10 Reasons to Support NCIF Network Banks: Social & Environmental Impacts

Thursday, March 6
2pm-3pm CST
Agenda

1. Introductions: NCIF and Reporting Banks

2. Top 10 Social and Environmental Impacts Facts

3. NCIF Research Capabilities: Transforming Data into Action
About NCIF

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Vice President, Research and Investments

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We welcome your questions!
Type questions at any time. We will answer them at the end of the webinar
Turning Data into Action

NCIF’s Data Resources

- Investors
  - NCIF offers information on opportunities that deliver **social, environmental, and financial returns** through the power of mission-oriented financial institutions.

- Banks
  - Institutions in the **NCIF Network** gain access to capital, visibility, business opportunities, metrics, and innovative solutions.

- Regulators/Researchers
  - NCIF’s **innovative thought leadership** positions us to advance and support the mission-oriented financial industry.

BankImpact – Custom Analysis – Publications – Dashboards
Bank Characteristics

24 institutions
1/3 of all CDFI Banks
10% of all MDIs

Reporting Banks:
Albina Community Bank
Broadway Federal Savings Bank
Carver Federal Savings Bank
Carver State Bank
Citizens Savings Bank
Citizens Trust Bank
City First Bank of D.C.
City National Bank of New Jersey
Continental National Bank of Miami
First American International Bank
First Choice Bank
First Eagle Bank
First State Bank
Guaranty Bank and Trust
Harbor Bank of Maryland
Illinois-Service Federal Savings and Loan
Industrial Bank
Liberty Bank and Trust
Mechanics and Farmers Bank
One PacificCoast Bank
Security Federal Bank
United Bank of Philadelphia
Urban Partnership Bank
Top 10 Social and Environmental Impact Facts
1) Drive local economic development

- 10,921+ jobs created through loans to local businesses
- Many of the banks are SBA lenders, with $1.1 billion in small business loans outstanding as of 12/31/13
- 5 participate in high-impact economic development projects through the New Markets Tax Credit (NMTC) program
- In 2012, the banks provided financial counseling to 11,049+ individuals and 679+ organizations in their communities

Mission-oriented banks are anchor institutions in their communities

Learn more with: BankImpact.org, Custom Analysis, Dashboards, Publications
2) Demonstrate dedication to distressed areas

Reporting banks are high social performers, per NCIF’s Social Performance Metrics

20 are “Quadrant 1 CDBIs”

NCIF Metric used: Development Lending Intensity, Development Deposit Intensity, Quadrants
Learn more with: BankImpact.org (Search and peer groups), Custom Analysis, Dashboards, Publications
3) Supply loans in distressed areas

57% of all reported lending is targeted to low- and moderate-income areas in local communities

<table>
<thead>
<tr>
<th>DLI All Loans</th>
<th>57.0%</th>
<th>All loans categories reported to NCIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI HMDA³</td>
<td>62.1%</td>
<td>Housing loans reported to HMDA</td>
</tr>
<tr>
<td>DLI Housing</td>
<td>56.1%</td>
<td>All Housing Loans reported to NCIF</td>
</tr>
<tr>
<td>DLI CRE</td>
<td>60.4%</td>
<td>All Commercial Real Estate Loans reported to NCIF</td>
</tr>
<tr>
<td>DLI Small Business</td>
<td>53.4%</td>
<td>All Small Business Loans reported to NCIF</td>
</tr>
<tr>
<td>DLI Agriculture</td>
<td>50.0%</td>
<td>All Agricultural Loans reported to NCIF</td>
</tr>
<tr>
<td>DLI Consumer</td>
<td>59.3%</td>
<td>All Consumer Loans reported to NCIF</td>
</tr>
</tbody>
</table>

NCIF Metric used: Development Lending Intensity
Learn more with: BankImpact.org (Search and peer groups), Custom Analysis, Dashboards, Publications
4) Establish on-the-ground presence with local knowledge

88.0% of all branches are located in low- and moderate-income areas

NCIF Metric used: Development Deposit Intensity
Learn more with: BankImpact.org (Search and peer groups), Custom Analysis, Dashboards, Publications
5) Deliver services in distressed and underbanked areas

- 62% of reporting bank branches are in census tracts with higher than average unemployment rates
- 70% of reporting bank branches are in census tracts with higher than average poverty rates

Reporting bank’s branches are located in areas of higher economic distress compared to where banks overall have their branches.
6) Transform communities through mission lending

Mission Intensity: Measuring banks’ particular area of focus

- Minority-owned businesses
- Women-owned businesses
- Environmental lending
- Low-income borrowers
- Minority borrowers
- Nonprofit borrowers
- For community development
- Faith-based lending
- Female borrowers
- Affordable housing
- Community lending
- To socially motivated partners

NCIF Metric used: Mission Intensity
Learn more with: BankImpact.org (Search and peer groups), Dashboards, Publications
7) Design innovative products to fit local needs

Other products offered include: credit rebuild loans, small business improvement fund loans, low fee savings and checking accounts
8) Connect with customers through a range of products

Banks provide wide-reaching services through a range of account types. For example, the median reporting bank had:

- 5,960 deposit customers with a 8,288 deposit accounts
- 36% of accounts have less than $1,000—low volume accounts with high touch clients

Banks emphasize services to individuals and businesses who may otherwise be underbanked.

