

INDUSTRY TRENDS

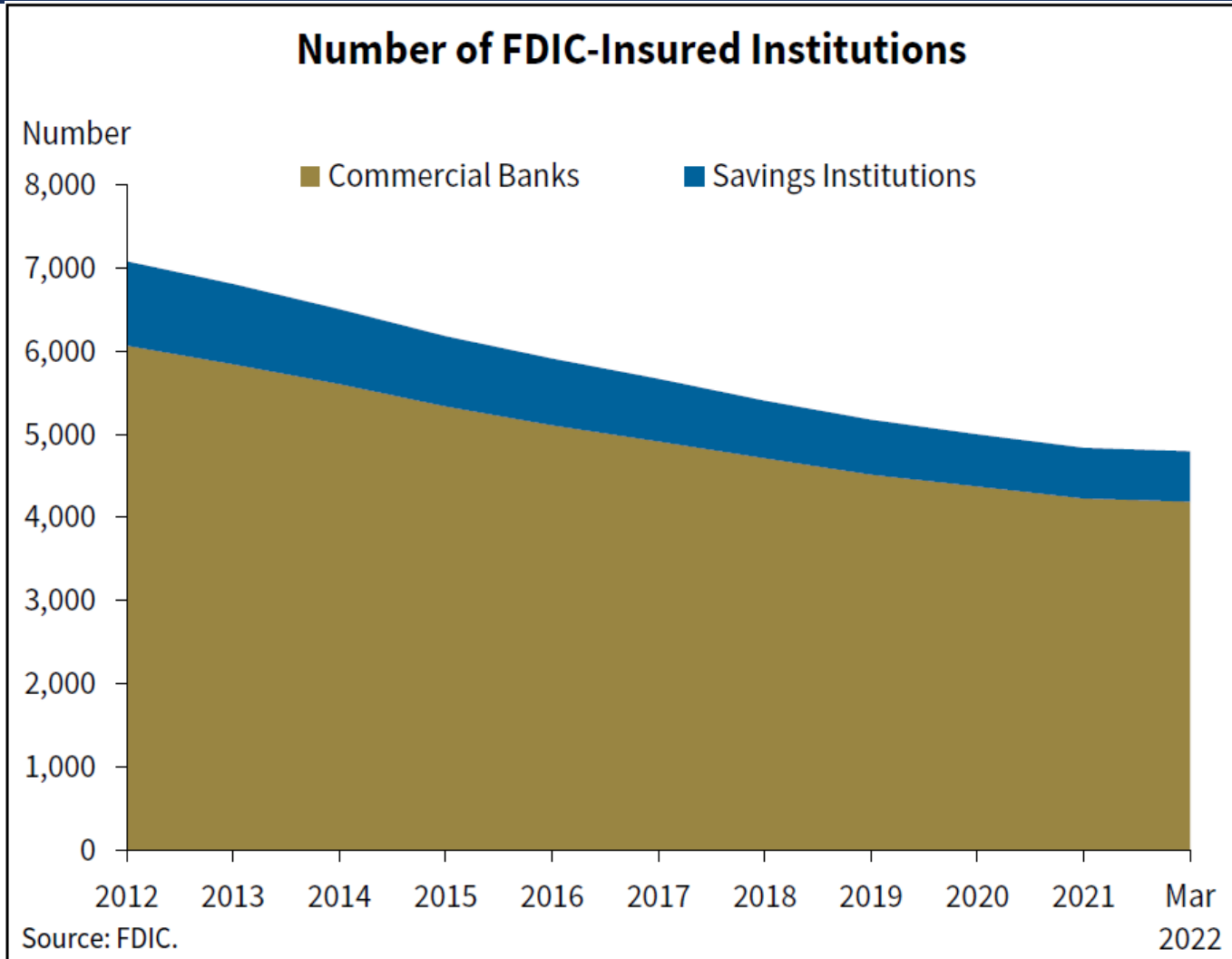
MATT BRUNING

CFO CONFERENCE

