

CRA Investing Survey

6th Edition | October 2021

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Introduction

The impacts of COVID-19 continued into 2021 with many banks sharing in this year's survey how they are responding to the pandemic-related financial needs of their customers. On March 8, 2021, the agencies updated their joint bulletin on CRA consideration for activities in response to the Coronavirus pandemic. The following five topics were added:

- Lending test consideration for processing Paycheck Protection Program (PPP) loans
- CRA treatment of PPP loans that have been rescinded or returned under the SBA's safe harbor
- Community development loan consideration for PPP loans over \$1 million located in low- or moderate-income (LMI) geographies or in distressed or underserved nonmetropolitan middle-income geographies
- Responsive retail banking services and retail lending activities that will receive favorable CRA consideration
- Community development services consideration for providing virtual community development services

To read the full bulletin and updated responses, [click here](#)

Several of the questions in this year's survey were on CRA modernization. CCM continues to stay on top of relevant updates as it relates to CRA reform. In early September, the OCC made good on a promise to rescind the agency's unilateral reforms of the CRA with its issuance of a Notice of Proposed Rulemaking (NPR); comments are due by October 29, 2021. The NPR indicates that the agency will replace its 2020 CRA rule with the 1995 interagency rule. Provided the OCC issues a final rule no later than December 1, 2021, it would implement this change effective January 1, 2022. In addition, the agency is committed to working with the Federal Reserve and FDIC on a future joint rulemaking to develop a consistent framework across all banks.

This year's survey had 51 participants and we have included the number of responses for each question as all are not required to be answered. We have highlighted on the right some data points that stood out to us in this year's survey.



Measuring CRA Investments

Over 36% of bank participants use Tier 1 capital or another measure for percent of CRA investments (this was an increase from last year's survey of 30% using Tier 1 capital or another measure).



Innovative and Complex

There was a noticeable increase from last year's survey to this year's (17% vs. 24%, respectively) in banks reporting their investments receiving innovative and complex designations on their last regulatory examination.



Pandemic-Related Financial Needs of Customers

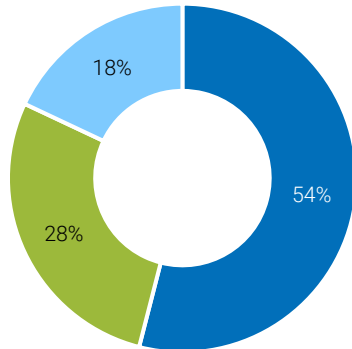
There were a variety of responses regarding how banks are responding to the pandemic-related financial needs of its customers. Some of the responses include:

- Assisting clients with PPP funding
- Increased grants and donations to meet new community needs
- Forbearance agreements
- Fee waivers
- Loan modifications

CRA Investment Survey Results

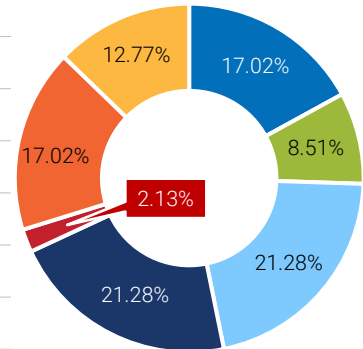
1 Regulator

- FDIC
- FRB
- OCC



2 What region is your bank headquartered?

- Northeast
- Mid-Atlantic
- Southeast
- Midwest
- Northwest
- West
- Southwest



3 Asset size of my bank (non-OCC-regulated banks)

Bank size			
< \$330M	Small	0.00%	
\$330M - \$1.322B	Int / Small	35.56%	
\$1.322B - \$5B	Large	20.00%	
\$5B - \$10B	Large	15.56%	
\$10B - \$25B	Large	8.89%	
> \$25B	Large	20.00%	

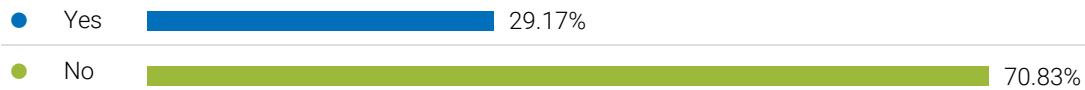
4 Asset size of my bank (OCC-regulated banks)

