

Lending Test
Small and Large Bank
Lending Measurements

2004 Community Reinvestment
Conference

What Loans Will Be Reviewed?

- For small banks
 - A sample of the bank's loans
- For large banks
 - HMDA LAR
 - CRA Data Collection
 - Consumer lending if significant, or at the bank's option



Small and Large Bank Measurements

- Many elements of the large and small bank evaluations overlap or are similar



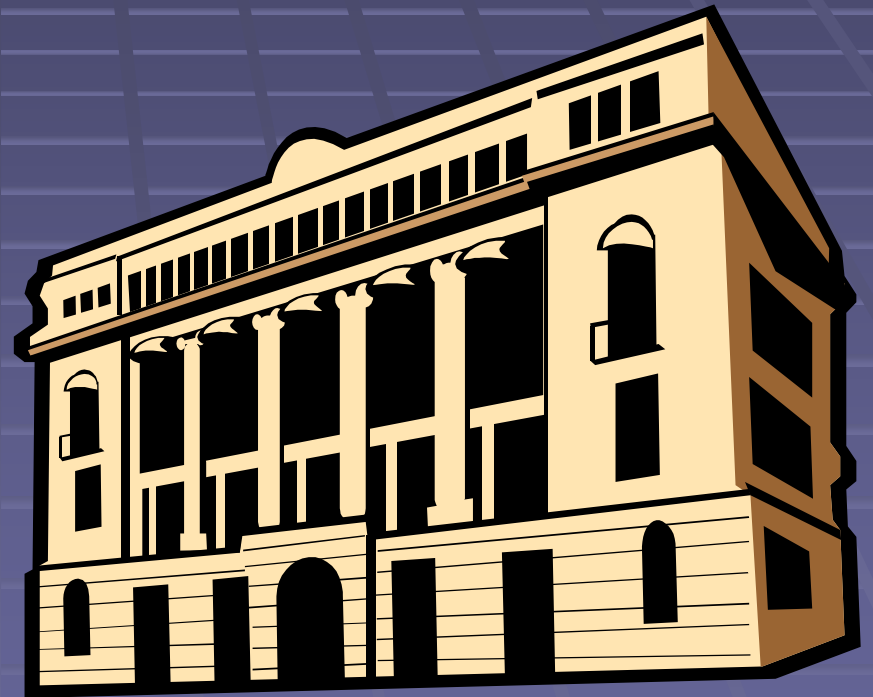
Small Bank Measurements

- Loan-to-Deposit Analysis
- Assessment Area Concentration
- Geographic Distribution
- Borrower Distribution
- Complaints



Large Bank Measurements

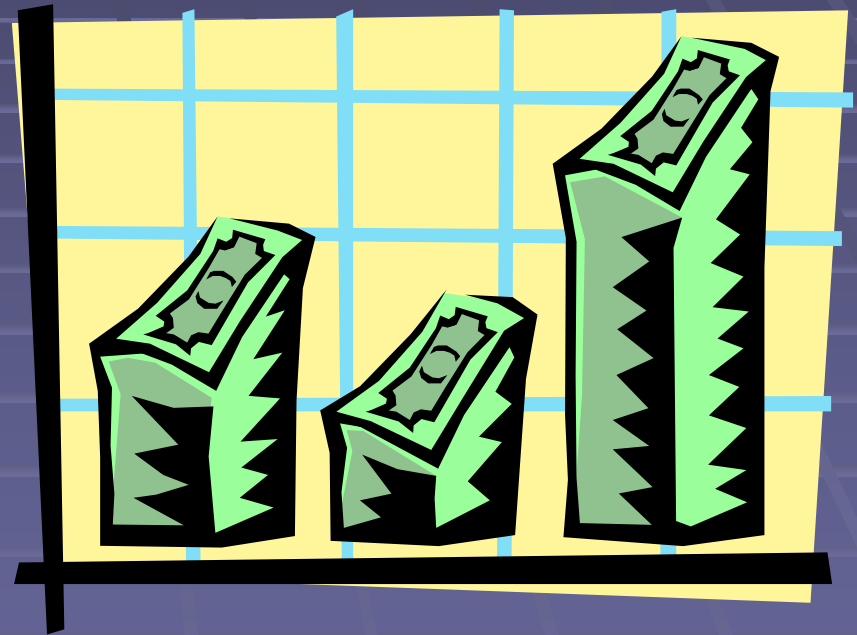
- Lending Activity
- Assessment Area Concentration
- Geographic Distribution
- Borrower Distribution
- Responsiveness
- Community Development Lending
- Product Innovation



