

CRA Final Rule – FDIC, OCC, FRB - 89 FR 6574 – REVISED

EFFECTIVE 1/1/2026

Public File

1. If you maintain a bank website you must put your public file on there, annually by April 1st each year (no change to contents)
2. Update quarterly (not annually) for:
 - a. Written comments received from the public for the current year
 - b. List of branches opened or closed for the current year
 - c. For banks that received less than Satisfactory, current efforts to improve

Will need to update your main office and branch lobby notices.

Effective date now 1/1/2026.

Definitions __.12 and applicable tests – measured as of 12/31 in both of the prior two calendar years

1. Large banks - \$2 billion and up (was \$1.5)
 - a. Retail lending test = 40% weight of state, MSA and institution/total rating (was 50%)
 - b. Retail Services and Products Test = 10%
 - i. Quantitative evaluation of products can only contribute positively
 - c. Community Development financing Test=40%
 - d. CD Services Test 10%
2. Intermediate →=\$600 million and <\$2b (was \$376million to \$1.5billion) (200 LBs move into IB)
 - a. Retail lending test (with modifications) = 50%
 - b. Legacy CD test with option for new CD Financing test=50%
 - c. No service test...no evaluation of branch network
3. Small - < \$600 million (was 376 million) (700 IBs move into small)
 - a. Previous lending test, with opt-in for new modified Retail lending test– 100%
 - b. No Community Development or Service Test
 - c. Can keep old lending test
4. Retains Limited Purpose and Strategic Plan
5. Still no coverage for CUs – would take an act of Congress – some states have applied CRA like laws to CUs

“Community development” - __.13 and __.14 Agencies will maintain a publicly available list of qualified CD activities AND will develop a process for banks to request agency confirm the eligibility of CD in advance

1. Full credit: Loan, investment or service:
 - a. Meets majority standards – (1) majority of dollars benefit LMI, small businesses or small farms, or residents of targeted census tracts; (2) majority of beneficiaries are LMI, residents of designated disaster areas, or residents of

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Native Land Areas; (3) majority of housing units are affordable to LMI; or (4) primarily supports community development.

- i. If affordable housing loan, investment or service does not meet majority standard, bank will receive partial credit in proportion to the percentage of total housing units in any development that are affordable to LMI
 - b. Meets bona fide intent standard if (a) are not reasonably quantifiable, activity has express, bona fide intent of CD, and is structured to achieve CD.
 - c. Supports CD and is made in conjunction with Minority DI, Women DI, Low income CU, or CDFI; or
 - d. Supports CD Low income housing tax credit-financed affordable housing.
2. Original 4 categories, expanded to 11:
 - a. Affordable housing: (1) rental housing with subsidy/plan/etc.; (2) multifamily rental with affordable rents; (3) 1-4 family rental with affordable rents in non-metro area; (4) affordable owner occupied housing for LMI or (5) Mortgage backed securities where bank did not originate a majority of underlying loans AND are home mortgage loans to LMI or finance multifamily affordable housing with affordable housing plan, subsidy, etc.. (see __.13 for details)
 - b. Community supportive services
 - c. Economic Development
 - d. Revitalization or stabilization
 - e. Essential community facilities
 - f. Essential community infrastructure
 - g. Recovery of designated disaster areas
 - h. Disaster preparedness and weather resiliency
 - i. Activity in Native Land Areas
 - j. Activity with MDI, WDI, LICU, or CDFI
 - k. Financial literacy
3. __.15 : Categories of Impact and Responsiveness: banks will want to avoid having nothing to report in these (*Regulators will send additional guidance to examiners on how to evaluate*):
 - a. Persistent poverty counties – poverty rates of 20% or more for 30 years
 - b. Poverty rate of 40% or higher
 - c. Areas with low levels of CD financing
 - d. Supports MDI, WDI, LICU or CDFI (excludes CDs <1 year terms)
 - e. Benefits or serves low income individuals, families or households

