2012
TELLING THE STORY

The Impact of the Reporting Banks and Community Development Banking Institutions

NCIF[SM] NATIONAL COMMUNITY INVESTMENT FUND

LEVERAGING CAPITAL FOR CHANGE[SM]

THIS INSTITUTION IS A COMMUNITY DEVELOPMENT CDBI BANKING INSTITUTION

BankIMPACT an NCIF resource

ABOUT NCIF

National Community Investment Fund (NCIF) is a 501(c)(4) nonprofit investment fund that invests in mission-oriented banks and other financial institutions in order to increase access to services and catalyze economic development in low-income and underserved communities. As an impact investor NCIF supports the mission-oriented banking industry by investing capital. Additionally, NCIF creates innovative business opportunities and facilities the flow of funds from mainstream, philanthropic, socially responsible, and public sources. NCIF supplies research and impact metrics for banks and their investors and encourages collaboration through the NCIF Network. We aspire to transform the financial industry so that responsible services are accessible to all and investments are valued based on social and environmental impact as well as financial performance.

SOURCES

NCIF utilizes information self-reported by the banks covering activity within 2012. Data is collected both as loan level information and an in-depth survey, and includes the following:

- Information on all loan originations
- Information on products and services offered
- Information on depository accounts
- Job creation numbers
- Board and staff diversity measures
- Environmental and other mission related outputs

NCIF uses this data to supplement the following publicly available data sources; 1)Home Mortgage Disclosure Act (HMDA) reported lending data as of 12/31/2012, accessed through the Federal Financial Institutions Examination Council (FFIEC). 2) Investment Area and Highly-Distressed census tract data accessed through the Community Development Financial Institution Fund (CDFI Fund). Tract designation is based on the 2006-2010 American Community Survey Report. 3) Summary of Deposits data as of 6/30/2012, accessed through the Federal Deposit Insurance Corporation (FDIC). 4) Statistics on Depository Institutions data as of 12/31/2012, accessed through the Federal Deposit Insurance Corporation (FDIC)

DISCLAIMER

Content

I. Community Development Banks

The Importance of Data-Driven Action

NCIF created the term Community Development Banking Institutions,[1] or CDBIs, to define mission-oriented financial institutions that provide reasonably-priced financial products and services to benefit low- and moderate-income (LMI) communities, businesses, and individuals. These institutions generate long-term, catalytic impact in these communities by providing comprehensive lending as well as other financial services and by being permanent corporate citizens in their communities. CDBIs may be certified Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs) or other banks committed to their communities.

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In order to grow and expand their influence, CDBIs need to grow in scale in terms of assets, client coverage, and financial performance and retain a clear focus on social performance. NCIF believes in the importance of "Telling the Story" of the CDBI Banking sector by gathering in-depth information, such as is presented in this report, to help make the case for the industry to draw in support of investors, regulators and all other stakeholders. This detailed data is also beneficial to CDBI Bank leadership as they benchmark their own performance with peers. NCIF reporting efforts are aligned with international standards such as the Impact Reporting and Investment Standards (IRIS), part of the Global Impact Investing Network (GIIN). This is important to reduce the cost of collecting and reporting information and create a standard taxonomy across the industry.

IRIS REGISTERED USER

The 24 banks that provided information for this report choose to be on the cutting edge of this important initiative to expand the available data on CDBI banks to help improve the sector. NCIF seeks to collect information on a broader sample of CDBI Banks as well as work to standardize data reporting across the industry to help reduce the burden and cost of reporting to institutions.

TELLING THE STORY:

The Impact of the Reporting Banks and Community Development Banking Institutions is a comprehensive look at the data available on reporting banks, presented as a subset of the overall CDBI sector. It begins by developing an understanding of how reporting banks fit the mission-oriented portion of the CDBI label. The report then uses NCIF's specialized Social Performance Metrics and other people-, place-, and prosperity-based indicators to understand banks' impacts in their communities. Sections include:

- **Development Lending Intensity (DLI):** DLI measures how much of a bank's lending is directed to low- and moderate-income areas.[2]
- **Mission Intensity (MI):** MI builds on DLI to include the proportion of a bank's lending that occurs outside of LMI areas but is still targeted to mission-related activities. NCIF created the Mission Intensity metric to recognize the lending that CDBI Banks do outside of LMI areas that is also related to their mission. MI also incorporates banks' growing emphasis on environmental and sustainability factors.
- **Development Deposit Intensity (DDI):** Development Deposit Intensity (DDI) captures the proportion of a bank's branches that are located in LMI areas. Banks' impacts in their communities extend beyond lending and DDI reflects each bank's presence and the services offered to their communities.
- **Focus on People:** In addition to the highlighted Social Performance Metrics (DLI, MI, and DDI), analysis includes an illustration of how reporting banks identify and interact with their clients. Factors considered include a breakdown of products offered, profiles of clients served, and staff and governance demographics.

A CALL TO ACTION:

INVESTORS: Value and incorporate social and environmental returns into investment decisions

CDBI BANK LEADERSHIP: Collect and use data to tell the story of the sector and inform strategic decisions

REGULATORS AND PUBLIC POLICY PRACTITIONERS: Protect, strengthen and grow mission-oriented banks

[1] NCIF coined the term Community Development Banking Institution (CDBI) to identify all high-impact banks, including many that are not certified CDFIs but that have a significant impact in distressed communities. CDBIs surpass the impact threshold for at least one of our two core Social Performance Metrics measuring activity in low- and moderate-income areas.

[2] Based on the Community Development Financial Institutions Fund's Investment Area definition. See Glossary for more information.

II. Turning Data into Information and Action

Enabling Stakeholder Support for CDBI Banks

There are three primary groups that have the most interest in detailed analysis of the CDBI Banking sector. These three groups — investors, CDBI Bank leadership, and regulators/public policy practitioners — each have different analysis needs and preferences for different types of information. To reflect this, NCIF strives to capture information on place-based, people-based, and environmental outcomes. The following table reflects NCIF's framework for data — our way of understanding the different ways different stakeholders can and should turn data into useful information and, in turn, action to support the CDBI sector.