	Bank size under OCC's new 2020 rule	Bank size under current interagency rule	
<\$330M	Small	Small	0.00%
\$330M - \$600M	Small	ISB	9.52%
\$600M - \$1.322B	Intermediate	ISB	28.57%
\$1.322B - \$2.5B	Intermediate	Large	4.76%
\$2.5B - \$5B	General Performance Standards (GPS)*	Large	0.00%
\$5B - \$10B	General Performance Standards (GPS)*	Large	9.52%
\$10B - \$25B	General Performance Standards (GPS)*	Large	9.52%
> \$25B	General Performance Standards (GPS)*	Large	38.10%

*Note: OCC's 2020 Rule retains the various size/type definitions; however, OCC Bulletin 2021-24 indicates that the OCC will not implement or rely on the evaluation criteria in the 2020 Rule pertaining to GPS.

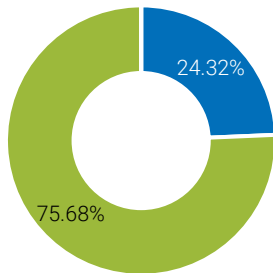
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Does your bank use a CRA strategic plan?



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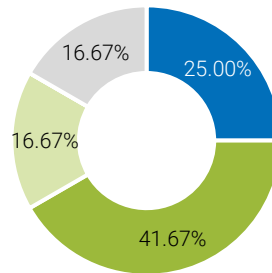
What was your bank's overall CRA Rating in its last exam?



- Outstanding
- Satisfactory
- Needs Improvement
- Substantial Non-Compliance

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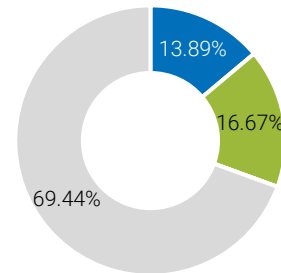
What was your bank's CRA Investment Test Rating in its last exam?



- Outstanding
- High Satisfactory
- Low Satisfactory
- Needs Improvement
- Substantial Non-Compliance
- N/A

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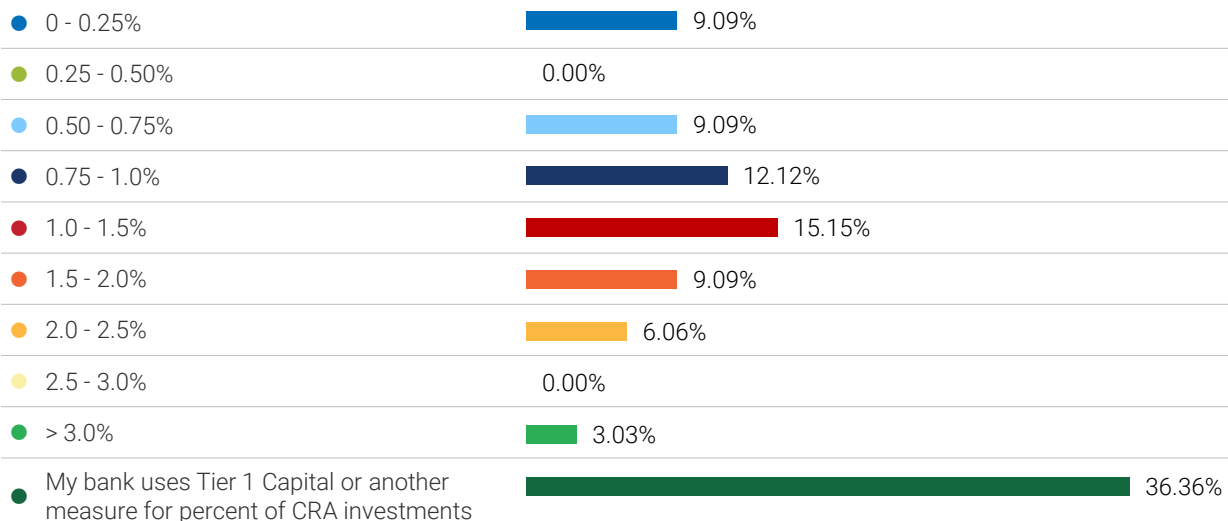
If your bank is an ISB, what was your bank's community development test rating in its last exam?



