



# THE CDFI BANKING SECTOR: 2011 ANNUAL REPORT

*on Financial and Social Performance*

NCIF<sup>SM</sup> [NATIONAL  
COMMUNITY  
INVESTMENT  
FUND]



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# I. Executive Summary

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Many of the low- and moderate-income communities in the U.S. that were hardest hit during the recession are still suffering, as the fragile US economy has not yet produced significant job growth in these populations. CDFI banks have a mission of providing financial services to these low- and moderate-income communities, while adhering to safe and sound banking practices.

CDFI banks are relatively small and have focused geographical service areas where they are able to leverage their assets to meet the specific needs of the communities that they serve. However, this combination of small size and small service area increases CDFI bank exposure to risk as they are less able to absorb the shock of financial crisis on their communities. Despite the narrow margin these banks operate under, the CDFI banking sector demonstrated its resiliency during 2011, as it showed growth and improvement in its financial performance across the industry:

- The sector saw double-digit growth in Total Assets, Total Deposits, Total Loans, and Total Equity;
- Asset quality and capitalization improved, as the sector's median Non-Current Loans to Total Loan ratio decreased for the first time in 6 years, and the sector's median Tier 1 Leverage ratio<sup>1</sup> was above 9% for the first time since 2007;
- The CDFI banking sector showed its first cumulative positive Net Income since 2008.

Despite these improvements, many CDFI banks still face significant challenges as there is great variance in individual bank performance.

Additionally, CDFI banks have a much greater impact in their communities relative to mainstream banks because of their mission focus and their service to populations of greater need. NCIF developed its Social Performance Metrics (SPM) to quantify this impact in a clear, concise, and transparent way that resonates with investors and other stakeholders. As of the most recent SPM data available, 12/31/2010, CDFI banks significantly outperform their peer groups by providing services to low-and moderate-income communities:

- CDFI bank HMDA lending is **3 times** more likely to be in these communities than the "All Banks" peer group
- CDFI bank branches are **4 times** as likely to be in these communities than the "All Banks" peer group's branches

NCIF's SPM help CDFI banks communicate the story of what differentiates them from mainstream banks, why that separation makes them critical components of the economies in their communities, and how the impact they have makes them "Too Important to Fail." NCIF is pleased to present the **The CDFI Banking Sector: 2011 Annual Report on Financial and Social Performance**, highlighting the financial and social performance of CDFI banks.

## Financial Performance Summary

- As of 12/31/2011, there were 88 certified CDFI banks, an increase of 3 from the 85 active banks as of year-end 2010.
- In 2011, the CDFI bank sector **grew total assets by 16.3%**; total loans by 10.9%; total deposits by 17.6% and total equity by 23.4%.
- The CDFI bank sector **cumulatively earned \$82.0 million** in net income during 2011, which is a turnaround after losing \$14.8 and \$115.5 million in 2010 and 2009, respectively.
- The median return on average equity ratio was 3.39%.
- While the median Tier 1 leverage ratio for all CDFI banks was 9.03% at year-end, the range is very wide and does not account for the ratio at the Bank Holding Company level.

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## Social Performance Summary

- 53.5% of the median CDFI bank's home lending is directed towards low- and moderate-income communities. This figure is over **3 times higher** than the median for the "All Banks" peer group (15.9%).
- 66.7% of the CDFI bank's branch locations are in, and are serving the needs of, low- and moderate-income communities. This figure is over **4 times higher** than the median for the "All Banks" peer group (16.4%).
- 40 of the 88 CDFI banks are located in the "high performing" Quadrant 1 based on 2010 NCIF Social Performance Metrics and HMDA lending. Many others will be in Quadrant 1 if we count their commercial lending.

<sup>1</sup> Tier 1 Leverage ratio is at the bank level, and does not include Bank Holding Company information which is not regularly available.



## II. Introduction: Investing in Small Business & Creating New Jobs

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*4469 Broadway New York, NY*

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As the U.S. recession continues, there has been more focus than ever before on small businesses and the continued creation of new jobs, especially in economically distressed communities across the United States. With unemployment remaining stubbornly high (8.3% as of March, 2012 – Bureau of Labor Statistics), CDFI banks play a critical role in assisting small business owners grow their businesses and helping new investors develop new economies in underserved markets.

Carver Federal Savings Bank in Harlem, New York, is an example of a CDFI bank that has focused its efforts in small business lending in the communities it serves. They leverage the CDFI Fund's New Markets Tax Credit (NMTC) program for high impact projects intended to generate economic growth in highly distressed communities via partnerships with private partners and CDFIs.

Carver recently partnered with NCIF on a NMTC project at 4469 Broadway that will bring a newly constructed mixed-use facility to the Washington Heights/Inwood neighborhood of Northern Manhattan. The project is being built and developed by Jackson Development Group (JDG), an experienced affordable housing and community builder, and will consist of 13,000 square feet of

community facility space, 9,000 square feet of retail space, and 85 residential units of which 80% are reserved for workforce housing and 20% for low-income families at 80% AMI.

In a neighborhood with 30.6% poverty rate, more than 12% unemployment, and 54.6% median family income, the 4469 Broadway project will provide a major boost to the economy. The project will create 135 construction jobs, and 50 new permanent jobs in the retail and services businesses that will occupy the space. A Columbia University-affiliated Head Start program will occupy the facility space, and a discount retailer focused on providing goods to low- and moderate-income customers will occupy the retail space. This project brings much needed services and commerce to the largely immigrant population in the community, as over 50% of the community's population are immigrants from Dominican Republic, Mexico, and Ecuador.

This is just one of many examples of how community development banks are creating new jobs in the United States, often in the most distressed communities. Continued support of these unique types of financial institutions is critical for the success of the economic recovery.

### III. Financial Performance of CDFI Banks

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#### Overview

National unemployment has remained at an elevated level of 8.3%, with an additional 2.6 million people not included in this figure that are available and want to work (March, 2012, BLS). Low- and moderate-income communities are where many of the unemployed and marginally employed live, and the modest economic recovery has been slow to reach these areas. For example, in Washington D.C.'s Ward 8 – a service area of CDFI bank City First Bank of D.C. – unemployment remains stubbornly high at 24.2% (March, 2012, D.C. Department of Employment Services.). As a result, CDFI banks operating in these communities were some of the hardest affected financial institutions during this recession. The combination of their smaller size, smaller service areas, and their focus on financially vulnerable communities mean that their fates are more tightly connected to those of the populations they serve.

Unfortunately, these past years have been difficult for the CDFI banking industry, and in 2011 alone, 4 CDFI banks failed including Community First Bank of Chicago (IL), Legacy Bank (WI), First National Bank of Davis (OK), and All American Bank (IL). But despite these setbacks, the sector was resilient and there were significant success stories and turnarounds, most notably the capital raise for Carver Federal Savings Bank, a CDFI bank and Minority Depository Institution in New York. NCIF was part of a \$55 million capital raise in 2011 that ensured the institution would remain well-capitalized and be able to continue to serve the financially stressed communities in Harlem, NY.

In this challenging environment, the CDFI banking sector as a whole continued to grow. Due to the 2010 Community Development Capital Initiative instituted by the U.S. Department of Treasury, 23 community banks offering financial services in distressed communities became CDFI banks in 2010, greatly expanding the pool of banks both in number and in geographical representation as many of these banks are located in rural areas. In 2011, while only 3 new CDFI banks were added, the CDFI bank industry saw great growth relative to recent years. As the following trend statistics will show, the CDFI banking sector has improved at the median from 2010 in several statistical categories, and continues to grow on an absolute basis despite the modest growth in the number of CDFI banks. However, the sector exhibits a wide range of performers in each category, and there are many institutions that are struggling. For a complete list of CDFI banks and their individual financial statistics, please refer to Appendix B.

Following are trends in statistics on:

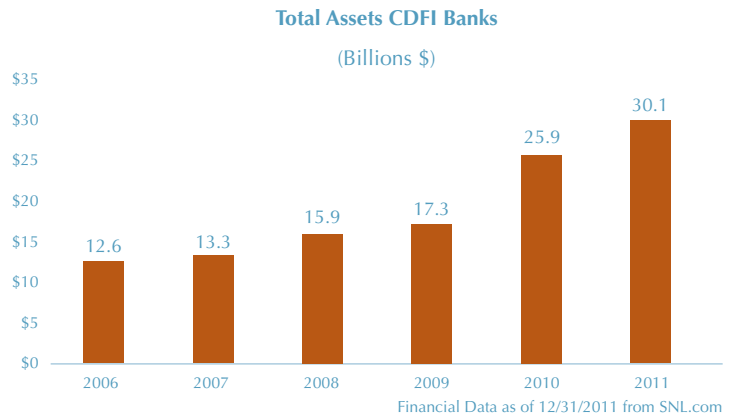
1. **Total Assets**
2. **Total Loans**
3. **Total Deposits**
4. **Total Equity**
5. **Net Income**
6. **Net Interest Margin**
7. **Return on Average Assets**
8. **Return on Average Equity**
9. **Efficiency Ratio**
10. **Tier 1 Leverage Ratio**
11. **Non-Current Loans to Total Loans Ratio**
12. **Net Charge-Offs to Average Loans Ratio**
13. **Loan Loss Reserves to Total Loans Ratio**



## Balance Sheet and Income Statement

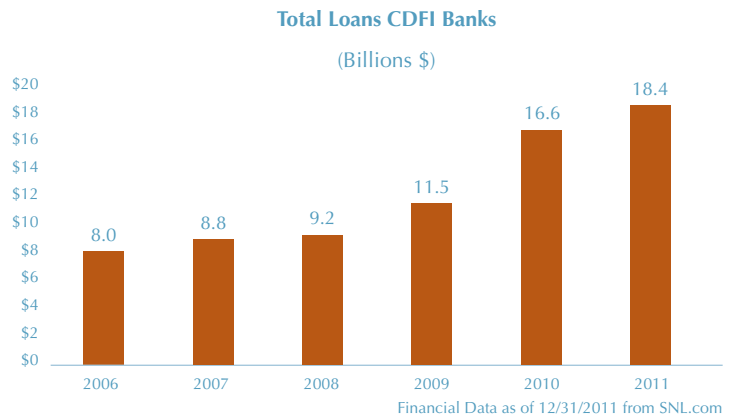
### 1. Total Assets

- In 2011, the sector grew total assets from \$25.9 billion to \$30.1 billion, an increase of 16.3%. The compound annual growth rate from 2006 to 2011 for the 88 CDFI Banks certified as of 12/31/2011 is 3.95%. This rate normalizes the asset growth of the sector despite the varying number of certified CDFI Banks.
- CDFI banks ranged from \$32.4 million to \$2.2 billion in asset size, and had an average asset size of \$341.7 million at YE 2011.
- The median CDFI bank had assets of \$231.9 million, up from \$180.3 million at YE 2010.



