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CDFI Banking Industry Annual Report

2013 FINANCIAL AND SOCIAL PERFORMANCE



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PREFACE

This is NCIF's tenth Annual Report on the state of the CDFI Banking industry. The decade has seen a contrast of extremes: a flurry of high profits, followed by the deepest recession of our lifetime and a then slow but steady recovery. As an industry, CDFI Banks (and, more broadly, mission-oriented financial institutions) have fared reasonably well despite challenging conditions – although some banks failed, many others survived and performed well. Much needs to be done to strengthen this industry and evolve business models to keep pace with changes in regulations, technology, and consumer behavior. At the same time, inequality in underserved markets continues to grow, underscoring the ever-increasing need for the community and economic development work of mission-oriented banks.

Why the focus on CDFI Banks and mission-oriented financial institutions? We believe these banks are truly unique: anchor institutions with historic track records, driven by mission but made sustainable by profit. Because of their ability to leverage equity for lending, these institutions are able to multiply the impact per dollar invested eight to ten times. NCIF hopes to see an evolution toward a new model of mission-oriented banking based on collaboration and adaptability: one that uses technology to increase scale, reduce costs, and reach a broader cross-section of customers. We bring our banking partners together in the NCIF Network, offering access to capital, visibility, innovative business opportunities, and impact measurement.

We encourage other impact investors to realize the great potential of mission-oriented banks. Investment opportunities through NCIF deliver social, environmental, and financial returns through institutions that are deeply tied to local communities across the US.

NCIF has long been an advocate for CDFI Banks, and a bridge between banks and regulatory agencies. NCIF's innovative thought leadership and deep industry knowledge advance the mission-oriented financial industry. Our convenings bring bank CEOs face-to-face with representatives who appreciate the importance of mission-oriented banks and their impact on distressed communities.

This year's Annual Report bodes well for the next ten years of CDFI Banking, both in terms of the banks' financial sustainability and their mission of community development. However, sustaining the current progress will require hard work on the part of bank leadership as well as ongoing support from investors, regulators, and partners. We would like to invite you to join NCIF and our Network Banks for our Annual Development Banking Conference, November 12–14, 2014 in Chicago, to share in the discussion of common challenges, innovative solutions, and the future of the mission-oriented banking industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Saurabh Narain', with a stylized flourish at the end.

Saurabh Narain
Chief Executive

I. THE YEAR IN RETROSPECT

Performance data from the end of 2013 paint a picture of a resilient CDFI Banking industry, with a potential to grow. The banking industry continues its slow but steady recovery from the recent recession. As of year-end 2013, 52 of the 75 CDFI Banks had a positive ROAA, and 52 reported positive net income. CDFI Banks made significant improvements in financial stability, strengthening their capital ratios and recovering the health of their balance sheets. Asset quality continues to improve among CDFI Banks, setting the stage for core lines of business to begin generating profits again. Net charge-offs and noncurrent loans ratios have both dramatically improved. With healthier and stronger assets, CDFI Banks are well positioned for growth on the upswing from the recession. NCIF applauds banks that have pioneered new business practices and product lines, financial technologies, additional delivery channels targeted to reach unbanked populations, participation in New Markets Tax Credits projects, and collaborative partnerships to share best practices. In addition to generating revenue, these innovative activities are helping banks reach and serve community members often left behind by traditional finance.

CDFI Banks demonstrate a strong commitment to fulfilling their mission of community development where it's needed most. As of year-end 2013, CDFI Banks locate nearly twice as many of their branches in distressed communities as compared to their peers (US banks with under \$2 billion in assets). They provide nearly 2.5 times more of their home mortgage lending to distressed communities. These numbers underscore the strong, personal relationships CDFI Banks have with individuals and businesses in their local communities. Banks know that clients in low- and moderate-income areas can require additional attention, but they recognize the value of helping those customers access financial products and services.

During 2013, the CDFI Fund undertook the recertification of almost 900 CDFIs in order to ensure the highest standards of mission performance. Many of those institutions, including ten CDFI Banks, declined to reapply for certification, recognizing that their business models had changed over the years and they no longer felt they met the criteria. According to then-director Donna Gambrell, "Rather than feel disappointed, the CDFI Fund is proud to say that all currently certified CDFIs are truly serving their communities." CDFI Bank failures, high during the past five years, have all but disappeared. There was one failure in 2013 (The Community's Bank of Bridgeport, CT), and seven banks left the list due to consolidations, mergers, and acquisitions. Five newly certified institutions were added to the ranks of CDFI Banks: Commercial Capital Bank of Delhi, LA; Gateway Bank FSB of Oakland, CA; Merchants and Planters Bank of Raymond, MS; Noah Bank of Elkins Park, PA; and Spring Bank of Bronx, NY.

CDFI Banks have proven their strong dedication to mission, even as they suffered the recession's effects along with the economically distressed communities they serve. The industry's return to financial stability demonstrates the resilience of these institutions and presents a hopeful view for their future. However, this data encompasses a broad range of banks; behind each success story there is a struggle to balance mission and profit with economic challenges. In order for this unique class of banks to survive and flourish, they must receive steadfast consideration from regulatory agencies, necessary capital from investors, and support and partnership from the community development sector.

*"Community banks
serve as laboratories
for the next big ideas in
financial innovation."*

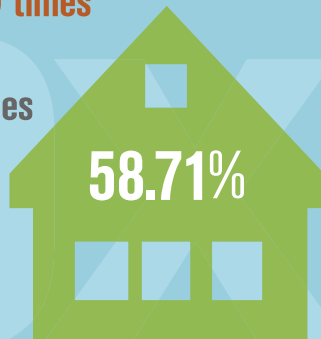
Eugene Ludwig

*Founder and CEO of
Promontory Financial,
during NCIF's 2013 Annual
Development Banking
Conference*

HIGHLIGHTS AS OF YEAR-END 2013

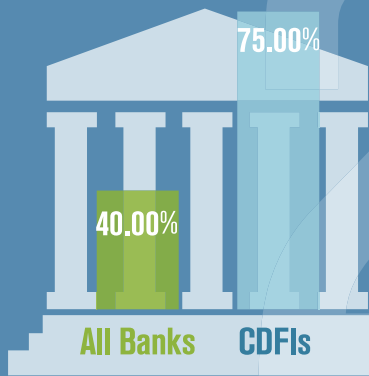
Development Lending Intensity

CDFI Banks provide nearly **2.5** times more of their home mortgage lending to distressed communities as compared to other banks.



All information is approximated by NCF, and is subject to change.

Development Deposit Intensity



CDFI Banks locate nearly twice as many of their branches in distressed communities as compared to other banks.

All information is approximated by NCF, and is subject to change.

75

Certified CDFI Banks

\$23.2
BILLION

Assets held by the CDFI
Banking industry

\$192.5
MILLION

Loans outstanding by the
average CDFI Bank

62 BPS

Decrease in noncurrent
loans ratio between
YE 2012 and YE 2013

\$106.2
MILLION

Net income earned by the
CDFI Banking industry

9.33%

Median Tier 1 Leverage Ratio

52

CDFI Banks reported
positive ROAA

II. “TOO IMPORTANT TO FAIL”

At the age of 16, Saladin Buckhalter (aka Brother Saladin) purchased his first ice cream truck. A few years later, one truck turned to four, and the Queens teenager had a fleet of his own. As an adult, Brother Saladin pursued his entrepreneurial mission through a variety of enterprises including, most recently, Nations Fish Spot, a healthier riff on the Harlem “steak n’ takes” he enjoyed with his father as a child. Saladin makes an effort to employ local young people (including his own children), using the opportunity to mentor them in entrepreneurship and show them the dignity that comes with a strong work ethic. Indeed, Saladin’s main motivation in opening his business was to build these programs and foster resiliency in his neighborhood: “If local business, financial, and religious institutions united together, we could really go somewhere as a community.”

Saladin is a faithful customer of Carver Federal Savings Bank in New York City. Carver, the largest African- and Caribbean-American operated bank in the US, channels its capital resources into underserved neighborhoods by reinvesting over 80% of its deposits into the communities it calls home. Saladin believes in Carver’s mission: “I tell every local business owner I meet to bank with Carver because we all have a responsibility to circulate our money within the community. I know the dollars my customers spend at Nations Fish go to Carver, who can then issue a loan and put the dollars back in the community,” he says.

