Telling the Community Development Banking Story
2010

This page is intentionally left blank

NCIF[SM] NATIONAL COMMUNITY INVESTMENT FUND

LEVERAGING CAPITAL FOR CHANGE[SM]

Table of Contents:

This page is intentionally left blank

Telling the Story of Community Development Banking

Many people believe that all banks are alike, but this is not the case. It is true that all banks are similar in that they are regulated financial services providers that are tasked with operating in a ‘safe and sound’ manner. It is also true that banks are FDIC insured, thereby protecting a depositor’s money[1]. However, it is at this point that the similarities end and the difference between the majority of banks, and Community Development Banking Institutions (CDBIs) becomes clear.

While all banks offer financial products and services to their customer base, most are primarily focused on achieving financial returns as measured by the bottom-line of profitability. In doing so, they perform a necessary role in the function of the economy. However, playing this role results in meeting the needs of businesses and customers that have no barriers to access, meeting the needs of people and companies that would be welcomed into the doors of any bank in the country. The role that these banks do not perform, is to provide financial services access to the large population of families and businesses that currently operating on the fringes of the economic mainstream or that have been shut out of the system completely. Providing access for these customers is the role that is performed by CDBIs, and it is a role that is crucial to the ongoing economic health of not only low income communities, but of the overall national economy.

CDBIs are mission – oriented banks that are committed to the dual bottom-lines of profitability and community development impact. CDBIs choose to be located in and to serve the residents of economically disadvantaged neighborhoods in order to provide the products and services that are the most vital, the most in need to improve lives both for today, and for the future. Their customers are the entrepreneurs who have been repeatedly turned down for a loan to start a new business; their customers are the recent immigrants that lack a credit history; their customers are the scores of low-income individuals who have much fewer options when it comes to financial service providers.

During this time of prolonged economic uncertainty, now is the time for CDBIs to ‘**Tell Their Story**,’ to communicate to customers, investors and regulators that the products and services that they provide are a necessary element to the economic development of distressed and at-risk neighborhoods.

To tell the story of community development banking, NCIF is using the reporting from our investee banks to draw attention to the necessary financial products and services that all CDBIs are providing access to in distressed communities throughout the country. This report contains both quantitative and qualitative data on the significant impact generated by the CDBIs in which NCIF has direct investments. By telling their story, we not only hope to highlight the work that they do, but to improve upon the current data collection efforts for the industry. In doing so, NCIF is hopeful that we will be able to tell a more compelling CDBI story to many more potential customers, investors and supporters.

[1] Insert clarifying point that this refers to the vast majority of banks.

Telling the Story

Key Take-Aways:

Since 1996, CDBI banks generate a much higher percentage of their lending in LMI communities than do non mission-oriented domestic banks. This demonstrates a consistent and very strong focus in LMI communities on the part of these banks.

NCIF Portfolio Investees continue their strong level of lending in LMI communities during 2010, highlighting the important role that CDBIs play in economically distressed areas.

CDBIs are innovative and create products and services that are tailored to meet the specific needs of the customers and communities that they serve.

Highlights

To Tell the Story, NCIF collects and presents both Quantitative and Qualitative data on the substantial impact that CDBIs are having in distressed communities nationwide.

Quantitatively, NCIF uses the NCIF Social Performance Metrics and the Development Impact of NCIF Investees Analysis to show the percentage and amount of lending that CDBIs are generating in LMI areas.
Qualitatively, NCIF uses the Model CDBI Framework to communicate the myriad ways in which CDBIs create innovative products, services and partnerships to serve LMI customer needs. More background on the analysis tools is included in the appendix.

Quantitatively - NCIF Social Performance Metrics

- For FY 2010, the median DLI-HMDA score for CDFI banks is 54.2%. This is 3.4 times greater than the median for all domestic banks (15.9%) and for the "Top-Ten" banks by asset size (15.0%).
- For FY 2010, CDFI banks originated and purchased mortgage loans in low- and moderate-income communities totaling $749.8 million.
- For FY 2010, the median DDI score for CDFI banks is 66.67%. This is 4 times greater than the median score for all domestic banks (16.67%).
- The median FY 2010 DLI-HMDA for the NCIF portfolio banks and thrifts is 50.13%. This represents a decrease over the median DLI-HMDA for FY 2009 (57.3%), but remains high relative to other bank peer groups.
- The FY 2010 median Development Deposit Intensity (DDI) for the NCIF portfolio banks and thrifts is 75.60%. This represents a small decrease from the median DDI for 2009 (77.8%).

Quantitatively - Development Impact of NCIF Investees

- Since NCIF began tracking the activities of its portfolio institutions in 1998, they have generated $5.4 billion in 109,029 loans that are geo-coded and tracked to low- and moderate- income communities or low income borrowers.
- For FY2010, the development banks and credit unions in NCIF's portfolio originated 8,264 new development loans amounting to $490.1 million.
- For banks in FY 2010, consumer loans constitute the largest percentage of loan volume by number (49.6%), while housing loans constituted the largest percentage by dollar amount (41.5%).
- For credit unions in FY 2010, consumer loans constitute the largest percentage of loan volume by number (90.6%), as well as the largest percentage by dollar amount (52.2%).
- The average size of a development loan for banks is $120,610. The average size of a development loan for credit unions is $11,575. This demonstrates the nature of the low-income borrowers that these institutions serve.

Qualitatively – Model CDBI Framework

- Both Carver Federal Savings Bank and Sunrise Banks are rolling out products and services specifically designed to reach out to unbanked customers that frequent predatory service providers.
- Industrial Bank (DC) offers a program teaching children and teenagers the fundamentals of saving and budgeting. During 2010, the bank worked with 300 students.

This page is intentionally left blank

Telling the Story Quantitatively: NCIF Social Performance Metrics

In 2007, NCIF developed a methodology for identifying and highlighting depository institutions with a community development mission. The resulting NCIF Social Performance Metrics initially utilize publicly available census data, branch location data and Home Mortgage Disclosure Act lending data to measure the social impact 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 created a full suite of Social Performance Metrics that have already proven highly valuable to investors. For this presentation, we will focus on the two primary Social Performance Metrics defined below; for more information on the NCIF Social Performance Metrics, please visit our website at www.ncif.org.

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 to – and moderate – income (LMI) census tracts.

Development Deposit Intensity (DDI)
The percentage of an institution's physical branch locations that are located in low – and moderate- income (LMI) census tracts.

Differentiating CDFI Banks Using the NCIF Social Performance Metrics

Using the 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 2010 ("Top-Ten" peer group); and
(3) Banks with total assets ≤ $2 billion – YE 2010 (CDFI banks have an asset level that falls into this range).