- Outstanding
- Satisfactory
- Needs Improvement
- Substantial Non-Compliance
- N/A

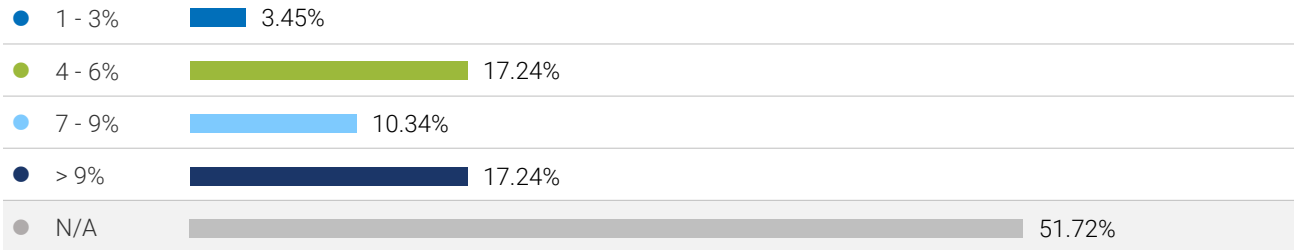
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In your bank's last CRA exam, what were the total qualified investments as a percentage of assets?



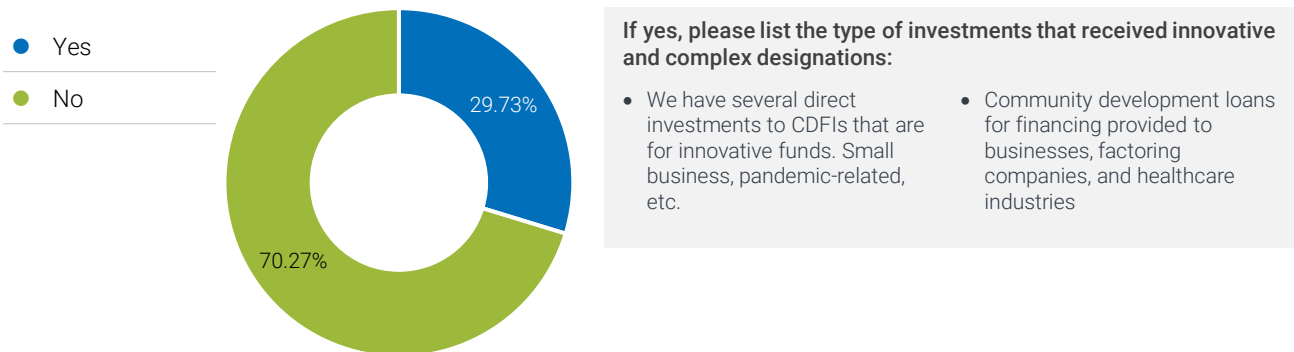
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If you answered Tier 1 Capital or another measure in the previous question, what were your total qualified investments as a percent of the measure being used?



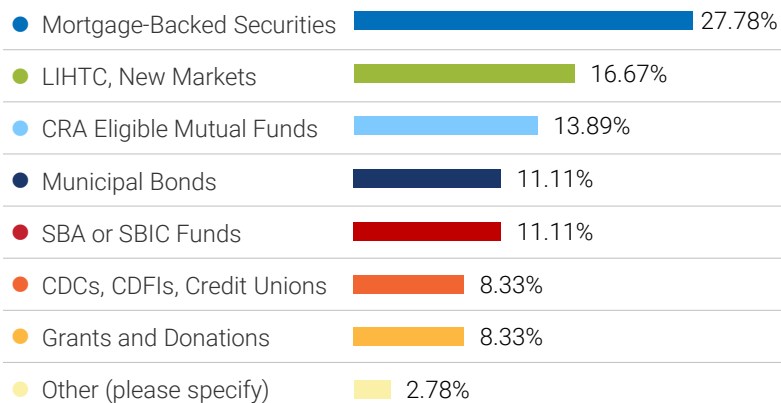
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In your last CRA exam, did any of the bank's investments receive innovative and complex designations by your regulatory examiner?