For Brother Saladin, who entered the restaurant business to provide the same sort of hospitality he remembers from the soul food restaurants of his childhood, the congenial and impeccable customer service he receives at his local Carver branch is the bank’s greatest asset. “Carver is extremely business-friendly... here we are all family, not just a number. I’ve started partnerships and programs with people I’ve met in line here. The bank is a community hub in itself; it’s a living room, a place where family and guests come in and out, building relationships and sharing successes along the way.”

CDFI Banks play a critical role in supporting underserved communities across the country: they empower small businesses, create new jobs, and foster the financial health and security of the communities they call home. In light of the recession, this role is more important than ever, making these banks “Too Important to Fail.” Continued support of these unique institutions is vital to the full recovery of economically distressed communities.



Brother Saladin, small business owner, poses at his Nations Fish Spot with an employee.

III. FINANCIAL PERFORMANCE

CDFI Banks have proven to be resilient, maintaining growth in the face of a recession that was especially arduous for the low- and moderate-income communities they serve. The banks appear to be well positioned for growth in profitability on the upswing from the recession.

Data from the past five years show that the institutions in the CDFI Banking industry have been slowly recovering and growing. Total assets under the control of the CDFI Banking industry reached a five-year CAGR of 6.04% despite the recession. Although the number of CDFI Banks fell from 88 to 75 banks in 2013, the majority of the remaining individual institutions have maintained their size. Among those institutions that were certified through both 2012 and 2013, average assets per bank rose from \$309.3 million to \$325.3 million; average loans, average deposits, and average equity also rose. The largest of these banks, BankPlus, increased its assets by \$151 million last year.

CDFI Banks have been gradually strengthening their operations in the aftermath of the recession. Many institutions reacted swiftly to expected increases in regulatory capital requirements, strengthening Tier 1 leverage ratios. Asset quality ratios are healthier at year-end 2013 than at any time in the past five years, continuing an uninterrupted decline toward pre-recession levels. Lending has traditionally been the bread and butter of CDFI Banks, and with improved asset ratios comes increased potential for income generation.

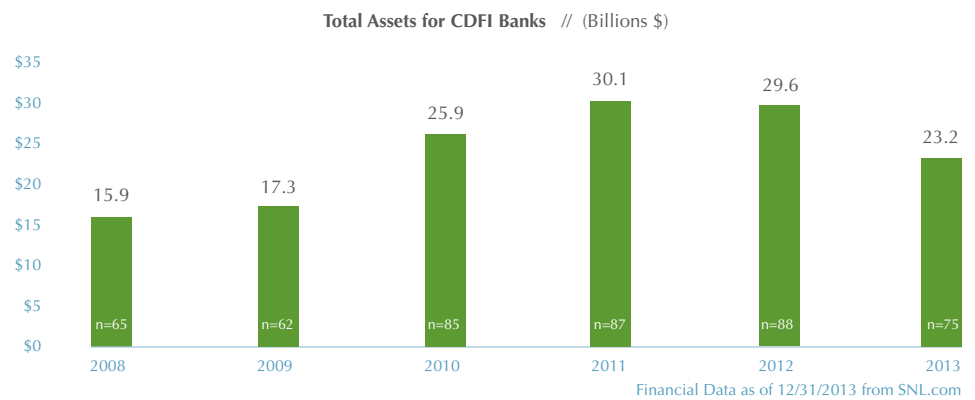
For a complete list of CDFI Banks and their individual financial statistics, please refer to Appendix B.

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. Noncurrent Loans to Total Loans Ratio
12. Net Charge-Offs to Average Loans Ratio
13. Loan Loss Reserves to Total Loans Ratio

1. Total Assets

Total assets in the CDFI Banking industry decreased during 2013 but have trended upward since 2008, despite the recession, leading to a solid 6.04% CAGR.



Total Assets: \$23.2B

Median Assets: \$175.0M

Average Assets: \$309.6M

Median Assets (all US banks): \$168.8M

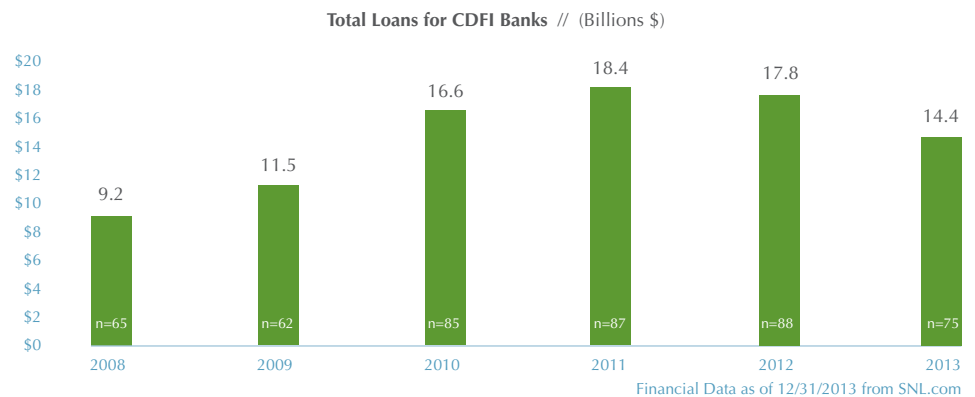
Highest Assets: \$2.4B

Lowest Assets: \$12.3M

5-year CAGR: 6.04%

2. Total Loans

Total loans decreased in 2013 as the number of CDFI Banks fell from 88 to 75. Among the banks certified in both 2012 and 2013, average loans increased from \$187.7M to \$201.6M.



Total Loans: \$14.4B

Median Loans: \$117.0M

Average Loans: \$192.5M

Median Loans (all US banks): \$103.2M

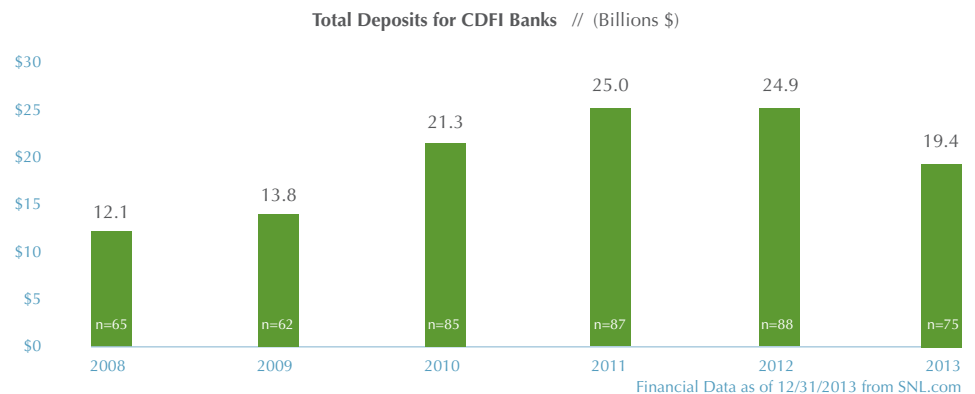
Largest loan portfolio: \$1.3B

Smallest loan portfolio: \$2.9M

5-year CAGR: 4.72%

3. Total Deposits

Median deposits held by CDFI Banks exceed those held by all US banks.



