

## NCIF 2007 Annual Development Banking Conference

November 6-7, 2007

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**Saurabh Narain**

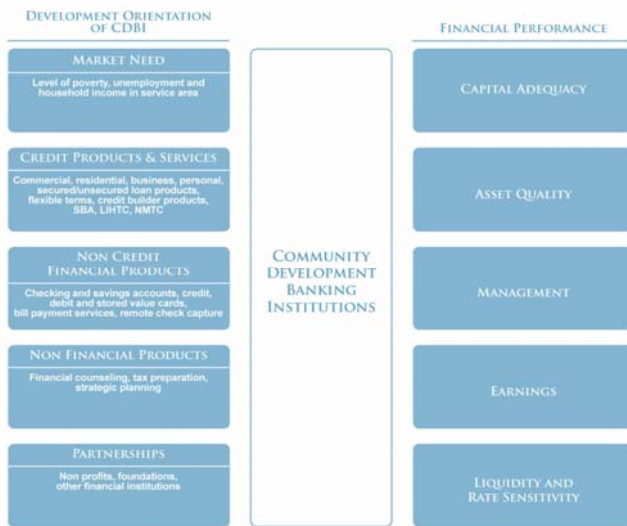
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## Outline

- **NCIF Model CDBI**
  - Trends in Development Lending and Deposit Intensity
  - Social Performance Metrics relative to the Industry
- **NCIF New Initiatives**
- **NCIF Annual Development Banking Conference**
  - CDBI Stakeholders at the Conference
  - Actionable Strategies
  - Contributors to the Success of the Conference
- **National Community Investment Fund – An Overview**
- **The NCIF Team**

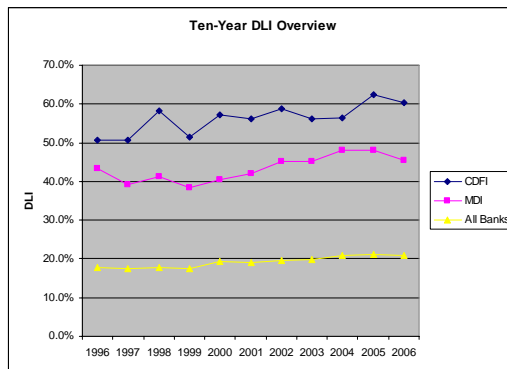
# NCIF Model CDBI

- Community Development Banking Institution (CDBI) is a term coined by NCIF to characterize banks, thrifts and credit unions that are sound financial performers and generate superior social impact.
- CDBIs differentiate themselves from the other 8677 banks with their **development orientation**.
- NCIF is focused on providing capital to and commemorating this development orientation of these CDBIs.



# Development Lending Intensity\* – 10 Year Trend

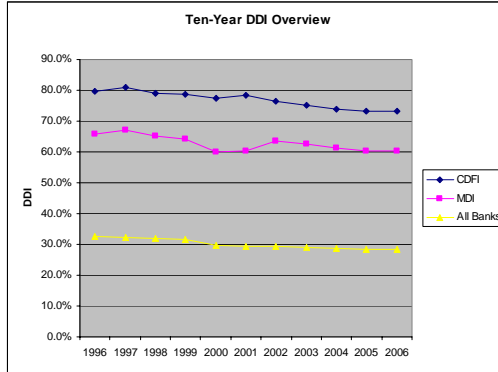
- CDFI banks have between 50.7% and 62.5% (Development Lending Intensity - DLI) of their **housing loans** in low income census tracts. This is interesting given that most CDFIs have a much higher orientation towards commercial real estate loans.
- CDFI Bank DLI is consistently greater than that of Minority Depository Institution (MDI) DLI.
- CDFI and MDI DLI is consistently over 2.5 times the "All Bank" average DLI
- Implication: CDFI and MDI are likely to have a high orientation to providing loans in low income areas.