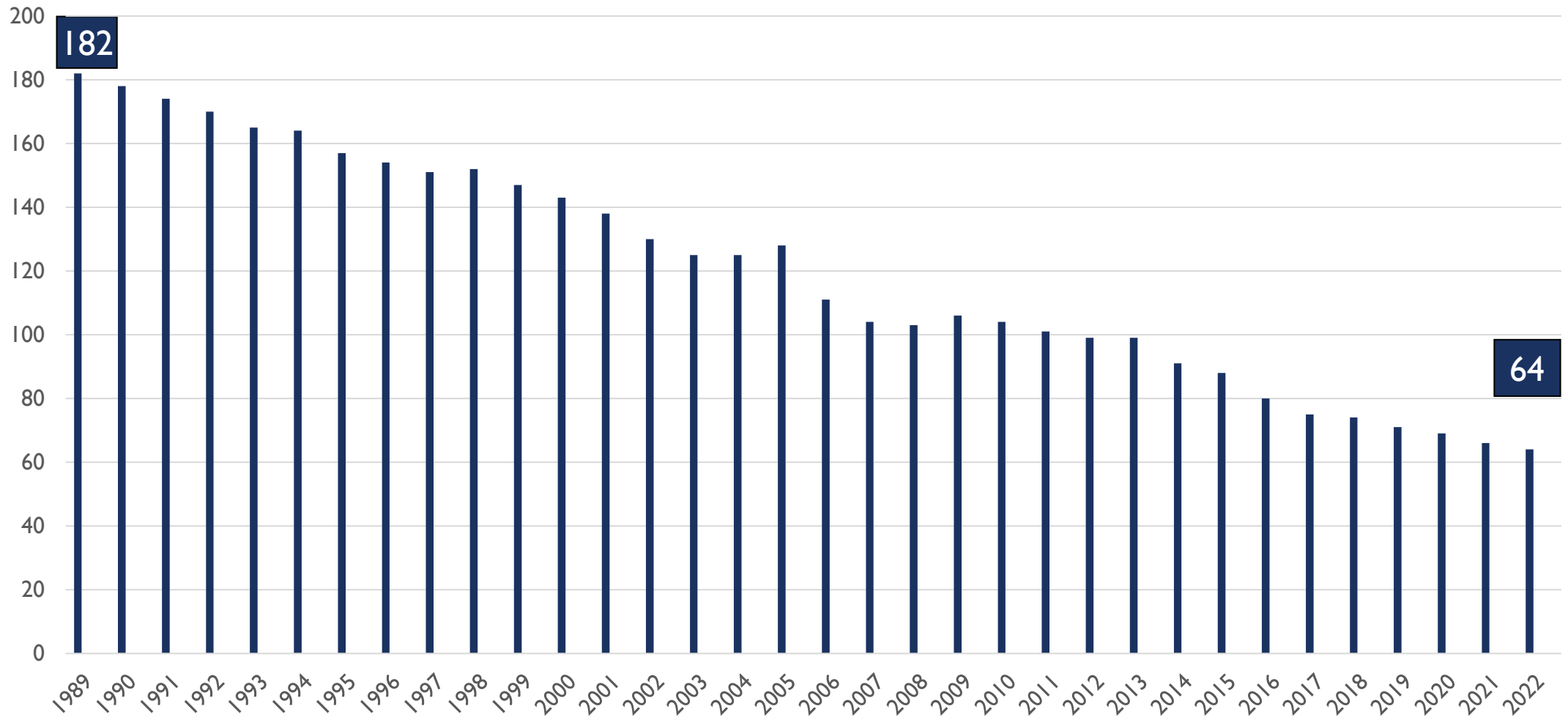
AUGUST 23, 2022

MBRUNING@VABANKERS.ORG