Total Deposits: \$19.4B

Median Deposits: \$150.6M

Average Deposits: \$258.7M

Median Deposits (all US banks): \$142.8M

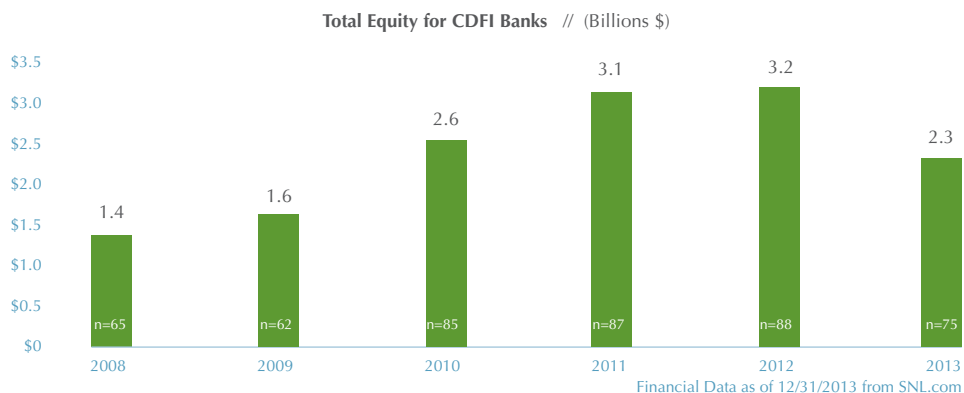
Largest deposits portfolio: \$1.9B

Smallest deposits portfolio: \$10.5M

5-year CAGR: 7.05%

4. Total Equity

CDFI Banks were well capitalized at year-end 2013. Among the banks certified in both 2012 and 2013, median equity increased from \$17.2M to \$18.3M.



Total Equity: \$2.3B

Median Equity: \$16.1M

Average Equity: \$30.3M

Median Equity (all US banks): \$18.1M

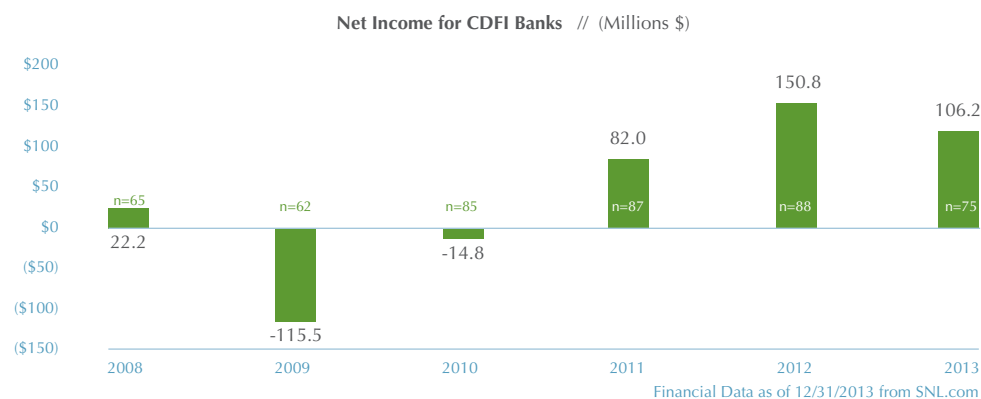
Highest Equity: \$217.1M

Lowest Equity: \$1.3M

5-year CAGR: 6.87%

5. Net Income

The CDFI Banking industry was profitable in 2013, earning a total of \$106.2M. 23 of the individual institutions reported losses, the same number as at year-end 2012.



Total Net Income: \$106.2M

Median Net Income: \$759,000

Average Net Income: \$1.4M

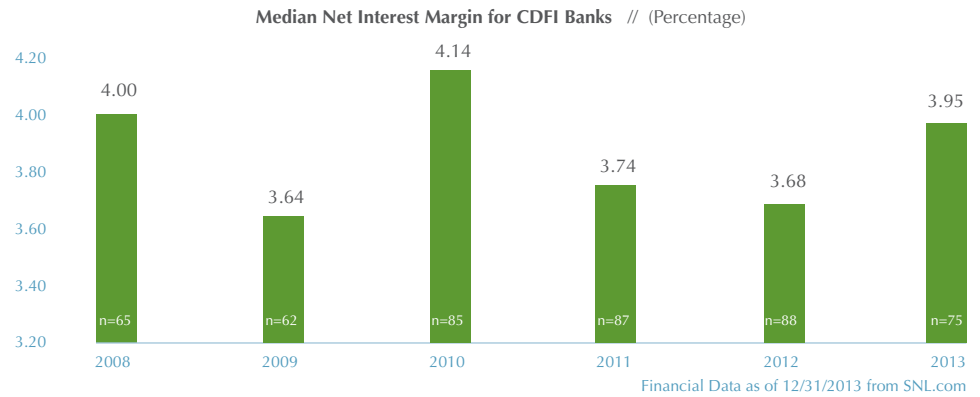
Median Net Income (all US banks): \$1.3M

Highest Net Income: \$20.1M

Lowest Net Income: -\$14.5M

6. Net Interest Margin

The median net interest margin rose 27 basis points in 2013.



Median NIM: 3.95%

Average NIM: 3.92%

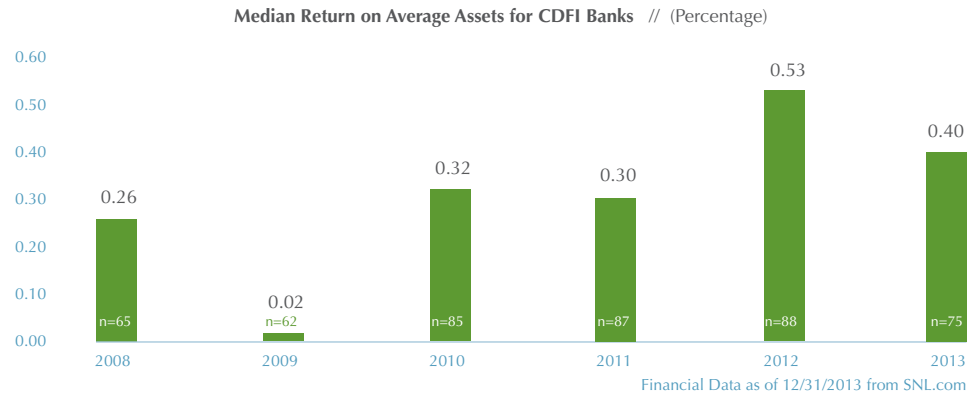
Median NIM for all US banks: 3.60%

Highest NIM: 5.74%

Lowest NIM: 2.26%

7. Return on Average Assets

*52 CDFI Banks reported a positive ROAA at year-end 2012.
18 banks performed at over 1.00%.*



Median ROAA: 0.40%

Average ROAA: 0.18%

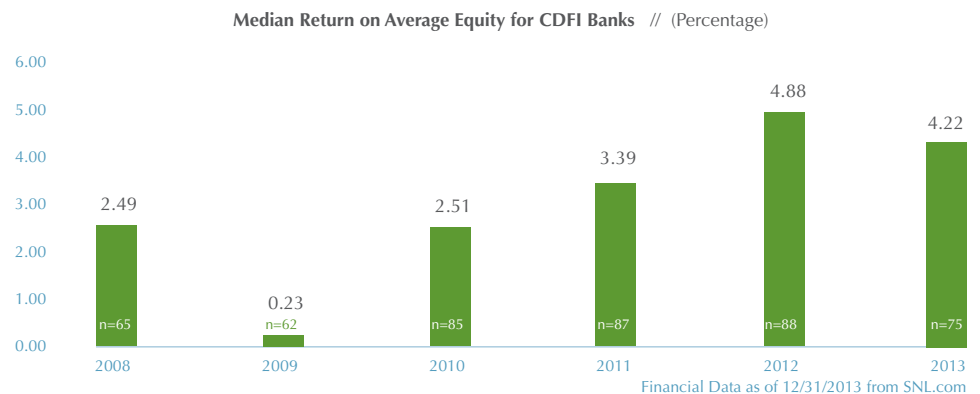
Median ROAA for all US banks: 0.81%

Highest ROAA: 2.98%

Lowest ROAA: -5.37%

8. Return on Average Equity

ROAE fell sharply during the recession and has since improved with a 79.73% 5-year CAGR.



