

Attracting Social Investors
9:15 am – 10:45 am

Panelists:

Luther Ragin

Vice President, Investments, The F.B. Heron Foundation

Scott Budde

Managing Director, Global Social and Community Investing, TIAA-CREF

Lee Winslett

Vice President, Wells Fargo Community Development Corp.

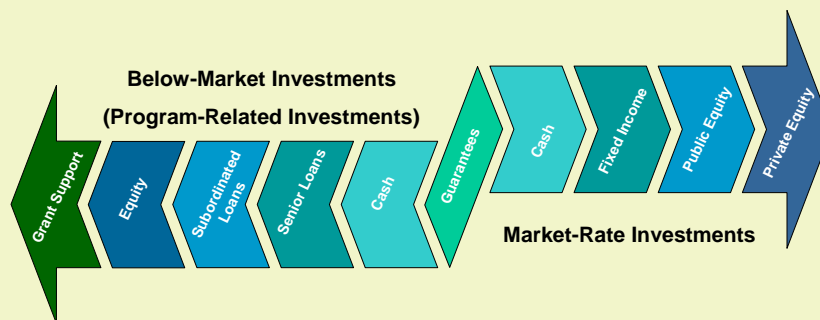
Laura Berry

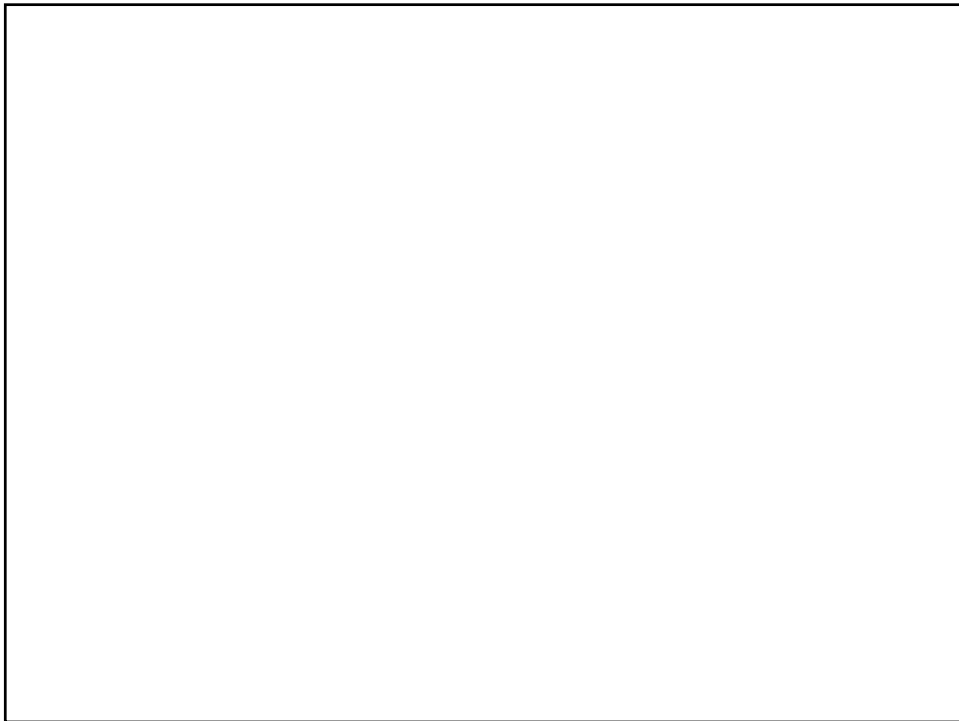
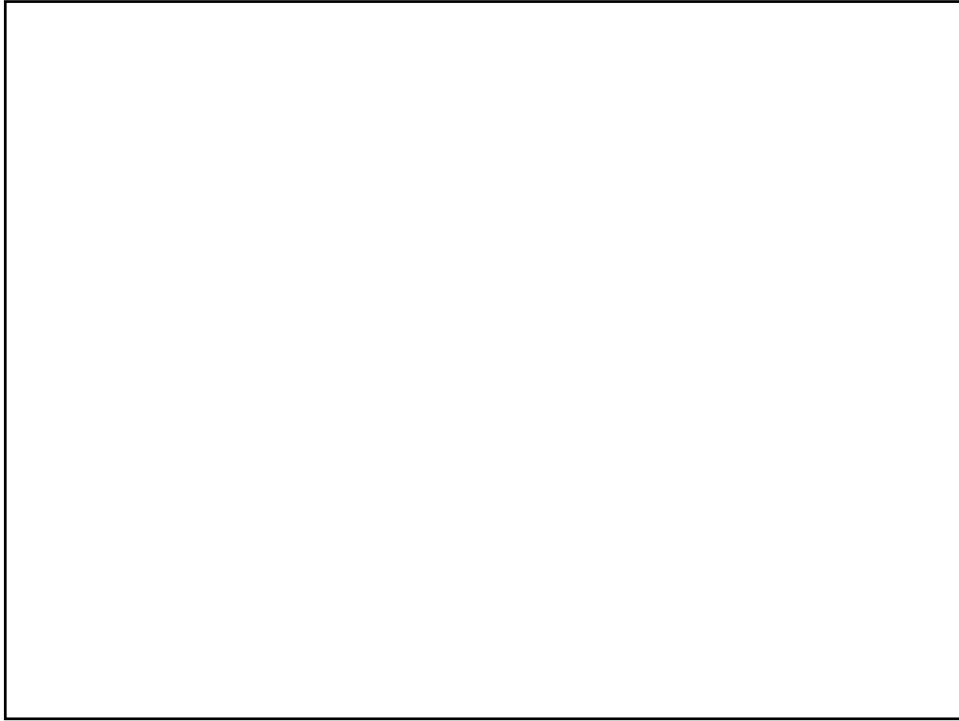
Executive Director, Interfaith Center for Corporate Responsibility

