



**COMMONWEALTH OF PENNSYLVANIA**  
**DEPARTMENT OF BANKING AND SECURITIES**

May 12, 2020

**TO ALL PENNSYLVANIA STATE-CHARTERED BANKS, BANK AND TRUST COMPANIES, SAVINGS BANKS, AND CREDIT UNIONS:**

Dear Pennsylvania State-Chartered Banks, Bank and Trust Companies, Savings Banks, and Credit Unions:

Governor Tom Wolf, by Proclamation of Disaster Emergency, dated March 6, 2020, and pursuant to Section 7301 of the Emergency Management Services Code, 35 Pa.C.S. § 7301, suspended the provisions of any regulatory statute prescribing the procedures for conduct of Commonwealth business, or the orders, rules or regulations of any Commonwealth agency, if strict compliance with the provisions of any statute, order, rule or regulation would in any way prevent, hinder, or delay necessary action in coping with this emergency.

In response to the COVID-19 pandemic, the Pennsylvania Department of Banking and Securities (“Department”) seeks to neutralize the financial impact on assessment of loans originated by state-chartered financial institutions pursuant to the Small Business Administration (SBA) Paycheck Protection Program (“PPP Loans”<sup>1</sup>)

For accounting purposes, a bank, a bank and trust company, and a savings bank (collectively “banks”) as well as a credit union are required to report PPP Loans as assets on their Quarterly Call Report. An increased semiannual assessment may result from an increase in a bank’s “consolidated total assets” or a credit union’s “total assets” as defined in 10 Pa. Code § 5.1. Thus, a bank or credit union may unfairly receive higher semiannual assessments as a result of originating PPP Loans pursuant to the Department’s regulations at 10 Pa. Code §§ 5.2 and 5.4, respectively.

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<sup>1</sup> SBA PPP loans originated by other lenders and purchased by state-chartered banks and credit unions are not eligible for the neutralized adjustment for “Consolidated Total Assets” and “Total Assets”.

**RICHARD VAGUE – ACTING SECRETARY**

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Strict compliance by banks and credit unions with the current definitions for “consolidate total assets” and “total assets” at 10 Pa. Code § 5.1 could deter them from originating PPP Loans for fear of a higher semiannual assessment and thus hinder necessary economic action that will assist affected Pennsylvania residents and communities in coping with the COVID-19 emergency.

For a bank that originates PPP Loans, the Department will adjust the method by which the “consolidated total assets” is calculated for the bank’s assessment under 10 Pa. Code § 5.2 in order to avoid an increased assessment from participating in these programs. The Department will exclude the aggregate amount of PPP Loans from the bank’s “consolidated total assets” for the purposes of calculating the bank’s semiannual assessment. *See*, 10 Pa. Code §§ 5.1 and 5.2. These adjustments do not apply to trust companies that are subject to an assessment under 10 Pa. Code § 5.3.

For a credit union that originates PPP Loans, the Department will adjust the method by which the “total assets” is calculated for the credit union’s assessment under 10 Pa. Code § 5.4 in order to avoid an increased assessment which may deter the credit union from participating in this program. The Department will exclude the aggregate amount of these PPP Loans from the credit union’s “total assets” for the purposes of calculating the credit union’s semiannual assessment. *See*, 10 Pa. Code §§ 5.1 and 5.4.

The adjustments for the aggregate amount of PPP Loans will be derived, if available, from the Quarterly Call Report filed by a bank or credit unions, or attested to in a required submissions to the Department as described above and shall apply to PPP Loans originated by the banks and credit unions while Governor Wolf’s Proclamation of Disaster Emergency, dated March 6, 2020, is effective, even if the term of the PPP Loans may extend after the Proclamation of Disaster Emergency is no longer effective.

Sincerely,  
/s/  
Richard Vague  
Acting Secretary