FACT SHEET

BANK ENTERPRISE AWARD PROGRAM

EVALUATION REPORT - JUNE 2017

BACKGROUND

The Bank Enterprise Award Program Baseline Analysis and Evaluation (BEA Program Evaluation), commissioned by the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund), is an independent third-party evaluation of the Bank Enterprise Award (BEA) Program. The BEA Program Evaluation was conducted by A. Reddix and Associates, with the Woodstock Institute and the National Community Reinvestment Coalition.

Congress established the BEA Program to incentivize bank investment in the nation's most severely distressed communities. As a point of reference, the BEA Program Evaluation examines the depth of community distress targeted by the BEA Program compared to targeting under the Community Reinvestment Act (CRA).

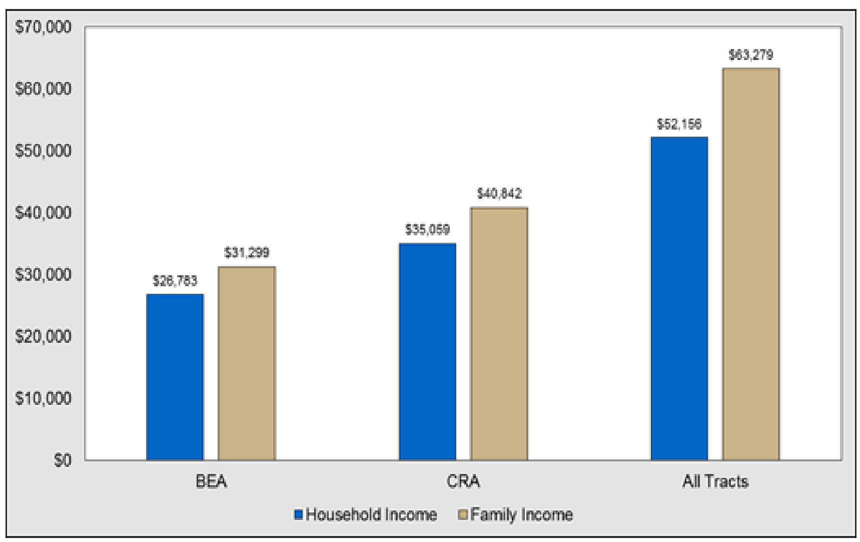
SELECTED FINDINGS

The BEA Program targets census tracts with much lower income levels and higher poverty rates than typically required under CRA regulations.

Median family income in BEA-eligible census tracts is 23.4 percent less than in CRA-eligible census tracts, and less than half the median family income nationwide.

In addition, the poverty rate in BEA-eligible census tracts is roughly 50 percent higher than in CRA-eligible census tracts.

MEDIAN HOUSEHOLD AND FAMILY INCOME, BY BEA AND CRA ELIGIBILITY FOR CENSUS TRACTS, 2013



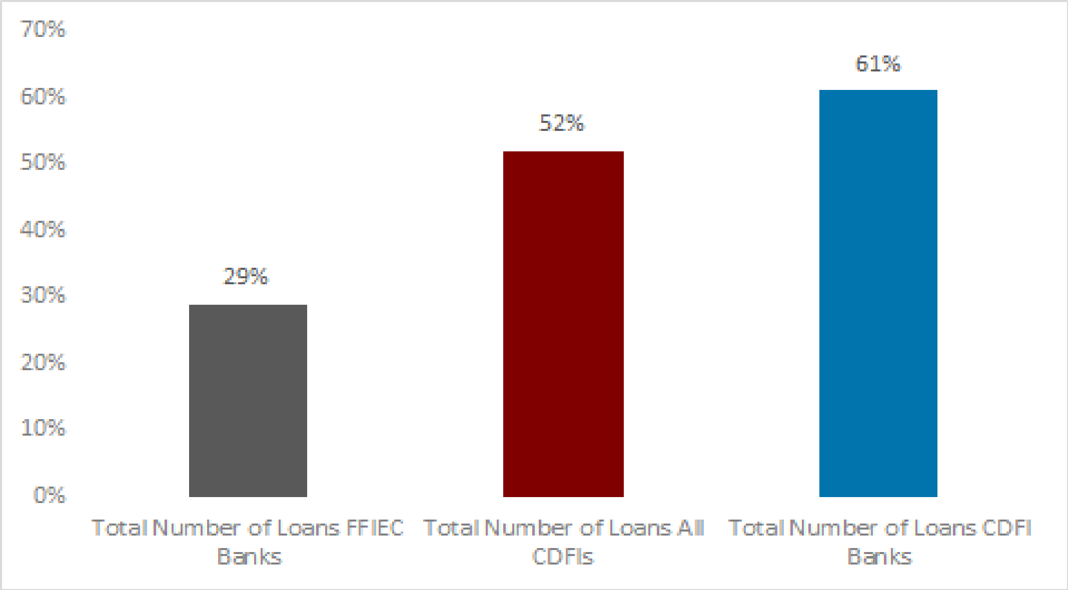
Sources: CDFI Fund list of BEA-eligible census tracts, FFIEC Census Data 2013, authors' calculations

The BEA Program drives investment into the neediest of communities, areas that might otherwise remain marginalized, and complements CRA by providing incentives to serve more highly distressed communities.

