



# CRA Investing Survey

7th Edition | October 2022



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Thank you to those who participated in our 7th annual CRA investing survey. This year's survey had 41 participants and we have included the number of responses for each question.

Earlier this year on May 5, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve Board (FRB) jointly issued a Notice of Proposed Rulemaking (NPR) that proposed changes to the implementing regulations for the Community Reinvestment Act (CRA). The changes intend to improve consistency of examinations, update the rules to reflect changes in banking practices, and obtain additional data to promote efficiency and transparency in application of the rule. We shared a report in June that included highlights of the proposed changes and their potential impact to banks. This year's survey includes a few new questions related to the NPR.



### We added several other new questions to this year's survey including:

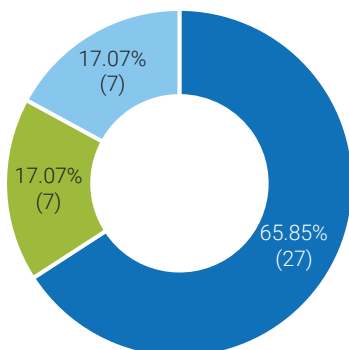
- Where each bank is headquartered
- If a bank is in multiple states
- If a bank is a Limited Purpose/ Wholesale or Special Purpose Bank
- Who is responsible for CRA investing
- How each bank's CRA investment test requirement is fulfilled among investment options
- For banks with limited footprints, how do they go about meeting CRA investment test requirements
- Suggestions for innovative CRA investments

*We hope you find the survey educational and helpful for your CRA investment programs. We welcome suggestions for future surveys and appreciate your time.*

## CRA Investment Survey Results

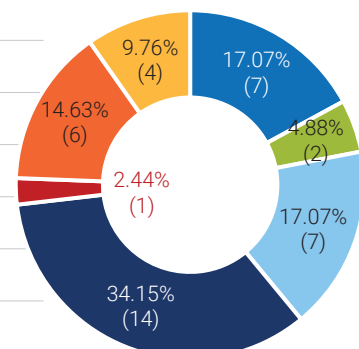
### 1 Regulator

- FDIC
- FRB
- OCC



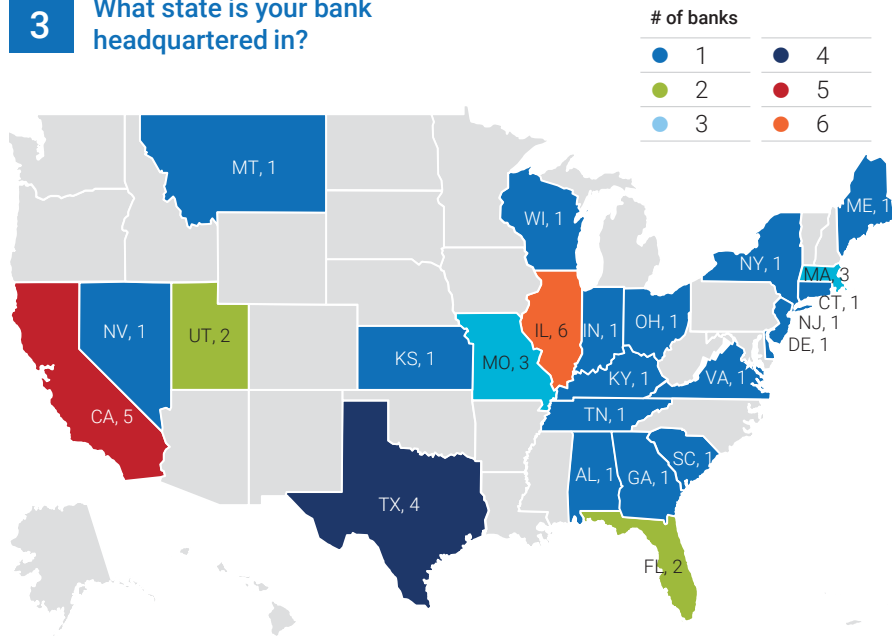
### 2 What region is your bank headquartered?

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



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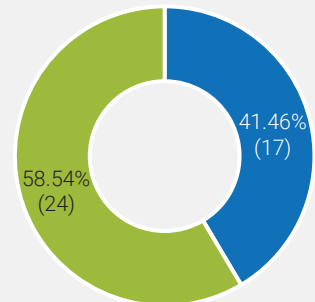
### What state is your bank headquartered in?