	PLACE-BASED OUTCOMES	**PEOPLE-BASED OUTCOMES**	**ENVIRONMENTAL OUTCOMES**	**FINANCIAL PERFORMANCE**
	Capture how banks meet the needs of the communities in which they are located	*Capture how banks meet the needs of their customers through products, services, staffing and governance*	*Capture banks' growing emphasis on environmental and sustainable factors*	*Capture the financial performance of banks*
INVESTORS Capital investors Funders Grantors Depositors	Identify and learn about local banks that are anchors in LMI communities Place CRA deposits in banks located in their area	Support banks that meet programmatic goals such as supporting small business or improvements in education Identify and support banks that have strong employee engagement and diverse boards and management	Invest in and support banks that are involved in energy, conservation and other environmentally beneficial projects	Evaluate financial performance, dividend and exit strategies Identify and place deposits in profitable institutions
CDBI BANK LEADERSHIP	Benchmark bank's mission performance compared to peers at a point in time or as a time series analysis Report to investors, funders and the local community	Capture mission-related activities that fall outside of low- and moderate-income areas Ensure that scale is achieved by going beyond the service area in serving previously underserved groups	Enhance awareness of the need for environmental focus, conservation and regenerative capitalism	Benchmark the Bank's performance in comparison to peer groups — CDFI, MDI and customized peer groups in the local markets
REGULATORS/ PUBLIC POLICY PRACTITIONERS Regulators Congressional Representatives Other Practitioners	Understand the broad impacts of the sector in local markets Legislate to protect, strengthen and grow mission-oriented banks	Support banks that are investing energies in achieving mission-scale even if it is not strictly in LMI census tracts	Contribute to the discussion around conservation for the long-term goals of the real economy	Understand the operating differences between community banks and community development banks

Note: Data is only available to the extent it is reported by banks or in publicly available sources.

III. How we "Tell the Story" of CDBI Banks

The Evolution of NCIF's Social Performance Metrics

Attempting to calculate the impact of financial services in underserved markets and communities is a complex question that is constrained by data, causality and attribution issues. NCIF adopted an approach of using proxies to move along the Theory of Change equation — to measure outputs and some outcome data and eventually explore many more outcomes and impact. The graphic below explains the evolution of the work at NCIF in "telling the story" of our banks so as to attract more capital and funding for the sector.

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

BankImpact

OUTCOMES TO IMPACT

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

NCIF provides a range of analysis on the sector, including:

Aggregate Analysis of Mission-Oriented Banking Sector: A detailed look at the overall characteristics and activities of mission-oriented banks, along with a discussion of how mission-oriented banks, like the reporting banks, compare to mainstream banks and how they excel in providing social performance impacts within the communities they serve.

Institutional Analysis: As a service, NCIF provides an institution-level dashboard analysis to reporting banks. CDBIs can use this tool to benchmark themselves to other banks and communicate with the various stakeholder groups discussed above.

Time Series Analysis: CDBIs can analyze their triple-bottom-line performance over time to meet the needs of their diverse stakeholders.

BankImpact: NCIF operates a dynamic web-based database at ncif.org that provides financial and social performance information on all U.S. banks. BankImpact allows investors to identify high-performing institutions; allows CDBI leadership to compare performance to a set of standard, or custom, peer groups; and allows regulators and public policy practitioners to get better information on the industry.

Custom Analysis: Beyond what is included in this report and on BankImpact, NCIF works with stakeholders to create custom analysis to meet their specific objectives, such as identifying investment targets or highlighting a subset of the mission-oriented banking industry. NCIF has data going back to 1996 and can create time series analyses to isolate trends and highlight long-term performance.

2012 REPORTING BANKS

NCIF has collected in-depth, loan-level information from reporting banks since 1998. This year, NCIF is pleased to showcase the 24 banks who provided information to support our efforts to add to the information available on the sector.

- 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
- Community Capital Bank of Virginia
- 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 Association
- Industrial Bank
- Liberty Bank and Trust
- Mechanics and Farmers Bank
- One PacificCoast Bank, FSB
- Security Federal Bank
- United Bank of Philadelphia
- Urban Partnership Bank

The aggregate analysis of the reporting banks is provided in the following pages. Identifiable information on individual banks is not provided, though more in-depth profiles are available for these institutions for distribution to their stakeholders.

IV. Key Findings

2012 Reporting Banks

PLACE-BASED: LENDING	57.0%	Of all lending by respondent banks in 2012 was directed towards LMI communities.
PLACE-BASED: LENDING	62.1%	Of all HMDA lending by respondent banks was in LMI communities, compared to 20.7% by the median of the All Bank peers.
PLACE-BASED: FINANCIAL SERVICES PROVIDED	70.3%	Of reporting bank branches are located in census tracts with higher poverty rates than the national average.
	82.9%	Of reporting bank branches are located in census tracts with lower than average median income rates compared to the national median.
	62.0%	Of reporting bank branches are located in census tracts with higher unemployment rates than the national average.
	88.9%	Of reporting bank branches that are located in LMI qualifying census tracts.
PEOPLE-BASED: CUSTOMER PROFILE	88.0%	Of clients are minority or previously excluded.
PEOPLE BASED: CUSTOMER PROFILE	36.0%	Of depository accounts have deposit balances less than $1,000. These small depository accounts reflect banks' service to higher touch clients.
PEOPLE-BASED: BOARD AND STAFF DIVERSITY	62.3%	Of board members are minorities.
	21.1%	Of board members are female.
	73.0%	Of staff are minorities.
	69.5%	Of staff are female.
PEOPLE-BASED: JOBS CREATED	10,921	Jobs were created via loans to borrower businesses.
MISSION: MISSION COMMITMENT	73.7%	Of banks have a mission statement which explicitly refers to community development. This is in addition to their CDFI status.
MISSION: MISSION INTENSITY	12	Mission lending categories beyond place-based analysis, including lending to nonprofits, environmental-related projects, underserved populations, and minority- or women-owned businesses.
INNOVATIVE PRODUCTS	100%	Of banks offered innovative products like small dollar loans and check cashing services that are tailored to economically vulnerable communities.

V. Aggregate Analysis of Reporting Banks

Social Performance Metrics and More

V. 1. MISSION FOCUS: *Certifications as a measure of Mission*

Historically, mission-oriented banks have been identified by certifications designated by various agencies, such as being certified as a Community Development Financial Institution (CDFI) and being designated as a Minority Depository Institution (MDI). NCIF designates Community Development Banking Institutions (CDBIs) to include certified CDFI Banks and mission-oriented minority and non-minority depository institutions. In addition, NCIF analyzes the explicit mention of community development in the mission statement of a bank as a leading indicator of their mission focus.

CDFI Certification

Of the 2012 reporting banks, 96% of the responding banks are certified CDFIs. This certification process, through the Community Development Financial Institutions Fund, verifies the bank's mission-oriented focus and mandates that at least 60% of the bank's products and services are directed towards low-income and underserved populations of lending alone is directed to LMI communities. Other products and services likely target the same communities. There are currently 84 certified CDFIs Banks and our reporting banks represent 28.6% of all CDFI Banks.

Minority Depository Institution Certification

65% of these institutions are Minority Depository Institutions, or MDIs, as defined by the FDIC. MDIs are recognized and supported by the regulatory agencies due to the unique and important role they play in providing access to sound financial services for minority groups and other populations that were previously excluded from the mainstream. While not all banks track this information, reporting banks provided data to confirm they are serving the minority and previously excluded communities — 88% of 2012 clients identified as part of a minority group or previously excluded community (n=9).