Small Bank

Loan-to-Deposit Analysis

- Review of the loan-to-deposit ratio.
- A quick test to determine whether the bank is lending
- Consider peer ratios, bank's historic ratios, demographic or economic factors



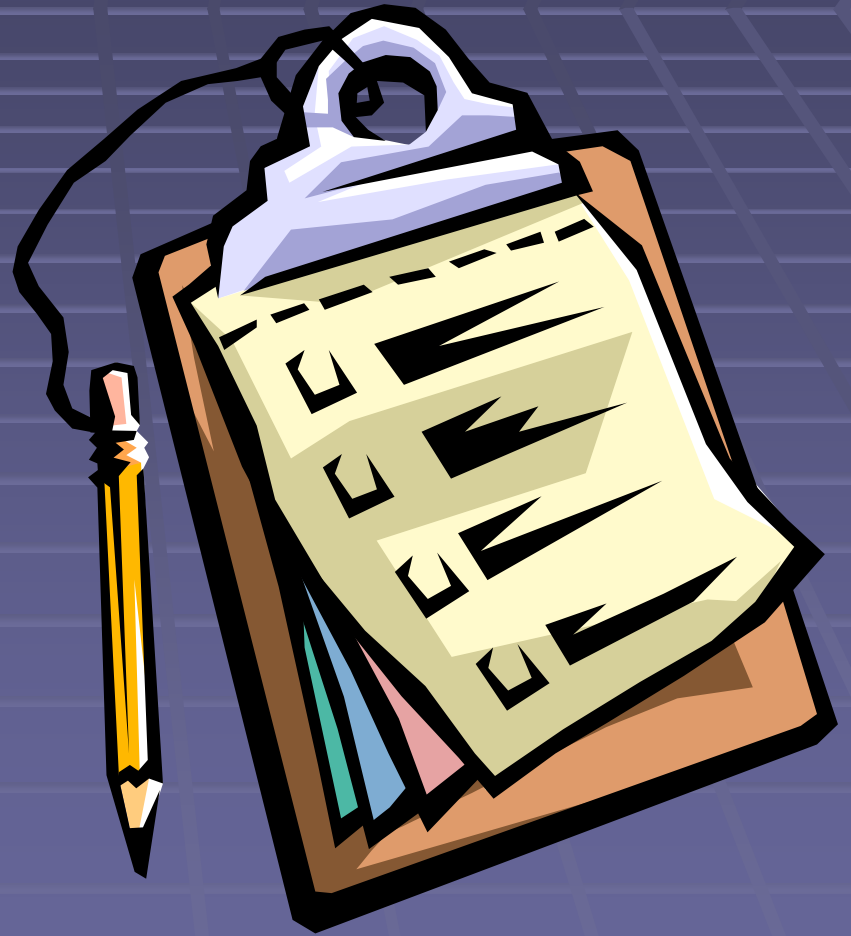
Large Bank Lending Activity

- Measures responsiveness to assessment area credit needs
- Loan-to-deposit ratio is one factor to consider



Assessment Area Concentration

- The same for small and large banks
- Consider the number and dollar volume of loans made inside the bank's assessment area



Geographic Distribution

- The same for small and large banks
- Consider whether the geographic dispersion of loans reflects penetration throughout the assessment area