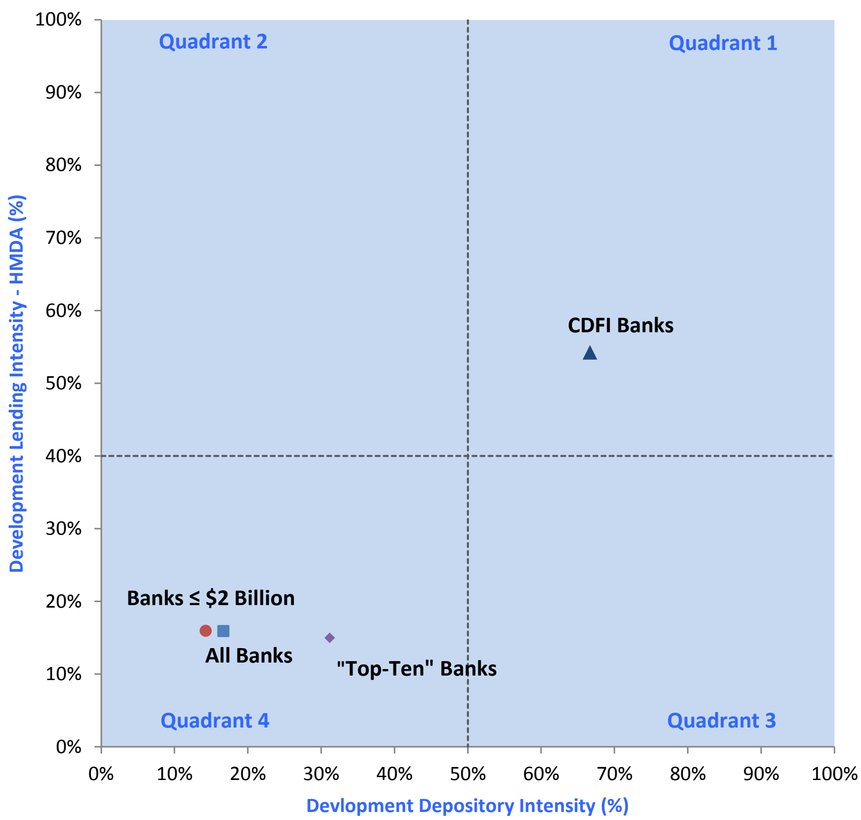
It would be expected that certified CDFI banks would outperform the non mission-focused peer groups listed above. However, as the Social Performance Metrics analysis highlights, certified CDFI banks strongly outperform these comparison groups. The median CDFI bank has a DLI-HMDA score of 54.2%. This means that for every $100 of home lending generated by the bank, just over $54 dollars is being lent to a resident of a low- to moderate- income community. For the "All Bank" peer group, the median DLI-HMDA would result in just under $16 of lending being provided to a lower income area. The 54.2% DLI-HMDA median for CDFI banks is over 3.4 times greater than both the median for the "Top-Ten" peer group and the median for the "All Bank" peer group.

Similarly for DDI, the median CDFI bank has a score of 66.67%, which is over 2 times greater than the median for the "Top-Ten" peer group and 4 times the median for the "All Bank" peer group. For CDFIs, three out of four branch locations are serving 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 to straight comparisons between institutions or peer groups, 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.' 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.

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. 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.

Chart 1: CDFI Bank Median NCIF Social Performance Metrics^{SM} Comparison

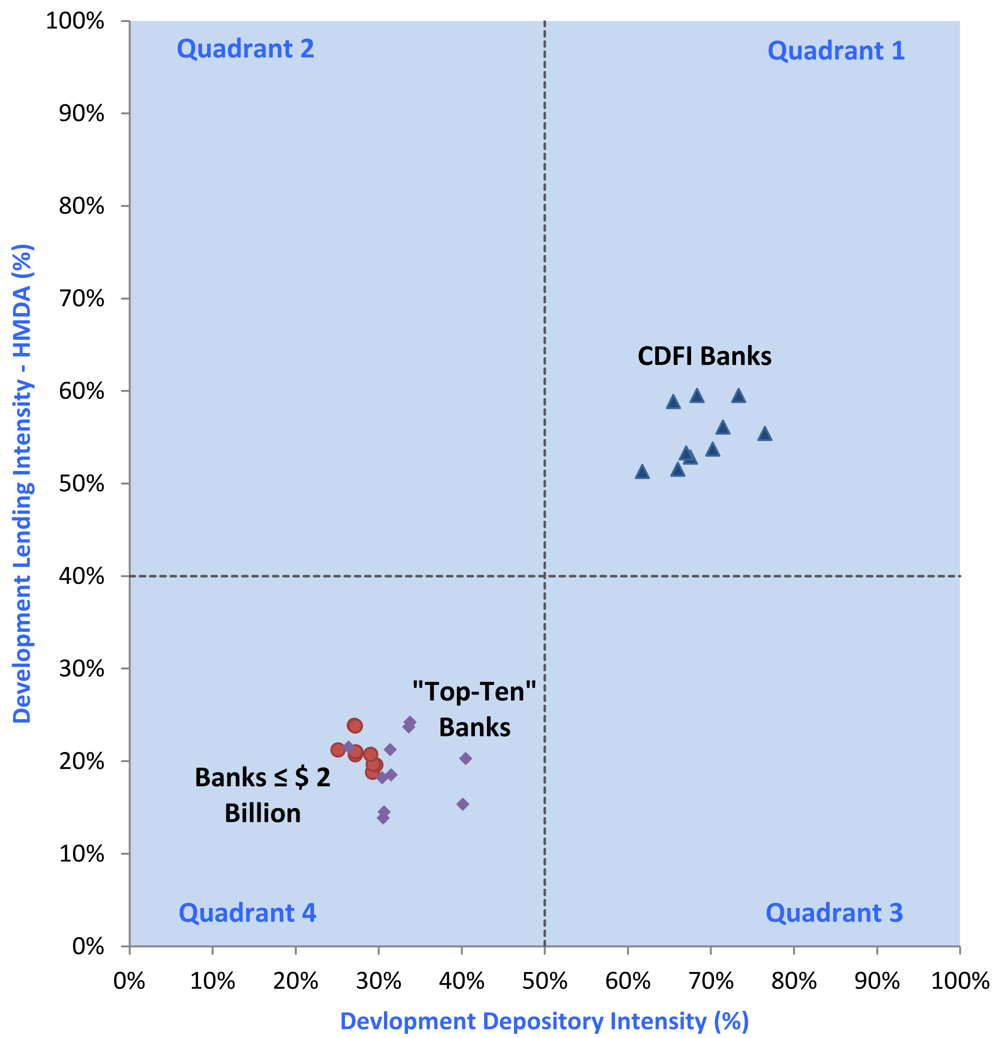


Peer Group	Median DLI-HMDA	Median DDI
CDFI Banks	54.22%	66.67%
All Banks	15.89%	16.67%
"Top-Ten" Banks	14.97%	31.20%
< $2 BN Banks	15.94%	14.29%

As Chart 1 illustrates, the CDFI peer group is squarely in high-performing Quadrant 1, while the All Bank, "Top-Ten", and Banks ≤ $2 billion bank peer groups are located in the underperforming Quadrant 4. In fact, of the 50 CDFI banks that have both a DLI-HMDA and DDI score, 36 (72%) are located in the high-performing Quadrant 1. Also, the median DLI-HMDA score of 49.72% for CDFI banks ranks in the 85th percentile of all banks.

Simply put, CDFI banks are much more focused on meeting the needs of the consumers and businesses located in low- and moderate- income communities. And this is not a recent phenomenon, as CDFI banks have routinely outperformed other peer groups on the Social Performance Metrics. Below is Chart 2 that highlights this differentiation by providing the average DLI-HMDA and DDI scores for current CDFI banks as compared to the "Top-Ten" banks by asset size and all banks with assets below $2 billion.

