

# 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*



# Objectives

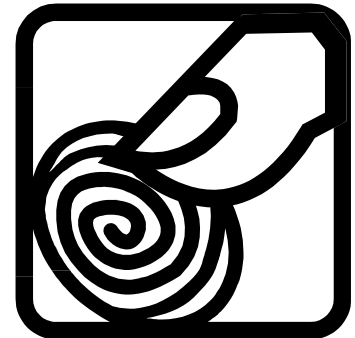
- Upon completion of the performance context presentation, you should understand:
  - What performance context is;
  - How it's considered; and
  - How you can contribute to the examiners' understanding of your institution and its assessment area.

# 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



# How is Performance Context Considered?

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



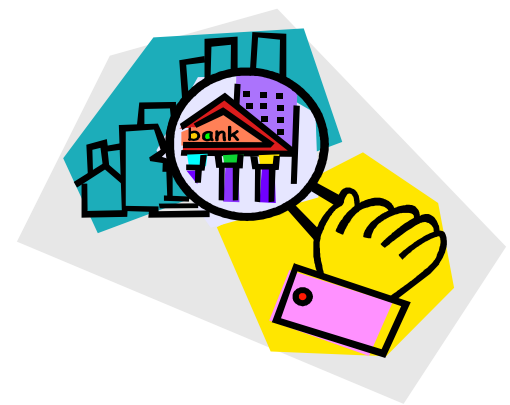
# Description of YOUR Assessment Area

- **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





# QUESTION?

**What information can be obtained from conducting a community contact?**

# ACTION STEPS



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
- <http://www.bls.gov>: Employment/unemployment data