



OCC Bulletin 2021-5 | January 29, 2021

Community Reinvestment Act: Bank Type Determinations, Distressed and Underserved Areas, and Banking Industry Compensation Provisions of the June 2020 CRA

To: Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Summary

The Office of the Comptroller of the Currency (OCC) today published

- the list that identifies a bank's type based on asset size or business model for 2021.
- the list of the distressed and underserved areas where certain bank activities conducted in 2021 are eligible to receive Community Reinvestment Act (CRA) consideration.
- the banking industry median hourly compensation value used for determining the dollar value of community development service activities during 2021.

This bulletin publishes the two lists and the median hourly compensation value pursuant to the agency's CRA rule that was published in the *Federal Register* on June 5, 2020, 12 CFR 25 (hereafter referred to as the June 2020 rule). The OCC will publish these two lists and the median hourly compensation value annually under the June 2020 CRA rule, which applies to national banks, federal savings associations, and federal branches of foreign banking organizations that are subject to the OCC's regulations under CRA (collectively, banks).

Note for Community Banks

This rule applies to community banks subject to the CRA.

Bank Type Determinations

"Bank type" is the term that the OCC uses to identify banks that are small, intermediate, wholesale, and limited purpose or banks subject to general performance standards (GPS). Bank type is determined by a bank's asset size in the case of small, intermediate, and GPS banks and by business model in the case of wholesale and limited purpose banks. A bank's type generally determines the performance standards and related examination procedures used to evaluate the bank's CRA performance.

The OCC applied the asset size thresholds in the June 2020 rule¹ to determine that

- a bank with assets of \$600 million or less is a small bank.
- a bank with assets greater than \$600 million and equal to or less than \$2.5 billion is an intermediate bank.
- a bank with assets greater than \$2.5 billion is a GPS bank.

Bank type determinations are unchanged for banks currently designated by the OCC as wholesale or limited purpose.² Additionally, banks currently operating under an OCC-approved strategic plan are categorized on the list of bank type determinations as "strategic plan."

Bank types reflected in the "Bank Type Determination" list attached to this bulletin apply to activities conducted during calendar year 2021.³

Distressed and Underserved Areas

The OCC designates distressed and underserved areas in accordance with the June 2020 rule.

A distressed area is a middle-income census tract identified by the OCC that meets one or more of the following conditions:⁴

- An unemployment rate of at least 1.5 times the national average;
- A poverty rate of 20 percent or more; or

- A population loss of 10 percent or more between the previous and most recent decennial census or net migration loss of 5 percent or more over the five-year period preceding the most recent census.

An underserved area is a middle-income census tract identified by the OCC as⁵

- meeting the criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the census tract is likely to have difficulty financing the fixed costs of meeting essential community needs. The OCC uses as the basis for these designations the "urban influence codes," numbered "7," "10," "11," and "12," maintained by the Economic Research Service of the U.S. Department of Agriculture; or
- not having a branch of any bank within
- two miles from the center of the census tract if it is an urban census tract, as defined by the Federal Financial Institutions Examination Council Census data;
- five miles from the center of the census tract if it is a mixed census tract, as defined by the Federal Financial Institutions Examination Council Census data;
- 10 miles from the center of a census tract if it is a rural census tract, as defined by the Federal Financial Institutions Examination Council Census data;
- five miles from the center of the census tract if the census tract is an island area, as defined by the Federal Financial Institutions Examination Council Census data; or
- not having any branch within the census tract.

The designations for 2021 attached to this bulletin reflect local economic conditions, including unemployment, poverty, and population changes.

The census tract designations reflected on the "List of 2021 Distressed and Underserved Census Tracts" attached to this bulletin apply to activities conducted in calendar year 2021. The OCC will also apply a one-year lag period for census tracts that were listed in the 2020 interagency list of distressed or underserved nonmetropolitan middle-income geographies⁶ but are no longer designated as distressed or underserved in the 2021 list. Qualifying activities in census tracts on the 2020 interagency list are eligible to receive CRA credit for 12 months after publication of the list if the activities meet the criteria in 12 CFR 25.04.

Banking Industry Median Hourly Compensation Value

The OCC's computation of the banking industry median hourly compensation is used to quantify the value of a bank's community development services under the June 2020 rule. The June 2020 rule provides that the dollar value of a community development service is determined by multiplying "compensation" by the total number of hours one or more employees spent performing the service. If the community development service is a partially qualifying activity, the full dollar value of the activity calculated above is multiplied by the percentage of the activity that is qualifying.⁷

The June 2020 rule defines compensation as the median hourly compensation value (i.e., total salaries and benefits divided by full-time equivalent employees) for the banking industry based on aggregate call report data for (1) median salaries and employee benefits from Schedule RI, Item 7.a and (2) the median number of full-time equivalent employees from Schedule RI Memorandum Item 5.⁸

The median hourly compensation value for the banking industry to be applied to qualifying community development activities that are effective October 1, 2020, through December 31, 2021, is **\$39.03**. Banks may round the median hourly compensation value to the nearest dollar.

Further Information

The criteria for determining bank type, designating distressed and underserved areas, and calculating the banking industry median hourly compensation value will be made available on the OCC website.

For more information, please contact the CRA and Fair Lending Policy staff, Compliance Risk Policy Division, at (202) 649-5470.

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Related Links

- ["Bank Type Determination" \(XLSX\)](#)
- ["List of 2021 Distressed and Underserved Census Tracts" \(XLSX\)](#)

¹The small bank and intermediate bank asset size thresholds in the June 2020 rule shall be adjusted annually and published by the OCC based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest \$100,000. Refer to 12 CFR 25.03.

²For more information, refer to OCC Bulletin 2019-40, "[Community Reinvestment Act: Guidelines for Requesting Designation as a Wholesale, Limited Purpose, or Special Purpose Bank](#)." Banks that previously were referred to as "special purpose banks" are referred to as "exempt banks" under the June 2020 rule. Refer to 12 CFR 25.01(c)(3).

³Refer to OCC Bulletin 2020-99, "[Community Reinvestment Act: Key Provisions of the June 2020 CRA Rule and Frequently Asked Questions](#)," for more information about how bank type is used to determine a bank's CRA examination type.

⁴Refer to 12 CFR 25.03.

⁵Ibid.

⁶Refer to [OCC News Release 2020-81](#).

⁷Refer to 12 CFR 25.07(e).

⁸Refer to call report data for the September 30, 2019, December 31, 2019, March 30, 2020, and June 30, 2020, report dates.

[source](#)