

CRA INVESTMENTS THE UNION BANK APPROACH



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- UBOC Current CRA Investment Portfolio
 - Affordable Housing tax credit investments
 - “For Profit” real estate funds
 - Equity investments in venture funds
 - Equity investments in financial intermediaries (CDFI), bond funds, banks

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- Why funds are chosen most often
 - Well defined objective
 - Likelihood of realizing desired return on investment.
 - Defined investment life provides exit date.
 - Experience of Bank investment officers with fund management

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- Approval conditions for investments
 - Must qualify as CRA investment per Part 24
 - Commitment will not exceed regulatory or policy limits
 - Investment Management passes scrutiny/ prior experience
 - Proposed goals must satisfy UBOC financial expectations.
 - Funds will be deployed within UBOC assessment areas
 - Investment is < 10% of total fund equity
 - Approval by tax, legal, credit and CRA compliance
 - Signature of Vice Chairman/COO

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- Reasons that investment proposals are often declined
 - Failure to provide desired return on invested capital
 - Proposal is weak on “second bottom line” returns
 - Fund sponsors or management lack “track record”.
 - The investment creates portfolio imbalance

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- Useful Skills for CRA Investment Officers
 - Credit training and experience as loan or investment officer
 - Knowledge of non profit financials and operations
 - Understanding of double bottom line concept
 - Knowledge of Community Reinvestment Act and related regulations
 - Good working relationship with compliance, legal, tax and credit officers in the approval chain.
 - Develop your network with peers at other banks and management of financial intermediaries.