Median ROAE: 4.22%

Average ROAE: -1.78%

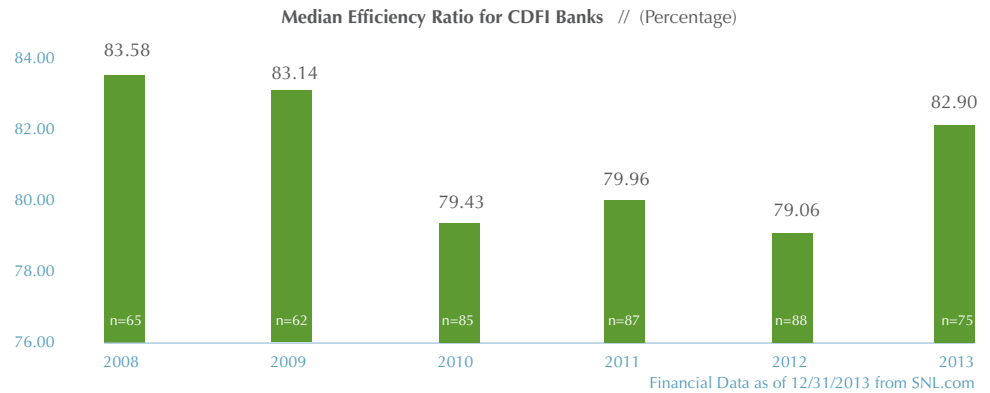
Median ROAE for all US banks: 7.37%

Highest ROAE: 21.47%

Lowest ROAE: -108.87%

9. Efficiency Ratio

The median efficiency ratio increased in 2013, reflecting the high overhead costs in the banking sector, especially among high-touch CDFIs.



Median Efficiency Ratio: 82.90%

Lowest Efficiency Ratio: 42.60%

Average Efficiency Ratio: 91.57%

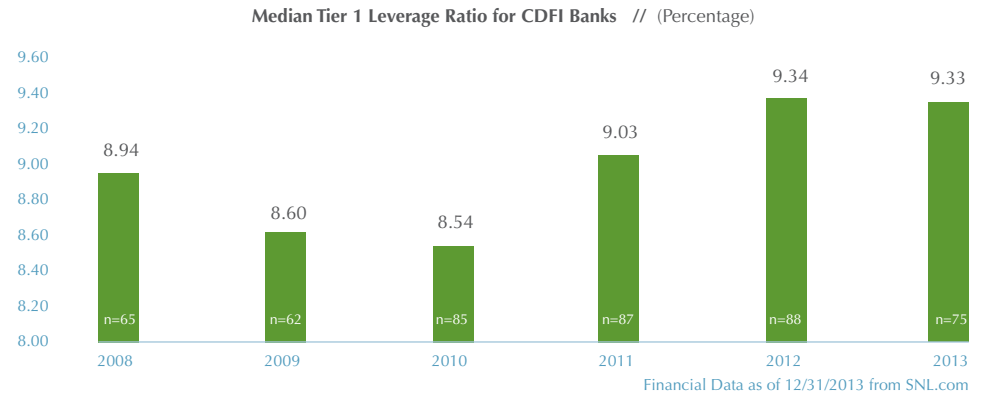
Highest Efficiency Ratio: 251.24%

Median Efficiency Ratio for all US banks: 70.72%

10. Tier 1 Leverage Ratio

Expected increases in regulatory capital requirements prompted banks to strengthen Tier 1 leverage ratios.

Note: these figures represent the ratio at the bank level only and do not take into account the leverage on a consolidated basis.



Median Tier 1 Leverage: 9.33%

Highest Tier 1 Leverage: 19.12%

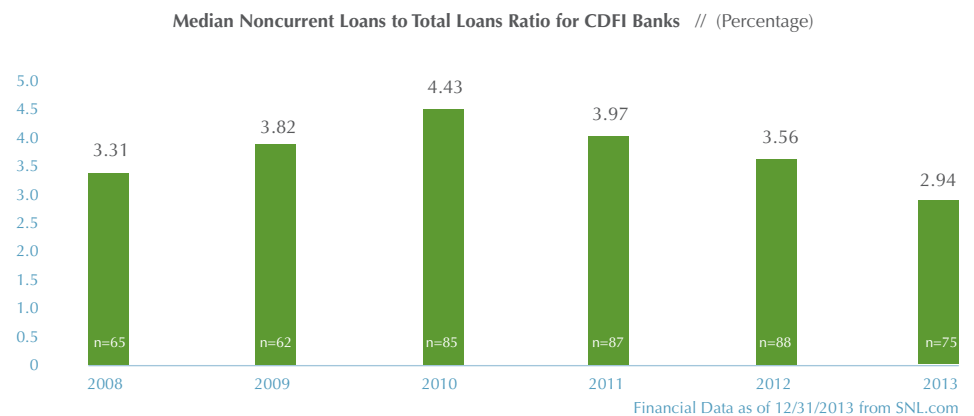
Average Tier 1 Leverage: 9.64%

Lowest Tier 1 Leverage: 2.15%

Median Tier 1 Leverage for all US banks: 10.15%

11. Noncurrent Loans to Total Loans Ratio

Asset quality ratios were healthier at year-end 2013 than at any time in the past five years. The median NCL ratio fell 62 basis points in 2013.



Median NCL Ratio: 2.94%

Lowest NCL Ratio: 0.00%

Average NCL Ratio: 4.79%

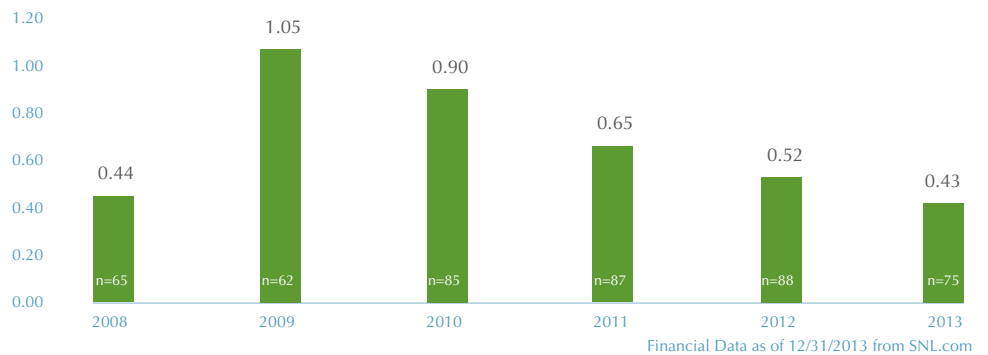
Highest NCL Ratio: 25.44%

Median NCL Ratio for all US banks: 1.06%

12. Net Charge-Offs to Average Loans Ratio

Median Net Charge-Offs to Average Loans Ratio for CDFI Banks // (Percentage)

The median net charge-offs ratio continued an uninterrupted decline toward pre-recession levels, boding well for future income generation.



Median NCO Ratio: 0.43%

Lowest NCO Ratio: -0.14%

Average NCO Ratio: 0.73%

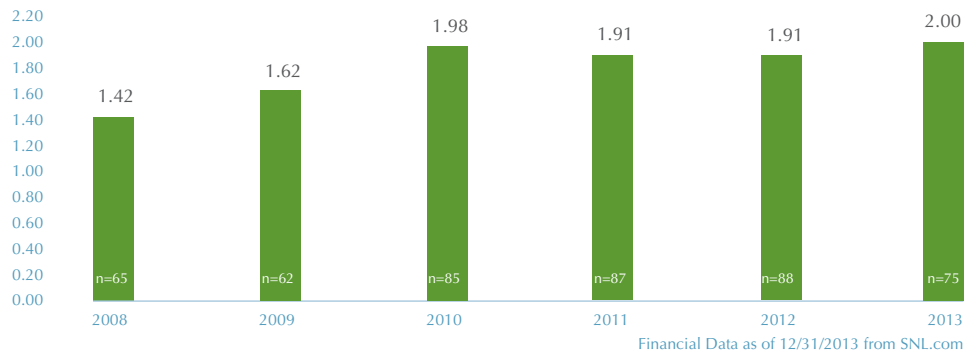
Highest NCO Ratio: 7.51%

Median NCO Ratio for all US banks: 0.14%

13. Loan Loss Reserves to Total Loans Ratio

Median Loan Loss Reserves to Total Loans Ratio for CDFI Banks // (Percentage)

CDFI Banks have bolstered their loan loss reserves to 2.00%, in line with market history.



Median LLR/Loans: 2.00%

Highest LLR/Loans: 9.74%

Average LLR/Loans: 2.42%

Lowest LLR/Loans: 0.90%

Median LLR/Loans for all US banks: 1.45%

IV. SOCIAL PERFORMANCE

CDFI Banks exhibit strong scores in NCIF's Social Performance Metrics, out-performing all other peer groups. These institutions serve low- and moderate-income communities – both with a strong branch presence, as demonstrated by Development Deposit Intensity (DDI), and targeted lending activity, as seen with Development Lending Intensity-HMDA (DLI-HMDA). A complete explanation of NCIF's Social Performance Metrics is provided in Appendix D and at NCIF.org.

