PERFORMANCE CONTEXT
Small Banks (SB) and Intermediate Small Banks (ISB)

Steps to build the documentation that establishes the needs of the community for credit and financial services
Upon completion of the performance context presentation, you should understand:

- What performance context is;
- How it’s considered; and
- How you can contribute to the examiners’ understanding of your institution and its assessment area.
Agenda

- What is the Performance Context
- How is your Performance Context Considered
- Description of Institution
- Description of Assessment Area
- Review of CRA Related Complaints
- Review of Compliance with Anti-discrimination Laws
- Community Contacts
- Action Steps
What is “Performance Context?”

- The Performance Context could be considered as your “CRA Fingerprint”!

- Framing Performance Context
  - Description of institution
  - Description of assessment areas
  - Other considerations
Examiners will consider performance context data and/or other pertinent information provided by your institution.
Description of YOUR Institution

- Background
  - Year established
  - Holding company, affiliates, subsidiaries
  - Bank business strategy, products, services
  - Corporate activities such as mergers, acquisitions, branch openings or closings
  - Delivery systems
  - Market share
Description of YOUR Institution

- Financial capacity
  - Asset size and mix
  - Capital levels
  - Liquidity
  - Profit margins
Description of YOUR Assessment Area

- Geographic boundaries
  - Number of census tracts
  - Census tract anomalies
- Demographics
  - Low, Moderate, Middle and Upper income tracts & families (households if considering consumer loans)
Description of YOUR Assessment Area

- Economic conditions
  - Employers and employment trends
  - Major employers
- Housing
- Competition
  - Similarly situated institutions
  - Non-depository institutions
- Resources that exist in the community
  - CD groups with a mission that aligns with bank's
Review of CRA Related Complaints

- CRA-Related Complaints
  - Institution-received complaints
  - Regulator-received complaints

- Stay abreast of Community Concerns
Compliance with Antidiscrimination Laws

- Ensure your bank is in compliance with:
  - ECOA or FHA discrimination violations
  - HOEPA violations
  - FTC Act Section 5 violations
  - RESPA Section 8 violations
  - TILA Right of Rescission violations
The Importance of Community Contacts

Conducting community contacts can be beneficial to your institution’s performance context.
How to Conduct Community Contacts

- Identify local officials, groups, or individuals
- Ask those you contact about their background, area of expertise, and community role
  - Identify opportunities for involvement (partnerships)
- Learn local perspective and obtain insight into:
  - Area’s economic condition
  - Changes in area’s description
  - Area’s credit needs
  - Institutions’ response to needs
What information can be obtained from conducting a community contact?
1. Develop a performance context for your institution
2. Develop a strategy to maintain contact with various sectors of the community.
3. Finally, once you have developed your performance context, keep it updated
QUESTIONS?
Resources

- Supplemental Interagency Procedures
  - Intermediate Small Bank issued in 2005
  - Small Bank, Large Bank, Limited Purpose, and Strategic Plan issued in 2006
- OCC Large Bank Examiner Guidance, December 2000
- OCC Bulletin 97-26 Performance Context
- Supervisory Agency Community Affairs Departments
- http://www.ffiec.gov: HMDA data, CRA data, geocoding/mapping system, rate spread calculator, links to CRA Performance Evaluations
- http://www.fdic.gov: Deposit market share data, list of branches, Bank Call Reports