

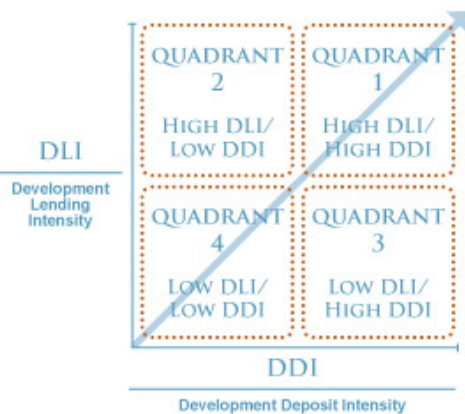
NCIF Social Performance Metrics Database - Glossary of Terms & Primer

Primer for Utilizing the NCIF Social Performance Metrics

The newly redesigned NCIF website (www.ncif.org) includes a searchable database allowing investors and stakeholders the opportunity to examine the scores of every domestic bank and thrift on the NCIF Social Performance Metrics. This database allows stakeholders to do the following:

- Time series analysis of NCIF Social Performance Metrics between 1996 and 2006
- Analysis of a CDBI compared to a peer group (that can be defined by a stakeholder) in a particular year.

Using the two primary NCIF Social Performance Metrics (**DLI-HMDA and DDI**), NCIF has proposed benchmark values for the entire universe of banks and thrifts. To illustrate, it is possible to plot every institution on the matrix displayed below.



2006 Social Performance Metrics Comparison

Category	#	Average DLI	Average DDI
All Banks	8,464	20.8	28.2
10 Largest Banks	10	19.0	33.6
CDFI Banks	55	60.3	73.6

Proposed Threshold Values

Using the above data, it is observed that CDFI banks have an average DLI of 60.3% which is approximately 3 times greater than the average for the “10 Largest Banks” and for “All Banks.” With the objective of increasing the asset class of CDBIs, NCIF is proposing a threshold level of 40% for DLI-HMDA i.e. a number that is equivalent to 2 times the average DLI-HMDA for all banks in the country (20.8%). **A DLI-HMDA score greater than 40% indicates “High DLI.”** A possible use of this threshold is to say that “a non-CDFI bank that has a DLI-HMDA greater than 40%”, is likely to have a social mission either by choice or by virtue of its activities in low income areas. **A DDI score greater than 50% indicates “High DDI”** and therefore making a statement about its low income service orientation.

Using these threshold levels, NCIF is able to locate individual institutions within the above quadrants. As an example, for 2006, there are 384 banks and thrifts with assets below \$2 billion that are located in the High DLI, High DDI Quadrant 1, and the average DLI-HMDA and DDI values for this set of institutions is higher than for the certified CDFI banks. For NCIF, banks in Quadrants 1, 2 and 3 represent possible candidates for identification as community development banking institutions.

As you use the database tool, keep these threshold values in mind so that you can evaluate a bank’s performance relative to these positive screens. Please remember that a low-score on these measures does not necessarily indicate a low community development impact of the organization, it is only a positive screen meant to identify institutions that exhibit a high level of home lending activity and branch placement within low to moderate income communities.

Glossary of Terms

Organizational Information

FDIC Certificate Number

This number, issued by the Federal Deposit Insurance Corporation (FDIC), provides a unique identifier for each bank and thrift.

FDIC Minority Depository Institution (as of 9/30/07)

This field indicates whether an institution is defined by the FDIC as a Minority Depository Institution. Minority owned and focused institutions often play a unique role in promoting the economic viability of under-served communities. The FDIC created a definition to identify these institutions and to focus resources and activity towards these banks and thrifts. For additional information about the program, please visit (www.fdic.gov/regulations/resources/minority/index.html).

Certified CDFI (as of 1/1/07)

This field indicates whether an institution is a certified Community Development Financial Institution. For more information on the CDFI Fund and the various CDFI Programs, please visit (www.cdfifund.gov).

CDARS Participant (as of 9/30/07)

This field indicates whether an institution is a participant in the CDARS network. CDARS® is the Certificate of Deposit Account Registry Service® and it is the most convenient way to enjoy full FDIC insurance on deposits of up to \$50 million. For more information, please visit (www.cdars.com/index.php).

Financial Information – As of 12/31/2006

All Financial information listed comes from the Statistics on Depository Institutions database that is maintained by the FDIC. For more information, please visit (www.fdic.gov).

NCIF Social Performance Metrics – Information based on 2006 data

Development Lending Intensity (DLI) – HMDA

The percentage of an institution's single and multi-family housing loan originations and purchases that is located in CDFI Fund Investment Area census tracts. Census tracts are defined as Investment Areas if they have a poverty rate greater than 20%, an unemployment rate greater than 1.5 times the national average, or a median family income that is less than 80% of the relevant statistical area. All information is based on the HMDA database and the 2000 Census data. DLI-HMDA does not include any analysis of small business, commercial real estate or any other form of lending that is not reported via HMDA.

Development Deposit Intensity (DDI)

The percentage of an institution's branch locations that are located in CDFI Fund Investment Area census tracts. NCIF calculated the DDI for every institution that reported a recognizable address. In case the branch locations are not geocodable, NCIF used the ZIP code and created a DDI value based on the center of the ZIP code. All information is based on the Summary of Deposits, a database maintained by the Federal Deposit Insurance Corporation.

Adjusted DLI – HMDA

This is calculated by excluding the high rate loans in Low to Moderate Income Communities from the total DLI – HMDA. Note: HMDA classifies loans that are priced at 3.0% or more above the relative rate benchmark, as "high rate loans".

Housing Focus

The percentage of an institution's outstanding loan portfolio that is composed of single and multi-family housing loans. Since DLI-HMDA is a measure of home lending, this measure provides an indicator as to an institution's level of home lending activity. All information is gathered from the Statistics on Depository Institutions database maintained by the Federal Deposit Insurance Corporation.

Additional Data Available from NCIF

While on the 2006 information is searchable on the Database Tool above, NCIF has the following information on the NCIF Social Performance Metrics in a format that can be analyzed:

- *DLI-HMDA for 1996 through 2006*
- *DDI for 1996 through 2006*
- *Low Income DLI-HMDA for 1996 through 2006*
This refers to the percentage of an institution's lending directed to low income borrowers, as opposed to being located in low to moderate income census tracts. Low income borrower is a designation as defined by HMDA
- *Distressed DLI-HMDA for 1996 through 2006*
This refers to the percentage of an institution's lending directed to low to moderate income census tracts that have a higher degree of distress i.e. % of housing loans located in census tracts that have a median household income of 50% (or 40% or lower) of the area median household income. This allows stakeholders to further identify CDBIs operating in distressed areas for support or investment.
- *Financial Information and Summary of Deposits for 1996 through 2006*
As of June 30, 2007, NCIF Social Performance Metrics Database has information on all 8625 banks and thrifts operating in the US going back to 1996. Data for 2007 and future years will be added as it becomes available.

To learn more about the NCIF Social Performance Metrics, please feel free to contact us.

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