CDFI Banks locate nearly twice as many of their branches in distressed communities as compared to peer banks.

The median CDFI Bank has a DDI score of 75.00%, meaning that three out of every four branches are located in low- and moderate-income communities. This is nearly twice the median of the peer group of similarly sized banks (Banks with under \$2B in Assets). CDFI Banks' mission to serve their communities requires a strong local presence in the areas of highest need. These banks become part of the neighborhood, recognizing the potential of local small business owners and providing residents with sustainable alternatives to predatory payday lenders and check cashers.

CDFI Banks provide nearly 2.5 times more of their home mortgage lending to distressed communities as compared to peer banks.

The median CDFI Bank has a DLI-HMDA score of 58.71%. This means that over half of the median bank's home lending is lent to residents of low- and moderate-income communities. For the peer group of banks with under \$2B in assets, just under \$25 of every \$100 of home lending reaches lower income areas. CDFI Banks score over three times higher than Top Ten Banks. Lending in economically distressed areas can be difficult, because borrowers tend to be less savvy about finances and face depressed economic conditions. CDFI Banks fulfill their community development mission by dedicating the extra time and resources needed to tailor services for their "high-touch" clients.

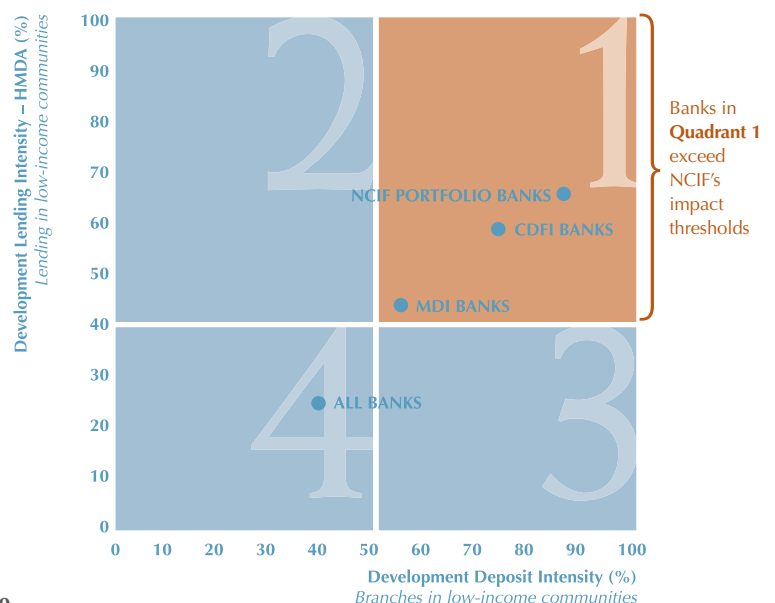
CDFI Banks fall in High-Performing Quadrant 1. NCIF considers banks "Quadrant 1" institutions if they surpass our impact thresholds of 40% DDI and 50% DLI. These banks show a demonstrated commitment to serving distressed areas, by virtue of both their lending activity and the location of their branches. This distinction is illustrated in the chart pictured by dividing the area into four quadrants according to the threshold values. CDFI Banks are located in Quadrant 1, as are Minority Depository Institutions (MDIs) and the institutions in NCIF's equity portfolio.

NCIF believes in the importance of "telling the story" of CDFI Banks' impressive impact in local communities with transparent standardized metrics, an important tool in conversations with regulators, impact investors, policymakers, and other industry stakeholders. These metrics allow banks to demonstrate a proven focus on elements of mission. Metrics also help NCIF and other investors identify hundreds of banks that have not sought CDFI certification but that perform high in Social Performance Metrics by meeting the needs of consumers and businesses located in low- and moderate-income communities. At year-end 2013, there were 861 of these "Community Development Banking Institutions" (CDBIs) in Quadrant 1.

Median Social Performance Metrics for Bank Peer Groups

Peer Group	#	DDI	DLI-HMDA
CDFI Banks	75	75.00	58.71
Top Ten Banks (by Assets)	10	39.64	17.99
Banks with under \$2B in Assets	6,459	40.00	24.54
Minority Depository Institutions (MDIs)	167	57.14	42.85
NCIF Portfolio Banks	17	88.89	64.50
All Banks	6,814	40.00	23.76

Quadrant Chart for NCIF's Social Performance Metrics



DDI and DLI-HMDA based on 2012 Summary of Deposits data (available from fdic.gov), Census 2010 data from the CDFI Fund, and 2012 Home Mortgage Disclosure Act data (available from ffiec.gov). FY 2012 is the most recently available data for Social Performance Metrics.

APPENDIX A: CDFI PEER GROUP FINANCIAL SUMMARY

2013 Summary (n=75)	Median	Average	Maximum	Minimum	Total
Total Assets (\$000)	\$174,986	\$309,573	\$2,385,232	\$12,322	\$23,217,995
Total Loans (\$000)	\$117,017	\$192,482	\$1,264,159	\$2,855	\$14,436,159
Total Deposits (\$000)	\$150,589	\$258,732	\$1,890,723	\$10,461	\$19,404,899
Total Equity (\$000)	\$16,114	\$30,307	\$217,056	\$1,322	\$2,272,988
Net Income (\$000)	\$759	\$1,415	\$20,073	\$(14,528)	\$106,153
Net Interest Margin (%)	3.95	3.92	5.74	2.26	
Return on Average Assets (%)	0.40	0.18	2.98	-5.37	
Return on Average Equity (%)	4.22	-1.78	21.47	-108.87	
Efficiency Ratio (%)	82.90	91.57	251.24	42.60	
Tier 1 Leverage Ratio (%)	9.33	9.64	19.12	2.15	
Noncurrent Loans Ratio (%)	2.94	4.79	25.44	0.00	
Net Charge-Offs Ratio (%)	0.43	0.73	7.51	-0.14	
LLR/Loans (%)	2.00	2.42	9.74	0.90	
DDI (%)	75.00	73.09	100.00	0.00	
DLI-HMDA (%)	58.71	55.84	100.00	0.00	

2012 Summary (n=88)	Median	Average	Maximum	Minimum	Total
Total Assets (\$000)	\$212,882	\$336,903	\$2,243,098	\$12,994	\$29,647,461
Total Loans (\$000)	\$136,231	\$201,945	\$1,246,819	\$2,893	\$17,771,149
Total Deposits (\$000)	\$171,362	\$282,458	\$1,767,293	\$11,109	\$24,856,311
Total Equity (\$000)	\$20,559	\$36,345	\$423,895	\$917	\$3,198,372
Net Income (\$000)	\$1,130	\$1,714	\$19,069	\$(24,544)	\$150,833
Net Interest Margin (%)	3.68	3.65	4.97	1.94	
Return on Average Assets (%)	0.53	0.26	4.38	-8.04	
Return on Average Equity (%)	4.88	0.07	38.59	-131.75	
Efficiency Ratio (%)	79.06	84.50	238.39	27.90	
Tier 1 Leverage Ratio (%)	9.34	9.56	20.48	1.37	
Noncurrent Loans Ratio (%)	3.56	5.51	28.69	0.00	
Net Charge-Offs Ratio (%)	0.52	0.84	6.16	-0.60	
LLR/Loans (%)	1.91	2.43	13.20	0.85	
DDI (%)	66.67	64.02	100.00	0.00	
DLI-HMDA (%)	47.10	51.70	100.00	0.00	

At-a-Glance Quadrant Summary

SPM Quadrant	Asset Class				
	Total Banks	> \$1B	\$500M - \$1B	\$100M - \$500M	\$100M or less
1	34	1	8	18	7
2	4	–	1	3	–
3	13	1	2	6	4
1 or 3	19	–	–	12	7
2 or 4	2	–	–	–	2
4	3	–	1	–	2
Total	75	2	12	39	22

DDI and DLI-HMDA based on 2012 Summary of Deposits data (available from fdic.gov), Census 2010 data from the CDFI Fund, and 2012 Home Mortgage Disclosure Act data (available from ffiec.gov.) FY 2012 is the most recently available data for Social Performance Metrics.