November 6, 2008

www.ncif.org

THE F.B. HERON FOUNDATION | Mission-Related Investing Continuum







WELLS
FARGO

National Community Investment Fund

The Time is Now: Opportunities for the Community
Development and Minority Banking Industry

Chicago, IL
November 6, 2008

Wells Fargo at a Glance

WELLS
FARGO

- Diversified financial services company:
 - Banking
 - Insurance
 - Consumer Finance
 - Investments
 - Mortgage
 - Commercial/RE Lending
- \$609 Billion in assets – 5th in assets among U.S. banks.
- Almost 6,000 banking stores and 7,000 ATMs.
- #1 Small Business & Commercial RE Lender.
- Only AAA rated bank in the U.S.
- We're BIG & growing (a little more on that later).
- We're open for business!

Wells Fargo CRA Commitment



- "Outstanding" CRA Rating.
- CRA investing is customer, community, and credit-driven rather than regulatory-driven.
- CRA focus on 23 states where we have a retail presence, principally in the western half of the U.S.
- CRA footprint will expand after Wachovia merger.
- Community development investments selected based on local needs.
- Individual business units have lending and service test goals.
- Specialized CRA lending and investments units targeting affordable housing, and community & economic development.

Wells Fargo CDC



- Specialized investment group responsible for the CRA "investment test".
- Invests primarily through intermediaries in the following asset classes:
 - EQ2 – Equity Equivalent Investments of "patient" capital in non-profits & CDFIs
 - Business Equity Funds – Small and middle-market businesses/job creation
 - Real Estate Equity Funds - redevelopment-oriented projects
 - Affordable Housing - Low Income Housing Tax Credits (LIHTCs)
 - New Markets Tax Credits (NMTCs) – Community facilities, etc.
 - Other Assets – Housing bonds, Community Development Banks, etc.
- Primarily indirect investors through professionally managed investment funds.
- Current portfolio of about \$1.8+ billion and deploy \$400 to \$500 million annually in new investments.