Mission Statement

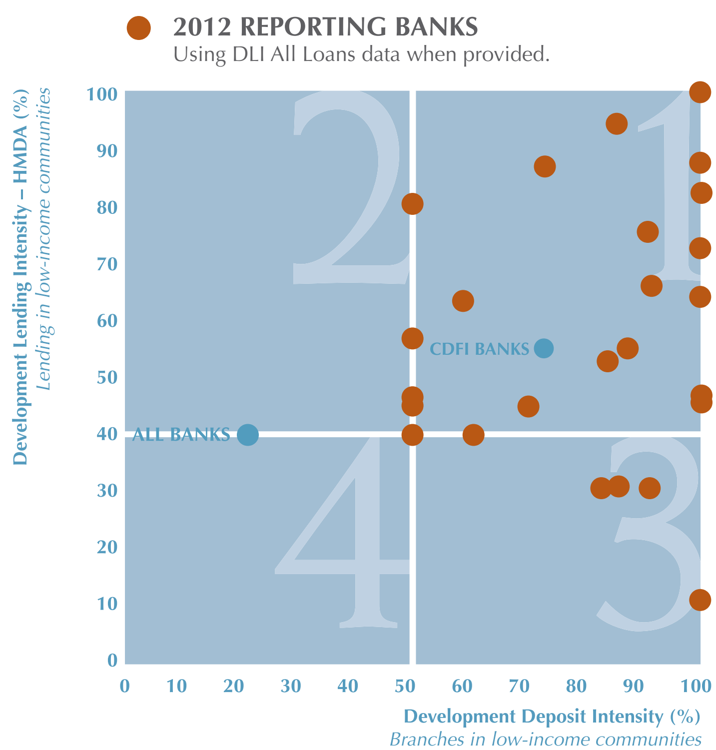
74% of reporting banks identified that they have a mission statement that explicitly refers to community development practices. The remaining banks, through their CDFI certification or other practices, are also interested in community development, though have not explicitly incorporated it into their mission statement.

NCIF Social Performance Metrics Quadrants

As an additional mission indicator, NCIF has created summary indicators of a bank's lending to LMI communities, called Development Lending Intensity (DLI), and the amount of a bank's branches located in LMI areas, called Development Depository Intensity (DDI). The components for both DLI and DDI are explained in the following sections. DLI can be factored either based on HMDA-reported lending, which is available for a larger set of banks, or on bank-reported lending (all loans), which provides a more in-depth analysis.

Banks which have a high percentage for each indicator are placed within Quadrant 1, signifying high social performance. To reach these thresholds, banks must have at least 40% of their lending in LMI areas and 50% of their branches are also in LMI areas. Quadrants 2 and 3 have at least one measure of mission that is above the threshold.

Our 2012 reporting banks exemplify their dedication to mission in several ways, providing a snapshot of mission-oriented banks and how they differ from mainstream banks. In 2012, 15 of the reporting banks are Quadrant 1 banks based on DLI-HMDA. Another three do not have HMDA reported lending but are Quadrant 1 banks based on DLI-All Loans score. As detailed in the Quadrant chart, this places reporting banks in the same quadrant as CDFI banks and above the performance of all banks with HMDA reported lending information.



V. 2. DEVELOPMENT LENDING INTENSITY: *Measuring lending in underserved communities*

NCIF invests in and supports CDBIs, and as a result, is highly interested in banks that serve low- and moderate-income (LMI) communities. When NCIF began to measure social performance, it started with a place-based analysis of the extent to which each bank in the country lends to LMI areas. Lending information is critical, as loans in economically disadvantaged communities support local development. Also within the community development finance space, CDBIs are best positioned to maximize community development lending as these institutions are able to leverage equity investment with deposits to maximize loanable funds.

To build the case that this place-based lending analysis is useful in showcasing high-performing banks and in identifying community development-focused banks, NCIF utilized publicly available home mortgage lending information (HMDA) as it covers the majority of banks in the country. Development Lending Intensity analysis has been conducted for all banks with HMDA data since 1996. NCIF works directly with CDBIs to collect this information so that we can jointly tell a complete story of that bank's activity and gauge what proportion of different subsets of lending targets LMI areas.

Place-based analysis allows for benchmarking and for a readily comparable measure of the bank's social performance in economically distressed communities. For 2012, reporting banks provided detailed, loan-level information, allowing us to provide a breakdown of the proportion of each type of lending that goes to LMI areas in addition to the publicly-provided information represented in DLI-HMDA.

	Median score of Reporting Banks	Median score of All Banks	Category reported as % of total lending during the year
DLI All Loans	57.0%	NA	All loans categories reported to NCIF
DLI HMDA[3]	62.1%	20.7%	Housing loans reported to HMDA
DLI Housing	56.1%	NA	All Housing Loans reported to NCIF
DLI CRE	60.4%	NA	All Commercial Real Estate Loans reported to NCIF
DLI Small Business	53.4%	NA	All Small Business Loans reported to NCIF
DLI Agriculture	50.0%	NA	All Agricultural Loans reported to NCIF
DLI Consumer	59.3%	NA	All Consumer Loans reported to NCIF

DLI-HMDA Highly Distressed

This year, NCIF has added further geographic analysis to the Social Performance Metric suite: DLI-HMDA Highly Distressed. This new metric analyzes what percentage of a bank's HMDA-reported lending occurs in highly distressed census tracts, as defined by the CDFI Fund. In order to qualify as highly distressed, a census tract must have either a) a poverty rate of greater than 30%; b) a median family income of 60% or less than the area's median income, or c) unemployment rate more than 1.5 times the national average.

2012 reporting banks had a DLI-HMDA Highly Distressed score of 41.5%, targeting far more of their lending to these areas of high distress than banks overall, with only 8.3% of lending targeted to highly distressed areas. CDFI banks also target a substantial amount of their lending to high distress census tracts, with 31.4% of their lending in these communities.

DLI Equity

DLI-Equity is an NCIF Social Performance Metric that provides a measure of a bank's leverage in communities by comparing the amount of lending and the bank's equity. In 2012, reporting banks had a DLI-Equity of 5.84 signifying that each $1 of equity investment was lent out 5.84 times in the distressed communities in which the reporting banks operate.

[3] DLI-HMDA and DLI Housing can be slightly different – one is based on reporting by the banks under the HMDA rules while the other is based on self-reporting to NCIF. The broad trends are the same although definitional errors may occur.