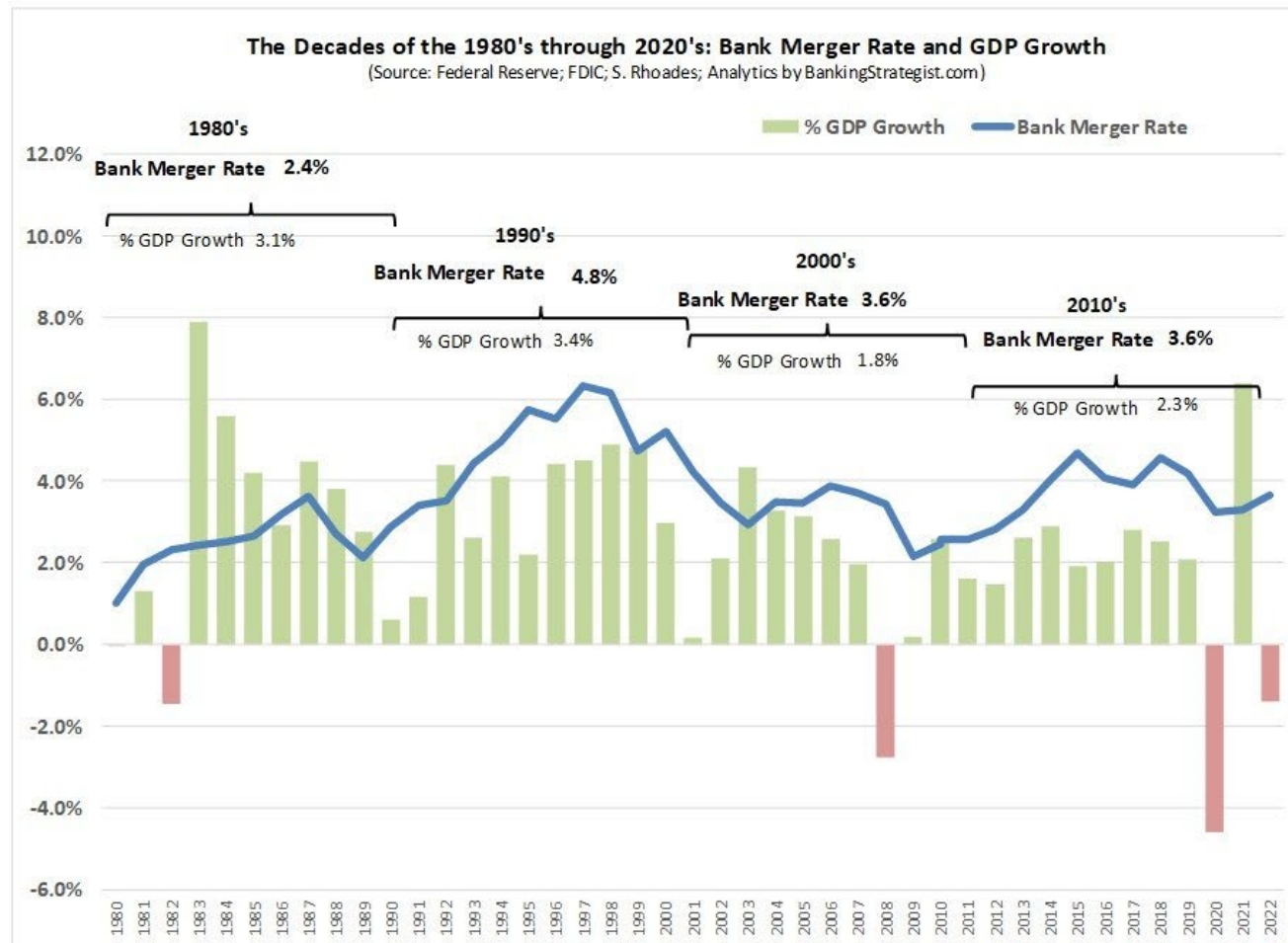
INDUSTRY CONSOLIDATION - NATIONAL



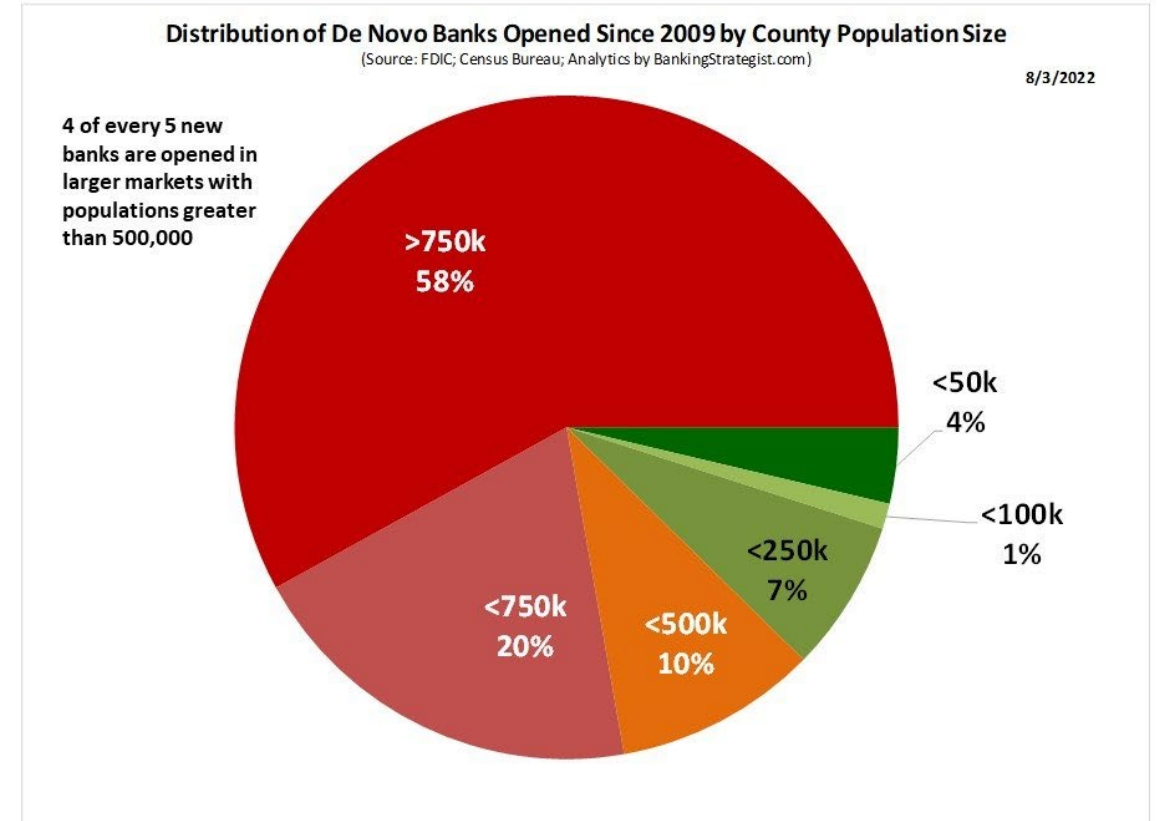