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### Is your bank in multiple states?

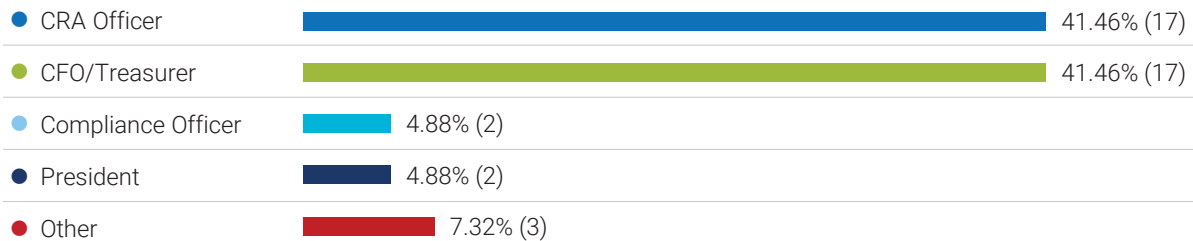
- Yes
- No



Note: Two responses had two states for their headquarters/main banking office which is why the figure is higher than the number of responses.

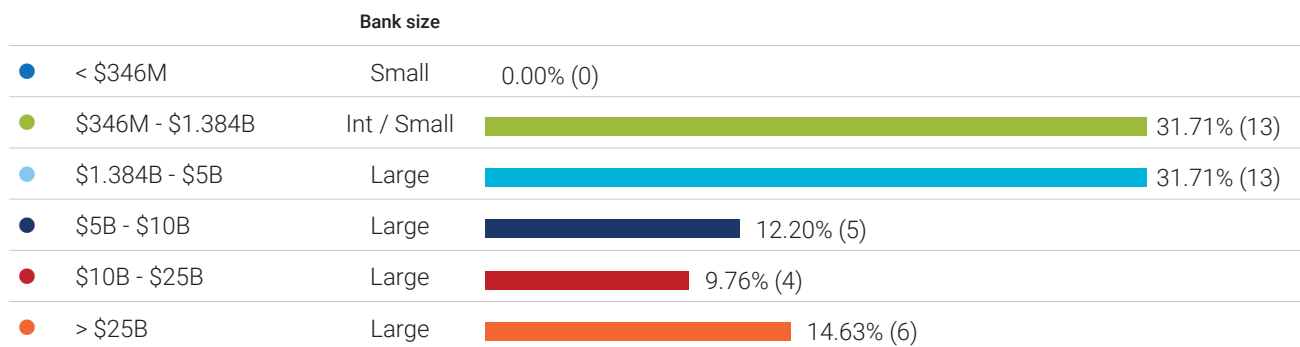
5

### Who oversees CRA investing at your bank?

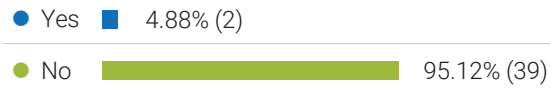


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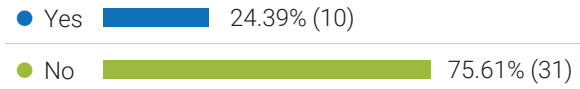
### Asset size of my bank



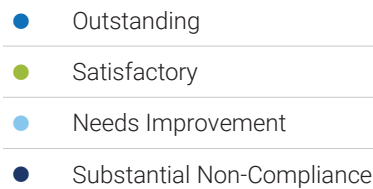
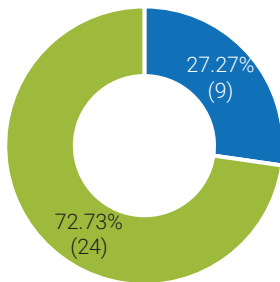
## 7 Is your institution a Limited Purpose / Wholesale or Special Purpose Bank?