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- f. Supports small business or small farms with gross annual revenues of \$250,000 or less
- g. Directly facilitates the acquisition, construction, development, preservation, or improvement of affordable housing in High Opportunity Areas.
- h. Benefits or serves residents of Native Land Areas
- i. Is CRA eligible grant or donation (i.e., not loan or investment)
- j. Is an investment in projects financed with LIHTC or NMTC
- k. Reflects bank leadership through multi-faceted or instrumental support
- l. Is a new CD financing products or service that addresses CD needs for LMI individuals, families or households

Assessment Areas - BOTH where there are branches AND where there is lending or engaged in relevant activities outside of the branch network

1. __.16 Legacy: **Facility Based Assessment Area (FBAA)**—includes each county bank has branches or deposit-taking remote service facility AND the surrounding counties in which bank has originated or purchased a substantial portion of its loans
 - a. Applies to all banks
 - b. Single MSA; >=1 contiguous counties within a MSA; or >=1 contiguous counties within the non-metropolitan area of a State
 - c. IB and Small banks can continue to use partial county designations, the portion of which it can reasonably be expected to serve (must include whole census tracts)
 - d. Must not reflect discrimination or arbitrarily exclude LMI census tracts
 - e. Special rule for military banks
2. __.17 **Retail Lending Assessment Area (RLAA) for Large Banks**
NEW Estimated to apply to 55 large banks...50 will create 1-10 and 5 will create more than 50.
 - a. Exempt if bank did >80% of **product line lending*** inside of FBAA in prior two calendar years (***home mortgage loans, multifamily loans, small business loans, small farm loans, and automobile loans if they are a majority automobile lender or opts to have its auto loans evaluated**).
 - b. Also will not be considered for any particular calendar year in which bank did not originate or purchase any reported loans in any of the product lines in that RLAA
 - c. Must delineate a RLAA for each year in which bank originated =>150 reported **closed end home mortgages** or >= 400 reported **small business loans**, in each of the last two years

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- i. Entire single MSA *excluding* counties inside of the FBAA;
 - ii. All counties in the nonmetropolitan area of a State *excluding* counties inside of the FBAA, and *excluding* counties in which the bank did not originate any reported closed end home mortgage or reported small business loan during that calendar year
 - iii. Only the loan product(s) that triggered the delineation is evaluated for that year
 - d. No other performance tests apply.
3. **18 Outside Retail Lending AA (ORLA)**
 - a. All large banks, except if it did not originate or purchase loans in any **product lines** in the ORLA during the evaluation period.
 - b. Any ISB if, in prior two calendar years, $\geq 50\%$ of loans and purchases (# and \$) are outside of their FBAA
 - i. i.e., online Banks with 1 branch where they lend and then do most lending across the country.
 - c. Other ISB and small banks can opt in to having major product lines evaluated in their ORLA
 - d. Geography is the entire nation *excluding* any county in a nonmetro area in which the bank did not originate or purchase any closed end home mortgage loans, small business loans, small farm loans, or automobile loans if they are a product line for the bank.
 - e. Products evaluated must meet **15% major product line** standard; **they comprise $\geq 15\%$ or more of all the banks loans across all product lines in the FBAA or ORLA.**
 - f. Nationwide AA that Excludes the other two areas as well as any rural counties where the bank did not originate or purchase any loans

Retail Lending Test 22 – More objective and transparent 4 Step process:

1. Determine major **product lines*** - What is there enough of to fairly compare you to the rest of the lending industry and demographics
 - a. ***Originated or purchased closed end mortgage lending, multifamily loans, small business** or small farm lending, or auto lending if the bank opts to have them evaluated or is a majority automobile lender.***** that accounts for 15% or more of total lending in the FBAA or ORLA
 - i. **Definitions will initially be based on the Call Report but will align with the CFPB's Section 1071 definitions in the future

