

XI. Community Reinvestment Act – Ratings

- To the extent changes have been made, its record of opening and closing branches has adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;
 - Its services (including, where appropriate, business hours) vary in a way that inconveniences its assessment area(s), particularly low- or moderate- income geographies or low- or moderate-income individuals; and
 - It provides a limited level of community development services.
- **Substantial Noncompliance.** The FDIC rates a bank’s service performance as being in “substantial noncompliance” if, in general, the bank demonstrates:
 - Its service delivery systems are unreasonably inaccessible to significant portions of its assessment area(s), particularly to low- or moderate-income geographies or to low- or moderate-income individuals;
 - To the extent changes have been made, its record of opening and closing branches has significantly adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals;
 - Its services (including, where appropriate, business hours) vary in a way that significantly inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals; and
 - It provides few, if any, community development services.
- ### Wholesale or Limited-Purpose Banks
- The FDIC assigns each wholesale or limited-purpose bank’s community development performance one of the four following ratings:
- **Outstanding.** The FDIC rates a wholesale or limited-purpose bank’s community development performance “outstanding” if, in general, it demonstrates:
 - A high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - Extensive use of innovative or complex qualified investments, community development loans, or community development services; and
 - Excellent responsiveness to credit and community development needs in its assessment area(s).
- **Satisfactory.** The FDIC rates a wholesale or limited-purpose bank’s community development performance “satisfactory” if, in general, it demonstrates:
 - An adequate level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - Occasional use of innovative or complex qualified investments, community development loans, or community development services; and
 - Adequate responsiveness to credit and community development needs in its assessment area(s).
- **Needs to Improve.** The FDIC rates a wholesale or limited-purpose bank’s community development performance as “needs to improve” if, in general, it demonstrates:
 - A poor level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - Rare use of innovative or complex qualified investments, community development loans, or community development services; and
 - Poor responsiveness to credit and community development needs in its assessment area(s).
- **Substantial Noncompliance.** The FDIC rates a wholesale or limited-purpose bank’s community development performance in “substantial noncompliance” if, in general, it demonstrates:
 - Few, if any, community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors;
 - No use of innovative or complex qualified investments, community development loans, or community development services; and
 - Very poor responsiveness to credit and community development needs in its assessment area(s).

Banks Evaluated under the Small Bank Performance Standards

Lending Test Ratings.

- Eligibility for a **Satisfactory** lending test rating. The FDIC rates a small bank’s lending performance “satisfactory” if, in general, the bank demonstrates:
 - A reasonable loan-to-deposit ratio (considering seasonal variations) given the bank’s size, financial condition, the credit needs of its assessment area(s), and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the

secondary markets and community development loans and qualified investments;

- A majority of its loans and, as appropriate, other lending-related activities are in its assessment area(s);
 - A distribution of loans to and, as appropriate, other lending related-activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank’s assessment area(s);
 - A record of taking appropriate action, as warranted, in response to written complaints, if any, about the bank’s performance in helping to meet the credit needs of its assessment area(s); and
 - A reasonable geographic distribution of loans given the bank’s assessment area(s).
- Eligibility for an **Outstanding** lending test rating. A small bank that meets each of the standards for a “satisfactory” rating under this paragraph and exceeds some or all of those standards may warrant consideration for a lending test rating of “outstanding.”
 - **Needs to Improve** or **Substantial Noncompliance** ratings. A small bank also may receive a lending test rating of “needs to improve” or “substantial noncompliance” depending on the degree to which its performance has failed to meet the standards for a “satisfactory” rating.

Community Development Test Ratings for Intermediate Small Banks.

- Eligibility for a **Satisfactory** community development test rating. The FDIC rates a an intermediate small bank’s community development performance “satisfactory” if the bank demonstrates adequate responsiveness to the community development needs of its assessment area(s) through community development loans, qualified investments, and community development services. The adequacy of the bank’s response will depend on its capacity for such community development activities, its assessment area’s need for such community development activities, and the availability of such opportunities for community development in the bank’s assessment area(s).
- Eligibility for an **Outstanding** community development test rating. The FDIC rates an intermediate small bank’s community development performance “outstanding” if the bank demonstrates excellent responsiveness to community development needs in its assessment area(s) through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area(s).

- **Needs to Improve** or **Substantial Noncompliance** ratings. An intermediate small bank may also receive a community development test rating of “needs to improve” or “substantial noncompliance” depending on the degree to which its performance has failed to meet the standards for a “satisfactory” rating.

Overall Rating.

- Eligibility for a **Satisfactory** overall rating. No intermediate small bank may receive an assigned overall rating of “satisfactory” unless it receives a rating of a least “satisfactory” on both the lending test and the community development test.
- Eligibility for an **Outstanding** overall rating. An intermediate small bank that receives an “outstanding” rating on one test and at least “satisfactory” on the other test may receive an assigned overall rating of “outstanding.”
- A small bank that is not an intermediate small bank that meets each of the standards for a "satisfactory" rating under the lending test and exceeds some or all of those standards may warrant consideration for an overall rating of "outstanding." In assessing whether a bank's performance is "outstanding," the FDIC considers the extent to which the bank exceeds each of the performance standards for a "satisfactory" rating and its performance in making qualified investments and its performance in providing branches and other services and delivery systems that enhance credit availability in its assessment area(s).
- **Needs to Improve** or **Substantial Noncompliance** overall ratings. A small bank may also receive a rating of “needs to improve” or “substantial noncompliance” depending on the degree to which its performance has failed to meet the standards for a “satisfactory” rating.

Strategic Plan Assessments

The FDIC assesses the performance of a bank operating under an approved plan to determine if the bank has met its plan goals:

- **Satisfactory.** If the bank substantially achieves its plan goals for a satisfactory rating, the FDIC will rate the bank’s performance as “satisfactory”.
- **Outstanding.** If the bank exceeds it plan goals for a satisfactory rating and substantially achieves it plan goals for an outstanding rating, the FDIC will rate the bank’s performance under the plan as “outstanding”.
- If the bank fails to meet substantially its plan goals for a satisfactory rating, the FDIC will rate the bank as either **Needs to Improve** or **Substantial Noncompliance**, depending on the extent to which it falls short of its plan goals, unless the bank elected in its plan to be rated otherwise, as provided in Section 345.27(f)(4).