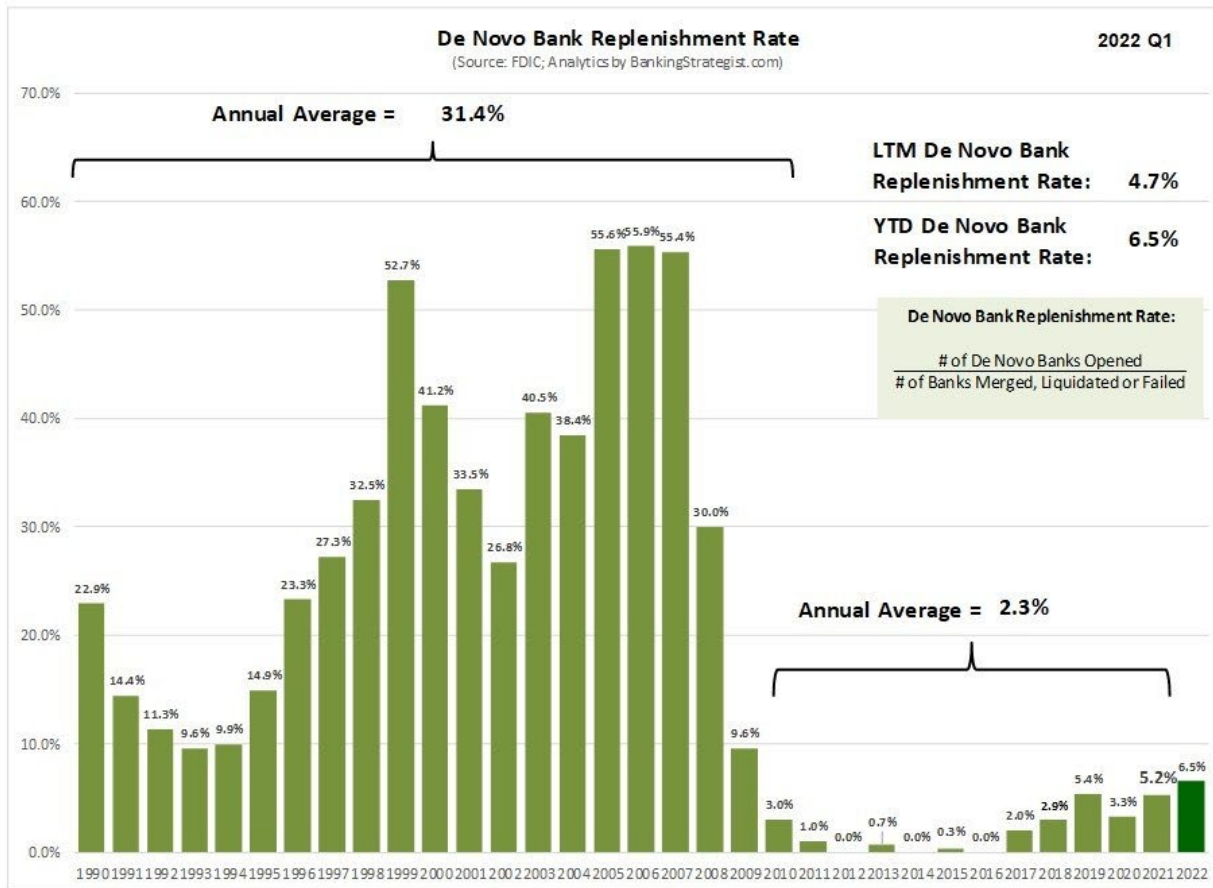
INDUSTRY CONSOLIDATION - VIRGINIA