APPENDIX B: CDFI BANKS WITH FINANCIALS – SORTED BY ASSETS

Institution	Balance Sheet/Income Statement						Earnings				Capitalization	Asset Quality		
	ST	Total Assets (\$000)	Total Loans (\$000)	Total Deposits (\$000)	Total Equity (\$000)	Net Income (\$000)	NIM	ROA (%)	ROE (%)	Efficiency Ratio (%)	Tier 1 Leverage Ratio (%)	NCL (%)	NCO (%)	Loan Loss Reserves/ Loans (%)
BankPlus	MS	2,385,232	1,264,159	1,890,723	217,056	20,073	3.46	0.85	9.19	74.45	9.53	1.49	0.66	1.66
Southern Bancorp Bank	AR	1,150,854	742,092	957,891	119,566	9,513	4.13	0.83	7.95	67	7.76	1.03	0.34	1.16
Urban Partnership Bank	IL	981,580	630,114	863,946	104,721	(14,528)	5.74	-1.42	-13.38	128.08	10.34	20.62	3.60	9.74
State Bank and Trust Co.	MS	948,472	715,910	797,416	104,053	6,050	4.13	0.64	5.68	69.96	8.34	0.66	0.29	1.21
First, A National Banking Assoc.	MS	939,735	583,303	773,652	94,312	5,892	3.55	0.67	6.81	70.45	8.87	0.57	0.01	0.98
Security Federal Bank	SC	848,991	369,158	662,877	85,116	4,159	2.83	0.48	4.79	72.28	9.58	2.71	0.96	2.77
Sunrise Banks	MN	847,415	432,771	755,569	67,493	11,773	4.20	1.75	21.47	71.12	10.54	1.51	0.17	1.49
BankFirst Financial Services	MS	713,762	531,741	622,120	67,583	6,004	3.80	0.82	8.91	67.46	9.44	1.48	0.43	1.57
Carver Federal Savings Bank	NY	638,901	400,841	490,765	60,758	2,189	3.50	0.36	3.46	110.92	10.51	5.64	0.43	2.10
OneUnited Bank	MA	616,367	369,213	351,331	41,067	1,700	2.41	0.28	3.93	95.35	5.94	3.49	0.04	0.96
Guaranty Bank and Trust Co.	MS	586,512	390,920	508,242	67,383	10,845	4.10	1.84	16.58	58.85	11.63	1.62	0.24	1.87
Seaway Bank and Trust Co.	IL	551,641	280,899	505,971	32,852	(4,443)	3.95	-0.77	-10.47	98.33	5.16	16.44	1.51	7.17
First American International Bank	NY	551,495	361,863	411,779	71,973	3,225	4.70	0.61	4.54	79.85	13.10	2.88	1.06	2.00
Liberty Bank and Trust Co.	LA	550,563	281,789	451,214	42,574	7,465	4.08	1.32	17.63	54.89	8.20	2.94	1.30	3.31
First Security Bank	MS	488,327	242,350	413,799	59,426	3,526	3.59	0.70	5.90	76.44	11.26	0.85	0.15	1.10
United Bank	AL	486,237	252,780	436,062	47,354	2,011	3.42	0.42	4.22	82.9	9.23	1.55	0.47	1.50
International Bank of Chicago	IL	479,602	297,393	426,407	49,435	5,864	4.04	1.27	12.16	47.83	10.78	4.46	0.80	2.25
First Choice Bank	CA	440,053	348,696	379,692	32,485	2,683	3.60	0.72	7.97	59.92	8.22	0.15	-0.02	1.65
First Eagle Bank	IL	416,584	265,149	321,215	60,043	8,612	3.87	2.15	14.63	42.6	13.85	0.55	0.10	2.12
Citizens Trust Bank	GA	387,410	185,275	336,973	46,084	1,548	3.59	0.39	3.27	83.65	10.60	3.84	0.43	1.70
Industrial Bank	DC	363,308	241,123	297,145	35,225	1,228	4.67	0.35	3.39	88.85	9.86	5.27	0.47	1.81
Broadway Federal Bank	CA	332,465	257,993	216,743	34,127	(148)	3.50	-0.04	-0.44	97.56	10.24	6.84	0.82	3.93
Austin Bank of Chicago	IL	323,621	237,675	261,413	33,213	1,314	4.13	0.40	3.93	72.54	10.69	4.49	1.14	2.01
One PacificCoast Bank	CA	313,013	227,874	248,463	33,493	14	3.88	0.00	0.04	90.94	10.12	3.15	0.40	1.68
Mechanics and Farmers Bank	NC	301,300	189,475	260,856	34,806	549	3.85	0.19	1.60	90.45	10.69	3.91	0.19	1.84
Magnolia State Bank	MS	296,901	220,864	266,927	27,508	3,706	5.38	1.25	13.34	75.32	9.23	0.16	0.04	0.90
Capitol City Bank and Trust Co.	GA	287,861	209,316	275,630	5,986	(4,154)	3.17	-1.41	-46.45	114.61	2.92	14.43	1.28	2.64
City National Bank of New Jersey	NJ	285,118	164,813	265,270	8,085	(7,783)	2.26	-2.46	-52.71	188.08	4.80	17.44	0.48	5.54
PlantersFirst	GA	277,559	180,257	256,895	18,341	2,806	3.97	1.01	16.39	76.26	6.82	9.11	0.75	2.45
Mission Valley Bank	CA	269,064	170,069	229,190	36,164	1,701	4.46	0.65	4.73	80.14	13.48	2.78	0.64	2.40
Noah Bank	PA	266,694	236,186	235,973	26,363	3,452	3.91	1.39	15.47	66.07	8.21	2.30	0.31	2.25
Harbor Bank of Maryland	MD	243,299	155,084	210,475	25,296	(286)	4.29	-0.12	-1.12	86.49	8.59	3.54	1.36	1.83
Community Commerce Bank	CA	229,734	156,126	152,852	47,112	4,611	5.58	1.89	10.32	66.38	19.12	6.51	0.50	4.58
Pan American Bank	IL	221,768	156,726	205,426	16,013	1,125	3.71	0.49	6.82	78.26	7.79	0.76	0.40	1.22
City First Bank of DC	DC	213,463	155,658	171,603	31,381	2,497	4.17	1.12	8.15	63.69	14.37	3.35	0.35	2.75
Gateway Bank	CA	212,120	112,159	197,439	13,735	(3,742)	3.82	-1.72	-28.03	132.22	6.56	3.92	0.61	2.61
First Independence Bank	MI	204,054	134,127	162,883	17,606	247	4.49	0.13	1.41	94.88	10.26	1.11	0.22	1.24
Community Bank of the Bay	CA	174,986	127,341	150,589	19,023	2,032	4.20	1.25	11.31	82.37	10.78	2.35	0.15	1.88