CRA Investment Philosophy



- Invest in people not projects.
- People, place, purpose all matter.
- Be relevant.
- Sustainable solutions create conditions to unleash the power of free markets.
- Capital is more than cash - if we only provide \$, we're not doing our jobs.
- We believe in the power of partnership.
- Community development is not an obligation as much as it an opportunity to make a difference, to build brand value, to develop new customers, etc. --- run it like a business.

WF CDC & CDBIs



- Invest strategically where there's alignment of interest and limited competitive overlap.
- Principally preferred equity investors, supplemented by insured deposits.
- Historical investments include:

OneUnited Bank	Albina Bank
Family Savings	Neighborhood National
Founders Bank	Aquila Bank
Shorebank	Unity National Bank
- Co-Lending through FHLB AHP.
- Co-investment on NMTC transactions.

WF CDC & NMTCs



- Invested in 29 deals to date totaling approximately \$191 million.
- Mix of deals, but heavily weighted towards community facilities and neighborhood-serving retail/commercial.
- Received our first allocation in Oct 2008 for \$90 million --- will complement continued investments through 3rd-party CDEs.
- WF CDC's proprietary NMTC program will be defined by 1st Qtr., 2009.
- We'll inherit significant NMTC expertise from Wachovia – 1+1>3.
- Strong supporter of NCIF's NMTC initiative – unique partnership to marry big bank expertise with local bank reach and deal flow.

Observations



- Benign business environment of the past several years --- low interest rates, relatively strong economy --- has changed.
- Investors are getting more sophisticated and more demanding about achieving financial & social outcomes.
- More efficient capital market tools will be needed to provide liquidity to the industry and risk-matching for investors.
- New entrants to community development – insurance companies, pension funds, foundations and corporate investors – will bring add'l capital, expertise, and fresh thinking.
- Challenge to operate at scale without compromising mission.