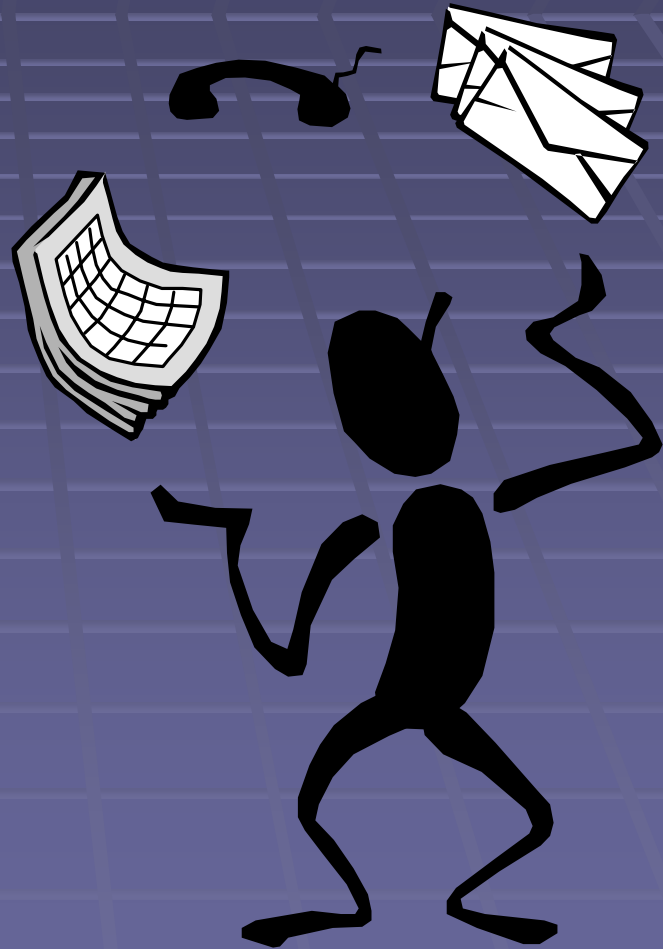
Borrower Distribution

- The same for small and large banks
- Consider whether the distribution of lending reflects penetration among customers of different income levels and/or businesses of different sizes



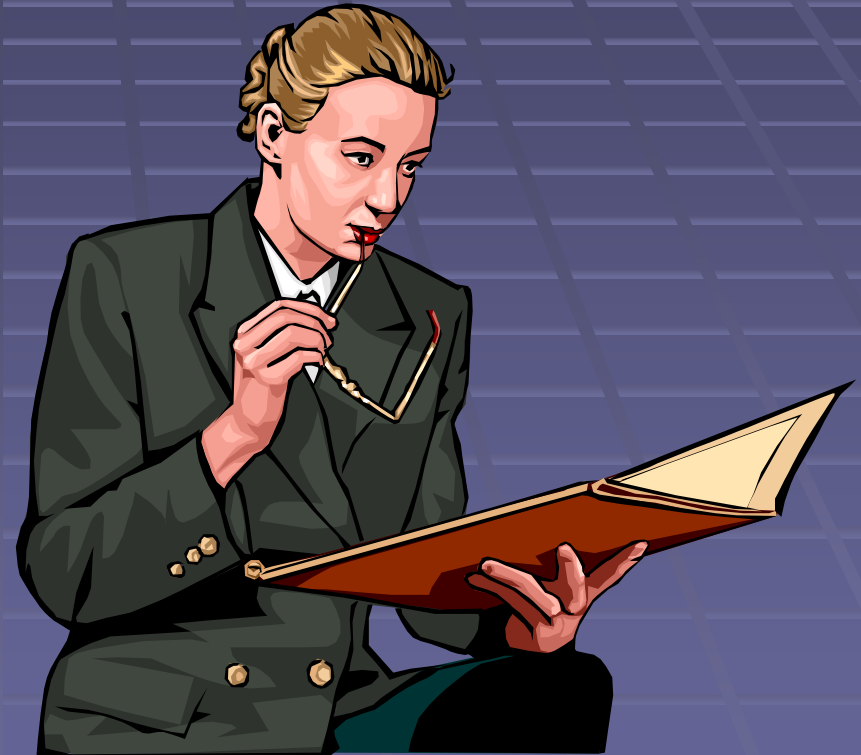
Additional Criteria for Large Banks

- Responsiveness
- Community Development Lending
- Product Innovation



Rating Small and Large Bank Measures

- Consult the CRA ratings matrices for small and large institutions



Questions?



**THANK
YOU!**