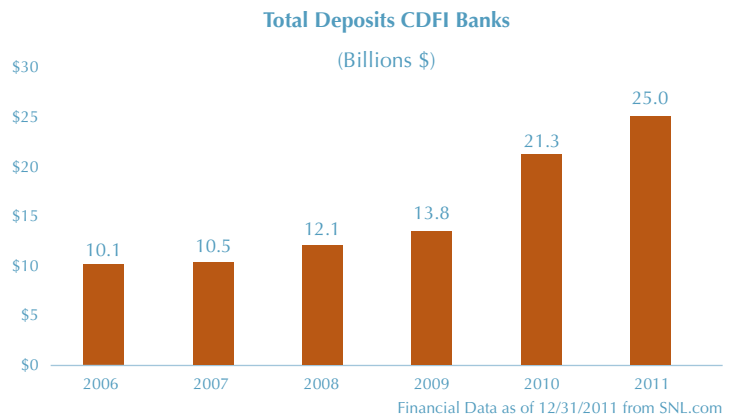
### 2. Total Loans

- In 2011, total loans within the sector grew from \$16.6 billion to \$18.4 billion, an increase of 10.9%. The compound annual growth rate from 2006 to 2011 for the 88 CDFI Banks certified as of 12/31/2010 is 2.33%.
- The maximum amount of loans outstanding for a bank was \$1.3 billion. The smallest portfolio was \$12.2 million.
- On average, each CDFI bank has \$209.5 million in loans outstanding, up from \$195.6 million as of YE 2010. The median level of loans outstanding was \$141.4 million, up from \$114.8 million.



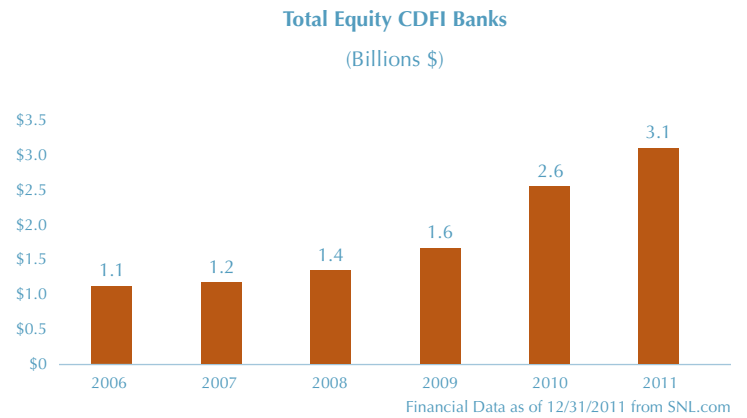
### 3. Total Deposits

- In 2011, deposits held at CDFI banks grew from \$21.3 billion to \$25.0 billion, an increase of 17.6%. The compound annual growth rate from 2006 to 2011 for the 88 CDFI Banks certified as of 12/31/2011 is 4.66%.
- The largest deposit level with an individual bank was \$1.7 billion; the smallest level was \$27.2 million.
- On average, each CDFI bank held \$284.4 million in deposits an increase over the 2010 figure of \$250.4 million in deposits. The median bank held \$192.4 million, up from \$155.1 million.



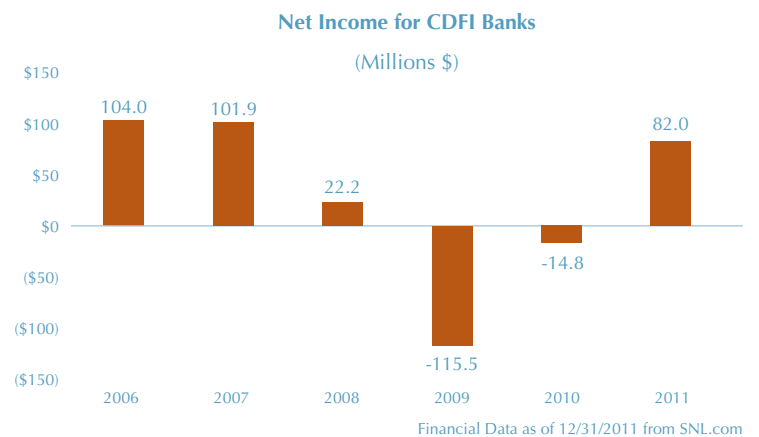
#### 4. Total Equity

- In 2011, total equity within the CDFI banking sector grew from \$2.6 billion to \$3.1 billion, an increase of 23.4%. The compound annual growth rate from 2006 to 2011 for the 88 CDFI Banks certified as of 12/31/2011 is 7.06%.
- The largest CDFI bank had \$411.3 million in equity, while the smallest bank had \$3.0 million.
- The average equity in the sector was \$35.7 million, up from \$30.0 million as of YE 2010. The 2011 median for equity was \$21.4 million, up from \$16.3 million.



#### 5. Net Income

- In 2011, the 88 CDFI banks earned \$82.0 million in net income. This represents a turnaround over the past year when the sector lost \$14.8 million.
- The largest net income for an individual CDFI bank was \$19.0 million, while the biggest loss was \$20.6 million.
- The average CDFI bank earned \$932,000 in net income during 2011, an improvement over the \$282,000 average loss during 2010. The median CDFI bank net income was \$629,000 in 2011, up from \$304,000 at YE 2010.

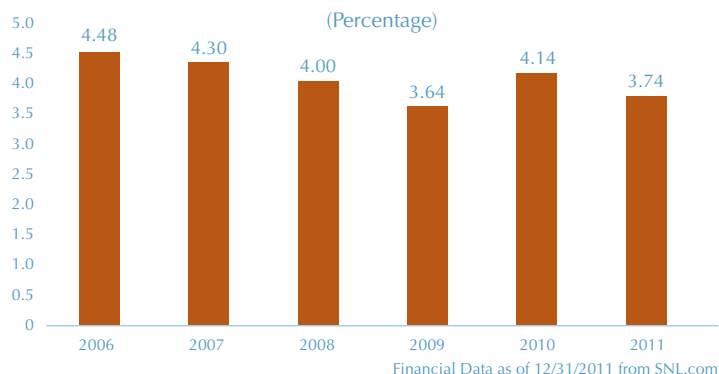


## Performance & Condition Ratios

### 6. Net Interest Margin

- In 2011, the CDFI median net interest margin decreased from 4.14% to 3.74%. This is 9 bps below the "All Banks" peer group median of 3.83%.
- The highest net interest margin within the CDFI bank sector at YE 2011 was 4.75%; while the lowest was 1.31%. The average net interest margin for the sector was 3.68%.
- The median net interest margin for the CDFI banking sector has declined from the 2006 level of 4.48%, but is up from the low of 3.64% in 2009.

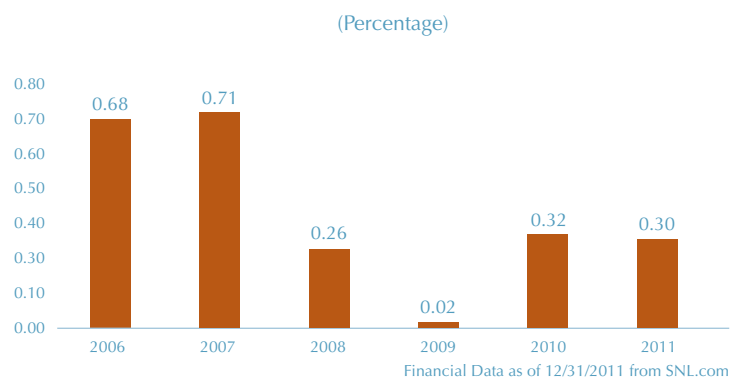
Median Net Interest Margin for CDFI Banks



### 7. Return on Average Assets

- On the earnings side, the CDFI banks showed a slight decrease in 2011 as the median return on average assets decreased 2 bps, from 0.32% to 0.30%. This is 40 bps below the median return on average assets for the "All Banks" peer groups of 0.70%.
- The highest return on average assets in the sector was 2.48%, and the lowest was -3.69%, while the average for 2011 was 0.11%.
- The median for CDFI banks is still below the 2007 high of 0.71%, but above the low of 0.02% in 2009.

