

# CRA Investing Survey

4th Edition | July 2019



**COMMUNITY**  
**CAPITAL MANAGEMENT**

Impact Investing Since 1999

# CRA Investing Survey

## 4th Edition | July 2019

*Thank you to everyone who participated in the 4th edition of our CRA Investing Survey. The results are always informative and we very much appreciate your time and efforts in completing the survey.*

### Introduction

The results from our 4th annual CRA Investing Survey are in which includes a mix of shareholders and non-shareholders in CCM's CRA Qualified Investment Fund – CRA Shares (CRAIX).

The results are always interesting, and we have highlighted a few data points that stood out to us this year:

- **What was your CRA Investment Rating in your last exam?**

We were pleased to see that 79.31% of respondents received either an "Outstanding" or "High Satisfactory" on their last CRA Investment Test Rating. This is an increase from last year's percentage of banks (60.6%) that received the same two ratings. No banks received "Substantial Non-Compliance" or "Needs Improvement" ratings. Only 20.69% received "Low Satisfactory" – a decrease from last year where 31.8% of banks received this rating.

- **In your last CRA exam, what were your total qualified investments as a percentage of assets?**

From our discussions with banks, the most consistent response is 1% of assets. However, the results show otherwise with 53.58% of banks selecting a percentage less than 1%. It is also worthwhile to note that 25% of survey respondents use Tier 1 capital or another measurement for percentage of CRA qualified investments.

- **What is the estimated breakdown of your bank's CRA investment product mix (totaling 100%)?**

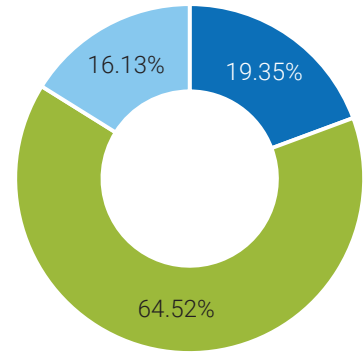
Mortgage-Backed Securities (MBS) received the highest average percentage rating at 24% of a bank's CRA investment product mix. After MBS was CRA eligible mutual funds followed by the "Other" category. Banks had the option to list what types of investments were included in the "Other" category and they included loan consortiums, municipal bonds, equity investments in B Corps, and minority financial institutions.

# CRA Investment Survey Results

## 1

Regulator:

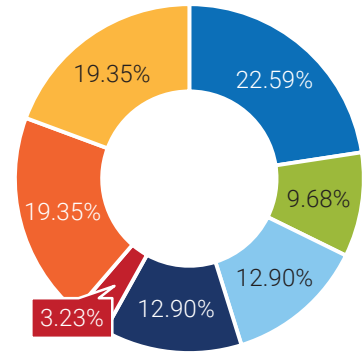
OCC	19.35%
FDIC	64.52%
FRB	16.13%



## 2

What region is your bank headquartered in?

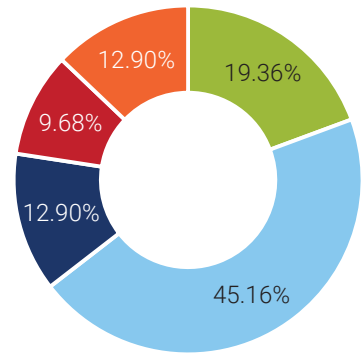
Northeast	22.59%
Mid-Atlantic	9.68%
Southeast	12.90%
Midwest	12.90%
Northwest	3.23%
West	19.35%
Southwest	19.35%



## 3

Asset size of my bank:

< \$322M (Small Bank)	0.00%
\$322M - \$750M (Int / Small Bank)	19.36%
\$750M - \$5B (Large Bank)	45.16%
\$5B - \$10B (Large Bank)	12.90%
\$10B - \$25B (Large Bank)	9.68%
> \$25B (Large Bank)	12.90%



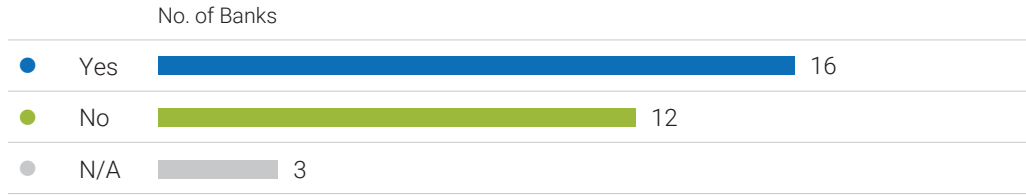
## 4

How many assessment areas does your bank have?