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What currently makes up the largest percent of your CRA investments?

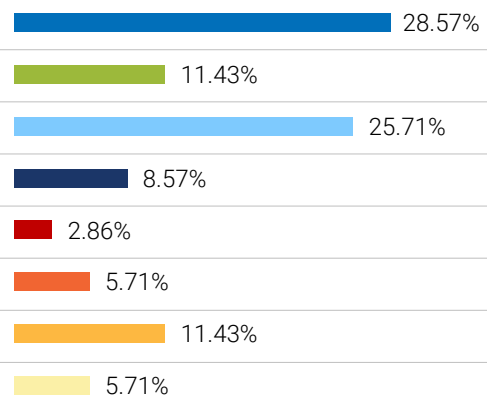


Other responses:

- It is balanced.

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What currently makes up the second largest percent of your CRA investments?



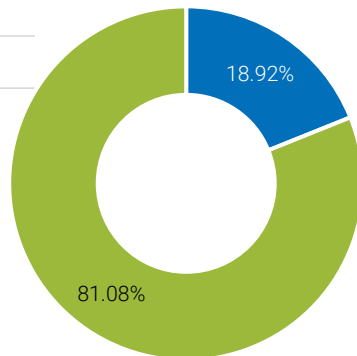
- We are a limited purpose bank so Community Services and CD
- CCM Community Impact Bond Fund with CCM

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Were there any areas for improvement noted in your bank's last public performance examination as it relates to the Investment Test?

• Yes

• No



If yes, please elaborate:

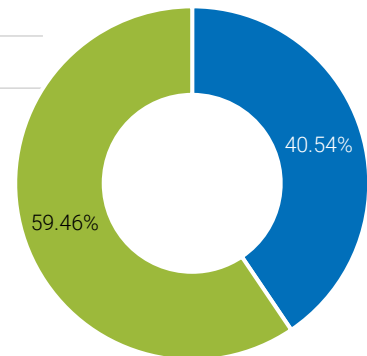
- Higher percentage of assets, over 2.00% suggested
- More innovative complex investments
- From NYS DFS exam (we are regulated by FDIC and DFS), noted investments declined
- Level to TA increased over prior Exam period from 0.6% to 1.4%

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Does your bank expand its CRA investment footprint to larger geographic regions and not limit itself to smaller areas where branches are located?

• Yes

• No



If yes, feel free to share any additional details:

- Limited Purpose, no geographic restriction
- We just made an additional investment (in CRAIX) and added Louisiana in the earmarking
- During COVID, helped Native Tribes like Navajo and Pueblos, areas not in AA's

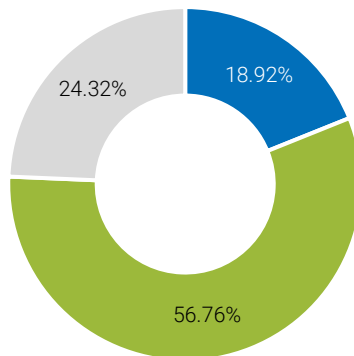
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Does your bank make investments in CRA deserts?

• Yes

• No

• N/A



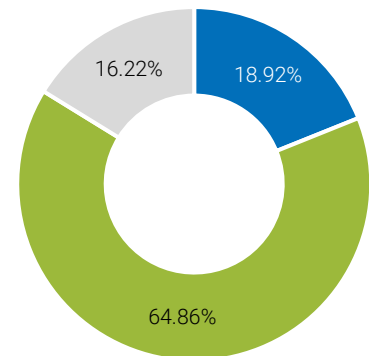
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Does your bank make investments in Indian country?