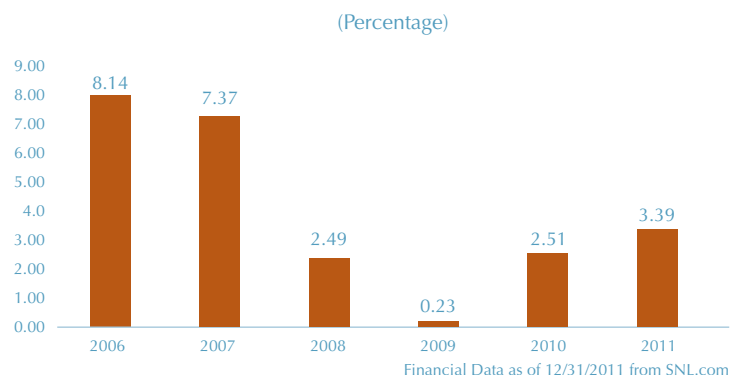
Median Return on Average Assets for CDFI Banks



### 8. Return on Average Equity

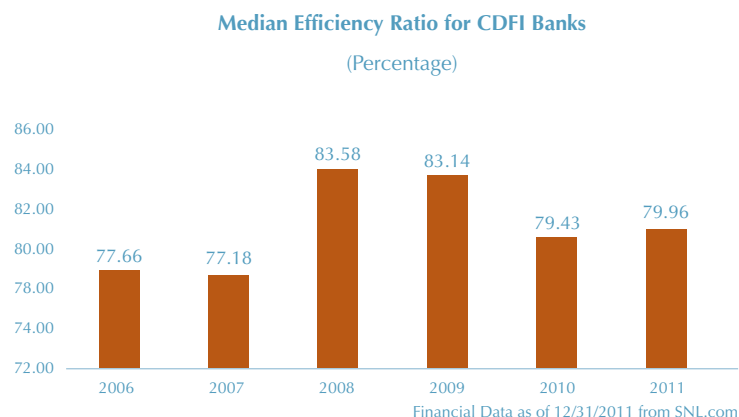
- Return on average equity of the median CDFI bank increased from 2.51% to 3.39%. As of 12/31/2011, the return on average equity median for the "All Banks" peer group was 6.47%.
- The highest return on average equity was 31.87%, and the lowest was -84.41%, illustrating a very wide range. The average value for the sector was -0.83%.
- Since the 2006 high of 8.14%, the return on average equity of the median CDFI bank dropped to a low of 0.23% in 2009, but has since been increasing year over year.

Median Return on Average Equity for CDFI Banks



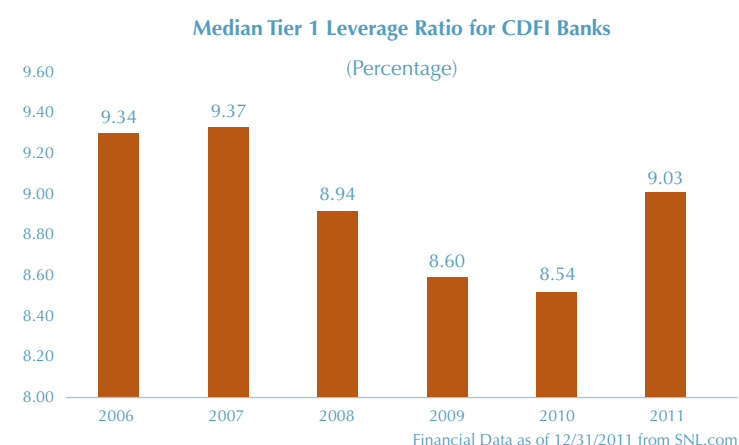
## 9. Efficiency Ratio

- The median CDFI bank efficiency ratio as of YE 2011 was 79.96%, a slight deterioration from the 2010 figure of 79.43%.
- The highest efficiency ratio for CDFI banks was 182.23%, while the lowest was 33.27%. The average efficiency ratio for the sector was 82.26%.
- The median CDFI bank efficiency ratio high of 83.58% was in 2008, while the low of 77.18% was in 2007.



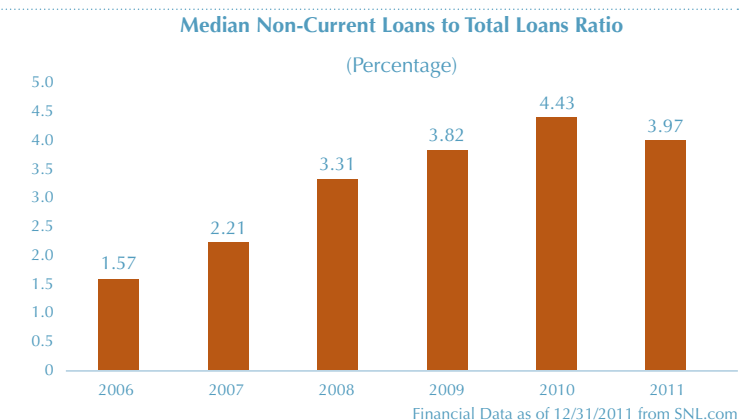
## 10. Tier 1 Leverage Ratio

- The median CDFI bank Tier 1 leverage ratio increased from 2010, from 8.54% to 9.03%. The median ratio for the "All Banks" peer groups was 9.76%.
- The maximum Tier 1 leverage ratio was 17.27%, while the lowest was 1.41%. The average value for the sector was 9.21%, similar to the median.
- 2011 marks the first increase in the median CDFI bank Tier 1 leverage ratio since 2007, when it reached its peak of 9.37% and then went into decline during the recession.



## 11. Non-Current Loans to Total Loans Ratio

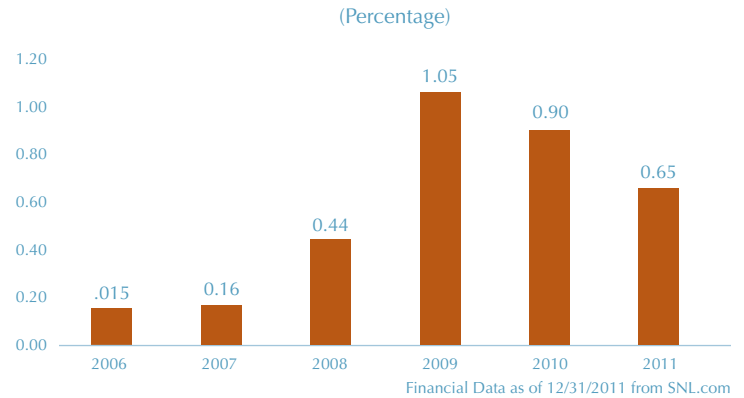
- At the end of 2011, the median CDFI Bank exhibited non-current loans to total loans ratio of 3.97%. This represents improvement over the 2010 year-end median of 4.43%, which was the peak value in the previous decade.
- The lowest non-current loans to total loans ratio within the CDFI industry was 0.00%; the highest ratio was 33.6%. The sector had an average non-current loan ratio of 5.90%.
- For the "All Banks" peer group, the median non-current loans to total loans ratio was 1.7%.



## 12. Net Charge-offs to Average Loans Ratio

- The net charge-offs to average loans ratio for the median CDFI bank showed a slight improvement in 2011, moving from 0.90% to 0.65%.
- This is above the median net charge-offs to average loans ratio for the "All Banks" peer group of 0.34%.
- The lowest net charge-offs to average loans ratio was -0.41% and the highest ratio was 3.6%. The average net charge-off ratio for the sector was 0.94%.

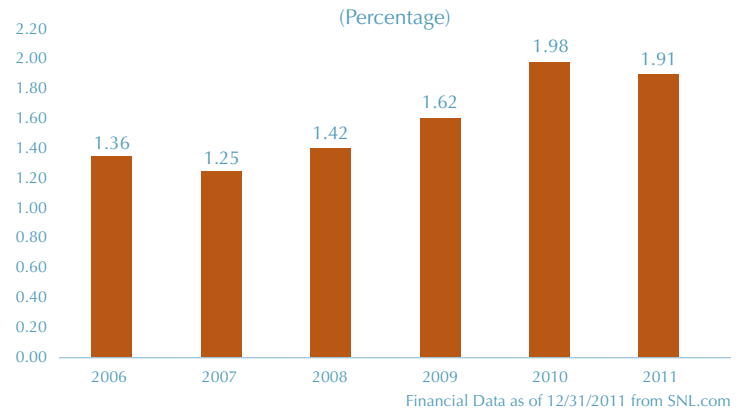
Median Net Charge-offs to Average Loans Ratio



## 13. Loan Loss Reserves to Total Loans Ratio

- The 88 CDFI banks lowered the median loan loss reserves to total loans ratio to 1.91%. This represents a 9 bps decrease in the median ratio from YE 2010 (1.98%).
- The lowest loan loss reserves to total loans ratio was 0.68%; the highest ratio was 10.22%.
- The average loan loss reserves to total loans ratio for the sector was 2.43%.

Median Loan Loss Reserves to Total Loans Ratio



## IV. Social Performance of CDFI Banks

As CDFI banks are mission-oriented institutions, they are more focused on providing services to low- and moderate-income communities compared to mainstream banks, and they correspondingly have a much greater social impact on these underserved populations. To fully demonstrate the impact that CDFI banks have in their community, it is necessary to measure and communicate the work of these banks both quantitatively and qualitatively. To measure the impact of CDFI banks, NCIF uses two primary tools:

### A. The NCIF Social Performance Metrics (SPM)

### B. NCIF Model CDBI Framework

NCIF believes that by using these tools, it is possible to evaluate and communicate the level of activity that every bank has in underserved, low- and moderate-income communities. A complete summary of these tools is available in Appendix D, but this report focuses on the two core Social Performance Metrics:

#### Development Lending Intensity – Home Mortgage Disclosure Act (DLI-HMDA)

The percentage of an institution's HMDA reported loan originations and purchases, in dollars, that are located in low- and moderate-income census tracts.

#### Development Deposit Intensity (DDI)

The percentage of an institution's physical branch locations that are located in low- and moderate-income census tracts.

Using these two core metrics, NCIF performed an analysis of the median CDFI bank's scores relative to the median scores for several peer groups;

1. All Domestic Banks ("All Banks" peer group);
2. Top 10 Bank by assets –YE 2011 ("Top-Ten" peer group);
3. Banks with total assets  $\leq$  \$2 billion – YE 2011  
(the majority of CDFI banks have an asset level that falls into this range);
4. Minority Depository Institutions ("MDI" peer group)
5. NCIF Portfolio – banks in NCIF's investment portfolio.

As the data in Table 1<sup>2</sup> illuminates, CDFI banks strongly outperform the first four peer groups and are on par with the NCIF Portfolio (DLI-HMDA of 49.49% and DDI of 75.60%), which consists of the some of the highest performing CDFI banks in the country from a social performance perspective.