Chart 2: CDFI Bank Average NCIF Social Performance Metrics℠ Comparison



As is clear from the Chart 2, in each of the 10 years that are represented, the CDFI bank average (which is more volatile than the median measure) is remarkably consistent and is always located in the "high-performing" Quadrant 1. On the other hand, the peer group of "Top-Ten" Banks and banks with less than or equal to $2 billion in assets is consistently in Quadrant 4.

NCIF Portfolio Investee Analysis

Table 1 lists the DLI-HMDA and DDI values for each NCIF portfolio bank and thrift for 2009 and 2010 as well as the Quadrant location for 2010. All of the NCIF portfolio banks and thrifts are certified as CDFIs with the exception of Continental National Bank of Miami and Four Oaks Bank.

Table 1: NCIF Social Performance Metrics for Portfolio Banks (2010 & 2009)

#	Institution	State	Quadrant	DLI 10	DDI 10	DLI 09	DDI 09
1	Broadway Federal Bank, F. S. B.	CA	1	90.95%	60.00%	67.80%	60.00%
2	Carver Federal Savings Bank	NY	1	76.50%	66.67%	89.42%	66.67%
3	Citizens Savings Bank & Trust Company	TN	1	46.28%	75.00%	33.75%	75.00%
4	Citizens Trust Bank	GA	2	33.64%	81.82%	39.45%	81.82%
5	City First Bank of D.C., National Association	DC	1	100.00%	100.00%	100.00%	100.00%
6	City National Bank of New Jersey	NJ	2	15.96%	100.00%	52.26%	100.00%
7	Community's Bank	CT	1	100.00%	100.00%	93.87%	100.00%
8	Continental National Bank of Miami	FL	1	46.62%	66.67%	59.80%	66.67%
9	First American International Bank	NY	1	50.09%	66.67%	44.53%	66.67%
10	Four Oaks Bank & Trust	NC	1	40.36%	50.00%	14.76%	52.94%
11	Franklin National Bank of Minnesota	MN	1	78.76%	100.00%	77.89%	100.00%
12	Harbor Bank of Maryland	MD	3	17.65%	71.43%	67.87%	71.43%
13	Industrial Bank	DC	1	50.18%	87.50%	57.30%	71.43%
14	Liberty Bank & Trust Company	LA	1	43.07%	76.19%	44.67%	77.78%
15	Metro Bank	KY	NA	NA	100.00%	NA	100.00%
16	Mission Community Bank	CA	NA	NA	60.00%	92.75%	80.00%
17	OneUnited Bank	MA	1	95.01%	80.00%	49.72%	80.00%
18	Park Midway Bank	MN	1	60.59%	50.00%	47.67%	50.00%
19	South Carolina Community Bank	SC	1	63.46%	100.00%	54.13%	100.00%
20	Southern Bancorp Bank	AR	1	42.74%	72.97%	38.95%	22.22%
21	United Bank of Philadelphia	PA	1	100.00%	75.00%	100.00%	100.00%
22	University National Bank	MN	1	48.88%	100.00%	72.87%	100.00%
	NCIF Median			**50.13%**	**75.60%**	**57.30%**	**78.89%**
	CDFI Median			**54.22%**	**66.67%**	**47.71%**	**66.67%**
	Source: FY2010 HMDA Reports & June 30, 2010 Summary of Deposits Database; Sorted Alphabetically						

As the above indicates, 17 of the 22 banks and thrifts in the portfolio are definitively located in the High DLI-HMDA, High DDI Quadrant 1 and none are located in Quadrant 4. Also, all of the NCIF portfolio institutions have a DDI score of 50% or above, with 7 institutions having a DDI score of 100%.

Summary Information

- **Development Lending Intensity:**
  Of the 20 NCIF investee banks that reported HMDA information for both 2009 and 2010, 10 of the institutions exhibited an increase in DLI-HMDA, year-over-year. For the NCIF portfolio as a whole, the median DLI-HMDA decreased from 2009, but ranks in the 86th percentile for all banks.

- **Development Deposit Intensity:**
  For the 22 NCIF investee banks, the median DDI value decreased slightly, from 78.9% in 2009 to 75.6% in 2010 and ranks in the 88th percentile for all banks.

Telling the Story Quantitatively: Development Impact of NCIF Investees

Each year NCIF collects loan level data from our investee institutions. By doing so, it is possible to communicate the large amount of lending that these institutions invest into the residents and small businesses in lower income areas. Since NCIF began collecting loan level data in 1998, our portfolio institutions have generated over $5.4 billion in 109,029 loans that are geo-coded and tracked to LMI communities or low-income borrowers. $5.4 billion in lending that is creating jobs, generating wealth and improving the quality of life. Even during a difficult year for lenders, NCIF portfolio institutions originated 8,264 development loans totaling over $490.1 million in FY 2010. This analysis of the total lending that is reaching low income borrowers and communities is powerful, and by extending this analysis to a larger group of community development banks, NCIF hopes to further tell the story of the tremendous impact that is generated by these institutions.

Table 2: FY 2010 NCIF Development Loans – Summary by Loan and Institutional Type

NCIF FY 2010	Number	% (#)	Dollar	% ($)	Average
Small Business	604	7.20%	95,913,145	18.74%	$ 158,744
Commercial Real Estate	263	3.14%	103,173,071	20.16%	$ 391,697
Housing Loans	1,297	15.45%	214,579,611	41.92%	$ 165,494
Consumer Loans	6,003	71.55%	41,417,675	8.09%	$ 6,899
Agricultural and Farm Lending	213	2.54%	51,884,373	10.14%	$ 243,589
Community Facilities	10	0.12%	4,900,187	0.96%	$ 490,019
TOTAL	**8,390**	**100.00%**	**$ 511,868,062**	**100.00%**	**$ 61,008**
Banks Total	3,744	44.62%	$ 458,088,436	89.49%	$ 122,353
Credit Unions Total	4,646	55.38%	$ 53,779,626	10.51%	$ 11,575
Per Institution Averages					
Bank Average	234		$ 28,630,527		
Credit Union Average	929		$ 10,755,925		

- **Number of Development Loans:**
  As Table 2 illustrates, for FY 2010, NCIF portfolio institutions originated 8,390 development loans totaling over $511.9 million. The number of originations represents a very small decrease from the previous year (8,465) and the total loan amount represents a 16.3% decrease ($661.7 million).

- **Portfolio Breakdown:**
  In terms of number of loans originated by NCIF FY 2010 Portfolio Institutions, 71.6% were consumer loans. However, in dollar terms, most of the loans were directed toward housing (41.9%). This distribution is similar to FY 2009 when 67.1% of originations were for consumer loans and the largest lending category by dollar amount was also housing at 58.2% of the total originated loan amount.

- **Average Loan Size:**
  The average loan size for FY 2010 was $61,008. This represents a 21.8% decrease over the previous year ($78,036). The average development loan equaled $122,353 for the banks and $11,575 for the credit unions.

- **Comparison between Banks and Credit Unions:**
  Banks originated 44.6% of the development loans *by numbers* in the portfolio while credit unions originated the remaining 55.4%. The banks accounted for the vast majority of the dollar amount by providing 89.5% of the total lending *by dollar amounts*.

- **Average Loans Per Institution:**
  On average, each of the 16 banks originated 234 new development loans, totaling $28.6 million. On average, each of the 5 credit unions originated 929 new development loans, totaling $10.8 million.