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- ii. ***a majority auto lender's auto loans are more than 50% of all the above loan totals
 - iii. Not Multi family loans
 - b. In RLAA, any lending that meets the threshold for needing a Retail Lending AA (at least 150 closed end mortgage loans or 400 small business loans in each of that last two years)
 - 2. Retail lending volume screen in each FBAA–
 - a. Initial threshold of whether you have done enough. Basically a fancy LTD ratio -- LTD in each FBAA ("Bank Volume Metric") needs to be within 30% of the aggregate of all banks' LTD ratio ("Market Volume Benchmark") in that AA
 - i. Includes originations and purchases of home mortgage, Multi-family, small business and small loans (and auto if applicable)
 - b. If it fails this screen, a large bank cannot pass in that AA unless it has an "acceptable basis" for not reaching that threshold
 - i. Could lead to interpretation and subjectivity]
 - ii. Consider performance context, basically
 - 3. Analyze distribution– compare to market and community benchmarks for all major product lines in all AAs–
 - i. Loans to Low income borrowers and tract
 - ii. Loans to moderate income borrowers and tract
 - iii. Loans to businesses or farms <=\$250,000 gross annual revenues (GAR)
 - iv. Loans to businesses or farms between \$250,000 and <\$1 million GAR
 - b. Compared to 2 benchmarks:
 - i. Market benchmark – what are the other lenders doing in the area – aggregate performance of other lenders at the same time
 - ii. Community benchmark – compare to percent of population (e.g. low income families in the area)
4. Combine different product line scores and AAs (selects whichever is lower)
 - a. 115% of MB or 100% of CB = Outstanding
 - b. 105% of MB or 80% of CB = High Satisfactory
 - c. 80% of MB or 60% of CB = Low Satisfactory
 - d. 33% of MB or 30% of CB=Needs to improve

Weighted results:

- 1. Each product score is weighted based on % of loan dollars and # of loans from that product line (if mortgage accounted for 50% by # and 30% by \$, would get 40% weight)
 - a. Average of the ratio calculated using loans measured in dollar volume and

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- b. The ratio calculated using loans measured in number of loans
2. Weight of each AA (or all 3) for state ratings and the overall Retail Lending Test is based on the average of (1) the bank's share of deposits in the AA and (2) the bank's share of loans using loan dollars and loan counts

Retail Services and Products Test __.23 Large banks

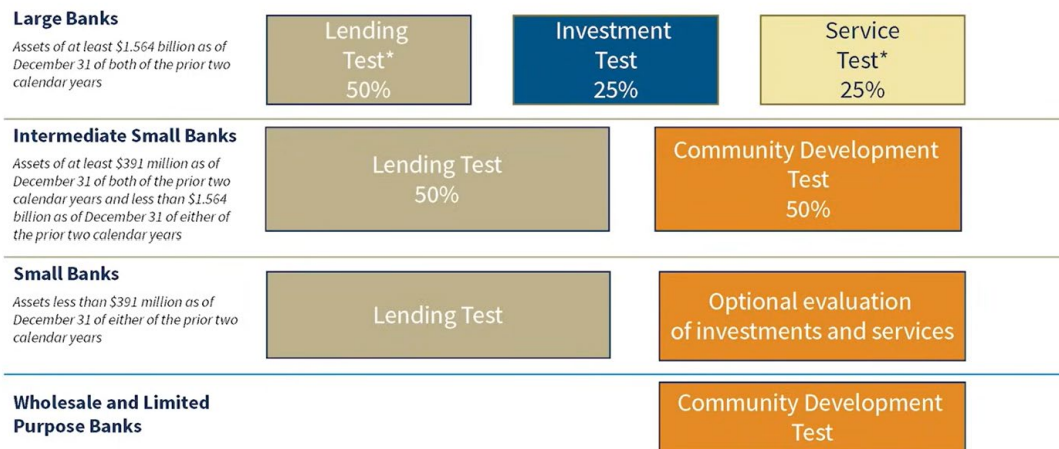
1. Will be evaluated on
 - a. Branch availability and services
 - b. Remote service facility availability (e.g., ATMs)
 - c. Digital and other delivery systems (not limited to mobile or online banking) – Only applies to banks >\$10b (at 12/31 of both prior calendar years) OR <\$10b and do not maintain any branches
2. **A. and b. above** will be analyzed by comparing number and % in Low, Moderate, Middle and Upper tracts to 3 separate benchmarks determined by the % of
 - a. Census tracts in FBAA that are in each tract category
 - b. Households, total businesses in FBAA that are in each tract category, and
 - c. Full service branches of other depository institutions in FBAA that are in each tract category
3. Additional geographic considerations: will also consider
 - a. Middle and upper income tract in which a branch delivers services to LMI
 - b. Distressed or underserved nonmetro middle income tracts
 - c. Native land Areas
4. Retail Banking Products
 - a. Also considers access to out of network ATMs, hours, branch openings and closings, digital delivery etc.
 - b. Responsive Credit Products and Programs
 - c. If more than \$10b, availability and usage of responsive deposit products
5. Will also evaluate branch services that improve access or decrease costs for LMI customers, such as:
 - a. Bilingual or translation services
 - b. Free or low cost check cashing services, such as for government issued and payroll checks
 - c. Reasonably priced international remittance services
 - d. Electronic benefit transfers
6. Credit and Deposit Products – can count as positive only:
 - a. All large banks are evaluated on credit products – quantity, features, accessibility and affordability
 - b. Banks over \$10b will be evaluated on deposit products – cost, availability, usage, and responsiveness