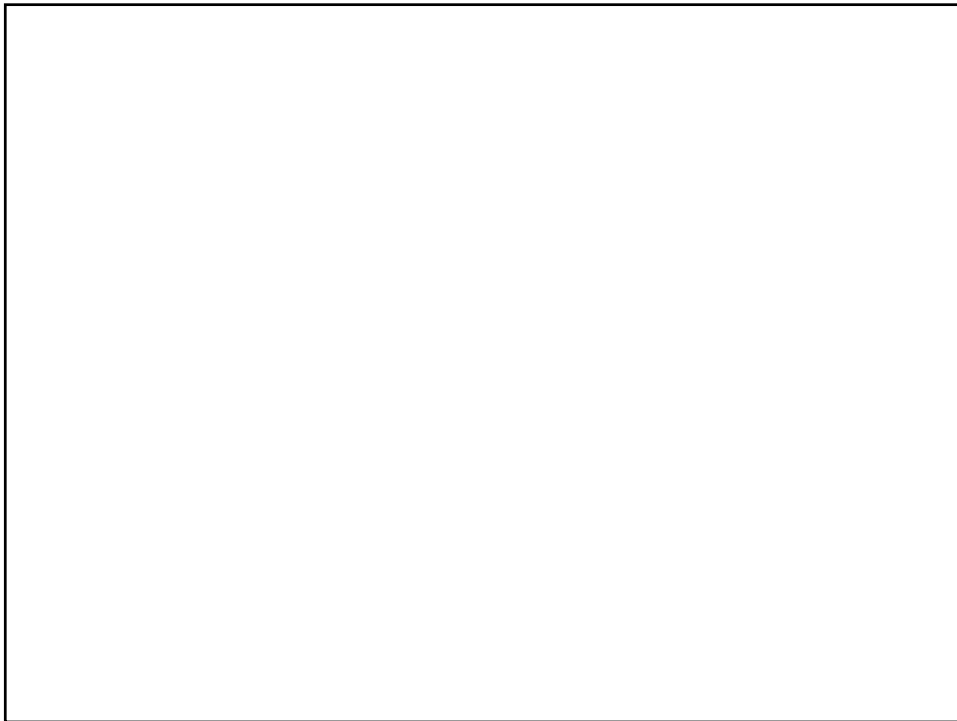


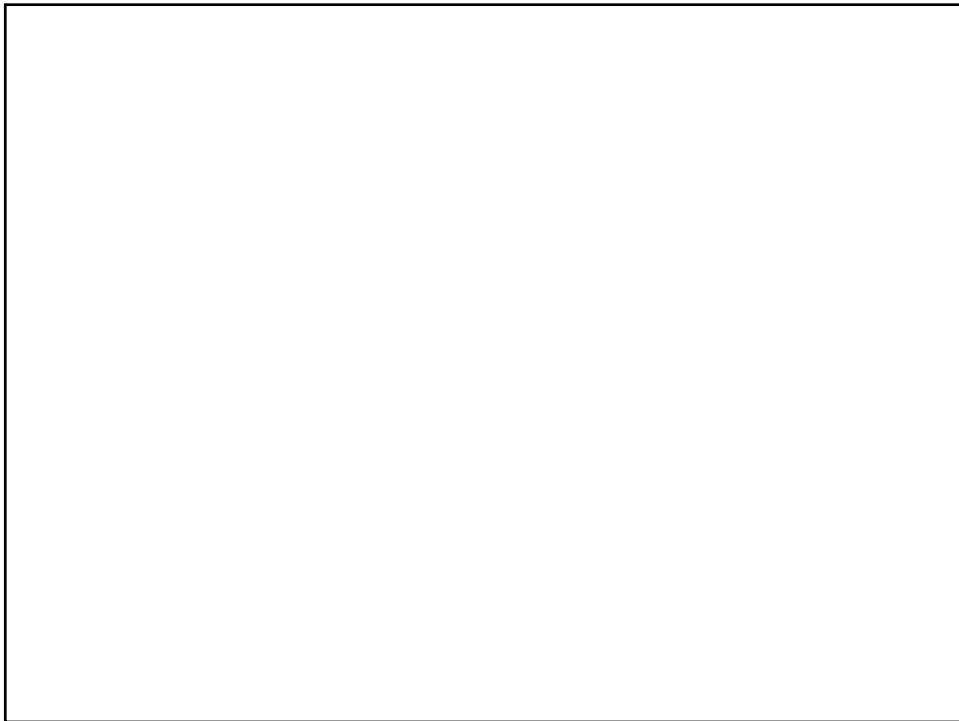
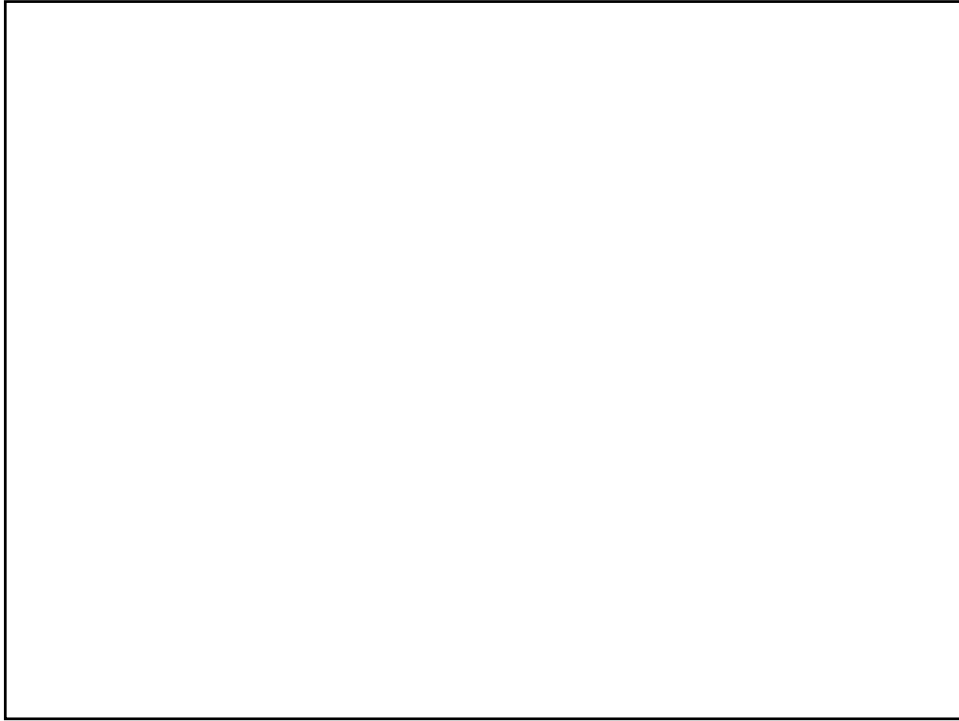
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No Compromises:

Social Investing supporting Community
Development Banking Institutions

NCIF Conference
Chicago, IL
November 6, 2008



ICCR's Goals

"We seek a global community built on justice and sustainability through transformation of the corporate world."

"Faith Guides and shapes our priorities for action, thus ICCR seeks members and partners who embrace collaboration within this context."

"Inspired by faith, we will continuously assess the effectiveness of our actions as we work to transform the corporate world."



ICCR's Approach

"ICCR raises the prophetic voice of faith to change the way companies conduct themselves as good corporate citizens. We promote transformation in corporate policies and practices, driven by changes in how companies relate to investors, stakeholders and the global community."

"Faith guides and shapes our priorities for action. We seek members and collaborators who share and can work within the context of that tradition. We harness the power of corporations for a more just and sustainable world."



Organizational Context

Our History:

ICCR began its work in 1971 when a group of Faith-based institutional investors joined together to challenge the role of banks and companies from Apartheid South Africa.

For nearly four decades, ICCR has merged social and environmental values with investment decisions, believing as long-term investors, one must achieve more than an acceptable financial return.



Organizational Context

ICCR Today:

ICCR has grown to be a coalition of nearly 300 faith-based institutional investors including denominations, religious communities, pension funds, corporations, foundations and dioceses representing over \$100 billion in invested capital.

Our members utilize investments and other resources to press corporations to change unjust or harmful practices and be responsible corporate citizens.

We envision a civic economy that integrates ethical, environmental and social values by creating consensus among investors that valuation models must account for natural, social and moral capital.



External Context

- \$2.71 trillion in total assets under management (AUM) use one or more of the three core socially responsible investing strategies¹
 - screening
 - shareholder advocacy
 - community investing
- This represents 11% of the \$15.1 trillion in total AUM currently invested, or about one out of every nine dollars under professional management in the United States.
- Growing by 18 per cent in the past two years, SRI grew at a faster pace than the broader universe of invested assets.
- The average level of shareholder support for resolutions on social and environmental issues increased to a record high of 15.4 per cent, an increase of 57 per cent in the same period.

¹From the Social Investment Forum's biennial "Report of Socially Responsible Investing Trends in the United States." April 2008



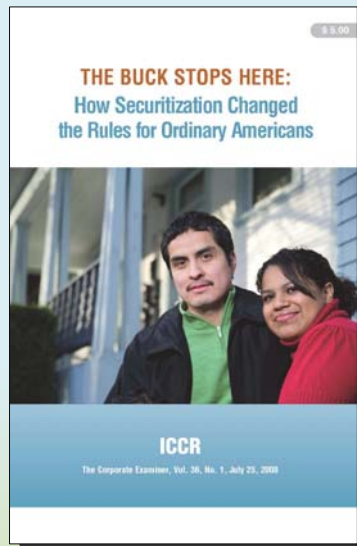
External Context

- The U.S. Religious Landscape Survey² finds that religious affiliation in the U.S. is both very diverse and extremely fluid.
 - 51% Protestant
 - 24% Catholic
 - 16% Unaffiliated
 - <2% Jewish
 - <1% Buddhist
 - <1% Muslim
- Most publicly traded U.S. corporations have offices of Corporate Social Responsibility, reporting to the CEO.
- CSR practitioners are struggling to move away from focusing on activity to focusing on measuring impact.³