Portfolio Bank & Thrift Summary – FY 2010

FY 2010 Bank & Thrift Lending Activity

BANK TOTAL FY 2010	Number	% (#)	Dollar	% ($)	Average
Small Business Loans	505	13.49%	$ 91,730,338	20.02%	$ 181,644
Commercial Real Estate	208	5.56%	$ 98,310,113	21.46%	$ 472,645
Housing Loans	1,013	27.06%	$ 197,893,528	43.20%	$ 195,354
Consumer Loans	1,795	47.94%	$ 13,369,897	2.92%	$ 7,448
Agricultural and Farm Lending	213	5.69%	$ 51,884,373	11.33%	$ 243,589
Community Facilities	10	0.27%	$ 4,900,187	1.07%	$ 490,019
TOTAL	**3,744**	**100%**	**$ 458,088,436**	**100%**	**$ 122,353**
Average Development Loans per Bank	**234**		**$ 28,630,527**		**$ 122,353**

- **Number of Development Loans:**
  The 16 development banks (average asset size of $354.6 million) in NCIF's portfolio originated 3,744 new development loans amounting to $458.1 million in FY2010, constituting slightly more than 89.5% in dollar volume of loan transactions in the portfolio (this is above the 85.5% of total development lending in FY2009*).*

- **Portfolio Breakdown:**
  In terms of number of originations, most bank loans were consumer loans (47.9%). In terms of dollar volume, the majority went to housing loans (43.2%) with the next highest percentage directed to commercial real estate loans (21.5%) followed by small business loans (20.0%). The remaining dollar volume went mostly to agricultural loans. For number of originations, the 2010 distribution is similar to the distribution in FY 2009 when 48.8% of originations were for consumer loans. On the dollar amount side, the distribution is also similar as housing was the largest loan category by volume in 2009 with 57.7% of total development lending.

- **Average Loan Statistics:**
  On average, the banks originated 234 development loans amounting to $28.6 million per institution.

- **Performance Ratios:**
  In dollar terms, 49.3% of all the loans originated went to low income communities. In terms of number of transactions, 46.8% went to such communities.

- **Leverage:**
  For FY2010, NCIF investee banks generated new development loans that were 87.8% of total equity capital down from 151.9% in FY2009.

Portfolio Credit Union Summary – FY 2010

FY 2010 Credit Union Lending Activity

CREDIT UNION TOTAL FY 2010	Number	% (#)	Dollar	% ($)	Average
Small Business Loans	99	2.14%	$ 4,182,807	7.78%	$ 42,165
Commercial Real Estate	55	1.19%	$ 4,862,958	9.04%	$ 87,779
Housing Loans	284	6.10%	$ 16,686,083	31.03%	$ 58,837
Consumer Loans	4,208	90.57%	$ 28,047,778	52.15%	$ 6,665
TOTAL	**4,646**	**100%**	**$ 53,779,626**	**100%**	**$ 195,446**
Average Development Loans per CU	**929**		**$ 10,755,925**		**$ 11,575**

- **Number of Development Loans:**
  The 5 credit unions (average asset size of $69.2 million) originated 4,646 new development loans amounting to $53.8 million in FY2010, constituting 56.2% of the loan transactions in the portfolio (similar to 56.0% in FY2009) and representing 11.0% of the total dollar volume of loans.

- **Portfolio Breakdown:**
  In terms of number of transactions, most of the loans were consumer loans (90.6%). In terms of dollar volume, 52.2% was directed toward consumer lending and 31.0% went to housing loans. This distribution is different from 2009, where 26.4% of lending went to consumer loans and 60.8% of loans were housing loans.

- **Average Loan Statistics:**
  The average loan size for credit unions in FY 2010 was $11,575. Per institution, each credit union originated 929 development loans on average, amounting to $10.8 million per institution.

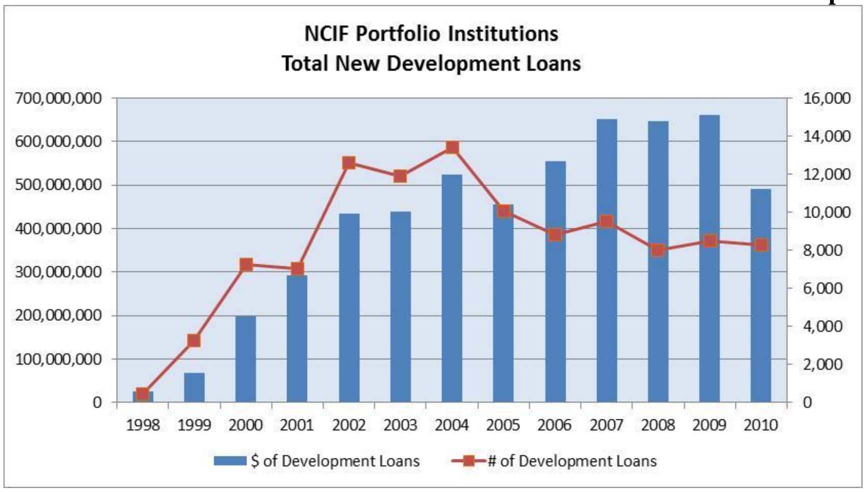
- **Performance Ratios:**
  For FY2010, 55.2% of the dollar volume and 61.0% of their number of all loans originated went to low income communities.

- **Leverage:**
  For FY2010, NCIF investee credit unions generated development loans that were 205.8% of total equity capital a sizable decrease from 401.9% in FY2009.

Development Impact of NCIF Investees - History

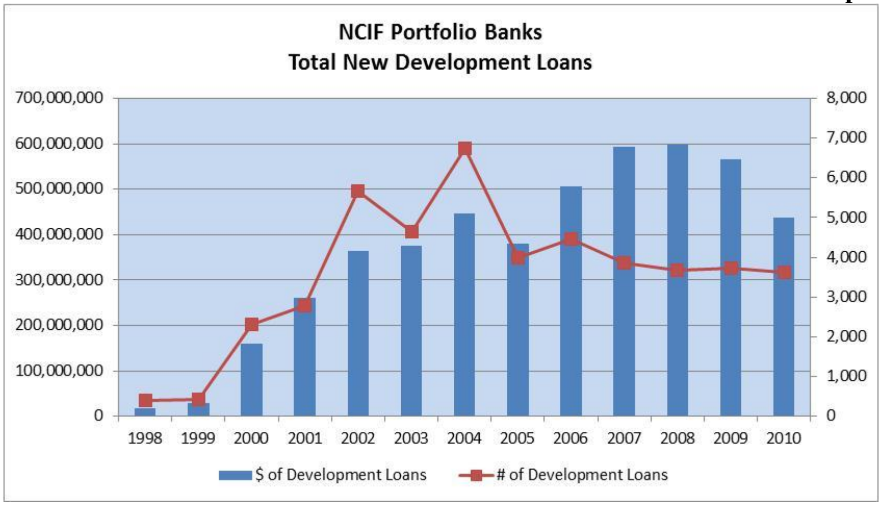
When NCIF started collecting new development loan level data from its investees in FY1998, its portfolio consisted of five institutions. As NCIF's portfolio grew, the effort expanded to include as many as 23 institutions, and became more standardized. The below charts detail the trends in development lending over time.