The median CDFI bank has a DLI-HMDA score of 53.53%. This means that for every \$100 of home lending generated by the bank, more than \$53 dollars are being lent to a resident of a low- and moderate-income community. For the "All Banks" peer group, the median DLI-HMDA would result in about \$16 of lending being provided to a lower income area. The 53.53% DLI-HMDA median for CDFI banks is over **3 times higher** than the median for the "Top-Ten" peer group and the "All Banks" peer group.

Similarly for DDI, the median CDFI bank has a score of 66.67%, which is over **4 times higher** than the median for the "All Banks" peer group. For CDFIs, the vast majority of branch locations are located in low- and moderate-income communities, providing the residents of distressed communities the sustainable banking products and services that are a necessary alternative to the irresponsible and predatory financial service providers located throughout these neighborhoods.

In addition, NCIF created threshold levels for both DLI-HMDA and DDI that separate individual "high" performers from "low" performers. NCIF has proposed a DLI-HMDA threshold level of 40% to indicate a "high-performer." This number is approximately 2.5 times the median DLI-HMDA for the "All Banks" peer group (16.39%). 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." Similarly for DDI, NCIF has proposed a threshold level of 50% to indicate "High DDI" and therefore make a statement about its low-income service orientation.

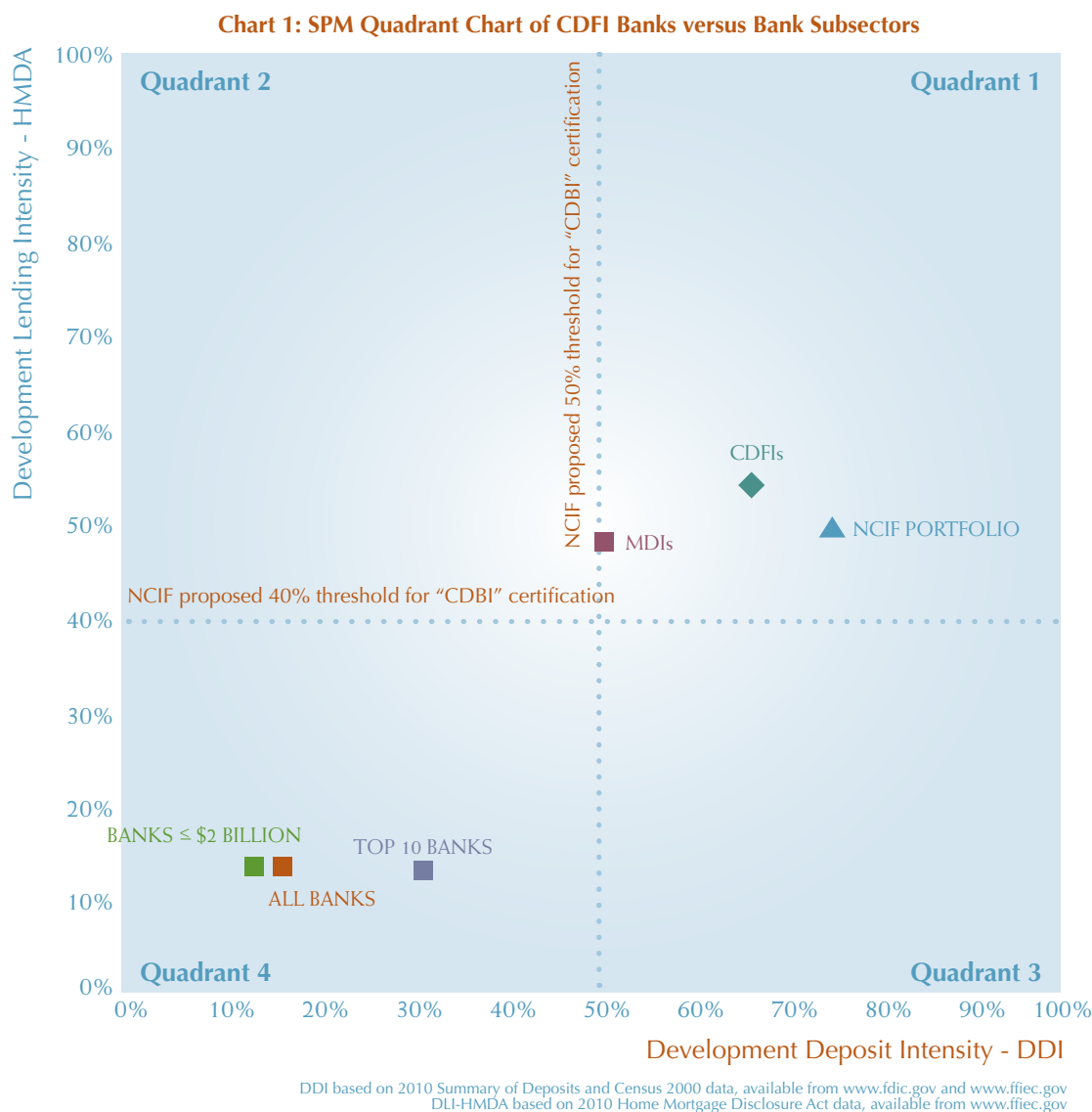
**Table 1:**  
**Median NCIF Social Performance Metrics for Bank Subsectors (FY 2010)**

	Peer Group	#	DLI-HMDA	DDI
	<b>CDFI Banks</b>	<b>88</b>	<b>53.53%</b>	<b>66.67%</b>
<b>1</b>	All Domestic Banks	7,366	15.90%	16.39%
<b>2</b>	"Top-Ten" Banks by Assets	10	14.97%	31.20%
<b>3</b>	Banks $\leq$ \$2 Billion	7,009	15.91%	13.33%
<b>4</b>	Minority Depository Institutions	190	48.62%	50.00%
<b>5</b>	NCIF Portfolio	20	49.49%	75.60%

DDI based on 2010 Summary of Deposits and Census 2000 data, available from fdic.gov and ffiec.gov  
DLI-HMDA based on 2010 Home Mortgage Disclosure Act data, available from ffiec.gov

<sup>2</sup>FY 2010 is the most recently available data for SPM.

Chart 1 below represents a plot of DLI-HMDA and DDI. Dividing the chart into quadrants according to the threshold values, NCIF can locate each domestic bank & thrift into one of the four quadrants. Quadrant 1 represents those institutions that score above the threshold values for both DLI-HMDA and DDI. By virtue of their lending activity and branch operations, these institutions display a high level of activity within low-income communities, and NCIF calls these institutions “High Performers.” Quadrant 2 is composed of those institutions that score above the DLI-HMDA threshold, but below the DDI threshold. Quadrant 3 is composed of those institutions that score above the DDI threshold, but below the DLI-HMDA thresholds. Finally, Quadrant 4 is composed of those institutions that fall below both thresholds.



As Chart 1 illustrates, the CDFI peer group is squarely in high-performing Quadrant 1, while the “All Banks”, “Top-Ten” and Banks with ≤ \$2 Billion in Assets peer groups are located in Quadrant 4. In fact, of the 88 CDFI banks, there are 67 that have both a DLI-HMDA and DDI score, and 40 of those are located in the high-performing Quadrant 1 (please see Appendix C for each individual CDFI bank’s 2010 Social Performance Metrics).

Simply put, CDFI banks are much more focused on meeting the needs of the consumers and businesses located in low- and moderate-income communities.





## V. Appendix: Financial Performance & Social Performance Background Material

### Appendix A: CDFI Peer Group Financial Summary

2011 Summary	Average	Median	Maximum	Minimum	Total
Total Assets (\$000)	\$341,724	\$231,903	\$2,177,006	\$32,374	\$30,071,737
Total Loans & Leases (\$000)	\$209,537	\$141,362	\$1,321,788	\$12,171	\$18,439,214
Total Deposits (\$000)	\$284,364	\$192,420	\$1,696,397	\$27,164	\$25,024,027
Total Equity (\$000)	\$35,716	\$21,446	\$411,296	\$2,993	\$3,143,000
Net Income (\$000)	\$932	\$629	\$19,046	\$(20,588)	\$81,976
Net Interest Margin (%)	3.68	3.74	4.75	1.31	
Return on Assets (%)	0.11	0.30	2.48	-3.69	
Return on Equity (%)	-0.83	3.39	31.87	-84.41	
Efficiency Ratio (%)	82.26	79.96	182.23	33.27	
Tier 1 Leverage Ratio (%)	9.21	9.03	17.27	1.41	
Non-Current Loan Ratio (%)	5.90	3.97	33.56	0.00	
Net Charge-off Ratio (%)	0.94	0.65	3.62	-0.41	
LLR to Total Loans Ratio (%)	2.43	1.91	10.22	0.68	

2010 Summary	Average	Median	Maximum	Minimum	Total
Total Assets (\$000)	\$304,083	\$180,329	\$2,262,442	\$7,414	\$25,847,044
Total Loans & Leases (\$000)	\$195,602	\$114,770	\$1,493,682	\$3,525	\$16,626,132
Total Deposits (\$000)	\$250,390	\$155,104	\$1,861,312	\$6,568	\$21,283,114
Total Equity (\$000)	\$29,966	\$16,298	\$396,615	\$835	\$2,547,152
Net Income (\$000)	\$(282)	\$304	\$12,009	\$(32,287)	\$(14,818)
Net Interest Margin (%)	3.62	4.14	5.04	1.76	
Return on Assets (%)	-0.22	0.32	1.94	-4.34	
Return on Equity (%)	-5.90	2.51	20.82	-122.07	
Efficiency Ratio (%)	84.23	79.43	212.85	43.15	
Tier 1 Leverage Ratio (%)	8.86	8.54	19.36	0.65	
Non-Current Loan Ratio (%)	5.94	4.43	25.81	0.00	
Net Charge-off Ratio (%)	1.20	0.90	6.77	0.00	
LLR to Total Loans Ratio (%)	2.44	1.98	12.95	0.64	