Reporting Banks' 2012 Lending Activity

The 20 banks that reported loan level detail to NCIF lent more than $1 billion dollars in 2012. The majority of that lending was for housing purposes, including 1- to 4-family and multi-family homes as well as home improvement loans. The second-largest category, by dollars, was Commercial Real Estate. While there were fewer CRE Loans than several other categories, they were, on average, much larger in size. Typically, CDBI investments in commercial real estate are to owner-occupied businesses and community centers offering services within the community. Consumer loans, by numbers, comprise more than 40% of the reported loans, but only 2.3% of the total lending volume, by dollars. Reporting banks also originated a substantial number of small business loans. Overall the distribution of lending is typical for the type of banks which provided information. The average and median loan size are smaller than mainstream banks, reflecting the local, community-oriented approach of reporting banks.

	Dollar of Loans	Number of Loans	Average	Median
Total	$1,026,464,312	5,205	$197,207	46,015
Housing Loans	$464,508,791	1,734	$267,883	197,000
Commercial Real Estate	$395,294,113	634	$623,492	220,863
Small Business	$133,298,787	643	$207,308	50,096
Agriculture and Farm Lending	$234,750	2	$117,375	38,250
Consumer Loans	$24,461,870	2,181	$11,216	3,200

Cumulative Lending

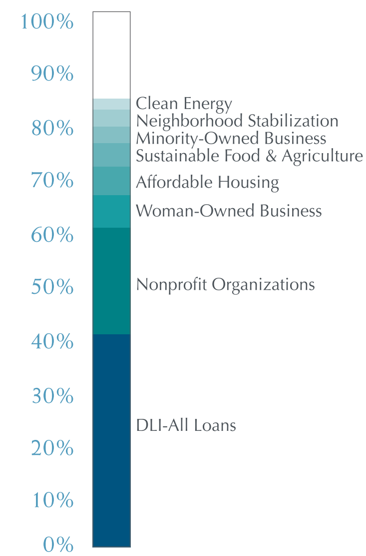
NCIF has collected loan-level data on banks since 1998. One particular subset of this information that NCIF is interested in, is the lending to low- and moderate-income areas by the banks in which NCIF has investments. With the additional lending done in 2012, cumulative lending by investee banks in these areas is now totals $6.15 billion dollars in loans.

V. 3. MISSION INTENSITY: *Beyond Place Based Lending — Lending to Underserved People, Environment-Related and Other Segments*

The Story behind Mission Intensity: NCIF is proud to debut Mission Intensity (MI) as a new Social Performance Metric for 2012. While a geographic analysis based on LMI characteristics is important, it doesn't fully capture the mission-focused work of CDBIs around the country. Beyond providing access to sound financial products and services in LMI communities, many CDBIs fulfill their mission by lending to other market segments. This includes lending to support sustainable environmental outcomes; lending to support non-profit organizations; lending to support charter schools; lending to support minority-owned small businesses and many others. This mission oriented lending, regardless of the geography in which it is located, is beneficial for the community and needs to be reflected in social performance measures. NCIF worked with the CDBI sector to develop the Mission Intensity metric, which uses all geographically qualifying loans (DLI) as a base and then adds to that foundation all mission-oriented loans that fall outside of LMI areas to ensure that all mission-oriented loans are captured, regardless of their geography.

MI allows banks to capture their mission-related values in one indicator. MI makes it easy for banks to communicate their mission impact to investors, staff, regulators, and community members. Mission Intensity is inclusive, in that it includes analysis on all lending, and it is also flexible. Each bank is able to report on the various mission categories that are applicable to it. It is a tailored approach that works to highlight banks that meet their mission through different niches. This new measure allows banks to more fully capture the social and environmental impacts of their lending.

Mission Intensity Example

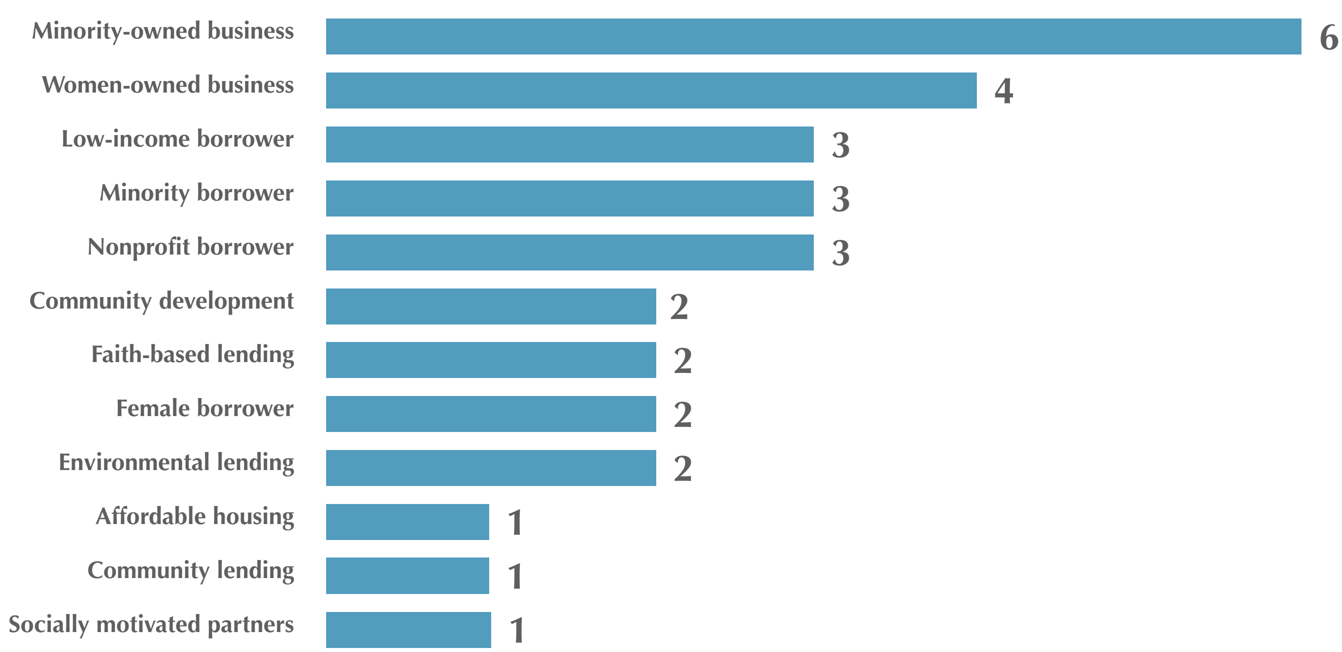


Capturing Lending to People, Environment and Other Segments

Ten of the reporting banks provided information for Mission Intensity. Since each bank self-reports which categories they consider as mission-related, the different categories indicated represent the areas that the sector overall considers important. Reported mission indicators fell into three main areas:

- Lending to previously excluded borrowers, such as women, minorities, and low-income individuals;
- Lending to underserved groups, including women- and minority-owned businesses, faith-based organizations and nonprofits;
- Environmental lending, such as loans for clean energy and sustainable agriculture. The following chart details the reported mission indicators.