Under current BEA regulations, a bank may receive a BEA Program award for specified activities in a census tract in which at least 30 percent of the resident population has income below the poverty level AND an unemployment rate at least 1.5 times the national average. According to applicants and awardees surveyed during the BEA Program Evaluation, BEA Program awards help mitigate the financial risks and costs of operating bank branches in highly distressed communities and is a factor in shaping the financial products and services offered in these communities. The BEA Program enables banks to make loans to people with limited credit histories, lower incomes, and potentially greater risk of default.

CDFI banks and CDFIs have a greater propensity to lend in highly distressed communities than CRA-reporting banks generally do. In addition, BEA Program data indicates that BEA awardees typically originate a larger share of their loans in persistent poverty areas[1] than Federal Financial Institutions Examination Council (FFIEC) CRA-reporting banks. This underscores the unique role CDFI banks and loan funds play in serving highly distressed communities.

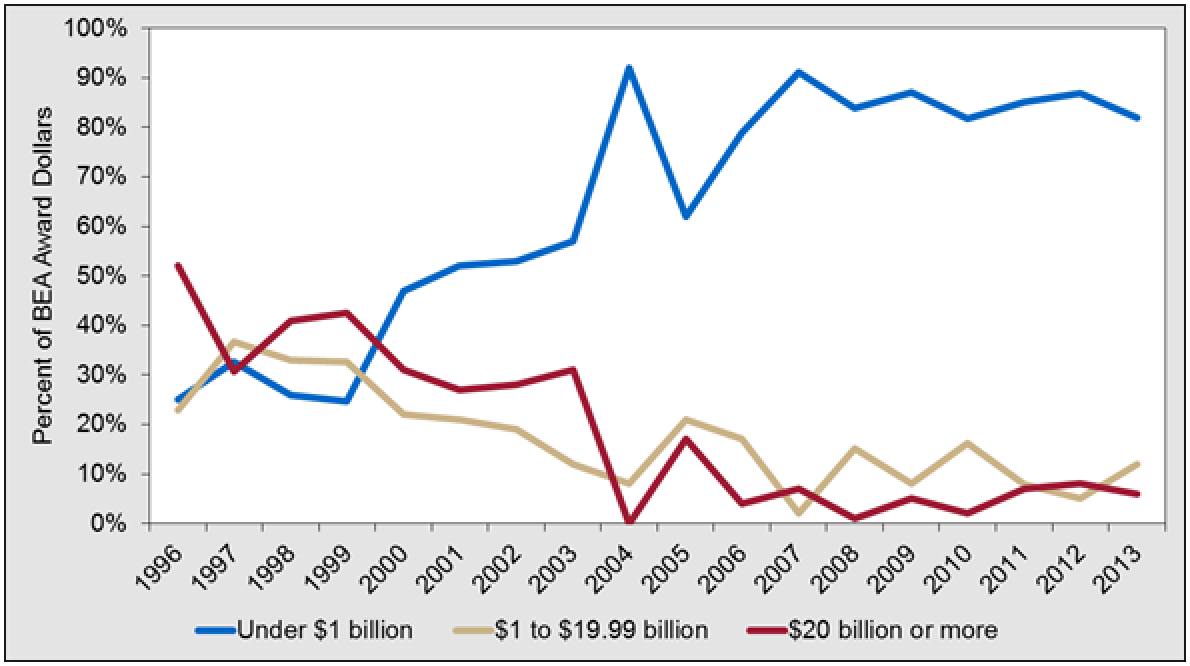
LENDING BY FFIEC BANKS, CDFI BANKS, AND CDFIS IN LOW-INCOME CENSUS TRACTS, 2014



Sources: FFIEC and CDFI Fund data based on low-income community classification of 2010 U.S. Census tracts

The BEA Program has adapted and evolved over time, with a focus today on making awards to smaller CDFI banks that increase their activities in distressed communities, as well as to larger non-CDFI banks that invest in CDFIs to reach more highly-distressed areas than they otherwise would.

PERCENT OF BEA PROGRAM AWARDS, BY BANK ASSET SIZE, 1996-2013



Source: BEA Program Award History FY1996 to 2013, provided by the CDFI Fund November 5, 2014

[1] Persistent poverty areas are those in which 20 percent or more of the population has lived in poverty over the past 30 years, according to U.S. Census Bureau data.