Financial Data as of 12/31/2011 from SNL.com

## Appendix B: CDFI Banks with Financials – Sorted by Assets

Institution	ST	Assets (\$000)	Total Loans (\$000)	Deposits (\$000)	Equity (\$000)	Net Income (\$000)	NIM (%)	ROA (%)	ROE (%)	Efficiency Ratio (%)	Tier 1 Leverage Ratio (%)	NCL (%)	NCO (%)	Loan Loss Reserves/Loans (%)
BankPlus	MS	\$2,177,006	\$1,321,788	\$1,696,397	\$211,996	\$19,046	3.95	0.87	9.18	67.95	9.60	1.99	1.23	2.08
Inter National Bank	TX	\$2,065,725	\$783,148	\$1,646,731	\$411,296	\$7,130	2.46	0.32	1.78	68.30	10.12	3.76	2.66	2.70
Merchants & Farmers Bank	MS	\$1,561,320	\$1,022,413	\$1,372,438	\$137,470	\$5,388	3.36	0.34	3.94	76.76	8.17	1.74	1.04	1.46
Urban Partnership Bank	IL	\$1,261,384	\$775,950	\$1,117,645	\$133,613	\$(11,836)	4.30	-0.88	-8.39	40.82	9.67	32.77	2.20	10.22
Southern Bancorp Bank	AR	\$1,146,771	\$612,083	\$966,778	\$120,215	\$9,069	3.57	0.82	7.78	66.09	7.13	1.59	0.39	1.26
State Bank & Trust Company	MS	\$921,053	\$654,145	\$738,445	\$107,970	\$5,055	3.60	0.55	4.58	69.18	8.92	1.33	0.59	1.11
Security Federal Bank	SC	\$916,356	\$460,060	\$695,767	\$85,775	\$1,878	NA	NA	NA	65.58	8.60	4.35	NA	3.10
BankFirst Financial Services	MS	\$718,860	\$541,543	\$600,224	\$65,563	\$6,225	3.80	0.89	10.44	58.40	9.03	0.95	0.27	1.45
First, A National Banking Association	MS	\$679,893	\$387,928	\$567,319	\$69,264	\$3,496	3.33	0.60	5.51	70.81	8.32	1.45	0.44	1.16
Carver Federal Savings Bank	NY	\$670,479	\$479,305	\$494,417	\$68,168	\$(20,588)	3.36	-2.97	-36.66	113.85	10.17	19.15	3.62	3.97
Community Bank of Mississippi	MS	\$639,243	\$418,193	\$566,273	\$60,173	\$5,573	4.01	0.88	9.29	71.68	9.55	1.79	0.35	1.21
Community Bank	MS	\$630,628	\$466,593	\$562,559	\$58,405	\$7,135	4.05	1.16	12.25	59.85	9.43	1.78	0.39	1.30
Seaway Bank and Trust Company	IL	\$603,147	\$302,402	\$527,915	\$50,850	\$10,283	2.95	1.55	21.21	65.62	7.79	19.73	0.54	2.17
OneUnited Bank	MA	\$562,413	\$334,710	\$319,510	\$43,189	\$2,819	2.58	0.51	7.12	89.38	5.37	4.71	0.24	1.01
Liberty Bank & Trust Company	LA	\$559,358	\$210,249	\$509,372	\$41,831	\$2,945	3.27	0.53	7.51	78.23	6.64	2.63	0.66	2.30
Guaranty Bank & Trust Company	MS	\$535,508	\$354,246	\$452,664	\$56,285	\$6,396	4.11	1.24	11.63	62.26	11.20	1.27	0.63	1.78
First American International Bank	NY	\$532,809	\$409,007	\$452,520	\$59,247	\$1,407	4.58	0.25	2.40	80.01	10.27	6.42	2.19	3.83
First Security Bank	MS	\$498,446	\$231,008	\$410,002	\$58,927	\$2,372	3.01	0.46	4.04	74.90	10.43	2.80	1.39	1.56
Peoples State Bank	LA	\$496,632	\$267,947	\$420,165	\$46,943	\$3,290	3.07	0.67	7.15	79.90	8.90	0.72	0.06	1.24
Community Bank, North Mississippi	MS	\$486,692	\$299,473	\$433,873	\$44,168	\$442	3.03	0.09	1.01	85.84	8.41	1.92	0.82	1.46
Mission Community Bank	CA	\$454,796	\$229,636	\$413,103	\$37,873	\$(2,194)	3.69	-0.85	-9.44	112.39	8.19	2.85	0.35	1.45
United Bank	AL	\$446,414	\$263,269	\$395,509	\$47,094	\$1,377	3.36	0.31	2.98	84.95	9.49	5.20	0.77	1.86
Broadway Federal Bank, F. S. B.	CA	\$418,357	\$356,859	\$297,188	\$35,621	\$(8,150)	NA	NA	NA	81.49	8.23	11.87	NA	4.51
University National Bank	MN	\$417,323	\$116,243	\$384,481	\$27,102	\$8,502	2.30	2.48	31.87	42.17	6.38	1.85	0.88	1.93
Citizens Trust Bank	GA	\$397,062	\$199,387	\$343,787	\$47,706	\$434	3.73	0.11	0.94	76.84	10.53	6.50	2.11	1.98
Community Bank Coast	MS	\$389,720	\$281,189	\$343,193	\$37,358	\$1,032	3.74	0.26	2.82	74.20	9.24	1.05	0.89	1.82
Industrial Bank	DC	\$364,007	\$239,651	\$289,157	\$33,360	\$1,142	4.46	0.30	3.54	83.09	9.02	6.55	0.30	2.28
City National Bank of New Jersey	NJ	\$358,432	\$208,715	\$299,299	\$28,834	\$(3,513)	2.83	-0.94	-11.65	108.23	7.94	21.19	1.22	5.21
First Eagle Bank	IL	\$336,958	\$203,301	\$257,952	\$52,803	\$7,879	3.94	2.33	16.19	41.67	14.25	0.02	0.27	2.85
Austin Bank of Chicago	IL	\$322,757	\$234,593	\$265,129	\$31,923	\$2,994	4.31	0.95	9.64	69.31	9.84	1.51	0.67	2.00
Community Commerce Bank	CA	\$313,489	\$231,600	\$245,115	\$40,318	\$2,701	4.61	0.80	6.93	58.80	11.43	3.63	0.55	4.91
Mechanics & Farmers Bank	NC	\$301,458	\$186,150	\$260,744	\$33,942	\$691	3.62	0.23	2.03	87.85	10.62	7.87	0.47	2.04
Capitol City Bank & Trust Company	GA	\$296,251	\$220,436	\$276,946	\$12,676	\$(796)	3.00	-0.26	-6.04	87.16	4.22	11.67	1.20	2.26
Landmark Community Bank	TN	\$289,808	\$233,778	\$209,876	\$34,940	\$3,636	3.85	1.36	12.98	62.93	11.55	1.49	0.60	1.28
International Bank of Chicago	IL	\$289,172	\$186,755	\$251,650	\$31,297	\$5,375	4.17	2.15	19.29	33.27	10.93	0.68	3.11	1.65
PlantersFirst	GA	\$288,497	\$187,637	\$269,810	\$14,734	\$852	3.29	0.29	7.13	86.87	4.88	13.99	1.00	4.08
One PacificCoast Bank, FSB	CA	\$286,733	\$150,574	\$224,948	\$33,412	\$85	3.59	0.03	0.26	93.58	10.45	5.66	0.17	1.18
Premier Bank	IL	\$268,703	\$156,951	\$198,953	\$5,500	\$(9,161)	1.31	-3.17	-84.41	182.23	1.41	33.56	0.06	7.70
Magnolia State Bank	MS	\$264,492	\$196,675	\$236,341	\$26,245	\$3,807	4.37	1.48	17.31	66.45	9.36	0.20	0.19	0.80
Park Midway Bank, National Assoc.	MN	\$259,682	\$208,486	\$210,282	\$27,804	\$2,218	3.74	0.74	8.15	64.72	10.54	4.94	0.78	1.49
First Choice Bank	CA	\$248,377	\$128,109	\$212,368	\$25,573	\$2,022	3.17	0.95	9.39	55.25	10.63	1.28	0.41	1.84
Mission Valley Bank	CA	\$246,033	\$174,773	\$187,860	\$34,456	\$1,301	4.53	0.52	3.86	76.16	13.94	3.31	0.97	3.04
Harbor Bank of Maryland	MD	\$240,428	\$187,144	\$206,235	\$26,531	\$298	4.10	0.12	1.19	83.31	8.28	5.63	0.92	2.69
Pan American Bank	IL	\$235,398	\$143,213	\$219,149	\$15,999	\$1,219	3.22	0.55	8.11	69.53	6.63	2.09	0.30	1.14
Union Bank	LA	\$228,407	\$139,510	\$196,980	\$20,246	\$698	3.14	0.30	3.89	77.29	8.77	6.51	0.31	1.98
Second Federal Savings and Loan Association of Chicago	IL	\$198,243	\$150,611	\$170,861	\$4,059	\$(5,885)	3.28	-2.81	-79.75	146.95	2.02	9.07	1.23	2.52
BankAsiana	NJ	\$189,817	\$152,649	\$148,429	\$26,559	\$2,714	4.24	1.63	10.77	54.51	14.77	2.39	1.05	1.76