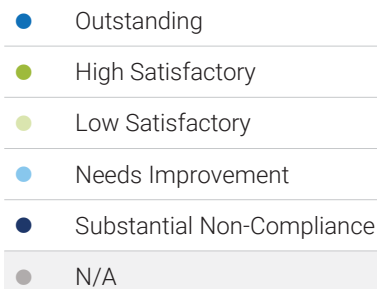
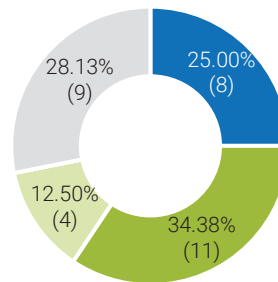
## 8 Does your bank use a strategic CRA strategic plan?



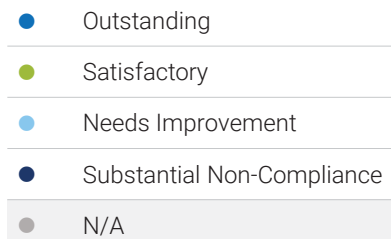
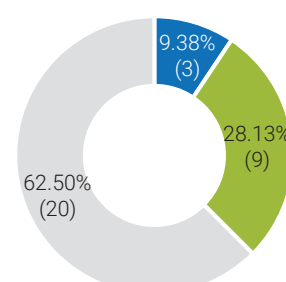
## 9 What was your bank's overall CRA Rating in its last exam?



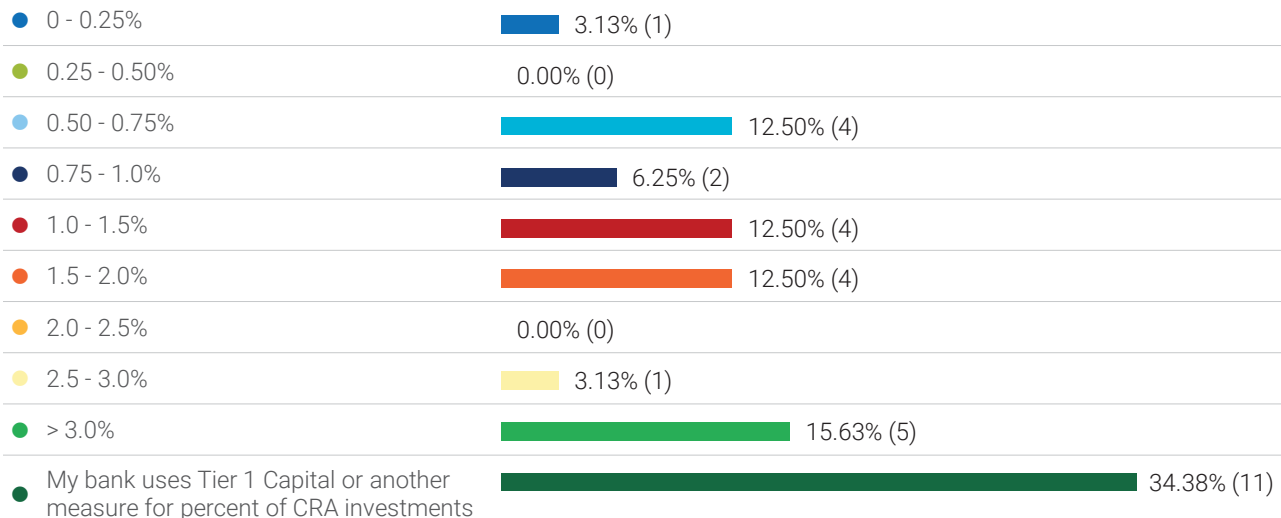
## 10 What was your bank's CRA Investment Test Rating in its last exam?