2012 REPORTING BANKS MISSION INDICATORS Number of banks that indicated each mission category.



V. 4. DEVELOPMENT DEPOSIT INTENSITY: *More than just lending*

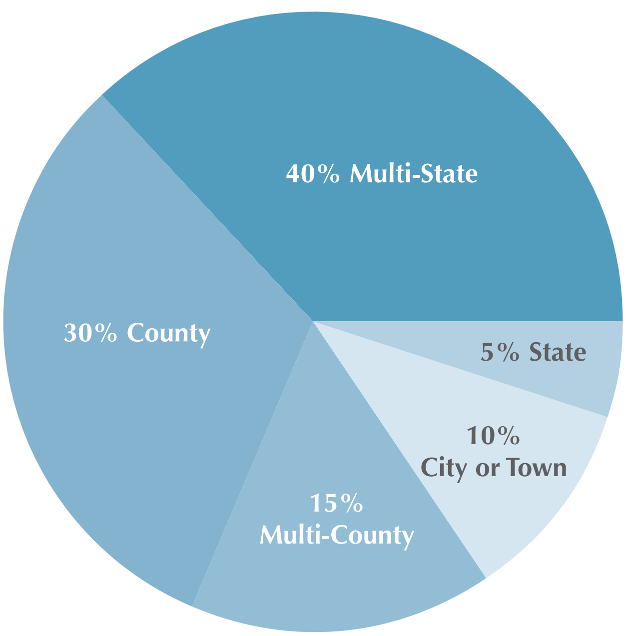
Meeting people where they are — Development Deposit Intensity: NCIF also understands the proximity of branches in LMI communities is important to the provision of products and services to individuals and businesses within the communities. Locating branches in the communities served allows banks to establish local connections and solidify their role as economic contributors and community stakeholders. NCIF believes there is value in having banks establish a permanent presence in the communities which they serve. As such, NCIF has created the Development Depository Intensity (DDI) metric. DDI captures the percentage of branches located in low- and moderate-income areas.

In 2012, 88.9% of reporting banks' branches were located in LMI census tract areas, demonstrating a high commitment to operating in these communities. CDFIs had a median DDI of 75.0%, supporting their mission focus and certification requirement to provide products and services to LMI areas. Both of these peer groups have far higher DDIs than banks as a whole, with a median DDI of 40.0%. As seen below, reporting banks and their CDFI peers have carried on this substantial commitment to LMI areas over time.

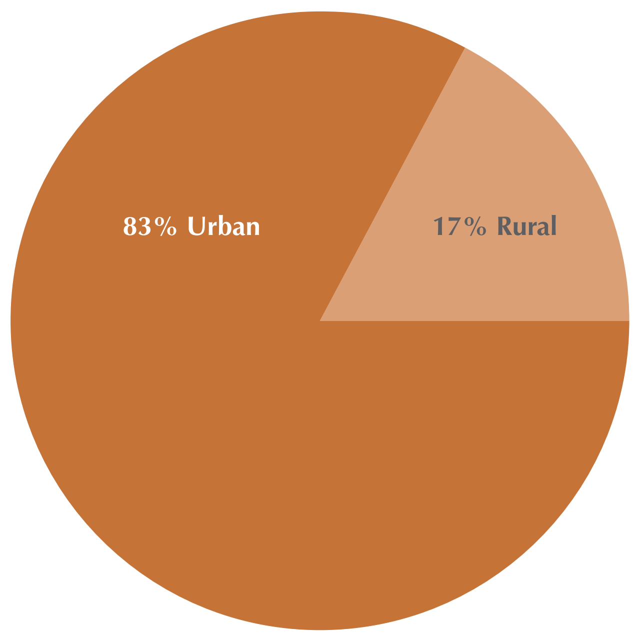
	2012	2011	2010	2009
Reporting Banks	88.9	69.2	69.0	66.7
CDFI Banks	75.0	66.7	66.7	66.7
All Banks	40.0	16.7	15.9	14.3

Geographic Coverage

In addition to having their branches located in primarily LMI census tracts, the reporting banks cover a range of geographic sizes and service areas.



n=20



n=18

V. 5. FOCUS ON PEOPLE

In order to be successful, CDBI Banks must provide a range of products and services that meet the needs of the individuals who live in their service area. This Focus on People can take many forms, including providing a range of account types, providing technical assistance for potential borrowers, and offering additional financial and nonfinancial service to meet individuals' needs.

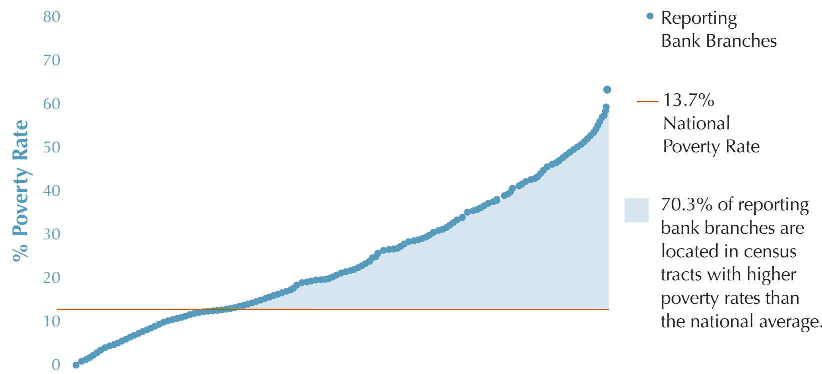
Focus on People also refers to the people that make up the banks themselves in terms of diversity in staffing and governance. The following sections explore how reporting banks Focus on People, beginning with an analysis of the demographic characteristics of reporting banks' likely clients.

Understanding Reporting Banks' Clients

Looking at the demographics of the census tracts where banks are situated gives insights into who might be accessing the banks located within their neighborhoods. In comparing demographic information for reporting banks' branches, it becomes clear that their customers fare poorly in terms of poverty and unemployment rates as well as income levels. Reporting banks, and CDBIs generally, fill an important role in these disadvantaged census tracts by providing valuable banking services to clients who might not be able to access mainstream banks. To understand how reporting banks' branches compare to branches overall, NCIF analyzed the census tracts where bank branches are located for each and compared their demographics to census tracts where bank branches are located nationally.