INDUSTRY CONSOLIDATION – ECONOMIC TRENDLINE

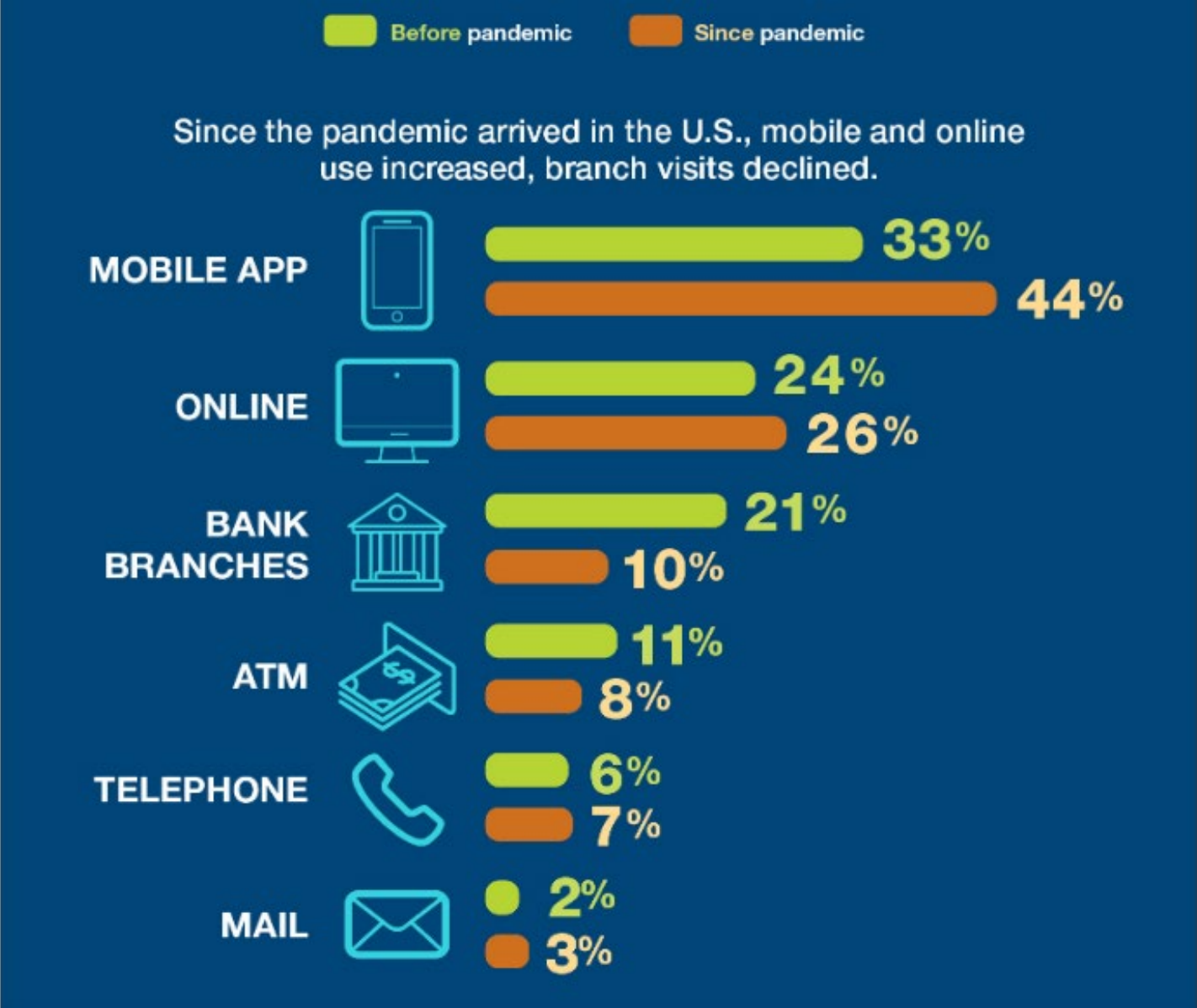


DE NOVO ACTIVITY



Source: BankingStrategist.com

HOW AMERICANS BANK: BEFORE & DURING PANDEMIC

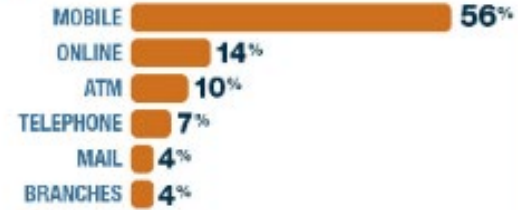


DIFFERENT AGE GROUPS BANK DIFFERENTLY

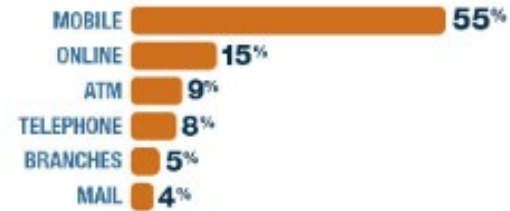
BEFORE PANDEMIC

SINCE PANDEMIC

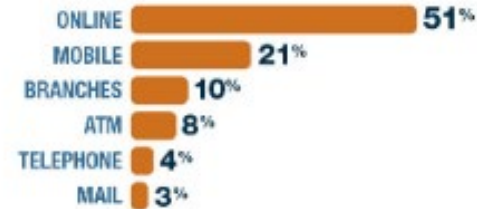
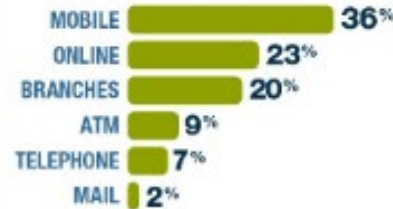
GEN Z (1997–2012)



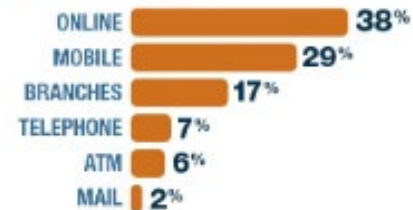
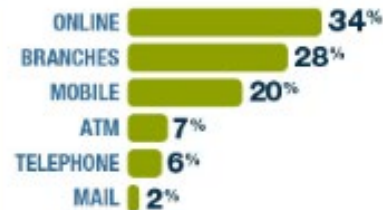
MILLENNIALS (1981–1996)



GEN X (1965–1980)



BABY BOOMERS (1946–1964)



CONSUMER SATISFACTION



9 in 10

account holders are
“very satisfied” or “satisfied”
with their primary bank



88%

agree they have multiple options
when selecting products and
services such as bank accounts,
loans and credit cards

