

**CRA Ratings System**

**Introduction**

In assigning a rating, the FDIC evaluates a bank’s performance under the applicable performance criteria in the regulation, in accordance with Section 345.21 and Section 345.28, which provides for adjustments on the basis of evidence of discriminatory or other illegal credit practices. A bank’s performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The bank’s overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate profile as follows.

**Ratings Definitions**

The following ratings definitions are to be used.

**“Outstanding”** An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**“Satisfactory”** An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**“Needs to Improve”** An institution in this group needs to improve its overall record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**“Substantial Noncompliance”** An institution in this group has a substantially deficient record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**Banks Evaluated under the Lending, Investment, and Service Tests**

**Lending Performance Rating.** The FDIC assigns each bank’s lending performance one of the five following ratings:

- **Outstanding.** The FDIC rates a bank’s lending performance “outstanding” if, in general, it demonstrates:
  - Excellent responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area(s);
  - A substantial majority of its loans are made in its assessment area(s);

- An excellent geographic distribution of loans in its assessment area(s);
  - An excellent distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
  - An excellent record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
  - Extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and
  - It is a leader in making community development loans.
- **High Satisfactory.** The FDIC rates a bank’s lending performance “high satisfactory” if, in general, it demonstrates:
    - Good responsiveness to credit needs in its assessment area(s), taking into account the number and amount of home mortgage, small business, small farm, and consumer loans (as applicable) in its assessment area(s);
    - A high percentage of its loans are made in its assessment area(s);
    - A good geographic distribution of loans in its assessment area(s);
    - A good distribution, particularly in its assessment area(s), of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank;
    - A good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations;
    - Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies; and
    - It has made a relatively high level of community development loans.
  - **Low Satisfactory.** The FDIC rates a bank’s lending performance “low satisfactory” if, in general, it demonstrates:
    - Adequate responsiveness to credit needs in its assessment area(s), taking into account the number and