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

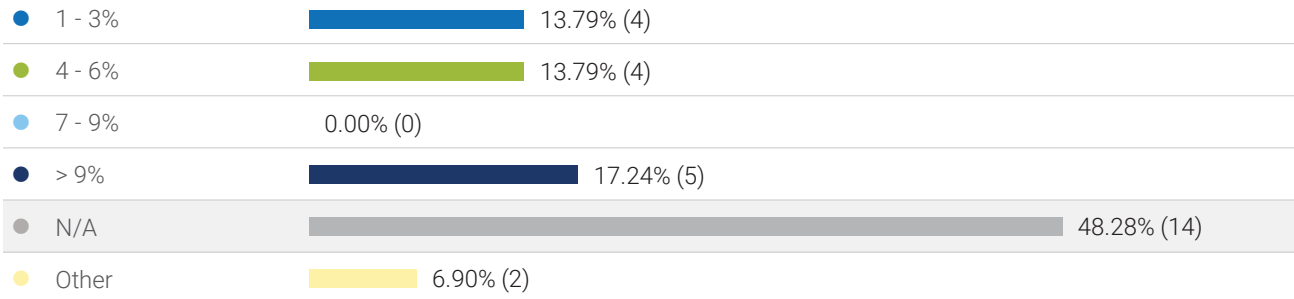


## 12 In your bank's last CRA exam, what were the total qualified investments as a percentage of assets?



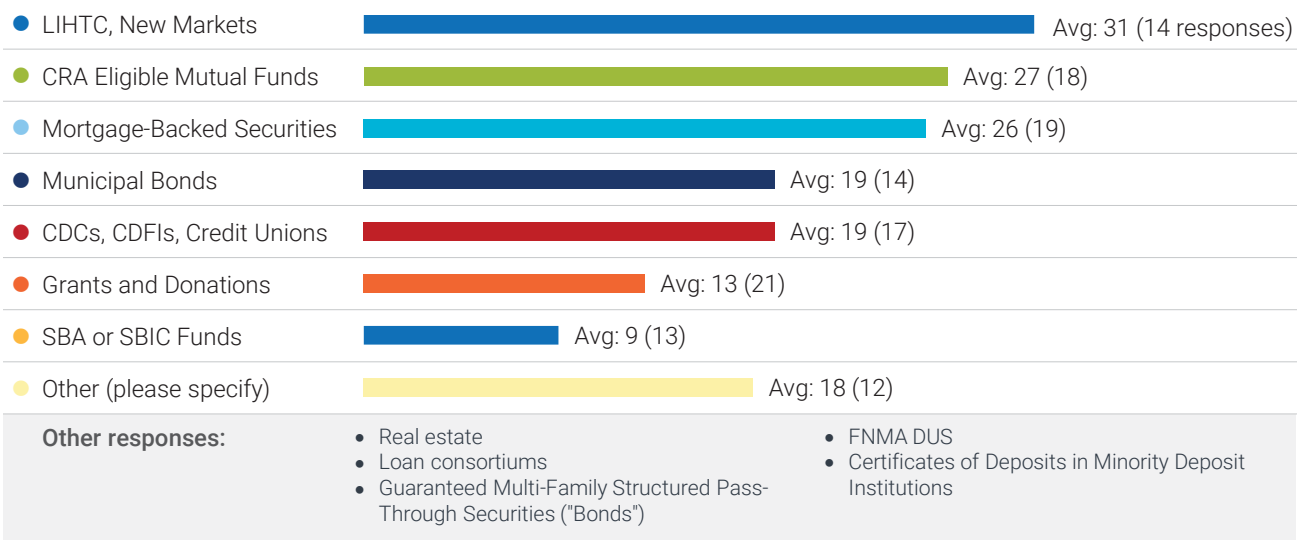
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If you answered Tier 1 Capital or another measure in the previous question, what were your total qualified investments as a percent of the measure being used?



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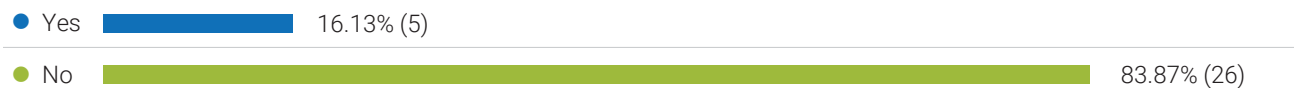
Can you please provide an estimated breakdown (equal to 100%) of what your bank invests in to fulfill its CRA investment test requirement? If we don't have an investment option listed, please include it in "Other" and include the percent that it represents.



Note: Responses show the average number/percent for each investment option and how many people chose that (responses) as one of their CRA investments.

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Do you have plans to seek investment in CRA deserts and/or Native Lands that fall outside the bank's assessment area?

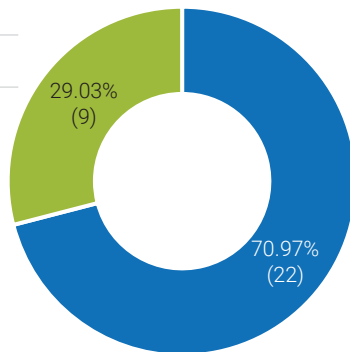


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Does your bank expand its CRA investment footprint to larger geographic regions and not limit itself to smaller areas where branches are located?

