

Examination Process Overview

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Reinvestment Conference

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Discussion Points

- Performance Context
 - Community Contacts
- Types of Institutions
- Large Bank vs. Small Bank Process
- Ratings
- Report
- Strategic Plan Option

Performance Context

- What is it?
- Why is it important?
- How is information obtained?
- Are community contacts conducted?



What is it?

- Contains information about the institution, its community, and its competitors.
- Prepared by the examiner.
- Institution may contribute additional information.

Why is it Important?

- Demographic data
- Lending, Investment, and Service opportunities
- Bank's product offerings and business strategy
- CRA Public File and written comments
- Any other relevant information

Objectives

- Primary objectives
 - Gather information to develop community profile
 - Determine available opportunities for institutions to meet needs
 - Understand perception of institution's performance in meeting needs

How is Information Obtained?

- Internet - Various Websites
 - Census Bureau
 - Bureau of Labor Statistics
 - County Profiles
- Community-Based Organizations
- Institution Being Examined



Are Community Contacts Conducted?

- At least one contact conducted.
- Types of Organizations Contacted:
 - Grassroots Community Groups
 - Community-Based Development or Financial Intermediaries
 - Government Offices
 - Business and Labor Groups
 - Civil Rights and Consumer Protection Groups

Community Contacts

- Interview Summary:
 - Community profile
 - Opportunities for bank participation
 - Performance of local institutions
- Summaries used when evaluating other local banks for CRA.
- Community Affairs may help locate appropriate contact.

Performance Context



- Remember to talk to examiners and provide relevant information so that your CRA performance is judged in the right context.

Bank Examination Categories

- Small Bank:
 - assets of less than \$250 million

- Large Bank:
 - assets of \$250 million or more

Bank Examination Categories

- Limited purpose:
 - offers only a narrow product line (i.e. credit cards or motor vehicle loans).
- Wholesale Bank:
 - does not generally offer bank products to retail customers.
- Strategic Plan Option:
 - alternative assessment method voluntarily chosen by any bank that includes a written plan approved by the regulators. The bank's performance is measured against this plan.

Performance Standards

- Small Banks have 5 performance standards:
 1. Loan-to-deposit ratio;
 2. Percentage of credit activities in the bank's Assessment Area;
 3. Record of bank's credit activities to:
 - borrowers of different income levels,
 - businesses and farms of different sizes;
 4. Geographic distribution of loans; and
 5. Action taken in response to written complaints with respect to CRA

Performance Standards

- Small Bank

- Qualified investments and services may be used to enhance a satisfactory rating to an outstanding.

Performance Standards

- Large Banks have 3 performance standards:
 1. Lending Test
 2. Investment Test; and
 3. Service Test.

Recall: Small banks may use qualified investments and service to enhance a satisfactory rating to an outstanding.

The Lending Test

- The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small-business, small-farm, and community-development lending.

The Investment Test

- The investment test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

The Service Test

- The service test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Assigned Ratings

- Outstanding
- Satisfactory
- Needs to Improve
- Substantial Noncompliance

Note: Evidence of discrimination or other illegal credit practices adversely affects the evaluation

Exam Report

- Delivered by your regulator
- According to your regulator's time frame

Strategic Plan

- Option available to all banks
- Submit a plan to its regulator for approval
- Must contain measurable goals for meeting the credit needs of the AA through
 - lending
 - investment, and
 - service

Strategic Plan

■ Public Comment

- Informally seek suggestions from the public during plan development
- Formally solicit public comment for 30 days through at least 1 newspaper in each AA
- Make copies of the plan available to the public at no cost at all offices and at reasonable cost upon request (mailing)

■ Operate under plan for at least 1 year prior to evaluation

Questions?



**THANK
YOU**

The image features the words "THANK YOU" in a bold, blue, 3D sans-serif font. The text is arranged in two lines: "THANK" on top and "YOU" below it. The letters are rendered with a metallic blue finish and have a slight perspective, giving them a three-dimensional appearance. They are set against a solid black rectangular background that is tilted at an angle. The entire composition is centered on a background of a vibrant, abstract blue and purple nebula or galaxy, with a dark blue gradient at the bottom.