Institution	ST	Assets (\$000)	Total Loans (\$000)	Deposits (\$000)	Equity (\$000)	Net Income (\$000)	NIM (%)	ROA (%)	ROE (%)	Efficiency Ratio (%)	Tier 1 Leverage Ratio (%)	NCL (%)	NCO (%)	Loan Loss Reserves/ Loans (%)
City First Bank of D.C., National Association	DC	\$169,198	\$127,963	\$127,839	\$28,063	\$1,317	4.51	0.81	4.81	69.60	16.55	4.10	-0.04	3.01
First Independence Bank	MI	\$165,219	\$115,563	\$140,888	\$15,236	\$(1,214)	3.26	-0.70	-7.93	103.00	8.95	1.18	1.15	1.85
Central Bank of Kansas City	MO	\$155,902	\$99,315	\$121,641	\$23,064	\$144	4.07	0.09	0.62	74.73	13.23	4.70	2.84	2.97
Bank of Vernon	AL	\$154,174	\$117,944	\$132,588	\$18,754	\$(1,218)	3.44	-0.74	-6.33	91.30	11.40	8.93	1.88	4.00
Pacific Global Bank	IL	\$152,818	\$127,462	\$129,163	\$13,859	\$(2,786)	3.78	-1.73	-17.90	63.42	8.79	7.85	2.96	4.94
Illinois-Service Federal Savings and Loan Association	IL	\$148,171	\$60,155	\$104,629	\$15,780	\$(456)	2.94	-0.31	-2.98	80.33	9.45	8.37	0.32	1.89
Franklin National Bank of Minneapolis	MN	\$145,697	\$104,768	\$118,809	\$21,140	\$1,521	4.12	0.91	7.53	85.13	13.83	0.95	0.12	1.10
Commercial Bank	MS	\$134,063	\$81,117	\$107,765	\$11,832	\$378	3.90	0.27	3.23	83.31	9.26	1.83	1.13	1.82
Albina Community Bank	OR	\$129,690	\$93,240	\$120,020	\$5,696	\$785	4.38	0.58	14.46	81.41	3.93	4.94	1.03	3.12
ProAmerica Bank	CA	\$129,280	\$107,256	\$105,755	\$21,751	\$(750)	4.64	-0.62	-3.73	87.31	16.65	4.53	0.29	3.11
Community Bank of the Bay	CA	\$128,451	\$97,918	\$105,299	\$15,078	\$(5)	4.02	0.00	-0.03	82.69	11.27	3.84	1.70	2.06
Tri-State Bank of Memphis	TN	\$125,663	\$80,460	\$103,770	\$17,008	\$(624)	3.99	-0.49	-3.57	90.20	12.81	15.02	3.05	1.88
First National Bank of Decatur County	GA	\$124,397	\$56,949	\$105,486	\$13,357	\$867	4.04	0.83	7.08	51.09	12.22	4.79	1.65	2.64
Bank of Okolona	MS	\$116,955	\$73,559	\$100,175	\$13,354	\$1,765	3.88	1.54	14.36	55.33	10.20	2.14	0.38	1.40
Bank of Kilmichael	MS	\$106,398	\$62,952	\$96,502	\$8,923	\$1,117	3.57	1.12	13.84	64.30	8.09	0.85	0.06	1.37
Neighborhood National Bank	CA	\$104,149	\$85,951	\$94,060	\$8,979	\$(1,064)	3.48	-0.93	-10.96	82.76	8.53	16.18	1.55	5.82
Security State Bank of Wewoka, Oklahoma	OK	\$103,912	\$68,986	\$90,931	\$11,779	\$1,155	4.15	1.17	10.43	57.38	10.99	1.89	0.33	2.00
Bank 2	OK	\$101,325	\$69,003	\$86,400	\$11,843	\$801	4.38	0.83	7.08	84.68	12.33	2.53	0.04	1.39
Bank of Cherokee County	OK	\$97,671	\$65,933	\$89,077	\$8,182	\$846	4.68	0.86	10.68	71.79	8.10	1.56	0.15	1.83
Community Bank, National Assoc.	AL	\$95,378	\$71,312	\$87,018	\$8,079	\$161	3.35	0.18	2.02	92.78	8.44	0.00	0.33	0.88
Highland Community Bank	IL	\$95,279	\$59,662	\$89,076	\$5,527	\$(1,213)	3.42	-1.20	-19.57	107.32	5.54	12.44	0.22	5.94
Oxford University Bank	MS	\$93,670	\$66,767	\$81,769	\$8,753	\$(80)	3.47	-0.09	-0.89	81.12	9.25	0.34	0.04	1.02
Edgebrook Bank	IL	\$92,596	\$77,020	\$87,197	\$5,188	\$406	3.37	0.43	8.46	78.88	5.47	9.96	0.48	2.71
Citizens Savings Bank & Trust Co.	TN	\$90,482	\$64,135	\$79,478	\$8,528	\$187	4.55	0.21	2.28	88.89	9.03	3.63	0.22	1.53
North Milwaukee State Bank	WI	\$89,449	\$64,111	\$76,684	\$7,845	\$(501)	3.93	-0.55	-6.02	78.60	8.25	15.40	0.78	3.90
American Metro Bank	IL	\$85,728	\$55,722	\$73,904	\$4,364	\$(3,357)	2.76	-3.69	-65.55	133.71	4.09	15.18	3.24	4.51
South Carolina Community Bank	SC	\$83,550	\$54,727	\$79,646	\$3,521	\$(1,396)	3.88	-1.72	-32.52	104.06	4.23	10.01	2.57	3.53
Peoples Bank of the South	MS	\$77,740	\$53,454	\$67,686	\$7,002	\$182	4.60	0.23	2.62	100.00	8.73	0.61	-0.41	0.94
United Bank of Philadelphia	PA	\$77,017	\$41,502	\$71,321	\$5,241	\$(982)	3.99	-1.28	-17.16	115.32	6.27	5.93	0.54	2.09
Community Development Bank, FSB	MN	\$70,965	\$40,146	\$59,271	\$6,944	\$329	2.93	0.51	5.58	72.12	8.94	1.75	0.18	0.68
Native American Bank, National Association	CO	\$69,574	\$53,880	\$60,867	\$8,374	\$(389)	4.01	-0.50	-5.08	108.70	9.49	6.10	1.52	2.79
First Tuskegee Bank	AL	\$67,219	\$36,832	\$58,483	\$5,680	\$(95)	3.66	-0.14	-1.68	93.12	8.20	10.80	1.18	1.55
Advance Bank	MD	\$66,871	\$54,108	\$54,463	\$6,895	\$(836)	4.05	-1.16	-11.53	107.87	7.38	4.68	0.35	1.64
Commonwealth National Bank	AL	\$65,062	\$29,727	\$59,011	\$5,707	\$52	3.85	0.08	0.92	108.00	8.40	5.52	0.91	1.77
Covenant Bank	IL	\$63,510	\$44,835	\$56,493	\$2,993	\$(1,577)	3.60	-2.34	-38.52	122.76	4.43	11.01	2.68	2.49
Mitchell Bank	WI	\$57,154	\$41,617	\$48,501	\$7,291	\$(1,028)	4.16	-1.66	-12.86	95.94	12.21	5.15	2.27	4.38
Fort Gibson State Bank	OK	\$56,323	\$32,279	\$51,289	\$4,428	\$456	4.75	0.77	10.41	78.84	7.40	0.00	0.08	1.38
Community Capital Bank of Virginia	VA	\$55,817	\$42,910	\$44,364	\$9,613	\$567	3.23	1.07	6.18	47.79	17.27	3.25	0.00	1.65
Carver State Bank	GA	\$41,979	\$25,841	\$33,813	\$3,653	\$7	4.36	0.02	0.22	94.55	8.94	1.35	0.68	0.73
Community's Bank	CT	\$36,330	\$19,877	\$29,373	\$3,537	\$(610)	3.34	-1.58	-16.46	179.08	5.34	7.83	0.13	1.42
Metro Bank	KY	\$32,374	\$12,171	\$27,164	\$4,846	\$311	1.71	0.94	7.10	83.37	15.15	7.02	1.39	3.25
SUM		\$30,071,737	\$18,439,214	\$25,024,027	\$3,143,000	\$81,976								
AVERAGE		\$341,724	\$209,537	\$284,364	\$35,716	\$932	3.68	0.11	-0.83	82.26	9.21	5.90	0.94	2.43
MEDIAN		\$231,903	\$141,362	\$192,420	\$21,446	\$629	3.74	0.30	3.39	79.96	9.03	3.97	0.65	1.91
MINIMUM		\$32,374	\$12,171	\$27,164	\$2,993	\$(20,588)	1.31	-3.69	-84.41	33.27	1.41	0.00	-0.41	0.68
MAXIMUM		\$2,177,006	\$1,321,788	\$1,696,397	\$411,296	\$19,046	4.75	2.48	31.87	182.23	17.27	33.56	3.62	10.22

DDI based on 2010 Summary of Deposits and Census 200 data, available from [www.fdic.gov](http://www.fdic.gov) and [www.ffiec.gov](http://www.ffiec.gov)  
DLI-HMDA based on 2010 Home Mortgage Disclosure Act data, available from [www.ffiec.gov](http://www.ffiec.gov)

## Appendix C: List of Certified CDFI Banks with 2010 Social Performance Metrics

The following table displays the Social Performance Metrics for all CDFI banks. Nearly 50% (40 of 88) of CDFI banks are in the high-performing Quadrant 1. An additional 19 fall into Quadrant 2 or Quadrant 3, indicating high HMDA lending or high percentage of branch locations in low-and-moderate-income communities. 15 of the institutions that did not report HMDA lending fall into Quadrant 1 or 3, as they have high DDI scores due to a significant presence of their branches in these communities.