• Yes

• No



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For banks with limited footprint, how do you meet CRA investment test requirements?

- Activities in our area
- Small Business, Small Farm Loans, Community Development Loans, Investments, Donations, Financial Literacy, Sponsored Events
- Primarily through CD or MMDA deposits in an MDI/CDFI and through the CRA Fund
- CRA mutual funds
- Municipal Bond in branch counties and CRA mutual fund
- Grants and donations
- Through diversified investments within the MSA's/Rural County Assessment Areas (Assessment Areas are weighted by a variety of factors)
- Strategic partners that invest in CRA qualified investments

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Do you have suggestions for innovative CRA investments?

- Specialized lending vehicles (bond issuances, RFLs) designed for targeted and measurable racial equity results
- Not at this time
- No
- Redefine the parameters for qualifying investments
- Habitat for Humanity
- FHLB Chicago has some great grant programs and CRA programs that get to the development specific level
- More affordable housing subsidizing vehicles
- Waiting to see CRA Modernization definitions
- Anything in the affordable housing realm would be great
- Funding small businesses, occupational/vocational training, financial education empowerment programs

Note: Some responses may be innovative CRA investments banks have already identified; some may be suggestions looking forward.

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Do you have any plans in place to adapt to the agencies' NPR before the final rule is released?

- Our Bank is strongly supportive of the continued inclusion of strategic plans as an alternative approach for banks with unique business models (i.e., limited commercial branch activities in standalone assessment areas). Our Bank supports the CRA proposal's increased transparency and process for community involvement in the development and approval of strategic plans.
- Not at this time, not enough power to manage the current CRA program and adapt a new program that is not yet official.
- No
- We have hired 2 additional staff members to the CRA team.
- Yes
- Not at this time. We have a strategic plan in place through 2023.
- Unsure

Note: This response had 18 banks responding "no" and 2 banks responding "yes".

## If you could make one change to the way the agencies reviewed/considered investments, what change would you make?

- Provide CRA credit for banks that invest in products designed to directly address racial inequity. Examples include Flexible banking products that mitigate perceptions of 'risk' associated with borrowers of color; efforts that seek to remediate disparities in application approvals and cost of capital; mixed-income housing developments with a focus on racial and income integration.
- More clarity arounds qualification.
- Make considerations for the limited amount of complex investment opportunities in the Bank's AA.
- It doesn't have to be up to the interpretation of the examiner.
- Consider investments in non-profits on a greater scale.
- More clarity about what is eligible.
- Not punish the bank for investments that cannot be found in the smaller footprint markets.
- Broaden the footprint allowed.
- Make all SBA 7a Loans CRA Eligible; not just 504s.
- Keep investments as a separate rated area.
- Continue to diversify within our portfolio and confirm that prior period investments are still impactful/responsive from the regulator's viewpoint.
- Past examiners have quibbled over the amount of our investments that are allocated to mortgage-backed securities, recommending (unofficially) that we diversify our investments and try more "innovative" investments. The current regulation does not recommend any particular apportionment for investments, and does not discourage about safe and sound, bread and butter MBSs.
- More consistent treatment/qualification for Tax Refinancing and Water/Sewer Bonds/SBICs.
- Allowing banks to invest in infrastructure or senior living developments to make senior living or special care facilities more affordable for LMI seniors.
- Expand the definition of a qualified investment, if you can prove that the recipients are economically viable and will benefit.

## Is there any additional information you would like to share from your responses?

- CRA laws need to be basic and simple to understand so FI's and partners can focus on business at hand and not interpreting the CRA laws.

## What questions would you like to see on next year's survey?

- What type of investments were deemed 'innovative' by regulators in your most recent CRA examination?
- The survey is good as is but it would be helpful to have a newsletter giving examples of CRA investment opportunities.
- Impact of investments in helping LMI families into the middle-income category.
- Percent of Public Welfare Investments as well as commentary regarding percentages of total asset and Tier 1 Capital of qualified CRA Investments by CRA examination test and regulator.
- The survey covers all areas.

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