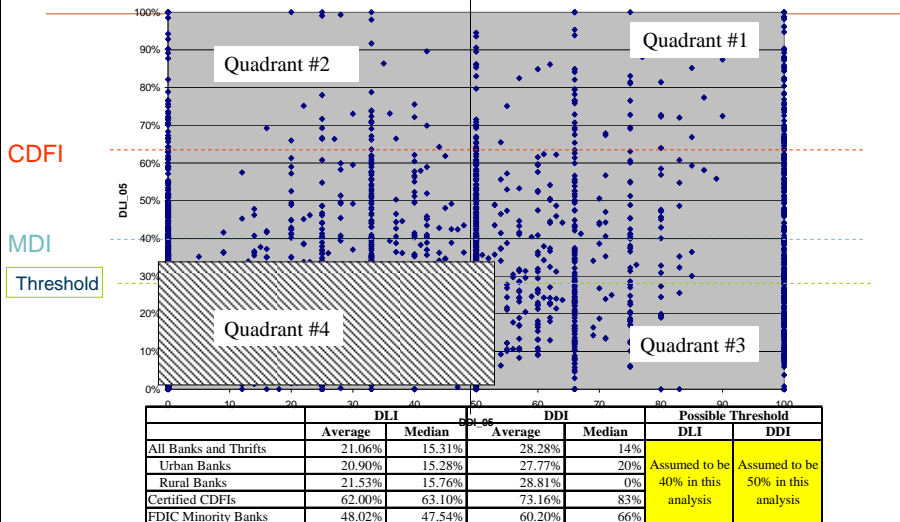
\* Note: DLI is based only on HMDA loans

## Development Deposit Intensity – 10 Year Trend

- CDFI banks have between 73.2% and 80.8% of branches in low income census tracts
- CDFI Bank DDI is consistently greater than that of Minority Depository Institution (MDI) DDI; CDFI and MDI DDI is consistently over 3 times the "All Bank" average DDI
- Implication: CDFI and MDI are likely to have a high orientation to providing services in low income areas.



### Search for Potential Community Development Banking Institutions



*In 2005, DLI and DDI of CDFIs and MDIs approx 4x the "all bank" average*

## Accessing NCIF Social Performance Metrics

Development Lending Intensity and Development Deposit Intensity will be available on:

[www.ncif.org](http://www.ncif.org)

in the form of a searchable database for use by CDBIs, investors, regulators and other stakeholders

The screenshot shows the NCIF Database Search Fields interface. It is titled "NCIF DATABASE - SEARCH FIELDS" and includes the NCIF logo (National Community Investment Fund). The interface is divided into three main sections: "Basic Search", "Advanced Search", and "Social Performance Metrics". Each section contains a list of search criteria with corresponding input fields.

Section	Search Field	Input Field
Basic Search	Organization Name	<input type="text"/>
	FDIC Certificate Number	<input type="text"/>
	State	<input type="text"/>
	CDFI (Y/N)	<input type="text"/>
Advanced Search	FDIC Certified Minority Depository Institution (Y/N)	<input type="text"/>
	Eligible for CDARS (Y/N)	<input type="text"/>
	Total Assets	<input type="text"/>
	Return on Assets	<input type="text"/>
Social Performance Metrics	Return on Equity	<input type="text"/>
	Loan to Deposit Ratio	<input type="text"/>
	Leverage Ratio	<input type="text"/>
	Development Lending Intensity (DLI)	<input type="text"/>
	Development Deposit Intensity (DDI)	<input type="text"/>
	DLI Low Income (HMDA Figures)	<input type="text"/>
	Adjusted DLI	<input type="text"/>

## NCIF New Initiatives

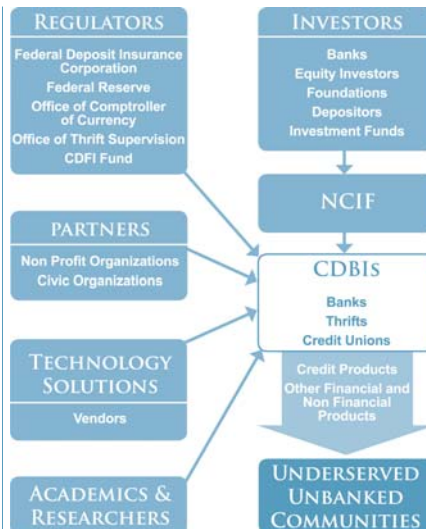
- **NCIF Development Finance Fellowship**
  - Partnering with Rutgers University to support graduate student internships at minority and community development banks in the north east.
- **NCIF Deposits Program using Social Performance Metrics**
  - Developing a pilot with a few leading investors who will use the NCIF Social Performance Metrics to identify and support with deposits and NMTC debt.
  - While HMDA data is available in public domain, CDBIs will benefit if they provide loan data on other forms of lending – commercial real estate, small business, C&I etc
- **Investments in "Equities with Exits"**
  - NCIF will continue to invest in equity of CDBIs
- **Contribute best practices to build a healthy and growing industry**