Institution	Balance Sheet/Income Statement						Earnings				Capitalization	Asset Quality		
	ST	Total Assets (\$000)	Total Loans (\$000)	Total Deposits (\$000)	Total Equity (\$000)	Net Income (\$000)	NIM	ROA (%)	ROE (%)	Efficiency Ratio (%)	Tier 1 Leverage Ratio (%)	NCL (%)	NCO (%)	Loan Loss Reserves/ Loans (%)
Security State Bank of Wewoka, OK	OK	159,787	111,023	144,828	12,706	1,111	4.04	0.76	8.92	60.84	8.35	0.94	0.94	1.63
Pacific Global Bank	IL	155,250	117,017	136,869	15,310	1,351	3.88	0.86	9.27	68.06	9.86	1.65	1.55	3.91
Promerica Bank	CA	152,926	111,955	124,458	27,403	4,520	4.05	2.98	19.10	83.78	16.68	0.19	-0.02	2.23
Bank of Vernon	AL	144,121	102,985	121,850	20,603	447	4.21	0.30	2.18	74.98	13.63	5.43	2.64	2.07
Bank of Okolona	MS	142,549	87,601	123,775	16,114	2,262	4.79	1.57	14.99	61.75	10.86	2.26	0.38	1.31
Tri State Bank of Memphis	TN	138,259	79,925	123,468	13,856	(359)	3.64	-0.25	-2.53	104.26	8.04	6.18	0.41	2.39
Albina Community Bank	OR	133,839	83,600	117,802	14,048	339	3.45	0.27	5.58	93.63	10.66	1.22	1.29	2.08
Bank of Kilmichael	MS	132,989	75,662	120,395	11,390	1,439	3.71	1.09	13.00	67.06	8.55	0.95	0.09	1.40
Central Bank of Kansas City	MO	128,904	95,959	103,762	22,471	1,212	4.55	0.86	5.03	84.62	13.70	3.36	0.24	2.47
Commercial Bank	MS	125,708	68,025	106,215	12,562	426	3.84	0.33	3.35	89.38	9.26	0.67	0.83	1.75
First National Bank of Decatur County	GA	125,284	49,230	108,123	11,957	725	2.80	0.63	5.81	69.23	11.42	4.76	0.49	2.58
Illinois-Service Federal Savings & Loan Assoc.	IL	117,677	55,832	106,581	7,735	(2,904)	3.62	-2.28	-29.97	108.29	6.08	8.44	2.24	5.06
Oxford University Bank	MS	108,463	75,073	94,213	9,901	759	3.60	0.71	7.86	66.42	9.33	1.86	0.14	1.13
Bank2	OK	106,835	58,138	89,725	13,959	1,157	3.85	1.11	8.57	82.31	13.13	1.76	0.12	1.83
Bank of Cherokee County	OK	103,101	67,960	96,209	6,634	614	4.31	0.58	8.40	78.11	7.73	0.99	0.40	1.75
Spring Bank	NY	98,990	80,441	85,666	11,837	2,107	5.47	2.30	18.99	67.46	12.06	2.27	0.04	1.76
Citizens Savings Bank and Trust Co.	TN	97,215	65,064	88,637	6,662	(343)	4.68	-0.37	-4.37	107.37	8.10	5.60	0.27	1.49
Edgebrook Bank	IL	90,512	74,449	85,942	4,374	(338)	4.23	-0.38	-7.94	101.32	5.05	7.58	0.29	3.25
Merchants and Planters Bank	MS	88,183	26,079	76,523	6,790	181	2.75	0.21	2.53	104.32	8.55	2.73	0.06	2.95
Neighborhood National Bank	CA	83,773	48,107	77,520	5,143	(1,264)	3.48	-1.34	-20.51	119.35	6.10	7.41	1.81	5.89
North Milwaukee State Bank	WI	80,216	57,956	71,676	6,287	(452)	3.75	-0.52	-7.02	91.62	7.42	11.85	1.80	4.02
Community Capital Bank of Virginia	VA	72,754	50,469	58,082	11,410	250	3.22	0.40	2.22	75.22	15.86	0.55	0.00	0.97
American Metro Bank	IL	70,501	44,830	57,465	5,535	(3,842)	2.78	-5.14	-108.87	197.23	7.84	25.44	7.51	4.17
South Carolina Community Bank	SC	67,883	46,874	63,659	3,887	(428)	3.99	-0.57	-12.94	102.46	6.06	8.55	0.48	4.43
AztecAmerica Bank	IL	66,273	47,465	64,544	1,322	(2,094)	2.74	-2.64	-105.23	214.37	2.15	19.62	2.18	3.83
Commercial Capital Bank	LA	64,039	33,797	56,109	7,863	1,193	4.65	1.93	17.14	58.76	11.78	0.77	0.06	1.63
United Bank of Philadelphia	PA	60,751	44,356	57,109	3,210	(669)	4.67	-1.06	-18.00	121.75	5.67	6.54	1.04	1.89
Commonwealth National Bank	AL	59,980	24,865	55,032	4,796	(311)	4.66	-0.51	-5.81	96.64	9.01	6.64	0.84	3.22
Native American Bank	CO	59,784	50,022	52,871	6,687	(723)	4.29	-1.21	-10.22	126.69	8.91	7.75	-0.14	2.37
Start Community Bank	CT	58,653	49,015	50,530	7,389	(2,655)	2.64	-5.37	-38.18	251.24	12.95	0.00	0.01	1.43
Fort Gibson State Bank	OK	58,481	37,962	54,500	3,596	463	5.05	0.77	11.89	79.03	7.20	0.01	0.25	0.94
First Tuskegee Bank	AL	58,011	30,636	52,208	4,618	(535)	4.01	-0.89	-10.98	116.7	8.39	11.67	0.13	1.59
Mitchell Bank	WI	53,260	28,819	45,000	7,824	(201)	4.43	-0.36	-2.54	101.87	14.04	6.51	0.90	2.71
Pan American Bank	CA	40,880	34,072	38,972	1,681	(1,084)	4.27	-2.84	-40.84	127.62	4.37	11.77	0.66	2.50
Carver State Bank	GA	40,388	25,179	32,988	3,742	32	5.02	0.08	0.86	93.06	9.28	6.18	0.73	0.91
Metro Bank	KY	33,393	13,580	27,716	5,395	129	2.36	0.38	2.47	90.26	15.98	2.14	0.89	1.15
CBW Bank	KS	12,322	2,855	10,461	1,480	308	2.51	2.47	20.77	73.43	11.81	1.23	0.07	2.80
TOTAL		23,217,995	14,436,159	19,404,899	2,272,988	106,153								
AVERAGE		309,573	192,482	258,732	30,307	1,415	3.92	0.18	-1.78	91.57	9.64	4.79	0.73	2.42
MEDIAN		174,986	117,017	150,589	16,114	759	3.95	0.40	4.22	82.90	9.33	2.94	0.43	2.00
MAXIMUM		12,322	2,855	10,461	1,322	(14,528)	2.26	-5.37	-108.87	42.60	2.15	0.00	-0.14	0.90
MINIMUM		2,385,232	1,264,159	1,890,723	217,056	20,073	5.74	2.98	21.47	251.24	19.12	25.44	7.51	9.74

Source: SNL.com / As of 12/31/2013

APPENDIX C: CDFI BANKS WITH SOCIAL PERFORMANCE METRICS – SORTED BY QUADRANT

NCIF calculates Social Performance Metrics (SPM) in order to evaluate the mission-orientation of banks. See Appendix D for more information on these metrics. 34 CDFI Banks surpass both of NCIF's impact thresholds and are therefore classified as Quadrant 1 Banks. 17 banks fall into Quadrants 2 or 3 by meeting or exceeding one of the two impact thresholds. Banks classified in more than one quadrant have partial scores because they do not report HMDA lending. All CDFIs have a commendable mission orientation, and NCIF does not create classifications in order to pass judgment but rather to celebrate high performance.

Institution	ST	SPM Quadrant	Total Assets (\$000)	DDI (%)	DLI-HMDA (%)
Austin Bank of Chicago	IL	1	323,621	80.00	72.85
BankFirst Financial Services	MS	1	713,762	69.23	48.67
Broadway Federal Bank, FSB	CA	1	332,465	75.00	84.61
Capitol City Bank & Trust Company	GA	1	287,861	87.50	58.53
Carver Federal Savings Bank	NY	1	638,901	88.89	100.00
Carver State Bank	GA	1	40,388	100.00	62.05
Citizens Trust Bank	GA	1	387,410	100.00	47.42
City First Bank of D.C., National Association	DC	1	213,463	100.00	84.42
City National Bank of New Jersey	NJ	1	285,118	71.43	60.00
Commonwealth National Bank	AL	1	59,980	100.00	68.47
Community Capital Bank of Virginia	VA	1	72,754	100.00	61.13
First American International Bank	NY	1	551,495	88.89	58.89
First Choice Bank	CA	1	440,053	50.00	56.10
First Eagle Bank	IL	1	416,584	50.00	46.88
First Security Bank	MS	1	488,327	70.59	50.13
Guaranty Bank & Trust Company	MS	1	586,512	92.31	77.59
Harbor Bank of Maryland	MD	1	243,299	85.71	62.96
Illinois-Service Federal Savings and Loan Association	IL	1	117,677	50.00	70.60
Industrial Bank	DC	1	363,308	100.00	54.33
Liberty Bank & Trust Company	LA	1	550,563	94.12	60.23
Mechanics & Farmers Bank	NC	1	301,300	87.50	84.25
Mitchell Bank	WI	1	53,260	66.67	79.04
North Milwaukee State Bank	WI	1	80,216	100.00	100.00
OneUnited Bank	MA	1	616,367	66.67	89.27
Pacific Global Bank	IL	1	155,250	100.00	86.63
Pan American Bank	IL	1	221,768	50.00	43.50
PlantersFirst	GA	1	277,559	75.00	74.16
South Carolina Community Bank	SC	1	67,883	100.00	86.64
Southern Bancorp Bank	AR	1	1,150,854	87.18	66.04
State Bank & Trust Company	MS	1	948,472	71.43	53.59
Tri State Bank of Memphis	TN	1	138,259	75.00	65.69
United Bank	AL	1	486,237	55.56	47.50
United Bank of Philadelphia	PA	1	60,751	50.00	100.00
Urban Partnership Bank	IL	1	981,580	80.00	74.31
Community Commerce Bank	CA	2	229,734	0.00	52.34
Mission Valley Bank	CA	2	269,064	33.33	87.10
Noah Bank	PA	2	266,694	25.00	63.33
Sunrise Banks, National Association	MN	2	847,415	33.33	59.01
American Metro Bank	IL	3	70,501	75.00	33.15
AztecAmerica Bank	IL	3	66,273	100.00	0.00
Bank2	OK	3	106,835	100.00	27.68

