§ 228.25 Community development test for wholesale or limited purpose banks.

(a) Scope of test. The Board assesses a wholesale or limited purpose bank’s record of helping to meet the credit needs of its assessment area(s) under the community development test through its community development lending, qualified investments, or community development services.

(b) Designation as a wholesale or limited purpose bank. In order to receive a designation as a wholesale or limited purpose bank, a bank shall file a request, in writing, with the Board, at least three months prior to the proposed effective date of the designation. If the Board approves the designation, it remains in effect until the bank requests revocation of the designation or until one year after the Board notifies the bank that the Board has revoked the designation on its own initiative.

(c) Performance criteria. The Board evaluates the community development performance of a wholesale or limited purpose bank pursuant to the following criteria:

(1) The number and amount of community development loans (including originations and purchases of loans and other community development loan data provided by the bank, such as data on loans outstanding, commitments, and letters of credit), qualified investments, or community development services;

(2) The use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors; and

(3) The bank’s responsiveness to credit and community development needs.

(d) Indirect activities. At a bank’s option, the Board will consider in its community development performance assessment:

(1) Qualified investments or community development services provided by an affiliate of the bank, if the investments or services are not claimed by any other institution; and

(2) Community development lending by affiliates, consortia and third parties, subject to the requirements and limitations in §228.22(c) and (d).

(e) Benefit to assessment area(s)—(1) Benefit inside assessment area(s). The Board considers all qualified investments, community development loans, and community development services that benefit areas within the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

(2) Benefit outside assessment area(s). The Board considers the qualified investments, community development loans, and community development services that benefit areas outside the bank’s assessment area(s), if the bank has adequately addressed the needs of its assessment area(s).

(f) Community development performance rating. The Board rates a bank’s community development performance as provided in appendix A of this part.

§ 228.26 Small bank performance standards.

(a) Performance criteria—(1) Small banks that are not intermediate small banks. The Board evaluates the record of a small bank that is not, or that was not during the prior calendar year, an intermediate small bank, of helping to meet the credit needs of its assessment area(s) pursuant to the criteria set forth in paragraph (b) of this section.

(2) Intermediate small banks. The Board evaluates the record of a small bank that is, or that was during the prior calendar year, an intermediate small bank, of helping to meet the credit needs of its assessment area(s) pursuant to the criteria set forth in paragraphs (b) and (c) of this section.

(b) Lending test. A small bank’s lending performance is evaluated pursuant to the following criteria:

(1) The bank’s loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for

(2) The innovativeness and responsiveness of community development services.

(f) Service performance rating. The Board rates a bank’s service performance as provided in appendix A of this part.