² From the Pew Forum on Religion and Public Life: "US Religious Landscape Survey," February 2008
³ 2007 Interview with Aron Cramer, President and CEO of Business for Social Responsibility



Corporate Examiner



"Faith-based investors warned of mortgage crisis, raise new concerns-group called for closer regulation of sub-prime mortgages in 1993"

BY CAROL ZIMMERMANN,
CATHOLIC NEWS SERVICE

"WASHINGTON (CNS) -- Members of a coalition of faith-based investors said Sept. 10 they had warned of a potential mortgage crisis 15 years ago, long before it became headline news."

September 12, 2008



Prophetic Voice

When our institutional investor members view their holdings through the lens of justice and sustainability, the priorities for action that emerge frequently anticipate market moves.

Time and time again, the prophetic voice of faith has allowed our members to anticipate emerging areas of corporate responsibility, in investment policy as well as in social, economic and environmental policy.



Filing

Why file a shareholder resolution?

- **Enhance Performance:**
 - Good governance practices are increasingly shown to contribute to alpha generation in institutional portfolios.
- **Engage Management:**
 - Use a resolution to begin a conversation with a company about an issue that matters to your institution.
- **Inform and Educate:**
 - Let other shareholders know about important issues.



Filing

Issues for 2008-2009

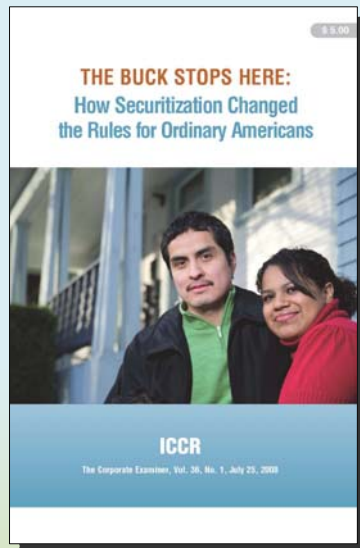
- **Newly Federally Chartered Investment Banks:**
 - How does their new status as Federally chartered banks create opportunities and challenges to be addressed?
- **Banks with collateral disclosure issues:**
 - Request that the Board prepare reports on effectiveness of efforts to increase?
- **Global Financial Services:**
 - What are implications?



Engagement Principles



Corporate Examiner



"With the recent publication of NCIF Social Performance Metrics, the organization has created a powerful tool that should result in significantly higher deal flow in distressed neighborhoods"

"More importantly, they have created a credible model for measuring social performance that may be adaptable to other sectors. By creating mechanisms that allow institutions to focus on social performance outcomes, this groundbreaking work may help expand impact in ways that have been difficult to imagine."



Prophetic Voice

Using National Community Investment Fund's Social Performance Metrics, ICCR makes its first deposits in CDBI's in August 2008

- Amalgamated Bank
- Carver Federal Savings Bank
- Liberty Bank and Trust Company
- Native American Bank, NA



W.K. Kellogg Foundation

“The objective is to provide a market rate of return on our investments, while enabling community development banks and credit unions to increase their lending activity in areas that align with our programming interests.”

“Supporting community development institutions is a simple, yet effective, way to create greater impact that benefits peoples and the communities in which they live.”

Sterling Speirn, Kellogg Foundation President and CEO after \$22.4 million deposit.



The Future of Value Coalition

- ICCR has created a “brand” which is deeply valued.
- ICCR members have had impact through their work.
- ICCR members have been a valuable ally.
- ICCR teams have been a vital forum for ideas.
- ICCR members have developed issue and engagement expertise.
- ICCR members have been stewards of institutional resources.



No Compromises:
Social Investors Supporting Community Development Banking
Institutions

