



Comptroller of the Currency
Administrator of National Banks

US Department of the Treasury

OCC Fair Lending Conference 2008

Statistical Analysis and Modeling for Risk Assessment

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ENSURING A SAFE AND SOUND
NATIONAL BANKING SYSTEM
FOR ALL AMERICANS

Bank Economist and Consultant
Perspective

Fair Lending Analytics

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Overview

- Wells Fargo Fair Lending Structure
- Fair Lending Analysis Process
- Fair Lending Exam Preparation
- Conclusions



Wells Fargo Fair Lending Structure

Fair Lending Legal analysis is performed at the direction of, and in conjunction with, Wells Fargo attorneys who provide legal advice to Wells Fargo businesses with the goal of ensuring that customers are treated fairly and consistently

- In the pricing and credit decisioning of loans, and
- In the availability of loss mitigation solutions in loan servicing.



Fair Lending Analysis Process

- Assessment / Priority
- Frequency (Volume)
- Fact Findings (credit policies, rate sheets, etc.)
- Analysis Methodology (Third Party Validation)
- Reports for Further Risk Assessment
- Analysis Methodology Documentation



Fair Lending Exam Preparation

- Data
- Analytical Methodology
- Analysis Results and Reports



Data

- HMDA Fields
- Other Loan Level Data Fields
- Data Dictionary
- Range and Missing Values



Analytical Methodology

- Regression
 - Dependent Variables
 - Independent Variables
 - Model Fit
- Match-Pair Analysis
 - Key Data Match Factors
- Other Types of Analysis



Analysis Results and Reports

- T-Statistics / Odds Ratio
- Breakdown by Geography, Branch / Broker, etc.



Conclusions

- Know Your Data
- Document Well