83%

believe their bank
is transparent about
disclosing fees

62%

say account fees
charged by their bank
are reasonable



CURRENT SITUATION



FEDERAL LEGISLATIVE & REGULATORY KEY ISSUES

- Legislation
 - IRS reporting
 - SAFE Banking Act
 - Interchange Restrictions 2.0
- Regulation
 - CRA Modernization
 - Climate Change Risk/ESG
 - Cryptocurrency/FinTech
 - CFPB Focus on Bank Fees
 - Fair Lending/UDAAP

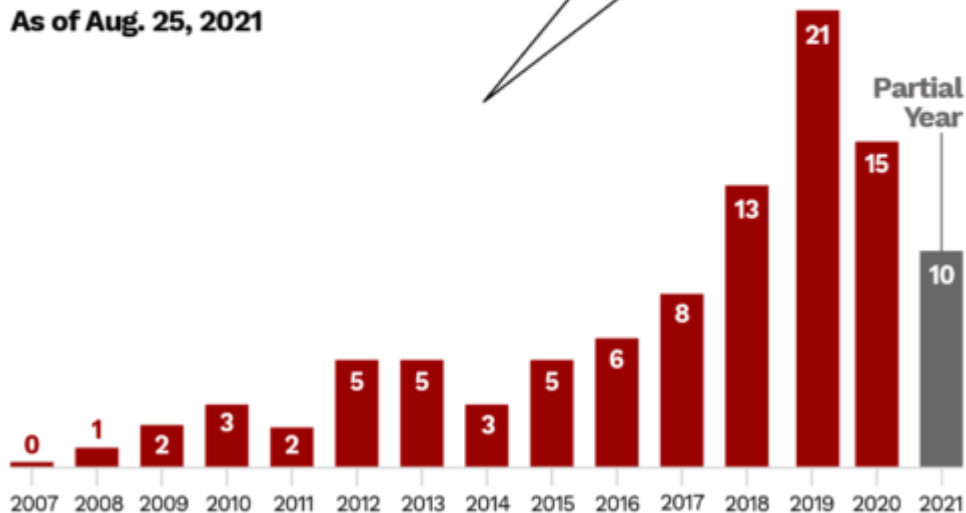
KEY STATE LEGISLATIVE ISSUES

- Federal Funds – Small Business, Housing, Broadband, Tourism
- Data Privacy – State and Federal
- Oppose Credit Union Expansion – Legislative & Litigation Strategies
- Affordable/Workforce Housing – State and Federal
- Tax Policy
- Virtual Currency

CREDIT UNIONS – BANK BUYERS

Credit union acquisitions of banks/bank assets over 15 years

As of Aug. 25, 2021



SOURCE: ICBA analysis of S&P data © September 2021 The Financial Brand

- 13 banks were acquired by credit unions in 2021
- Consultants and investment bankers are increasingly pitching banks to sell, or at least consider, credit union bidders, noting the shortcut for CRA review and that credit unions must pay in cash because they have no stock.
- When credit unions buy banks, they can't say they are different from banks at the same time. The tax and regulatory treatment of the industry should match the facts on the ground.

CREDIT UNIONS – FIGHTING BACK

- VBA and 7 Virginia banks are appealing Virginia Bureau of Financial Institution's approval of Virginia Credit Union (VACU) field of membership expansion to members of the Medical Society of Virginia (MSV)
 - Case started in August 2019, have had two trials before a Hearing Examiner
 - SCC recently decided in our favor, overturning the approval
 - VACU is the largest Virginia state-chartered credit union with over \$4.7 billion in assets. All 7 participating banks are smaller than VACU.
 - VBA argues that adding MSV members totaling over 10,000 potential customers exceeds state law which does not allow new groups over 3,000 to be added unless the group cannot feasibly or reasonably establish a new credit union
 - Precedential case that could end up in Supreme Court of Virginia
- ABA filed suit against NCUA in 2019 over their field of membership rule over redlining concerns
- Legislative efforts on leveling playing field on CRA, taxation and regulatory oversight while opposing efforts to expand business lending

VIRGINIA BANKERS
ASSOCIATION

THANK YOU!