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Community Development Financing Test __.24

1. Takes ratio of combined loans and investments to deposits, and compares to state and nationwide benchmarks
 - a. Consumer concerns adding loans to analysis may lead to lowered investments
 - b. Added an additional analysis for banks over \$10 billion: Analyze bank’s investments compared to deposits, compared to national benchmarks of other banks over \$10b
 1. Excludes investments in MBS
 2. Can only contribute positively
2. Analyzed on activities of branch networks as well as nationwide
3. Evaluated for impact and responsiveness
4. No ratings thresholds like the lending test

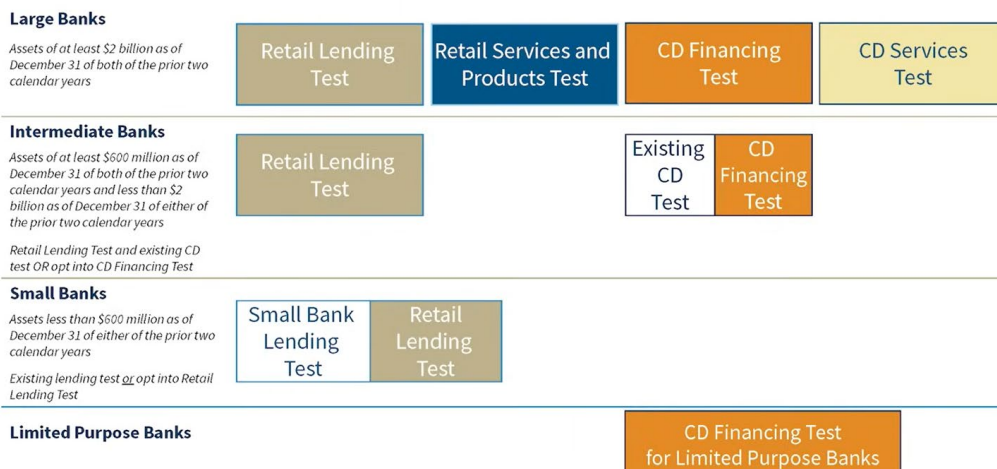
Current Evaluation Framework



* Lending Test includes retail lending and community development lending; Service Test includes retail banking services and community development services.

Community Reinvestment Act Update

New Evaluation Framework



Community Reinvestment Act Update