Chart 3: Historical Trend of NCIF Portfolio Development Lending



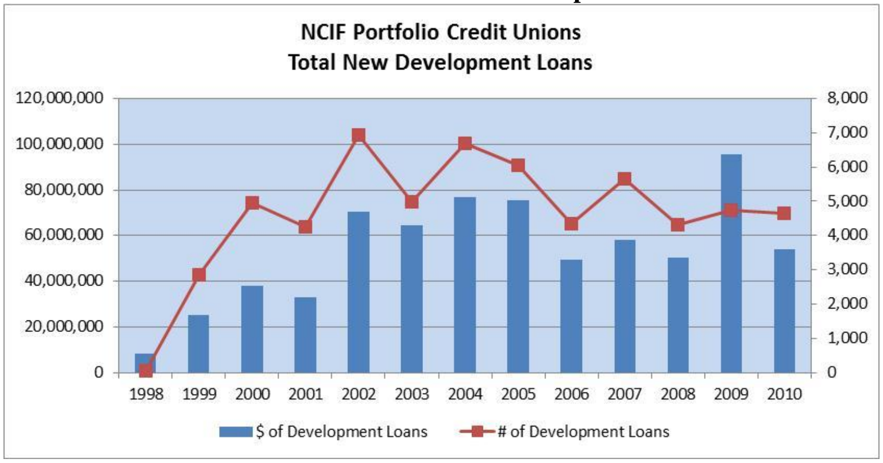
As Chart 3 illustrates, the institutions within the NCIF portfolio continue to originate high impact development loans in the country's most economically vulnerable communities.

Chart 4: Historical Trend of Bank & Thrift Development Loans



Since 1998, the NCIF Portfolio Banks & Thrifts have originated 47,656 development loans totaling $4.7 billion.

Chart 5: Historical Trend of Credit Union Development Loans



Since 1998, the NCIF Portfolio Credit Unions have originated 61,499 development loans totaling $698.7 million.

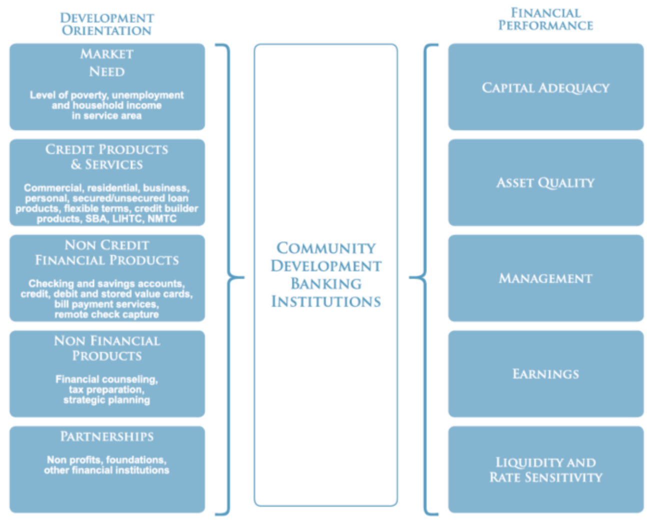
Telling the Story Qualitatively: The Model CDBI Framework

While the NCIF Social Performance Metrics and Development Impact of NCIF Investees analysis are powerful quantitative tools for measuring the community development impact of a bank's lending, NCIF believes it necessary to deploy a qualitative tool that examines additional aspects of an institution's operation to fully ascertain whether or not an institution has a community development orientation. It is, of course, possible for a bank to be located in and lend to economically disadvantaged communities, but to do so in an irresponsible manner.

To determine if a bank is truly mission focused, it is necessary to use the **NCIF Model CDBI Framework** to evaluate the economic development orientation of an institution. The framework (provided below) examines the market need of the community that the bank serves as well as the products and services the bank offers and the partnerships in which the bank is engaged.

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.

The Model CDBI Framework



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** does the institution provide its customers? As an example, NCIF Investee *City First Bank of DC* in Washington, DC offers a wide range of loan structures to enable mission oriented borrowers to engage in development of affordable housing, health clinics and services, charters schools and other education providers.

What **Non Credit Financial Products** are being offered? NCIF investee *Carver Federal Savings Bank* in New York has recently rolled out 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? *Carver Federal Savings Bank* in New York established a formal Financial Empowerment Workshop Series with the support of a U.S. Treasury CDFI Fund Financial Assistance (FA) grant. Over 10,000 attendees benefited from over 450 Carver-sponsored seminars and events centered on such critical issues as credit and money management, affordable homeownership, predatory lending, the benefits of traditional banking accounts and services versus the relative expense of check cashing services.

Finally, is the institution involved in **Partnerships** with non-profit groups, government and other organizations that serve to bring assistance to the community? NCIF investee *Broadway Federal Savings Bank in Los Angeles* participates in several public-private partnerships as part of its delivery and outreach strategy including the City of Los Angeles' Bank on LA Program and Banking District Development (BDD) Program, and the City of Los Angeles Mayor's Office of Economic and Business Policy Small Business Advisory Council.

Telling the Story: Moving Forward

Beginning in 2009, NCIF convened a Social Performance Working Group composed of CEOs and senior staff from prominent CDFI banks throughout the country. The objective of the group is to improve the data collection and reporting process so that the entire CDBI community will better be able to Tell the Story of the impact that is being generated nationwide.

Through the group's ongoing discussions, a pathway has been created to develop the type of transparent, easily communicated impact report that will be most valuable to the widest set of investors and stakeholders. To bring this project to completion, NCIF is working with the working group members and our investees to operationalize this impact reporting regime.

Reporting Logic:

1. **Begin with Public Data:** The success of the Social Performance Metrics relies, in part, on the fact that the measures are transparent, easily understood and cover a wide subset of banks. As an evaluative tool, the metrics are compelling and persuasive.
2. **Extend to Private Lending Data:** The metrics are a strong tool, but will be improved through the addition of additional lending data to augment the HMDA data that NCIF currently uses. To accomplish this, banks will need to report on all lending originated during a calendar year. In doing so, the Development Lending Intensity (DLI) metric will include all loans and will be an improved tool for evaluating institutions with relatively small home lending portfolios.
3. **Include Qualitative Data:** NCIF created the Model CDBI Framework to capture information on the CDBIs products and services that go beyond simple lending data. 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.
4. **Create a Designation for CDBIs:** Institutions that score highly on the Social Performance Metrics and the Model CDFI Framework will be designated by NCIF as Community Development Banking Institutions (CDBIs). This designation will signal to investors and supporters that an institution is dedicated to serving the needs of low- and moderate- income communities. In addition, NCIF envisions the CDBI designation as an entryway for more institutions to become CDFI certified and to further engage the community development finance industry.
5. **Finalize the Reporting Format:** By creating a standard reporting format that is useful to both institutions and funders, NCIF expects that CDBIs 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 CDBIs as designated by NCIF.

Through our meetings and discussions with the working group, NCIF has developed the following reporting format. This Dashboard clearly communicates to investors both the quantitative and qualitative aspects of an institution's activity in low- and moderate- income communities. Once finalized, this Dashboard format will provide banks with a 'calling card' impact report that offers a concise presentation of financial data as well as quantitative and qualitative social impact data.

NCIF is in the process of finalizing this format and creating Dashboards for our investee institutions that will be available at the Annual Development Banking Conference on November 1-3, 2011. If you would like to work with NCIF to create a Dashboard for your bank, please feel free to contact us.

