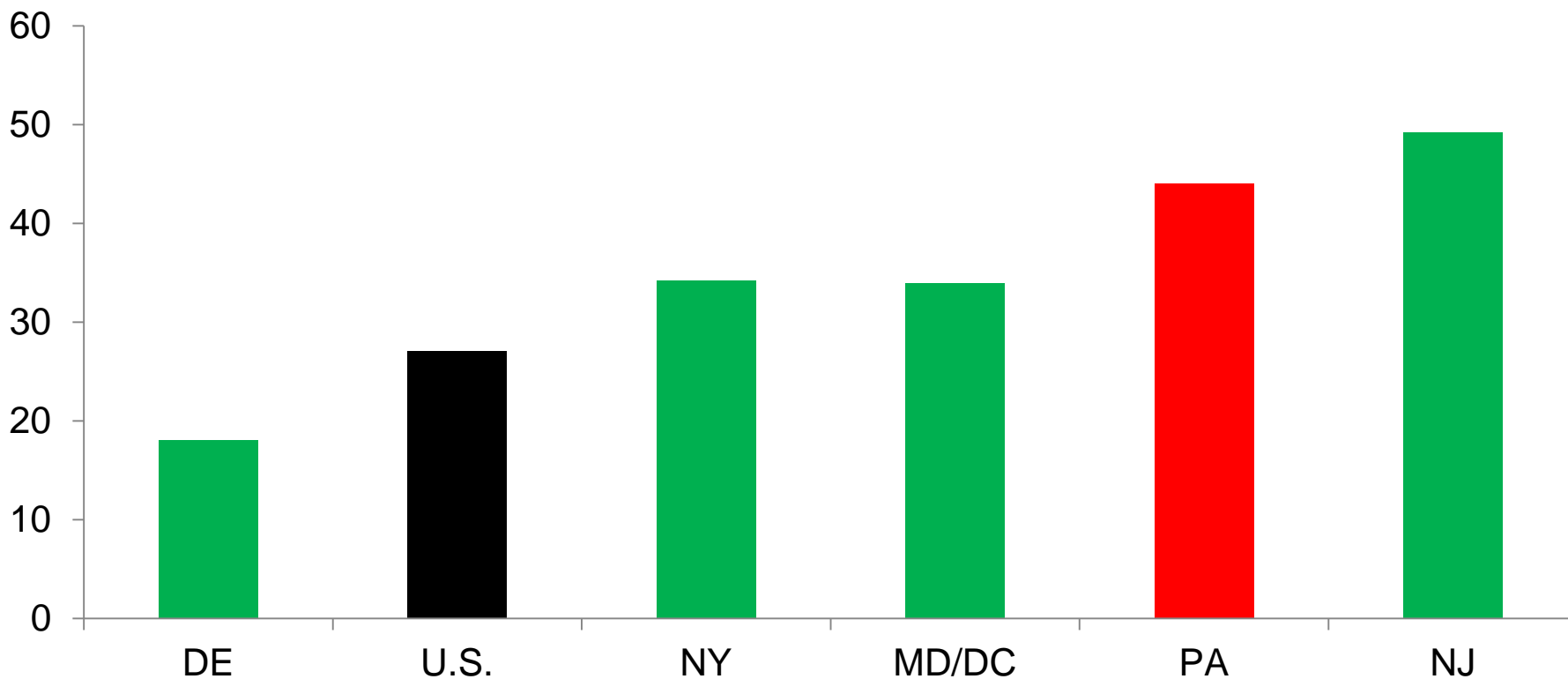


Source: FDIC.

Note: Banks under \$10 billion in total assets.

# Pennsylvania Banks Hold a Relatively Large Share of Long Term Assets

Long Term Assets to Total Assets  
Median Percent



Source: FDIC.

Note: Banks under \$10 billion in total assets; long term assets include those that mature or reprice in 5 or more years.

# Funding Risk Management

- **Cash Flow Modeling**
- **On Balance Sheet Liquidity**
- **Liquidity Contingency Funding Plan**





**Questions?**