



CENTER FOR DISABILITY-INCLUSIVE
COMMUNITY DEVELOPMENT

Finding and Influencing Banks' CRA Performance Evaluations

Under the Community Reinvestment Act (CRA), three distinct federal regulatory agencies: The Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and the U.S. Treasury Department's Office of the Controller of the Currency (OCC) conduct periodic reviews of the various banks over which they have responsibilities to hold them accountable for meeting the credit needs of their communities. These formal performance evaluations (PEs) conducted by the three regulators vary a bit in style and structure but, fundamentally, banks are assessed within their unique performance contexts to evaluate the lending, investment and service they offer to their entire communities, including low- and moderate-income (LMI) individuals and neighborhoods within their respective CRA assessment areas. The possible ratings are outstanding, satisfactory, needs to improve and substantial noncompliance.

You can find additional information about CRA, how it is intended to function and key concepts, such as performance context, assessment area and other components of CRA analysis on the Center for Disability-Inclusive Community Development's ([CDICD](#)) [resources site](#).

Banks' PEs are made publicly available, and you can mine the regulators' sites to find out how well a particular bank you are interested in has been doing to comply with the CRA. Do not be concerned if you are unsure which regulatory agency oversees the bank you want to learn about. You can query each of the three regulators to find the particular bank you are looking for:

1. [The OCC's Performance Evaluation Database](#)
 2. [The Federal Reserve's Performance Evaluation Site](#)
 3. [The FDIC's Performance Evaluation Database](#)
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It is widely understood that, while there are regulations governing the evaluation of banks under the CRA, application of these rules by bank examiners can vary significantly. Additionally, every bank operates within a unique performance context and may approach compliance with the CRA in their own unique way that best suits their business model.

For instance, in August 2019, the OCC released more than two dozen performance evaluations of banks of varying sizes and other characteristics. Of the 26 evaluations made public in August 2019, banks received a rating of satisfactory and seven received an outstanding rating. [See the full list of evaluations.](#)

In briefly comparing evaluations of two small banks, Commonwealth National Bank, Mobile, AL and First Pioneer National Bank (FPNB), Wray, CO, the former received an overall rating of satisfactory, while the latter a rating of outstanding. Why the difference? In many ways, to ask such a question dismisses the obvious point that each bank operates within a unique performance context, though a bank is also assessed in comparison to its direct competitors as one method for making objective evaluations of bank performance. Both banks did well with respect to the array of tests that the regulators apply to determine CRA compliance, particularly the so-called lending test which, among other things, assesses a bank's loan to deposit (LTD) ratio.

However, even though small banks need not satisfy the community development test, FPNB's performance evaluation makes it clear that FPNB's management actively sought to have their examination include an assessment of FPNB's qualified community development activities. Putting it another way, the CRA examination process and resulting performance evaluation gives banks an opportunity to proactively plan for and promote the lending, investment and service they provide to low- and moderate-income individuals and neighborhoods. They have every motivation to do so; banks' CRA performance is critical to regulators' approval of banks' future business objectives, including opening new branches and possible mergers and acquisitions.

The process also gives advocates and others an opportunity to spur banks to do more. All three regulators let the public know about upcoming CRA performance evaluations they intend to conduct.

See [OCC](#), [FRB](#) and [FDIC](#) .



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Knowing that a particular bank is up for CRA review means that members of the public, community groups and others have an opportunity to influence the CRA rating that will ultimately be assigned. The regulators actively encourage individuals and groups to provide written comment on a bank's overall activities. Of course, building a relationship with banks in your local community long before the performance evaluation period is most effective. Reach out and discuss opportunities for partnership with a bank's community development officer. Invite senior leadership of a local bank to serve on your community group's board of directors. Get to know officials from the three regulators; all three operate regional offices around the country and are available to the public for input on banks' performance well in advance of the formal CRA evaluation process. For a detailed discussion about how you can impact banks' future performance evaluations and dramatically increase banks' community development role in your area, the second webinar in the CDICD's inaugural series, [*Inclusive Community Development: A Conversation with Bank Regulators*](#), is an excellent resource.

Examples of Keyword “disab” Found in OCC Performance Evaluations from August 2019

Name: BankFinancial, National Association, Charter Number 25140, 21110 Western Avenue Olympia Fields, IL 60461-1929

Rating: Outstanding

Bank Size: Large

Community Development Lending: The bank issued a \$1.5 million line of credit (renewed annually) to a nonprofit corporation that helps elderly and disabled persons with daily living activities, as well as schedule and travel to medical appointments with the goal of achieving self-sufficiency. The nonprofit also provides job training to prospective employees beyond what is required by law, and approximately 70 percent of its workforce consists of persons who formerly were public aid recipients. More than 50 percent of the organization's receivables are from Medicaid.

Name: The Merchants National Bank, Charter Number 2449, 100 North High Street Hillsboro, Ohio 45133

Rating: Outstanding

Bank Size: Intermediate Small Bank

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Community Development Lending: In the Non-MSA AA, the bank originated or renewed eight CD loans to four different organizations totaling \$1.8 million during the evaluation period. This indicates excellent responsiveness to the CD needs of the community. The bank made several loans to organizations who provide housing assistance to LMI individuals with disabilities.

In the Springfield MSA AA, the bank originated or renewed four CD loans to one borrower totaling \$476,491 during the evaluation period. This indicates excellent responsiveness to the CD needs of the community. The borrower is a nonprofit organization that provides housing assistance to LMI individuals with disabilities. The bank did not make any qualified investments within the Springfield MSA AA during the evaluation period. The bank has a small footprint in this AA; therefore, investment opportunities may be limited. MNB's responsiveness to CD needs in the Springfield MSA AA through CD services is adequate. MNB's delivery systems are accessible to geographies and individuals throughout the AA. The Springfield office is located in a middle-income census tract. One employee in the Springfield office is active in CD service activities in this AA. The CD needs of the community are adequately served by the bank through qualified lending and services.



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Additional CRA Resources

- [FFIEC CRA Website](#)

Exam Schedules, Procedures, Asset Size Thresholds, Link to Q&As

FFIEC CRA Ratings Search: <https://www.ffiec.gov/cra/ratings.htm>

- [OCC CRA Webpage](#)

Resources, Procedures, Examination Schedule

OCC CRA Ratings Search: <http://apps.occ.gov/crasearch/default.aspx>

- [OCC Community Affairs Publications](#)

- [What Is the Community Reinvestment Act?](#)

- [The Small and Intermediate Small Bank CRA Examination](#)

- [Leading Practices for Effective CRA Programs](#)

- [CRA Community Development Defined](#)

- FDIC Deposit Market Share Reports

Which Banks Are Gathering Deposits in My Community?

- <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>

- FDIC BankFind

Where do those banks have branches? Have they purchased other banks? And more information.

- <https://research.fdic.gov/bankfind>
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