NCIF NATIONAL COMMUNITY INVESTMENT FUND

DEVELOPMENT IMPACT DASHBOARD

COMMUNITY DEVELOPMENT CDBI BANKING INSTITUTION

BROADWAY FEDERAL BANK

4800 Wilshire Boulevard
Los Angeles, CA
Established 2/26/1947
www.broadwayfederalbank.com
Exchange/Ticker: NASDAQ: BYFC
Branches: 5

IMPACT INDICATORS:

Quadrant:	1
Certified CDFI:	Yes
Certified MDI:	Yes
Explicit CD Mission Statement:	Yes
CRA Rating (2009):	Outstanding

Definitions

DLI-HMDA: Development Lending Intensity – HMDA is the % of HMDA reported loans located in CDFI Investment Areas. *Source: FFIEC, As of* 2010.

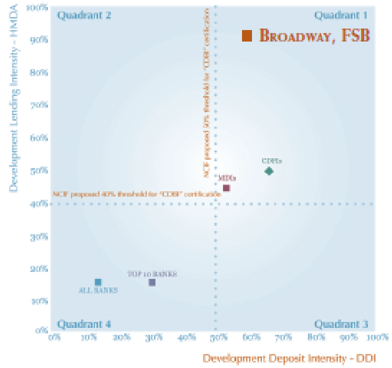
DDI: Development Deposit Intensity is the % of branches located in CDFI Investment Areas. *Source: FDIC, As of June* 30, 2010.

DLI-All Loans: Development Lending Intensity – All Loans is the % of total annual lending located in CDFI Investment Areas. *Source: Self Reported by Banks, As of* 2010.

DLI – Loan Category: Development Lending Intensity – Loan Category is the % of lending in each loan category (CRE, Housing, Small Business, Consumer) located in CDFI Investment Areas. *Source: Self Reported by Banks, As of* 2010.

2010 SOCIAL PERFORMANCE METRICS - PEER COMPARISON

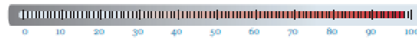
Based On Publicly Reported Data



	Broadway FSB	CDFI Bank Median	All Bank Median	Top 10 Bank Median
DLI-HMDA	90.95%	54.22%	15.94%	14.97%
DDI	60.00%	66.67%	16.67%	31.20%

DLI-HMDA score was 90.95%:

Ranks in the 98th percentile within the "All Banks" peer.

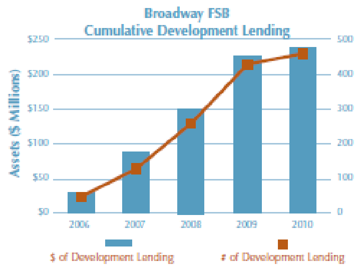


DDI score was 60.00%:

Ranks in the 83rd percentile within the "All Banks" peer.

2010 DEVELOPMENT LOAN REPORTING

Based on Self Reporting



Broadway FSB	DLI
DLI-All Loans	88.46%
DLI-CRE	87.20%
DLI-Housing	88.69%
DLI-Small Business	NA
DLI-Consumer	NA
DLI-Agricultural	NA

- For every $100 of total lending, $88.46 was lent to borrowers in low- and moderate- income communities.
- Since 2006, Broadway originated $235.5 million in 454 loans to low- and moderate- income communities.

NCIF NATIONAL COMMUNITY INVESTMENT FUND

BROADWAY FEDERAL BANK

Broadway Federal Savings and Loan Association was founded in 1946 by a group of civic minded men and women who had identified the need for conventional loans to minority consumers who were ignored by all of the existing financial institutions. This holds consistent with its current mission, which is to serve the real estate, business and financial needs of customers in underserved urban communities with a commitment to excellent service, profitability and sustained growth.

FINANCIAL HIGHLIGHTS ($000/%)

End of Period	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	CDFI Median
Assets ($000)	$300,999	$356,885	$405,342	$522,128	$484,316	$180,329
Equity ($000)	$23,930	$26,043	$33,468	$38,590	$43,429	$16,298
Total Loans & Leases ($000)	$249,358	$305,598	$361,031	$469,066	$427,655	$114,770
Deposits ($000)	$224,627	$231,526	$294,067	$389,879	$350,053	$155,104
Net Income ($000)	$2,105	$2,040	$2,868	$(3,134)	$(2,046)	$333
Leverage Ratio (%)	7.95	7.30	8.25	7.29	8.82	8.54
NIM (%)	3.56	3.61	3.79	3.98	4.01	3.72
Efficiency Ratio (%)	66.71	73.42	64.10	54.56	60.47	78.81
ROAA (%)	0.73	0.63	0.74	-0.66	-0.39	0.31
ROAE (%)	9.27	8.18	9.76	-8.54	-4.84	2.51
NCLs/Total Loans (%)	0.00	0.01	0.77	6.27	9.20	4.42
NCOs/Total Loans (%)	0.00	0.00	-0.04	0.00	0.00	0.82
Reserves/Loans (%)	0.68	0.66	0.82	2.23	3.65	1.98

Source: SNL.com. Financial Data as of 12/31/2010 unless stated otherwise.

NCIF MODEL CDBI FRAMEWORK: DEVELOPMENT ORIENTATION *Based on Self Reporting*

MARKET NEED

Many customers in the Bank's target market of Latino and African-American communities in Los Angeles County rely on high cost financial alternatives to banks, such as payday lenders and check cashers to perform basic banking functions. Los Angeles has the nation's largest "unbanked" population where Latinos account for 75% and African-Americans 21% of this population. In Southeast Los Angeles, where African-American and Latino households make up the majority numbers, the number of check cashers, pawnshops and payday lenders is five times larger than the number of banks and credit unions. The three bank branches are in census tracts with poverty rates of 46%, 20% and 16%. Each branch is located in an Investment Area, as defined by the CDFI Fund.

CREDIT PRODUCTS & SERVICES

The Bank offers a host of loans, such as single family residence, multifamily, and commercial. It also offers loans to churches and non-profit organizations as well as small-business owner-operators.

NON-CREDIT FINANCIAL PRODUCTS

The Bank serves a variety of depository holders in its market with products such as Fresh Start Checking Accounts, Passbook Savings Accounts, Checking Accounts for Faith-based organizations, and specialized Senior Citizen Checking Accounts.

NON-FINANCIAL PRODUCTS

Over 60% of Bank customers require some form of education or counseling prior to opening a first time deposit account or obtaining a loan. The majority of our development services are in the form of (1) pre-loan counseling to prospective borrowers to explain the types of products and loan process; (2) post-loan counseling to borrowers to explain positive credit habits, financial management, loan modifications and other loan alternatives; and (3) financial literacy education provided through workshops, seminars and presentations to adults and children in the Los Angeles community.

PARTNERSHIPS

The Bank serves specific niches such as churches, charter schools, small minority owned-businesses, and relies on partnerships with affinity groups and organizations that exist for these niches. This outreach includes staff membership in community organizations, religious organizations, civic organizations, local Chambers of Commerce, and professional organizations. The Bank also participates in several public-private partnerships as part of its delivery and outreach strategy. The City of Los Angeles' Bank on LA Program and Banking District Development (BDD) Program, and the City of Los Angeles Mayor's Office of Economic and Business Policy Small Business Advisory Council are examples.

Appendix 1: 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^{SM}*

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 7,000+ 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.