Amount of Assessment Areas	No. of Banks with that Amount of Areas
1 - 3 Areas	16
4 - 6	9
7 - 9	3
> 9	3

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Does your bank invest proportionally across all investment areas?



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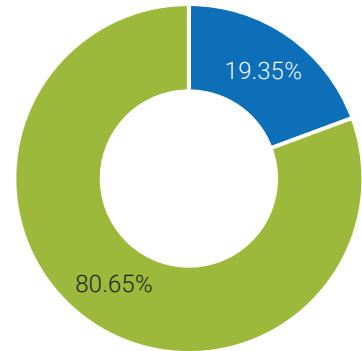
What measure does your bank use to determine appropriate investment percentages?

- Strive for even investment
- Looking at assets / % of Assets
- Tier One Capital
- Types of returns and quality of investments
- Earnings vs contributions
- Peer Group
- Capital and Loans
- None

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What was your overall CRA rating in your last exam?

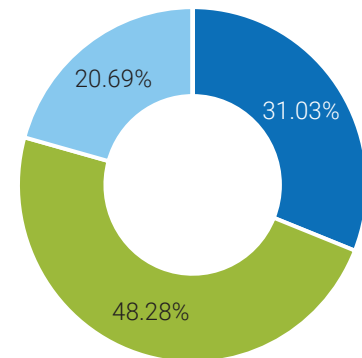
● Outstanding	19.35%
● Satisfactory	80.65%
● Needs to Improve	0.00%
● Substantial Non-Compliance	0.00%



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What was your CRA investment rating in your last exam?

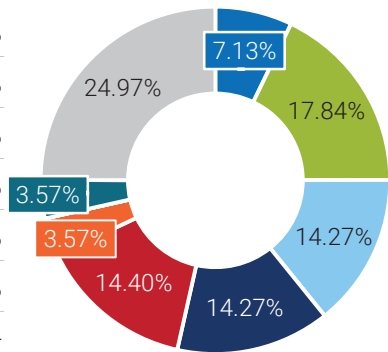
● Outstanding	31.03%
● High Satisfactory	48.28%
● Low Satisfactory	20.69%
● Needs to Improve	0.00%
● Substantial Non-Compliance	0.00%



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In your last CRA exam, what were your total qualified investments as a % of assets?

● 0.00% - 0.25%	7.13%
● 0.25% - 0.50%	17.84%
● 0.50% - 0.75%	14.27%
● 0.75% - 1.00%	14.27%
● 1.00% - 1.50%	14.40%
● 1.50% - 2.00%	3.57%
● 2.00% - 2.50%	-
● 2.50% - 3.00%	3.57%
● > 3.00%	-
● My bank uses Tier 1 Capital or another measurement for % of CRA qualified investments	24.97%



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If you answered Tier 1 Capital or another measure in the previous question, please provide the % or measure being used.

% in Tier 1 Capital or Another Measure	No. of Banks
● 1% - 3%	4
● 4% - 6%	4
● 7% - 9%	3
● > 9%	3
● N/A	5

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What is the estimated breakdown of your bank's CRA investment product mix (totaling 100%)?

● Low Income Housing Tax	13%
● Mortgage-Backed Securities	24%
● SBA Funds	5%
● CRA Eligible Mutual Funds	19%
● CDCs, CDFIs, Credit Unions	11%
● Grants and Donation	10%
● Other	18%

The numbers represent an average weighting of responses per category.

