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OCC RELEASES REVIEW OF LARGE BANK CRA RATINGS
AND PUBLIC EVALUATIONS FOR 63 NATIONAL BANKS

WASHINGTON, DC -- The Office of the Comptroller of the Currency (OCC) today released a list of Community Reinvestment Act (CRA) performance evaluations that became public during the period of August 15 through September 14. The list contains only national banks and insured federal branches of foreign banks that have received ratings. The possible ratings are outstanding, satisfactory, needs to improve, and substantial noncompliance.

In addition, the OCC also released a preliminary review of CRA ratings for larger national banks that "opted in" to be examined under the new regulation before the new rule became mandatory for all large banks on July 1, 1997. Large banks are those with \$250 million or more in assets or smaller banks that are part of a bank holding company with \$1 billion or more in banking and thrift assets.

"We believe these new CRA ratings do a better job of carrying out the intent of the law -- measuring how well banks are meeting the credit needs of their entire communities," Comptroller of the Currency Eugene A. Ludwig said. "Under the revised regulation, we are assessing bank performance -- loans, investments and service -- instead of bank processes, such as how many times bank management meets with community organizations or what it did to market its products in low- and moderate-income areas."

Mr. Ludwig emphasized that, because the standards for assessing performance are different in the revised regulation, it is misleading to compare a bank's ratings under the old and new CRA regulations.

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"A bank's rating under the new regulation may change -- even though it is doing exactly the same things it was doing during the previous rating period," he said. "It may be misleading to compare the two ratings because the assessment standards have changed."

The Comptroller said the OCC had conducted a preliminary review of 49 large national banks that had opted to be examined under the new CRA examination procedures because of repeated public inquiries about examination results for those banks.

Eight large banks previously rated outstanding received satisfactory ratings under the new regulation, while three banks previously rated satisfactory were rated outstanding. The remainder of the banks received the same rating as in the previous examination. A copy of the analysis and a list of the large banks and their public performance evaluations is

attached.

Mr. Ludwig cautioned against viewing the analysis as an indicator of likely ratings for the entire population of large banks. He noted that these banks were self-selected -- that is, they most likely chose to opt in because they expected to have the same or a higher CRA rating under the new regulation. In addition, the small number of banks in the analysis means the results are not statistically valid.

"It would be a mistake to measure the success of the revised regulation solely by the number of banks whose CRA ratings change," the Comptroller said. "We should judge its success by the extent to which it measures a bank's actual performance throughout its entire community -- through loans in low- and moderate-income areas, investments in community development efforts, and efforts to improve access to its services."

Of the 63 CRA evaluations made public this month 10 were outstanding, 53 were satisfactory, and none were needs to improve. Evaluations indicated by "yes" in the "on web?" column are available from links on <http://www.occ.treas.gov/cra/sep97.htm>. The OCC's World Wide Web site (<http://www.occ.treas.gov>) also offers access to a searchable list of all public CRA evaluations (<http://www.occ.treas.gov/cra/crasrch.htm>). Paper copies of the actual evaluations may be obtained by e-mail request to FOIA-PA@ occ.treas.gov or from: the Office of the Comptroller of the Currency, Public Information Room, Mailstop 1-5, Washington, DC 20219. When requests are made electronically, remember to include your postal mail address. Facsimile requests may be sent to (202) 874-4448. This list of ratings made public this month is [attached](#).

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.

Preliminary Review of Ratings of Large Banks Opting for Evaluation

Under the New CRA Regulations

Between January 1, 1996 and July 1, 1997, 57 large national banks opted for evaluation under the new CRA regulations. These were banks that either had \$250 million or more in assets or were part of a holding company with \$1 billion or more in banking and thrift assets.

Of those 57 banks, 8 have either not received their final CRA evaluations, or their evaluations are not yet public. A preliminary analysis of the remaining 49 large banks yields

these results:

11 of the 49 large banks -- 22 percent -- received outstanding CRA ratings. The other banks all received satisfactory CRA ratings.

At 11 banks, the CRA ratings under the new regulation were different from ratings under the previous regulation. A change in rating does not necessarily indicate a change in performance, since the standards for assessing a bank under the new regulation are different from those in the previous rule.

The CRA rating changed from outstanding to satisfactory at 8 banks -- 16 percent of the 49 large banks. At 3 of the 49 banks -- 6 percent -- the rating changed from satisfactory to outstanding. In other words, when ratings changed, they were two to three times more likely to move from outstanding to satisfactory as from satisfactory to outstanding.

Note: These results should not be considered as preliminary indicators of the impact of new CRA regulation for several reasons. First, they show CRA ratings for a very small sample of all eligible banks and therefore are not statistically significant. The addition or subtraction of 2 or 3 banks in any category can have a significant impact on percentage results. Second, the banks in this sample are self-selected. Only the banks that had reason to believe they would receive improved -- or at least, the same -- ratings under the revised regulation had an incentive to "opt in."