NCIF has created a full suite of Social Performance Metrics that have already proven highly valuable to investors. For this presentation, we focus on the two Core Social Performance Metrics defined below. For more information on the NCIF Social Performance Metrics, please visit our website at www.ncif.org.

Core Metrics

a. ***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.

b. ***Development Deposit Intensity (DDI)***
The percentage of an institution's physical branch locations that are located in low- and moderate-income census tracts.

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.

B. *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.

The information is gathered through the completion of a survey by each of the reporting institutions. The survey that NCIF uses to collect this information breaks down each institution's loan data into six major categories with several subcategories within each:

- Consumer Loans (includes auto and personal loans)
- Housing Loans
- Small Business Loans
- Community Facilities (includes loans to community organizations and to programs that promote social services, child-care, business development, employment and housing development).
- Commercial Real Estate Programs
- Agricultural and Farm Lending.

For this analysis, a development loan is defined as a loan that is made in a low – and moderate - income community or to a low income borrower. A low income community is any census tract with a poverty rate of at least 20%, an unemployment rate that is 1.5 times the national average, or where the median family income does not exceed 80% of the median family income of the relevant state or metropolitan statistical area. The CDFI Fund maintains a list of all census tracts in the U.S. that qualify under these conditions and identifies the tracts as Investment Areas.

Loans originated within the fiscal year are matched to a specific census tract and compared with the list of Investment Area census tracts per the CDFI Fund. Some loans may not be located in low income census tracts, but are nevertheless made to low income borrowers. We add all such loans to total new loans, provided that the bank or credit union can verify low household incomes of its borrowers.

The FY 2010 report is based on information from 21 institutions: 16 banks and 5 credit unions, up from 16 institutions in FY 2009 (11 banks and 5 credit unions). Institutions reporting for 2010 include:

Banks:

1. Broadway Federal Bank (Los Angeles, CA)
2. Carver Federal Savings Bank (New York, NY)
3. Citizens Savings Bank (Nashville, TN)
4. City First Bank (Washington, DC)
5. City National Bank of New Jersey (Newark, NJ)
6. Continental National Bank of Miami (Miami, FL)
7. First American International Bank (New York, NY)
8. Franklin Bank (Minneapolis, MN)
9. Industrial Bank (Washington, DC)
10. Liberty Bank & Trust (New Orleans, LA)
11. Mission Community Bank (San Luis Obispo, CA)
12. Park Midway Bank (Saint Paul, MN)
13. Southern Bancorp Bank (Arkadelphia, AR)
14. United Bank (Minneapolis, MN)
15. University Bank (Saint Paul, MN)
16. Urban Financial Group (Bridgeport, CT)

Credit Unions:

1. Dakotaland Federal Credit Union (Huron, SD)
2. Latino Community Credit Union (Durham, NC)
3. Lower East Side Peoples Federal Credit Union (New York, NY)
4. Opportunities Credit Union (Burlington, VT)
5. Saguache County Federal Credit Union (Moffat, CO)

Appendix 2: Community Development Banking Institution Designation

Community Development Banking Institutions

Community Development Financial Institutions (CDFIs) are banks and other financial institutions, certified by the CDFI Fund (Department of Treasury) as institutions with a primary mission of community development (and other criteria). It is commonly recognized that there are significantly more community development banks in the country than those that are certified by the CDFI Fund. NCIF uses the term Community Development Banking Institution (CDBI) to denote certified CDFI banks and those banks that are not yet CDFI certified, but have a mission of community development and "walk, talk and act" like CDFIs. NCIF expects that over a period of time they will find it valuable to become certified CDFIs.

To receive a CDBI designation by NCIF, an institution can be a certified CDFI or must display, both quantitatively and qualitatively, a strong community development orientation. *Quantitatively*, designated CDBIs score highly on the NCIF Social Performance Metrics, a suite of transparent measures that analyze the percentage of each domestic bank's home lending and branch locations that are located in low- and moderate- income communities. In addition, a CDBI must *qualitatively* illustrate community development focus by using the Model CDBI Framework to highlight how the organization is serving the financial needs of low- and moderate- income communities. Minority Depository Institutions (MDIs) that are serving the needs of economically distressed communities are also eligible for designation as a CDBI.

The graphic below places these CDBIs in the mission-orientation spectrum.

*As of 12/31/2010. Sources: www.fdic.gov, www.cdfifund.gov

Appendix 3: Social Performance Metrics℠ Listing
Certified CDFI Banks

#	Institution	State	Quadrant	DLI-HMDA 2010	DDI 2010
1	City First Bank of D.C., National Association	DC	1	100.00%	100.00%
2	Commonwealth National Bank	AL	1	100.00%	100.00%
3	Community's Bank	CT	1	100.00%	100.00%
4	Legacy Bank	WI	1	100.00%	100.00%
5	One PacificCoast Bank, FSB	CA	1	100.00%	100.00%
6	United Bank of Philadelphia	PA	1	100.00%	75.00%
7	First Tuskegee Bank	AL	1	100.00%	66.67%
8	Albina Community Bank	OR	2	100.00%	40.00%
9	Mission Valley Bank	CA	2	100.00%	33.33%
10	Highland Community Bank	IL	1	98.43%	100.00%
11	OneUnited Bank	MA	1	95.01%	80.00%
12	Broadway Federal Bank, F. S. B.	CA	1	90.95%	60.00%
13	Pacific Global Bank	IL	1	83.93%	66.67%
14	Illinois-Service Federal Savings and Loan Association	IL	1	82.50%	100.00%
15	Franklin National Bank of Minneapolis	MN	1	78.76%	100.00%
16	Carver Federal Savings Bank	NY	1	76.50%	66.67%
17	Carver State Bank	GA	1	75.98%	50.00%
18	Second Federal Savings and Loan Association of Chicago	IL	1	75.45%	100.00%
19	Covenant Bank	IL	1	74.16%	100.00%
20	Seaway Bank and Trust Company	IL	1	72.40%	100.00%
21	Austin Bank of Chicago	IL	1	72.09%	60.00%
22	Guaranty Bank & Trust Company	MS	1	70.00%	53.85%
23	First Eagle Bank	IL	1	67.53%	50.00%
24	South Carolina Community Bank	SC	1	63.46%	100.00%
25	Pan American Bank	IL	1	61.77%	50.00%
26	First Security Bank	MS	1	60.79%	70.59%
27	Park Midway Bank, National Association	MN	1	60.59%	50.00%
28	Union Bank	LA	1	59.68%	75.00%
29	Inter National Bank	TX	1	58.54%	65.00%
30	PlantersFirst	GA	1	57.95%	55.56%
31	International Bank of Chicago	IL	1	56.77%	50.00%
32	State Bank & Trust Company	MS	1	54.22%	58.82%
33	Mitchell Bank	WI	1	53.54%	66.67%
34	Tri State Bank of Memphis	TN	1	53.53%	100.00%
35	Central Bank of Kansas City	MO	1	53.26%	66.67%
36	First Choice Bank	CA	2	52.98%	0.00%
37	Advance Bank	MD	1	52.95%	75.00%
38	Industrial Bank	DC	1	50.18%	87.50%
39	First American International Bank	NY	1	50.09%	66.67%
40	North Milwaukee State Bank	WI	1	49.55%	100.00%
41	University National Bank	MN	1	48.88%	100.00%
42	Citizens Savings Bank & Trust Company	TN	1	46.28%	75.00%
43	Premier Bank	IL	1	43.71%	50.00%
44	Liberty Bank & Trust Company	LA	1	43.07%	76.19%
45	Southern Bancorp Bank	AR	1	42.74%	72.97%