**Table 2: Social Performance Metrics of CDFI Banks, Sorted by Quadrant and State**

Institution	State	Assets (\$000)	DLI-HMDA (%)	DDI (%)	Quadrant
Commonwealth National Bank	AL	65,062	100.00	100.00	1
First Tuskegee Bank	AL	67,219	100.00	66.67	1
Southern Bancorp Bank	AR	1,146,771	42.74	72.97	1
One PacificCoast Bank, FSB	CA	286,733	100.00	100.00	1
Broadway Federal Bank, F. S. B.	CA	418,357	90.95	60.00	1
Community's Bank	CT	36,330	100.00	100.00	1
City First Bank of D.C., National Association	DC	169,198	100.00	100.00	1
Industrial Bank	DC	364,007	50.18	87.50	1
PlantersFirst	GA	288,497	57.95	55.56	1
Carver State Bank	GA	41,979	75.98	50.00	1
Highland Community Bank	IL	95,279	98.43	100.00	1
Illinois-Service Federal Savings and Loan Association	IL	148,171	82.50	100.00	1
Second Federal Savings and Loan Association of Chicago	IL	198,243	75.45	100.00	1
Covenant Bank	IL	63,510	74.16	100.00	1
Seaway Bank and Trust Company	IL	603,147	72.40	100.00	1
Pacific Global Bank	IL	152,818	83.93	66.67	1
Austin Bank of Chicago	IL	322,757	72.09	60.00	1
First Eagle Bank	IL	336,958	67.53	50.00	1
Pan American Bank	IL	235,398	61.77	50.00	1
International Bank of Chicago	IL	289,172	56.77	50.00	1
Liberty Bank & Trust Company	LA	559,358	43.07	76.19	1
Union Bank	LA	228,407	59.68	75.00	1
OneUnited Bank	MA	562,413	95.01	80.00	1
Advance Bank	MD	66,871	52.95	75.00	1
Franklin National Bank of Minneapolis	MN	145,697	78.76	100.00	1
University National Bank	MN	417,323	48.88	100.00	1
Park Midway Bank, National Association	MN	259,682	60.59	50.00	1
Central Bank of Kansas City	MO	155,902	53.26	66.67	1
First Security Bank	MS	498,446	60.79	70.59	1
State Bank & Trust Company	MS	921,053	54.22	58.82	1
Guaranty Bank & Trust Company	MS	535,508	70.00	53.85	1
Carver Federal Savings Bank	NY	670,479	76.50	66.67	1
First American International Bank	NY	532,809	50.09	66.67	1
United Bank of Philadelphia	PA	77,017	100.00	75.00	1
South Carolina Community Bank	SC	83,550	63.46	100.00	1
Tri State Bank of Memphis	TN	125,663	53.53	100.00	1
Citizens Savings Bank & Trust Company	TN	90,482	46.28	75.00	1
Inter National Bank	TX	2,065,725	58.54	65.00	1
North Milwaukee State Bank	WI	89,449	49.55	100.00	1
Mitchell Bank	WI	57,154	53.54	66.67	1
United Bank	AL	446,414	56.53	11.76	2

Institution	State	Assets (\$000)	DLI-HMDA (%)	DDI (%)	Quadrant
Mission Valley Bank	CA	246,033	100.00	33.33	2
First Choice Bank	CA	248,377	52.98	0.00	2
First, A National Banking Association	MS	679,893	41.97	20.00	2
Albina Community Bank	OR	129,690	100.00	40.00	2
Community Bank, National Association	AL	95,378	27.10	50.00	3
Capitol City Bank & Trust Company	GA	296,251	33.46	100.00	3
Citizens Trust Bank	GA	397,062	33.64	81.82	3
American Metro Bank	IL	85,728	31.27	66.67	3
Premier Bank	IL	268,703	43.71	50.00	3
Peoples State Bank	LA	496,632	41.17	50.00	3
Harbor Bank of Maryland	MD	240,428	17.65	71.43	3
First Independence Bank	MI	165,219	6.38	60.00	3
Community Bank	MS	630,628	35.22	55.56	3
BankFirst Financial Services	MS	718,860	38.95	53.85	3
Community Bank Coast	MS	389,720	29.32	50.00	3
Mechanics & Farmers Bank	NC	301,458	33.22	75.00	3
City National Bank of New Jersey	NJ	358,432	15.96	100.00	3
Security Federal Bank	SC	916,356	24.72	61.54	3
Edgebrook Bank	IL	92,596	35.88	0.00	4
BankPlus	MS	2,177,006	14.52	40.98	4
Merchants & Farmers Bank	MS	1,561,320	37.75	38.10	4
Magnolia State Bank	MS	264,492	32.82	14.29	4
Community Bank of Mississippi	MS	639,243	15.91	14.29	4
Community Bank, North Mississippi	MS	486,692	14.01	12.50	4
Bank 2	OK	101,325	34.43	0.00	4
Landmark Community Bank	TN	289,808	10.67	0.00	4
Community Bank of the Bay	CA	128,451	NA	100.00	1 or 3
Promerica Bank	CA	129,280	NA	100.00	1 or 3
Neighborhood National Bank	CA	104,149	NA	66.67	1 or 3
Mission Community Bank	CA	454,796	NA	60.00	1 or 3
Native American Bank, National Association	CO	69,574	NA	100.00	1 or 3
First National Bank of Decatur County	GA	124,397	NA	100.00	1 or 3
Metro Bank	KY	32,374	NA	100.00	1 or 3
Community Development Bank, FSB	MN	70,965	NA	50.00	1 or 3
Bank of Okolona	MS	116,955	NA	100.00	1 or 3
Bank of Kilmichael	MS	106,398	NA	100.00	1 or 3
Peoples Bank of the South	MS	77,740	NA	100.00	1 or 3
Oxford University Bank	MS	93,670	NA	100.00	1 or 3
Commercial Bank	MS	134,063	NA	60.00	1 or 3
Security State Bank of Wewoka, Oklahoma	OK	103,912	NA	100.00	1 or 3
Bank of Cherokee County	OK	97,671	NA	66.67	1 or 3
Bank of Vernon	AL	154,174	NA	0.00	2 or 4
Community Commerce Bank	CA	313,489	NA	16.67	2 or 4
BankAsiana	NJ	189,817	NA	0.00	2 or 4
Fort Gibson State Bank	OK	56,323	NA	0.00	2 or 4
Community Capital Bank of Virginia	VA	55,817	NA	0.00	2 or 4
Urban Partnership Bank	IL	1,261,384	NA	NA	NA

DDI based on 2010 Summary of Deposits and Census 200 data, available from [www.fdic.gov](http://www.fdic.gov) and [www.ffiec.gov](http://www.ffiec.gov)  
DLI-HMDA based on 2010 Home Mortgage Disclosure Act data, available from [www.ffiec.gov](http://www.ffiec.gov)  
\*Failed in 2012: Premier Bank (3/12)

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## *Appendix D: Social Performance Measurement Methodologies*

NCIF has used the following methodologies for measuring the social outputs and performance of the banking sector in the US.

### **A. NCIF Social Performance Metrics**

In 2007, NCIF developed a methodology for identifying depository institutions with a community development mission. The resulting NCIF Social Performance Metrics initially utilized publicly available census data, branch location data and Home Mortgage Disclosure Act (HMDA) lending data to measure the social output and performance of banks and thrifts. Institutions that score highly on the metrics are those banks that are focusing on serving the needs of low- and moderate-income communities. The Social Performance Metrics provide a transparent measure of an institution's level of activity in these economically vulnerable neighborhoods, and NCIF utilizes this tool to highlight these institutions for additional investment and support. NCIF has mined the data on all 7,300+ banks in the country for the last 14 years (since 1996) and is able to analyze institution level performance as of a certain year, over a period of time in the past and against customized peer groups.

#### **Core Metrics**

##### **Development Lending Intensity – Home Mortgage Disclosure Act (DLI-HMDA)**

The percentage of an institution's HMDA reported loan originations and purchases, in dollars, that are located in low- and moderate-income census tracts.

##### **Development Deposit Intensity (DDI)**

The percentage of an institution's physical branch locations that are located in low- and moderate-income census tracts.

NCIF has created an additional full suite of Social Performance Metrics that have already proven highly valuable to investors. These include:

##### **Adjusted DLI-HMDA**

The percentage of an institution's HMDA reported loan originations and purchases, in dollars, that are located in LMI census tracts, not including loans classified by HMDA as high-rate loans.

##### **DLI-HMDA Highly Distressed**

The percentage of an institution's HMDA reported loan originations and purchases, in dollars, that are located in census tracts that exhibit a median family income that is 70%, 60%, 50% or 40% of the relevant geographic area.

##### **DLI-HMDA Low-Income**

The percentage of an institution's HMDA reported loan originations and purchases, in dollars, that are provided to borrowers that have a household income that is below 80% of the relevant geographic area.

##### **DLI-HMDA Equity**

The ratio of an institution's HMDA reported loan originations and purchases to the institution's total equity.

In addition to the housing focused DLI-HMDA, NCIF creates DLI – CRE, DLI – Agribusiness, DLI- Small Business, etc. based on reporting on all loan origination and purchase activity that is provided by CDFI banks. The addition of these DLI metrics allows stakeholders to comprehensively measure and communicate the impact of the banks. NCIF investee banks provide this information and many non-investees are also reporting to distinguish themselves from the rest. For more information on the NCIF Social Performance Metrics, please visit our website at [www.ncif.org](http://www.ncif.org).

## B. NCIF Model CDBI Framework

While the above tools utilize quantitative data, NCIF created the Model CDBI Framework to provide a qualitative reflection of an institution's mission orientation. The NCIF Model CDBI Framework examines an institution's market need, credit products and services, non-credit financial products and services, non-financial products and partnerships to ascertain whether or not the bank is providing the types of products and services that an economically distressed community needs. This final level of analysis communicates the innovative nature of CDFI banks, and shows investors the tangible products and services that are being provided to the community.

By performing this Model CDBI Analysis, NCIF is able to get past the numbers and to truly understand the operation of an institution. By doing so, we can determine if the bank truly has a double "bottom-line mission" orientation.

