

business or consumer loan, and benefits the bank's assessment areas or a broader statewide or regional area that includes the assessment area. *See* 12 CFR §§ 25.12(i), 228.12(i), 345.12(i), and 563e(h). "Community development" is defined to include, among other things, "activities that *promote economic development* by financing businesses [that meet the size specifications in regulations governing the SBA's SBIC program]." *See* 12 CFR §§ 25.12(h)(3), 228.12(h)(3), 345.12(h)(3), and 563e.12(g)(3) (emphasis added). To be considered to promote economic development, activities that finance small businesses must support: (1) permanent job creation, retention, and/or improvement for persons who are currently low- or moderate-income; or (2) businesses located in low- or moderate-income areas or in areas targeted for redevelopment by federal, state, local, or tribal governments. *See* Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment, 61 Fed. Reg. At 54,650 (Oct. 21, 1996) (question and answer 1 addressing 12 CFR §§ 25.12(h)(3), 228.12(h)(3), 345.12(h)(3), and 563e.12(g)(3)).

Thus, a financial institution's loan that promotes economic development by financing a business that meets the size eligibility standards of the SBA's SBIC program would constitute a "community development loan" under the CRA regulations. In addition to originations and purchases of community development loans, examiners "will also consider any other loan data the bank may choose to provide, including data on loans outstanding, commitments and letters of credit." *See* 12 CFR §§ 25.22(a)(2), 228.22(a)(2), 345.22(a)(2), and 563e.22(a)(2). The trade financing services described in your letter involve various commitments and letters of credit. Therefore, a financial institution that offers such trade financing services should provide data on those services, as "other loan data," to its CRA examiners if it wishes examiners to consider these activities.

I trust this has been responsive to your inquiry. If you require further information, please do not hesitate to contact me or Michele Meyer, an attorney on my staff, at (202) 874-5750.

Sincerely,

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Michael Bylsma
Acting Director
Community and Consumer Law Division