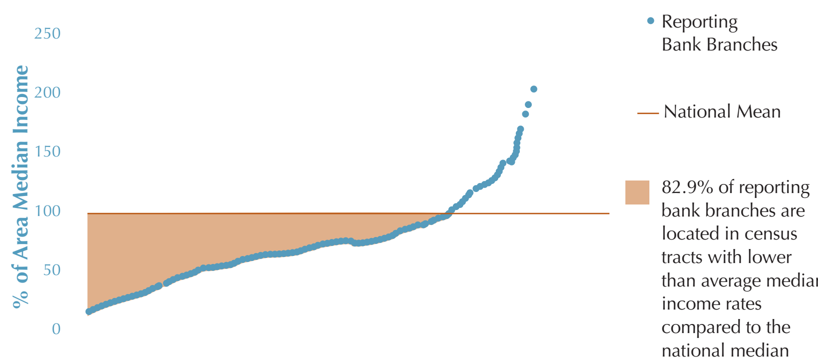
Poverty Rates in Reporting Bank Census Tracts

For banks overall, the average poverty rate across the country was 13.7%. Census tracts with reporting bank branches had a significantly higher average poverty rate of 24.1%. As seen in the table, 70.3% of reporting bank branches are located in census tracts with a poverty rate over the national average, representing a substantial presence in these high-poverty tracts.



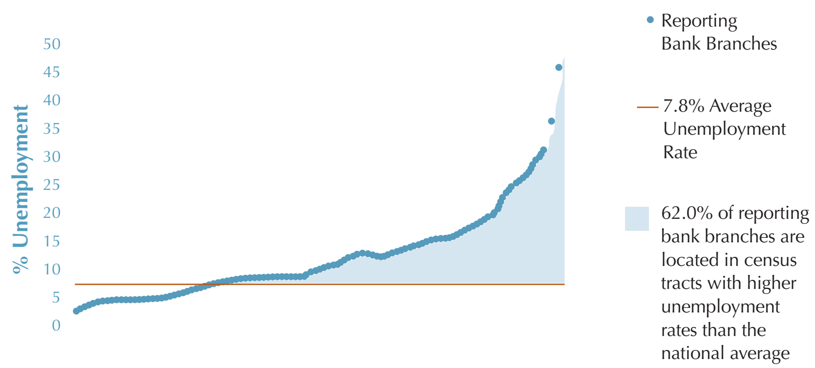
Median Income Compared to Area Income on Reporting Bank Census Tracts

Median income compared to area income benchmarks a census tract's median income to the surrounding area. As seen in the chart, 82.9% of reporting banks' branches are located in census tracts that are below their areas' median income, demonstrating that, in addition to being located in areas of higher rates of absolute poverty, reporting banks are located in tracts that also have lower income compared to their own surroundings.



Unemployment Rates in Reporting Bank Census Tracts

Finally, reporting bank branches are located in census tracts with higher unemployment rates than all bank branches. 62.0% of reporting banks' branches are located in census tracts with higher unemployment compared to the average of all banks' branches of 7.8%.



Meeting Clients' Needs Through a Range of Account Types

As part of the data collection process, many of the reporting banks provided information on the number of their clients across different account types. With this subset of bank information, it is clear that reporting banks, and CDBIs generally, are part of the lives of many people. The potential exists to better mobilize this group to collect success stories and to generate political leverage to better "Tell the Story."

The 2012 reporting banks provided services to a total of 26,092 lending customers and 167,565 depository customers.

	Lending Customers	Depository Customers	Transaction Customers
Total	26,092	167,565	47,332
Average	1,631	10,473	5,917
Median	875	5,960	2,391
	n=16	n=16	n=8

Meeting the Needs of Clients with Low Account Balances

As part of the survey banks provided information on the balances on depository accounts. A breakdown of these accounts shows that many of them are low balance—36% of them held less than $1,000. There is less return for the bank on these smaller value accounts, though they cost at least as much for the bank to maintain.

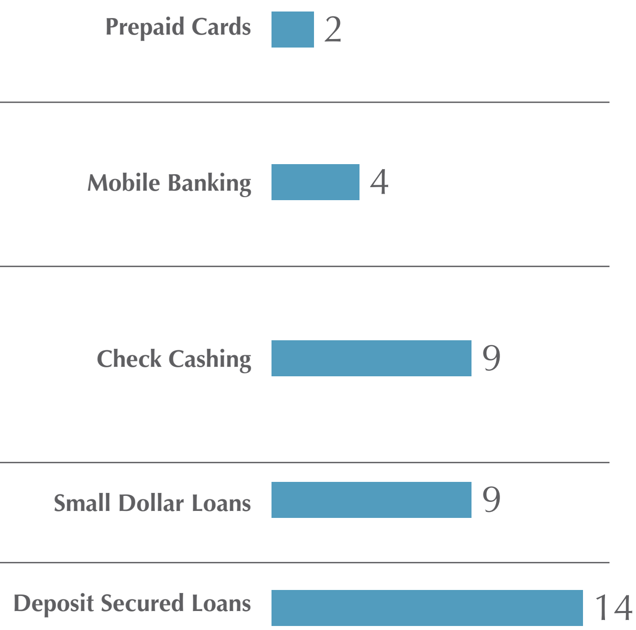
	Percentage of Clients	Account Balance
Percentage of Customers Below Account Balance Thresholds	78%	< $25,000
	57%	< $10,000
	36%	< $1,000

Meeting clients' needs through additional products and services

In an effort to comprehensively capture the impact of mission-oriented banks, NCIF asked reporting banks about transactional and alternative products to meet the needs of their clients like payment products, prepaid cards, check cashing and alternatives to payday lending.

In addition to the lending products described already, reporting banks provide innovative products that are tailored to meet the needs of the specific communities that they serve. As the table below details, many of the reporting banks offer a range of products to meet the needs of LMI communities and people, in their service area or outside. Additionally some have adopted technologies such as mobile banking to better serve the customers where they are, moving beyond branches.

Additional Products Offered to Meet Client Needs



Two of the reporting banks offer prepaid cards to their customers. An alternative to traditional banking accounts, prepaid cards provide a stepping stone out of the cash economy and towards becoming banked.

Offerings like mobile and online banking provide customers access to their funds at any time so that accounts can be more closely monitored to avoid overdrafts or other problems. Mobile banking in particular gives clients the flexibility to access information about their funds and manage their accounts at their leisure.

Nine of the reporting banks offer check cashing. By offering check cashing at no or low fees, bank clients retain more of their funds. Check cashing services grant banks another opportunity to encourage check cashers to establish bank accounts or to employ safer money access methods such as stored value and prepaid cards.

Many of the reporting banks also offer small dollar loans. These small loans can help clients get funds while avoiding the predatory practices of payday lenders.

Fourteen of the reporting banks offer deposit secured loans, an important way for clients to build credit.