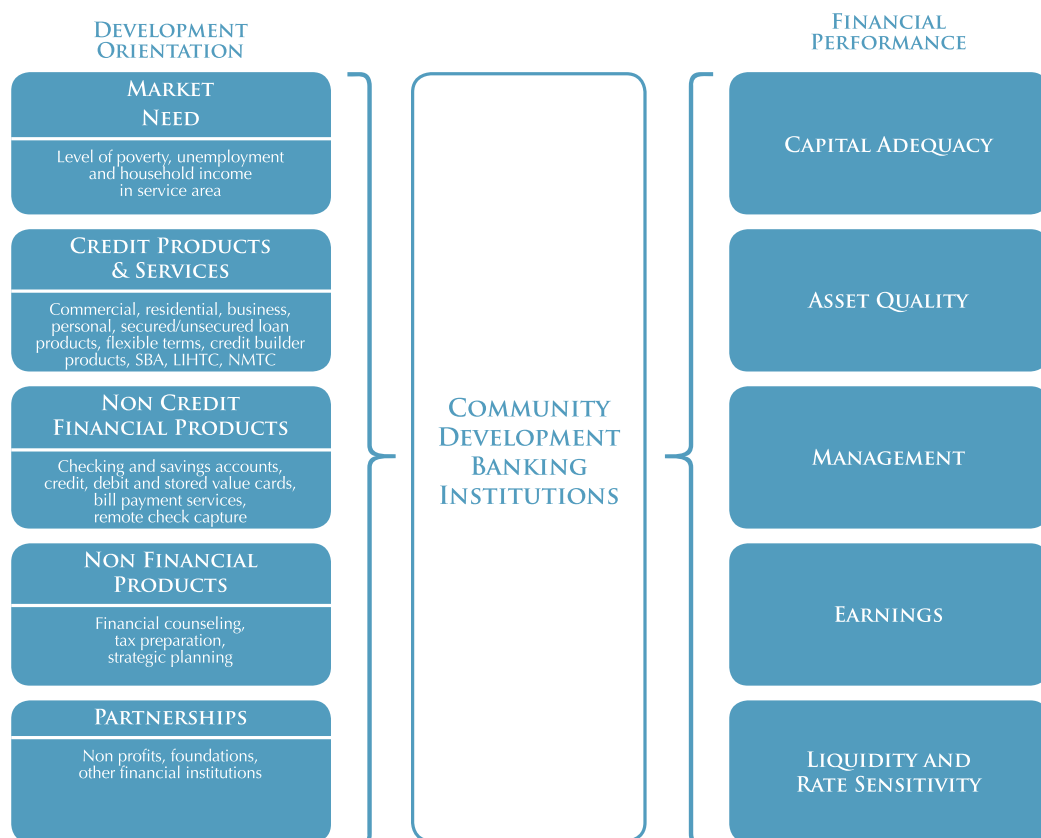
What is the **Market Need** in the institution's service area? Does the area have elevated poverty and unemployment rates?

What are the **Credit Products and Services** the institution provide its customers? As an example, NCIF Investee Industrial Bank is very focused on providing financing to local small businesses. To meet their needs, Industrial Bank offers a variety of commercial loans and lines of credit.

What **Non Credit Financial Products** are being offered? NCIF investee Carver Federal Savings Bank in New York recently launched Carver Community Cash, a suite of products that are alternatives to check cashers and money service businesses. These products are more sustainably priced, and build strong bank relationships for the currently unbanked and underbanked.

What are the **Non-Financial Products** that the institution is providing? NCIF investee Liberty Bank & Trust, headquartered in New Orleans, created a foundation to facilitate the bank's philanthropic housing and education initiatives including, but not limited to, assisting in the implementation and support of community-based endeavors that are designed to improve the quality of life, expand access to secondary and higher education, and to increase the availability of affordable housing in the New Orleans and Baton Rouge areas of Louisiana and in Jackson, Mississippi.

Finally, is the institution involved in **Partnerships** with non-profit groups, government and other organizations that serve to bring assistance to the community? Community Capital Bank of Virginia which participates in the New River Valley Partnership, a collaboration of over 20 organizations to promote savings throughout the communities the bank serves.





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### C. Development Impact of NCIF Investees

Since 1998, NCIF has tracked the lending activities of the institutions within its portfolio in an attempt to measure the level of lending that is being directed towards low-income areas and borrowers. By analyzing the entire loan portfolio, NCIF is able to communicate the total dollar volume of lending that is reaching the end-user: the borrowers that are located in low- and moderate-income communities and in creating the additional Development Lending Intensities defined above.

### D. About the “Community Development Banking Institutions or CDBI” Designation

As of year-end 2011, there were only 88 certified CDFI banks and approximately 190 minority banks out of a total of over 7,300 banks in the US. Given that over 30% of the census tracts in the United States are considered low- and moderate-income census tracts, it is to be expected that there be many more potential CDFI banks; that is banks that are working in these communities with the explicit or implicit mission of economic and community development. Consistent with the mission of the CDFI Fund, NCIF seeks to expand the asset class of certified CDFIs.



To aid in this effort, NCIF created the Social Performance Metrics described above. There are 429 banks in Quadrants 1 and over 1,400 banks in Quadrants 1-3. Given this, NCIF believes that there are over 400 other banks that ‘walk, talk and look’ like certified CDFIs but are not yet certified. NCIF coined the term *Community Development Banking Institution* or **CDBI** to identify these banks from the rest.

### E. Impact Analysis Going Forward

NCIF is leading an effort of CEOs and senior staff from several prominent CDFI banks throughout the country. The objective of the group is to finalize a format for impact reporting that builds on the work being done with the Social Performance Metrics, the Model CDBI Framework and other formats currently being used by CDBIs. By creating a standard reporting format that is useful to both institutions and funders, NCIF expects that CDFI banks will be better positioned to communicate their high level of impact to supporters throughout the country. This will result in increased investment in the sector and also an increase in the asset class of Community Development Banking Institutions (CDBIs) as designated by NCIF.

Recent developments around impact measurement have highlighted several other areas that NCIF is encouraging CDFI banks to track and report as part of their impact analysis. In the current economic environment, issues such as job creation, employment, and small business lending have become more important in telling the story of how an institution is having an impact in its community. NCIF collects private data within the NCIF network of CDFI banks on some of these areas such as:

- Jobs created by borrowing businesses
- Small business and commercial lending – both number and dollar amount of loans
- Employees at institution
- Percentage of clients who are:
  - Racial and/or ethnic minorities
  - Women
  - Located in rural populations

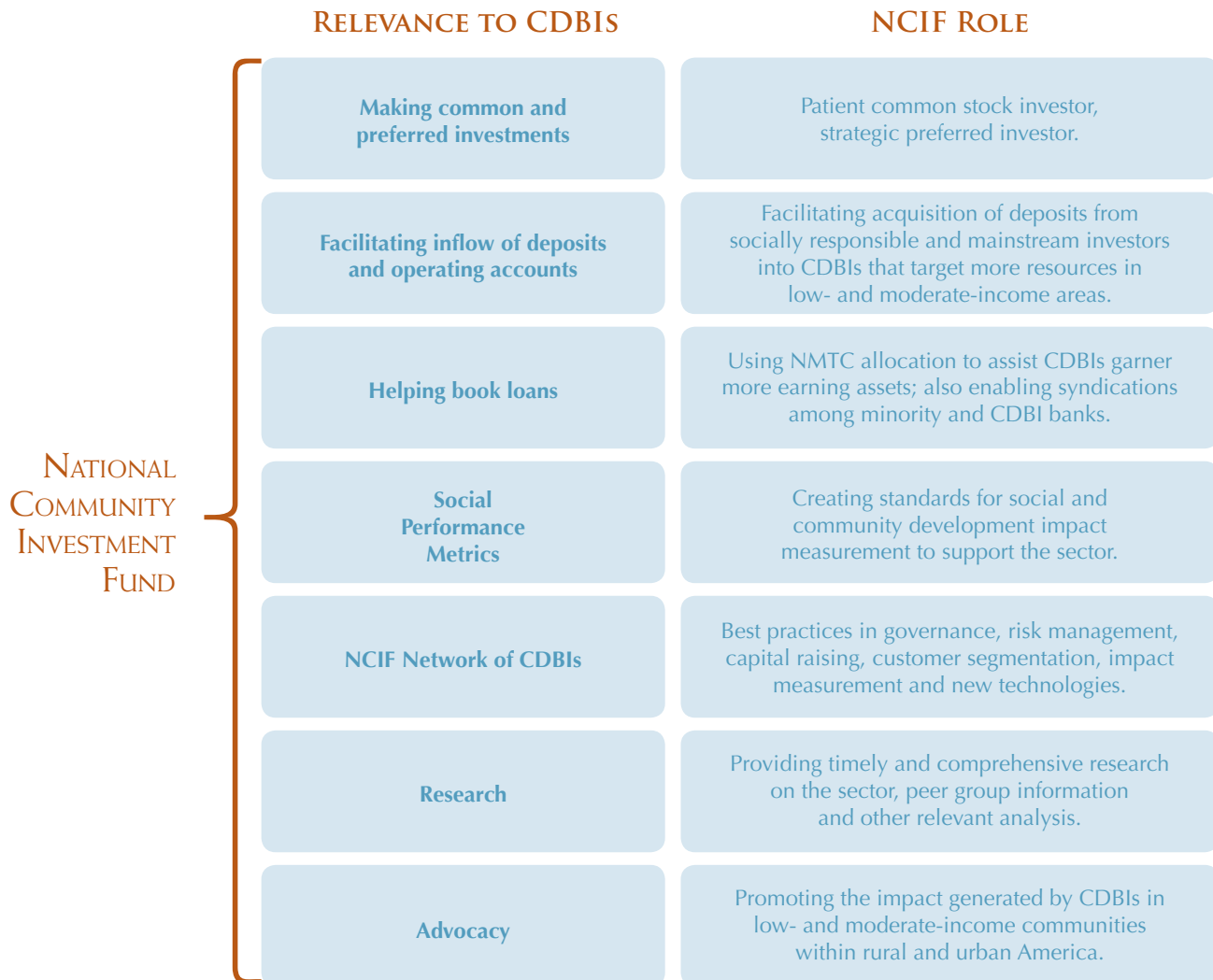
NCIF hopes that by broadening the type of data collected by institutions around these types of issues will create a more compelling story for CDFI banks to communicate the significant impact they have through their lines of business.



## NCIF Mission Statement & Overview

The **National Community Investment Fund (NCIF)** invests capital into institutions, primarily banks, that increase access to responsible financial products and services in underserved communities. NCIF contributes to their success by aggregating capital and knowledge and leveraging opportunities. NCIF generates reasonable financial, social and environmental returns for its investors and funders. NCIF was established in 1996 as a nonprofit, private equity fund with assets of \$150 million under management, including \$128 million in New Markets Tax Credits. Since inception, NCIF has invested in 44 mission oriented institutions throughout the country that have generated \$5.4 billion in development loans.

### NCIF LINES OF BUSINESS



[WWW.NCIF.ORG](http://WWW.NCIF.ORG)

Please visit our website for more information.

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