• Yes

• No

• N/A

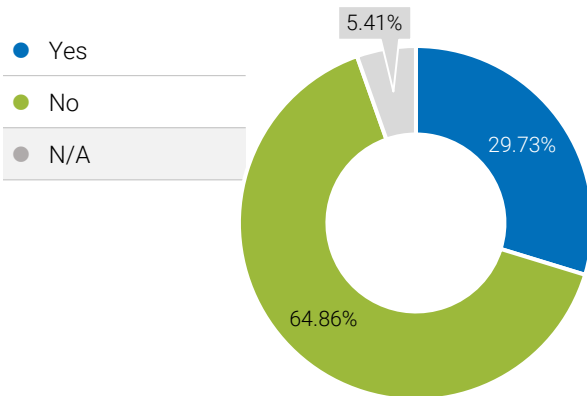


If yes, feel free to share any additional details:

- We don't avoid Indian country, but also do not target
- We do have branches in SW Colorado near the Southern Ute Reservation and are looking into the best way to partner with them going forward
- Avoyelles parish has Tunica-Biloxi as a sovereign tribe
- Grant Donations, FHLB Affordable Housing Program participation with tribes outside defined AA's

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Has your bank made investments in opportunity zones for CRA credit?



If yes, feel free to share any additional details:

- We have but only because the area happened to be in an opportunity zone and not solely because of that reason.

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How is your bank responding to the pandemic-related financial needs of its customers?

- Loan deferments, extensions, restructures, modifications, waivers
- PPP loans and linking with fin-tech and regional lenders
- Targeted PPP outreach and training to African American and Hispanic small businesses
- Increased grants and donations
- We provided loan forbearance on multifamily and C&I loans
- Fee waivers and early withdrawal penalties waived
- On the ground work to help meet the credit needs of the communities we serve
- Online banking, virtual meetings, and trainings to our customers, etc.
- Community employee volunteer efforts and contributions focused on customers/ neighborhoods most impacted by Covid
- Donations
 - In-kind donations of technology to local schools for virtual learning
 - Monetary donations to local schools and LMI organizations for pandemic essential needs
 - Donation to an LMI hospital to expand its facilities specifically related to the COVID-19 pandemic
 - Additional community donations to several non-profit organizations

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CRA Modernization: Are you in favor of wholesale changes to the current interagency rule?

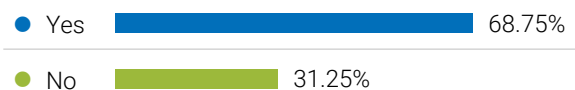


If no, what specific changes would be helpful for banks to better meet their CRA obligation?

- Expanding the scope of CRA-eligible services
- Explicitly defining what is CRA-eligible and what is not – no more examiner discretion
- Not in favor or opposed if the changes are "better" than today
- We need transparency and consistency from all regulators
- CRA is way too complicated we need to keep it simple for the smaller banks

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CRA Modernization: Should the agencies change the way they evaluate a bank's CRA investments?



If yes, how so?

- Define CRA more broadly - any investment in the community should be CRA-eligible; LMI census tracts alone are not an indicator of serving the underserved
- Make considerations for the limited amount of complex investment opportunities in the Bank's AA
- More transparency into how CRA investments are evaluated
- There is a lack of consistency
- Need some standards – all investments aren't the same
- Clarify CRA credit qualifications

- Suggestions for innovative investments
 - Are banks in multiple states and how they meet CRA requirements with a limited footprint
 - This survey focuses on the majority of banks: small, IS, and large/GPS; however, the 100 or so banks that are LP/W or SP make up a lot of the bank assets so maybe a separate survey for that grouping
 - Assuming CRA modernization occurs, we'd like to know how banks are adapting
 - More holistic discussion on how investments in state/community infrastructure can be more easily aligned with qualifying CRA investments
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About Community Capital Management, LLC and the CCM Community Impact Bond Fund

Community Capital Management, LLC is the registered investment adviser to the CCM Community Impact Bond Fund CRA Shares (ticker: CRAIX). The CRA share class is designed specifically for banks looking to receive positive consideration on the investment test portion of their CRA exam. It was launched in August of 1999 and seeks to provide current income consistent with the preservation of capital through investments in high credit quality fixed income securities that support community development activities. Additional information can be found by visiting www.ccminvests.com.

Investing includes risk, including possible loss of principal. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. The Fund is not diversified. There is no guarantee the objective of the Fund will be achieved.

The CCM Community Impact Bond Fund is distributed by SEI Investments Distribution Co., which is not affiliated with Community Capital Management, LLC.

Carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information can be found in the Fund's prospectus, which can be obtained by calling 866-202-3573. Please read it carefully before investing.