Other Products

In addition to the products outlined on the previous page, respondent banks offer some of the below products:

Alternative credit products

- Secured credit cards
- Credit rebuilder loans
- Small business improvement fund loans

Other financial products

- Second chance checking accounts
- Checking accounts with no minimum daily balance or service fee
- Savings accounts with low minimum balances and fees
- Individual development accounts

Non-financial products

- Financial counseling and technical assistance

Technical Assistance

Another indication of the need within the CDBI customer space is the extent to which technical assistance is needed and provided.

- 11,049 individuals received technical assistance in 2012 from reporting banks.
- 679 organizations received technical assistance in 2012 from reporting banks.
- Median of 366 individuals per bank, n=16 banks

MICROENTERPRISE LOANS

Unlike most mainstream banks, CDBIs provide lending in amounts below $50,000. These microenterprise loans are a key component of economic development, and offer another instance where CDBIs differentiate themselves.

- 1,223 Microenterprise loans, n=13 banks
- Median= $559,085, 22 loans per bank

Microenterprise loans are C&I loans less than $50,000

Meeting the Need by Supporting Job Creation

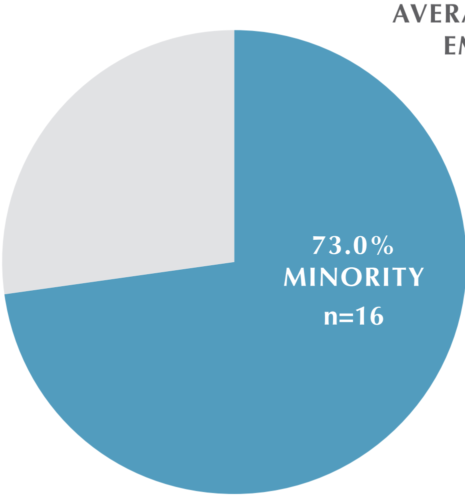
The impact that banks have on people in their communities expands beyond the individuals served through accounts and technical assistance to include the businesses banks lend to, their clients and employees. For example, businesses that receive loans from banks may be able to expand their businesses or open new operations as a result of those loans, thereby creating new jobs in their communities. Based on information provided by reporting banks and NCIF's methodology (see below for more information), the reporting banks supported the creation of an estimated 10,921 jobs through their 2012 lending activity. This represents the lending activity of 22 banks, just 26.2% of the CDFI industry and a small portion of the jobs created by the mission-oriented banking sector.

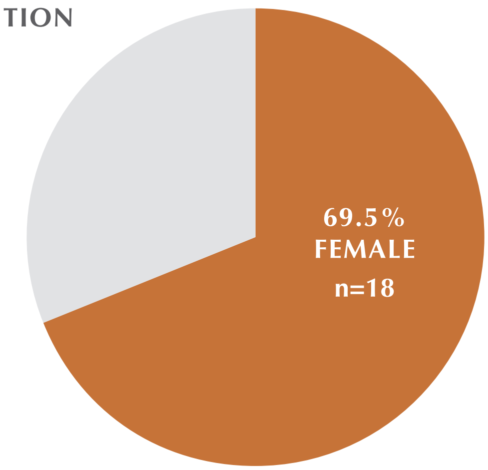
Jobs Created Methodology: NCIF asks reporting banks to report on the number of jobs created by borrower businesses to obtain the most accurate jobs numbers, but not all banks have developed tracking systems to generate these numbers. For banks that did not report jobs created, NCIF approximates the number of jobs created based on information a White House analysis entitles "Estimates of Job Creation from the American Recovery and Reinvestment Act of 2009," which measures the number of jobs created per $1 invested. The report estimates that one job is created for every $92,136 invested.

Diversity in Staff and Governance

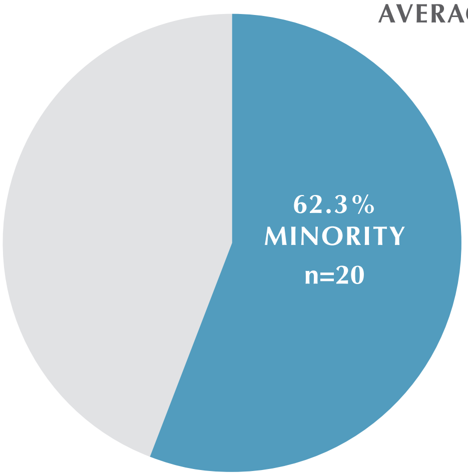
CDBIs are beneficial both to the people that make up the communities they serve and to their staff members and stakeholders. Diversity among a bank's staff and board may be beneficial for two main reasons. First, if the composition of bank's staff and board reflects the communities it serves, it may be able to more adequately understand the needs of its customers.

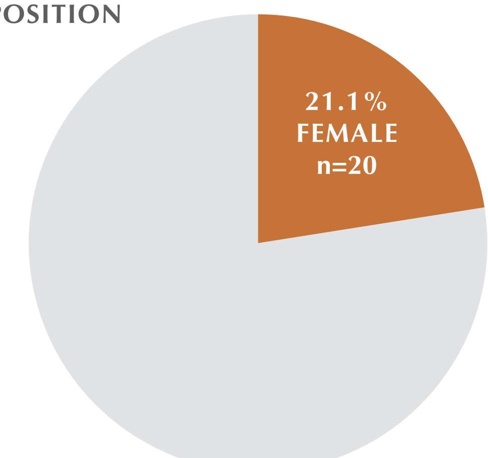
AVERAGE FULL TIME EQUIVALENT EMPLOYEE COMPOSITION





AVERAGE BOARD COMPOSITION





- In comparison, 16.9% of board members sampled for a report are minorities
- In comparison, 16.2% of board members in Fortune 500 companies are female

[4]Sources: Vissa, Preeti. 2013. "Greenlining Institute Annual Bank Board Diversity Report 2012"; Paul Hastings LP. 2013. "Breaking the Glass Ceiling: Women in the Board Room, Third Edition"

VI. *Our Bank Participates in the NCIF Development Impact Dashboard to…*

… highlight our commitment to our mission including our support of community development by providing products and services and banking solutions that are directed towards improving the social or economic conditions of underserved peoples or residents of distressed communities.

Cheryl Cebula, *President and CEO*
Albina Community Bank

… highlight that 100% of our bank's lending meets our community development mission criteria.

Robert James, Sr., *Chairman, President and CEO*
Carver State Bank

… highlight that 90% of Citizens Savings Bank's small business lending is directed to low- and moderate-income areas.

Deborah Cole, *President and CEO*
Citizens Savings Bank

… highlight that through its commitment to its mission, City First Bank of D.C. has a mission intensity of 95.8%.

Brian Argrett, *President and CEO*
City First Bank of D.C.

… to highlight that Continental National Bank is a Quadrant 1 bank based on its all lending score

Guillermo Diaz-Rousselot, *President and CEO*
Continental National Bank of Miami

… highlight that First Choice Bank has a strong commitment to low- and moderate-income communities.