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## NCIF 2007 Annual Development Banking Conference

## CDBI Stakeholders at the Conference

- Successful CDBIs discussing successful models that can be replicated in delivering sound financial performance and superior financial impact
- Investors – explaining expectations to provide deposits, debt and capital; including need for and alternatives to provide liquidity.
- Regulators – the balancing act between 'safety and soundness' and community investment; accessing public dollars.
- Non Profit and Other Partners
- Vendors and Consultants – successful examples from outside the CDBI sector for replication



## Actionable Strategies

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### **Making the CDBI Sector More Effective**

- Investor perspectives
- Growth Imperatives, challenges and opportunities
- Development Impact – how do we measure and commemorate
- The burning issue of the season – sub-prime loan related crisis
- Accessing public funds – city, state, federal, CDFI Fund programs
- Accessing capital markets including providing liquidity to shareholders
- Retail financial service strategies – the underserved markets are not homogenous
- Serving the underserved, rural, ethnic populations or individual small borrowers

## Contributors to Success of NCIF Conference

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- Honorable Sheila Bair, Chairman of the Federal Deposit Insurance Corporation
- Honorable Kim Reed, Director CDFI Fund
- Sponsors
  - Lead Sponsor: Federal Reserve Bank of Chicago
  - Gold Sponsor: JP Morgan Chase
  - Silver Sponsors: Bank of America, Deutsche Bank, Fannie Mae, Merrill Lynch, NASDAQ, PNC Bank, Sandler O'Neill, Sonnenschein Nath and Rosenthal and West Monroe Partners
- Leaders from the CDFI Industry
- Investors and supporters

## National Community Investment Fund

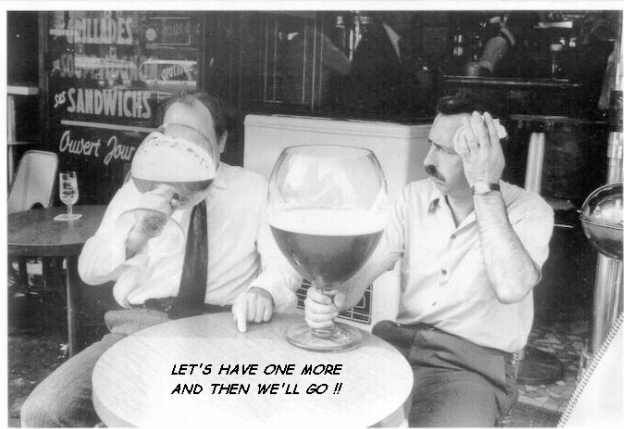
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- National Community Investment Fund (NCIF) – since 1996
  - Nonprofit trust, private equity fund, certified CDFI
  - Third largest private equity investor in CDFIs- after Fannie Mae and Ford Foundation
  - Mission Statement: NCIF invests private capital in and enables knowledge transfer to depository institutions that increase access to financial services in underserved communities
- Cumulatively invested \$23.9 million in 37 institutions in equities/debt/deposits
  - 73% of institutions are minority-owned or focused
  - 81.1% of institutions in urban markets, 18.9 percent in rural markets
  - \$3 billion in more than 70,000 development loans
  - Invested \$38 million in NMTC credits
- CDBI Exchange Network
  - Best practices in valuation, risk management, governance and development impact; partner with trade associations, regulators, investors and funders
  - Commemorating the impact of CDFIs in distressed communities
- Advised by ShoreBank Corporation – largest CDFI with \$2.1 billion assets

## The NCIF Team

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- Trustees
  - David McGrady, Chairman,, NCIF and Vice Chair, City First Bank of DC
  - Carlton Jenkins, Partner, Yucaipa Funds
  - Mary Tingerthal, President, Capital Market Companies, The Housing Partnership Network
  - Chuck Van Loan, Chairman, The Independent Bank Corporation (NASDAQ: IBCP)
- Fund Advisor Team
  - Joe Schmidt, Research
  - Fernanda Lima, Investments
  - Matthew Roth, Investments
  - Leasha Drew Cooper, Controller
  - Rosetta Walls. Administration
  - Saurabh Narain



**We invite you to a day and a half of intense work!!**