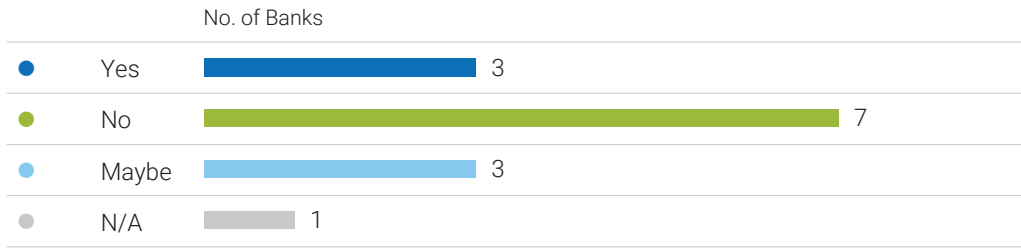
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If you put a number under "Other" in the previous question, please provide more details on the type(s) of investments.

- Loan Consortium
- Municipal Bonds
- Equity Investment in B Corp
- Minority Financial Institutions

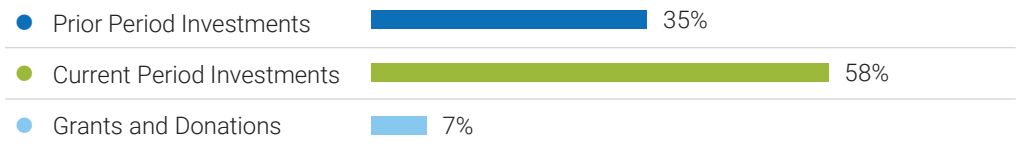
### 13

If MBS were to be excluded from CRA investing, do you anticipate your bank lowering its level of CRA investments?



### 14

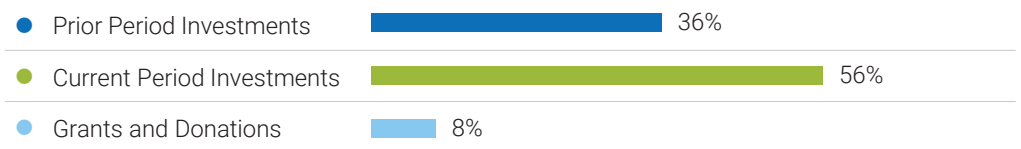
What is your bank's estimated % breakdown (totaling 100%) during your last exam for the following?



The numbers represent an average weighting of responses per category.

### 15

What is your bank's estimated % breakdown (totaling 100%) in anticipation of its next CRA investment exam?



The numbers represent an average weighting of responses per category.

### 16

If applicable, what type of investments have received innovative and complex designations by your regulatory examiner?

- CRA Mutual Funds
- CDFIs
- MDI Investments
- SBIC Funds
- DUS Bonds
- Equity investment in B Corp

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**If applicable, were there investments made that did not receive favorable consideration by the regulatory examiner? If so, what types?**

- Municipal Bonds
- Small Dollar Grants
- Deposits in federally declared disaster areas

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**What questions would you like us to include on our next CRA survey?**

- How many banks use strategic planning?
- How to determine service goals?
- What is considered innovative and complex?

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## **About Community Capital Management, Inc. and the CRA Qualified Investment Fund**

Community Capital Management, Inc. is the registered investment adviser to the CRA Qualified Investment Fund CRA Shares (CRAIX). The CRA share class is designed specifically for banks looking to receive positive consideration on the investment test portion of their CRA exam. The CRA Qualified Investment Fund 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 on the CRA Qualified Investment Fund can be found by visiting [www.ccminvests.com](http://www.ccminvests.com).

*The CRA Qualified Investment Fund is distributed by SEI Investments Distribution Co. (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456, which is not affiliated with Community Capital Management, Inc. Investing involves risk including loss of principal. Bonds and bond funds will decrease in value as interest rates rise. The Fund is not diversified. 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 866-20-3573. Please read it carefully before investing.*

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