Learn more with: Custom Analysis, Dashboards, Publications
9) Prioritize environmental responsibility

Environmental Impacts:
• Lending for environmentally responsible projects (MI)
• Operations
• Growing focus for the industry and NCIF

NCIF Metric used: Mission Intensity
Learn more with: Custom Analysis, Dashboards, Publications
10) Value diversity in staff, board, and client base

Client Diversity: Reporting banks had a client base to 87.7% minority (n=7)

Board Diversity: More diverse than average board compositions for banks/Fortune 500 companies

Staff Diversity: Reflecting the communities in which they operate

Learn more with: Custom Analysis, Dashboards, Publications
Investors
Work with NCIF to:
- Place equity or deposits in banks with high impacts in their communities
- Support loans in local market through Small Business Loan Fund
- Use BankImpact to identify high impact banks, create and analyze peer groups
- Join us at our annual conference to learn more, November 12-14
How to Engage Mission-Oriented Banks

**Banks**
- Join the NCIF network to connect with investors and new opportunities
- Use BankImpact to create and analyze peer groups
- Provide data on your institution to better “Tell your Story” for your bank and the industry
- Receive customized reports on impacts through the Dashboard

**Regulators and Researchers**
- Use BankImpact to identify high impact banks, create and analyze peer groups
- Use publications or custom analysis for in depth information on the sector
Learn more about featured banks

BankImpact

Online database providing bank-level impact data based on publically available information

• Search for banks based on social or financial performance

• Compare banks to standard peer groups

• Create your own peer group based on characteristics or specific banks
Turning Data into Action

- Custom Analysis
  - In-depth analysis of social and financial performance
  - Comparison to standard or custom peer groups
  - Historical analysis covering years since 1996
  - Presented in customized reports to meet client needs

- BankImpact Dashboards
  - Comprehensive financial and social performance analysis
  - Capture impacts through qualitative and quantitative way to “tell the story” of mission-oriented banks
  - Aligned with other reporting sources including IRIS
  - Evolving metrics

- Publications
  - Stay informed with annual and quarterly publications on the mission-oriented banking industry
  - Provide analysis of relevant topics such as Small Business lending and Pay for Performance
Questions and Conclusions

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Thanks again to Reporting Institutions:

Albina Community Bank
Broadway Federal Savings Bank
Carver Federal Savings Bank
Carver State Bank
Citizens Savings Bank
Citizens Trust Bank
City First Bank of D.C.
City National Bank of New Jersey
Continental National Bank of Miami
First American International Bank
First Choice Bank
First Eagle Bank
First State Bank
Guaranty Bank and Trust
Harbor Bank of Maryland
Illinois-Service Federal Savings and Loan
Industrial Bank
Liberty Bank and Trust
Mechanics and Farmers Bank
One PacificCoast Bank
Security Federal Bank
United Bank of Philadelphia
Urban Partnership Bank
The NCIF Process: Reporting Banks

NCIF’s Development Impact Survey has six primary sections. Sections I through V collect organizational and operational datapoints about your institution and its mission-driven activities. Section VI, based on NCIF’s Model CDBI Framework, collects qualitative information on the innovative products, services, and partnerships that your institution offers to serve its specific community.

Please note: All fields are mandatory to submit the online form. However, in the event that a question does not apply to your institution or data is not available, please enter "NA."

Thank you for your participation! Together we are helping the mission-oriented banking industry demonstrate its impact and importance.

Questions? We’re listening! Please contact Alice Geglio at ageglio@ncif.org or 312-881-5841 with any concerns.

* Required

- I. Organizational Description & Operational Impact
- II. Credit Product Impact
- III. Product & Technical Assistance Impact
- IV. Job Creation
- V. Customer Differentiation
- VI. Model CDBI Framework
- VII. Disclosure

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Summary of 10 Facts

1) Drive economic development in their communities
2) Demonstrate dedication to distressed areas
3) Supply credit in economically distressed areas
4) Show local presence in economically distressed areas
5) Provide products and services in highly distressed areas
6) Lend with a mission to transform communities
7) Create innovated products designed to fit community
8) Provide access to a range of financial services
9) Prioritize environmental responsibility
10) Celebrate diversity in staff, board, and client base

- Support local, anchor institutions, tapping into their local knowledge
- Support banks providing services to economically-distressed communities
- Extend services to otherwise un/under-banked such as WBEs or MBEs individuals and financing to market segments
- Promote environmental responsibility and diversity
Publications

- Annual and quarterly publications on the state of CDBI industry
- Quick Take reports
- Summary of NCIF’s Annual Development Banking Conference
The NCIF Process: History

1998-2010
- Building the case with public data: HMDA
  - Development Lending Intensity – HMDA
  - Development Deposit Intensity
  - Quadrant Analysis

2010-2011
- Expanding to include all lending data
  - Geographic Analysis
  - Development Lending Intensity – All Loans
  - Development Lending Intensity – Highly Distressed

2012-2013
- Further Expand to include all lending data - mission segment analysis
  - Environmental Lending
  - Non-profit Lending
  - Underserved Groups
  - Mission Intensity

2013 and ongoing
- Incorporate outcome data and client data, diversity and governance; align with global standards-impact rating and investment standards (IRIS); map to BEA and CDFI Fund CIIS data collection
  - Jobs Created
  - Clients Served
  - Governance
  - Diversity
  - Bank Impact

OUTCOMES TO IMPACT
NCIF is conducting research to measure the impact of financial services in LMI communities and to create a Social Return Index