#	Institution	State	Quadrant	DLI-HMDA 2010	DDI 2010
46	First, A National Banking Association	MS	2	41.97%	20.00%
47	Peoples State Bank	LA	1	41.17%	50.00%
48	BankFirst Financial Services	MS	3	38.95%	53.85%
49	Merchants & Farmers Bank	MS	4	37.75%	38.10%
50	Edgebrook Bank	IL	4	35.88%	0.00%
51	Community First Bank- Chicago	IL	3	34.96%	100.00%
52	Bank 2	OK	4	34.43%	0.00%
53	Citizens Trust Bank	GA	3	33.64%	81.82%
54	Capitol City Bank & Trust Company	GA	3	33.46%	100.00%
55	Mechanics & Farmers Bank	NC	3	33.22%	75.00%
56	Magnolia State Bank	MS	4	32.82%	14.29%
57	American Metro Bank	IL	3	31.27%	66.67%
58	Security Federal Bank	SC	3	24.72%	61.54%
59	Harbor Bank of Maryland	MD	3	17.65%	71.43%
60	City National Bank of New Jersey	NJ	3	15.96%	100.00%
61	BankPlus	MS	4	14.52%	40.98%
62	Landmark Community Bank	TN	4	10.67%	0.00%
63	First Independence Bank	MI	3	6.38%	60.00%
64	Bank of Okolona	MS	NA	NA	100.00%
65	Security State Bank of Wewoka, Oklahoma	OK	NA	NA	100.00%
66	Bank of Kilmichael	MS	NA	NA	100.00%
67	American State Bank	OK	NA	NA	100.00%
68	Native American Bank, National Association	CO	NA	NA	100.00%
69	Community Bank of the Bay	CA	NA	NA	100.00%
70	Metro Bank	KY	NA	NA	100.00%
71	Oxford University Bank	MS	NA	NA	100.00%
72	First National Bank of Decatur County	GA	NA	NA	100.00%
73	Promerica Bank	CA	NA	NA	100.00%
74	Bank of Cherokee County	OK	NA	NA	66.67%
75	Neighborhood National Bank	CA	NA	NA	66.67%
76	Commercial Bank	MS	NA	NA	60.00%
77	Mission Community Bank	CA	NA	NA	60.00%
78	Community Development Bank, FSB	MN	NA	NA	50.00%
79	Community Commerce Bank	CA	NA	NA	16.67%
80	Bank of Vernon	AL	NA	NA	0.00%
81	First National Bank of Davis	OK	NA	NA	0.00%
82	Fort Gibson State Bank	OK	NA	NA	0.00%
83	All American Bank	IL	NA	NA	0.00%
84	BankAsiana	NJ	NA	NA	0.00%
85	Community Capital Bank of Virginia	VA	NA	NA	0.00%
	CDFI Median			**54.22%**	**66.67%**
	CDFI Average			**58.85%**	**67.42%**

Source: FY 2010 HMDA Reports & June 30, 2010 Summary of Deposits Database, Sorted by DLI-HMDA

Indicates NCIF Portfolio Institution

Indicates failed in 2011

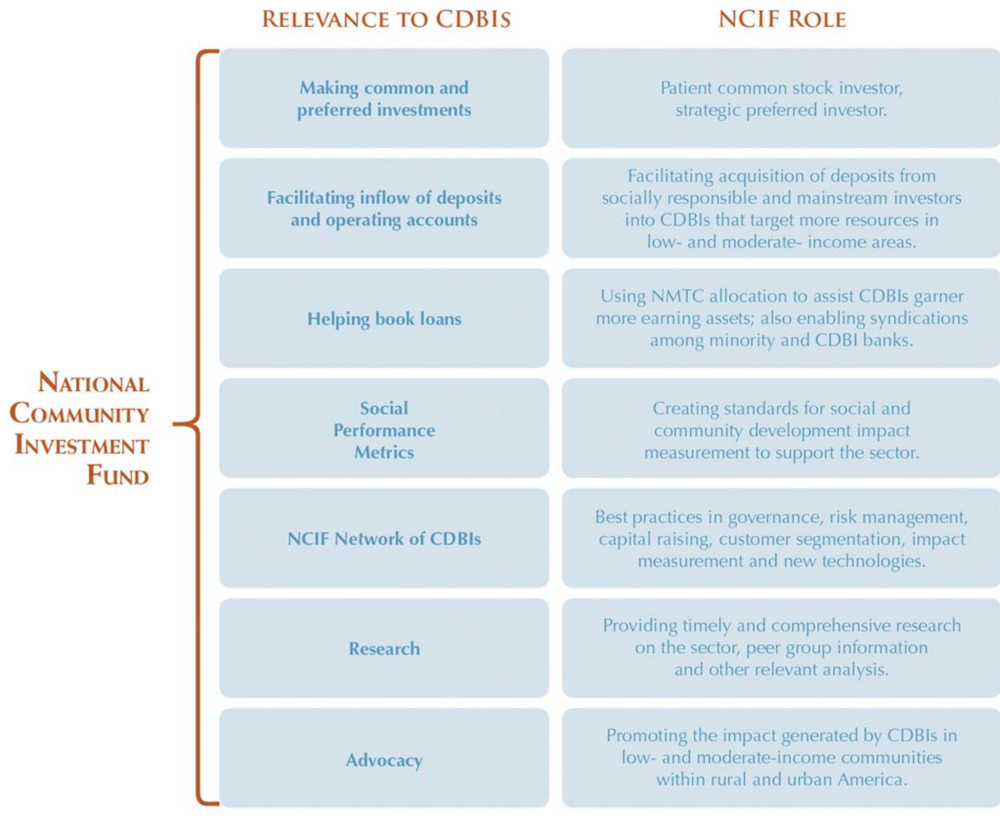
Summary Highlights:

- 43 of the 63 banks that reported HMDA for 2010 are located in the "High-Performing" Quadrant 1.
- Both the Median CDFI and Average CDFI scores place the CDFI sector in Quadrant 1.

Appendix 4: About NCIF

National Community Investment Fund (NCIF) is a non-profit private equity trust fund set up in 1996 to invest private capital in CDFI banks around the country that have a mission of economic and community development. NCIF is the largest investor of equity in CDFI banks (by numbers) in the country and has provided thought leadership by developing its proprietary Social Performance Metrics methodology – a tool that enables investors measure the social and economic development impact of CDFI banks. It is also focused on strengthening the capacity of the banks in the NCIF Network. Total assets under management are approximately $150 million including $128 million of NMTC allocations.

NCIF conducts its business through the following five complementary lines of businesses all focused on the Community Development Banking Institutions ("CDBI") sector:



NCIF Fund Advisor Team
Saurabh Narain, Chief Executive
Joe Schmidt, Vice President, Investments & Research
Wes Maher, Vice President, Operations and Control
Joe Ferrari, Senior Analyst

For more information on NCIF, please visit www.ncif.org

NCIF NATIONAL COMMUNITY INVESTMENT FUND

LEVERAGING CAPITAL FOR CHANGE

135 South LaSalle Street, Suite 2040 Chicago, Illinois 60603 **[T]** 312.881.5826 **[F]** 312.662.6100 **WWW.NCIF.ORG**