Neena Bansil, *President and CEO*
First Choice Bank

… demonstrate the bank's commitment to serving low to moderate income communities.

Wayne-Kent Bradshaw, *President and CEO*
Broadway Federal Savings Bank

… highlight that 95% of the bank's lending is targeted at low- and moderate-income areas.

Deborah Wright, *Chairman and CEO*
Carver Federal Savings Bank

… show that our bank is part of the community. The bank that knows its customers, and knows the community it serves, is invaluable.

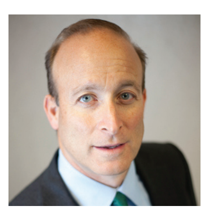
Cynthia Day, *President and CEO*
Citizens Trust Bank

… highlight that 100% of the Bank's branch locations are located in low- and moderate-income communities.

Preston Pinkett III, *President and CEO*
City National Bank of New Jersey

… highlight that the bank has a strong commitment to its mission with 100% of its lending meeting mission indicator criteria

Mark Ricca, *President and CEO*
First American International Bank



… highlight the many ways that we work to support our local communities.

Andy Salk, *Vice-Chairman, President and CEO*
First Eagle Bank

... highlight that 100% of First State Bank's lending goes to low- and moderate-income areas.

Kelvin Perry, *President and CEO*
First State Bank

... highlight that Harbor Bank is a high-performing quadrant 1 bank.

Joseph Haskins Jr., *Chairman and CEO*
Harbor Bank of Maryland

... highlight that 82% of Industrial Bank's lending is targeted at low- and moderate-income areas.

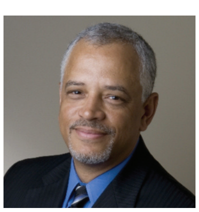
B. Doyle Mitchell Jr., *President and CEO*
Industrial Bank

... highlight the positive impact our Bank is making in the communities we serve.

Kim Saunders, *President and CEO*
Mechanics and Farmers Bank

... highlight that through its commitment to its mission, United Bank of Philadelphia directs 89.2% of its lending to mission-oriented loans such as loans for minority- and women-owned business and nonprofit organizations.

Evelyn Smalls, *President and CEO*
United Bank of Philadelphia



... reflect both our mission and commitment to helping build stronger, healthier urban neighborhoods.

William Farrow III, *President and CEO*
Urban Partnership Bank

... showcase our institution's impact in serving the credit and depository needs of the communities we serve - especially in rural Mississippi.

Huey Townsend, *Chairman, President and CEO*
Guaranty Bank and Trust

... highlight that the bank is a high-performing, Quadrant 1 bank through NCIF's Social Performance Metrics.

Norman Williams, *Chairman and CEO*
Illinois-Service Federal Savings and Loan Association

... highlight that the bank is a high-performing, Quadrant 1 bank through NCIF's Social Performance Metrics.

Alden McDonald Jr., *President and CEO*
Liberty Bank and Trust

... to constantly measure the social justice and environmental well-being that our banking practices support to know for sure we are upholding our commitment to Beneficial Banking. We rely on aligned measurement tools, like the NCIF Social Performance Metrics and other measurement tools to verify and improve our outcomes. Over 75% of our loan outstanding are at work in affordable housing, healthy food access, clean energy and women and minority businesses in LMI neighborhoods as well as in other transformative sectors. We know from experience that you tend to deliver what you measure.

Kathryn Ann Taylor, *Vice-Chairman and CEO*
One PacificCoast Bank, FSB

VII. Glossary

DDI: Development Depository Intensity is the percentage of branches located in Investment Area census tracts as defined by the Community Development Financial Institutions Fund (CDFI Fund). 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. Investment Area tracts are based on 2010 information provided by the CDFI Fund. To calculate DDI, bank branch addresses are geocoded and then compared to Investment Area census tracts.

DLI-All loans is the percentage of total annual lending located in CDFI Investment areas, based on self-reporting by banks as of 2012. To calculate this and other DLI transactions, banks provide addresses of their lending which is then geocoded and then compared to CDFI Fund Investment Area census tracts.

- **DLI-CRE:** Development Lending Intensity Commercial Real Estate is the percentage of lending which banks self-identify as commercial real estate lending.
- **DLI-Housing:** Development Lending Intensity Housing is the percentage of lending which banks self-identify as housing related.
- **DLI-Small Business:** Development Lending Intensity Small Business is the percentage of lending which banks self-identify as for small businesses.
- **DLI- Consumer:** Development Lending Intensity Consumer is the percentage of lending which banks self-identify as for consumer loans.
- **DLI-Agriculture:** Development Lending Intensity Agriculture is the percentage of lending which banks self-identify as for agricultural purposes.
- **DLI-HMDA:** Development Lending Intensity-HMDA is the percentage of HMDA reported loans located in CDFI Investment Areas. To calculate DLI-HMDA, loan information is collected from FFIEC, geocoded and compared to CDFI Fund Investment Areas. Data is collected as of December 31, 2012.
- **DLI-Highly Distressed** is the percentage of HMDA reported lending located in Highly Distressed census tracts per the CDFI Fund definition.
- **DLI-Equity** is the reported lending occurring in Investment Area census tracts as a percentage of total equity. DLI-equity is a measure of the bank's leverage in low- and moderate-income areas.

Loans in mission focus areas: The number and total amount committed for loans which fall within the bank's self-designated mission categories or are located within a CDFI Fund Investment Area.

Mission Intensity: Mission Intensity allows banks to self-identify these loans which fall under mission-based categories. Loans which have been indicated as mission-based are then aggregated with the base DLI-loans score. This additional analysis captures loans which are related to the banks mission but fall outside of CDFI Fund Investment Areas

Quadrant Scores: Quadrant analysis provides a simultaneous look at a bank's DDI and DLI by charting each on an X axis representing DDI and a Y axis representing DLI. To score in Quadrant 1, a bank must have above 50% for DDI and above 40% for DLI.

HMDA: Home Mortgage Disclosure Act.

CDFI Fund Investment Area Census tract: An Investment Area census tract must meet at least one of the following objective criteria of economic distress:

- The percentage of the population living in poverty is at least 20%
- In the case of an investment area located:

  Within a metropolitan area, the median family income shall be at or below 80% of the metropolitan area median family income or the national metropolitan area median family income, whichever is greater; or

  Outside of a metropolitan area, the median family income shall be at or below 80% of the statewide non-metropolitan area median family income or the national non-metropolitan median family income, whichever is greater.
- The unemployment rate is at least 1.5 times the national average.
- In counties located outside of a metropolitan area, the county population loss during the period between the most recent decennial census and the previous census is at least 10%.
- In counties located outside of a metropolitan area, the county net migration loss during the five-year period preceding the most recent decennial census is at least five percent.

NCIF National Community Investment Fund

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