Institution	ST	SPM Quadrant	Total Assets (\$000)	DDI (%)	DLI-HMDA (%)
BankPlus	MS	3	2,385,232	55.00	20.31
Central Bank of Kansas City	MO	3	128,904	83.33	34.91
Citizens Savings Bank & Trust Company	TN	3	97,215	100.00	21.40
First Independence Bank	MI	3	204,054	100.00	29.63
First Tuskegee Bank	AL	3	58,011	100.00	10.47
Gateway Bank FSB	CA	3	212,120	66.67	18.51
International Bank of Chicago	IL	3	479,602	57.14	28.74
Magnolia State Bank	MS	3	296,901	50.00	29.97
Seaway Bank and Trust Company	IL	3	551,641	75.00	38.33
Security Federal Bank	SC	3	848,991	61.54	28.72
Albina Community Bank	OR	1 or 3	133,839	60.00	NA
Bank of Cherokee County	OK	1 or 3	103,101	66.67	NA
Bank of Kilmichael	MS	1 or 3	132,989	100.00	NA
Bank of Okolona	MS	1 or 3	142,549	100.00	NA
Bank of Vernon	AL	1 or 3	144,121	100.00	NA
Commercial Bank	MS	1 or 3	125,708	60.00	NA
Commercial Capital Bank	LA	1 or 3	64,039	100.00	NA
Community Bank of the Bay	CA	1 or 3	174,986	50.00	NA
First National Bank of Decatur County	GA	1 or 3	125,284	100.00	NA
Metro Bank	KY	1 or 3	33,393	100.00	NA
Native American Bank, National Association	CO	1 or 3	59,784	100.00	NA
Neighborhood National Bank	CA	1 or 3	83,773	66.67	NA
One PacificCoast Bank, FSB	CA	1 or 3	313,013	50.00	NA
Oxford University Bank	MS	1 or 3	108,463	66.67	NA
Pan American Bank	CA	1 or 3	40,880	100.00	NA
Promerica Bank	CA	1 or 3	152,926	100.00	NA
Security State Bank of Wewoka, Oklahoma	OK	1 or 3	159,787	100.00	NA
Spring Bank	NY	1 or 3	98,990	100.00	NA
Start Community Bank	CT	1 or 3	58,653	100.00	NA
CBW Bank	KS	2 or 4	12,322	0.00	NA
Fort Gibson State Bank	OK	2 or 4	58,481	0.00	NA
Edgebrook Bank	IL	4	90,512	0.00	31.58
First, A National Banking Association	MS	4	939,735	27.78	28.39
Merchants and Planters Bank	MS	4	88,183	0.00	35.16

DDI and DLI-HMDA based on 2012 Summary of Deposits data (available from fdic.gov),
Census 2010 data from the CDFI Fund, and 2012 Home Mortgage Disclosure Act data
(available from ffiec.gov.) FY 2012 is the most recently available data for Social Performance Metrics.

APPENDIX D: SOCIAL PERFORMANCE METRICS

NCIF pioneered impact measurement specifically for the mission-oriented banking industry in order to strengthen banks and inform investors. NCIF's Social Performance Metrics (SPM) are clear, compelling, and fully aligned with the GIIN's IRIS initiative of standardized impact metrics. These metrics serve mission-oriented banks in many ways:

- Inform investors about the social impact their investments are generating
- Help bank management evaluate a bank's progress toward achieving its mission objectives
- Demonstrate the importance of the industry to regulators and legislators
- Show consumers the effect mission-oriented banks have in their community

Key definitions:

Development Deposit Intensity (DDI): A measure of how many of a bank's branches are located in distressed communities. The percentage of a bank's branches located in Investment Area census tracts, as defined by the CDFI Fund.

Development Lending Intensity-HMDA (DLI-HMDA): A measure of how much of a bank's lending occurs in distressed communities. Reported lending (in dollars) occurring in Investment Area census tracts, as defined by the CDFI Fund, as a percentage of total loans.

- **DLI-All Loans:** DLI based on total annual lending, directly reported by participating banks to NCIF.
- **DLI-HMDA:** DLI based on HMDA-reported housing lending. Available for any US bank.
- **DLI-Equity:** Qualified lending as a percentage of total equity, meant as a measure of the bank's leverage in distressed areas.
- DLI is also calculated for each category of lending activity, including **DLI-Small Business**, **DLI-CRE** (Commercial Real Estate), **DLI-Housing**, **DLI-Agriculture**, and **DLI-Consumer** (consumer lending).

SPM Quadrant: NCIF evaluates the social impact of a bank using our two primary Social Performance Metrics, DLI and DDI. Banks in Quadrant 1 have exceeded our thresholds for both of these metrics and are considered high-impact banks. See a sample Quadrant Chart on page 10.

NCIF is constantly working with industry leaders to refine our SPM, developing additional metrics and broadening the type of data collected in order to create a more complete, compelling picture of CDFI Banks and their community impact.

Additional information about the full suite of Social Performance Metrics, including measures of self-reported data from NCIF Network Banks, is available online at NCIF.org.

Notes on sources:

1. Year-end financials are based on data from SNL.com. 2013 data is as of 12/31/2013.
2. DLI-HMDA is based on Home Mortgage Disclosure Act data, available from www.ffiec.gov. As the most recent data is as of 12/31/2012, this metric is available through 2012.
3. DDI is based on Summary of Deposits and Census data, available from www.fdic.gov and www.ffiec.gov. While 2013 data is available, NCIF is providing information from 2012 to be consistent with the periods of other Social Performance Metrics.

Data tells a compelling story of the CDFI Banking industry and its impact. NCIF makes the following resources available so you can continue learning about the mission-oriented financial industry. Discover how our data can inform your decisions.

BankIMPACT

[BankImpact.org](https://www.bankimpact.org) is an online database offering financial data and Social Performance Metrics on all US banks. This dynamic resource allows impact investors to search for ideal partners and provides bank leadership with the tools for self-evaluation and competitive analysis. Nearly all of the statistics in this Annual Report can be calculated by our BankImpact users.

How can you use BankImpact?

- Search for banks meeting your social, financial, and geographic criteria.
- Quantify impact with Social Performance Metrics and Mission Indicators.
- Benchmark a bank's performance relative to standard or customized peer groups.
- Create and analyze custom peer groups or portfolios.
- Monitor trends in the mission-oriented banking industry.

For more information, please visit [BankImpact.org](https://www.bankimpact.org).

Custom Analysis allows investors, bank leaders, and other decision-makers to stay informed about the financial health and social impact of banks. NCIF can provide the metrics that most resonate with your mission and analysis needs, in the format most useful to you. We offer detailed analysis of any US bank's social and financial performance, compared to a standard or customized peer group, with historical data available since 1996.

For more information, please contact NCIF.

ABOUT NCIF

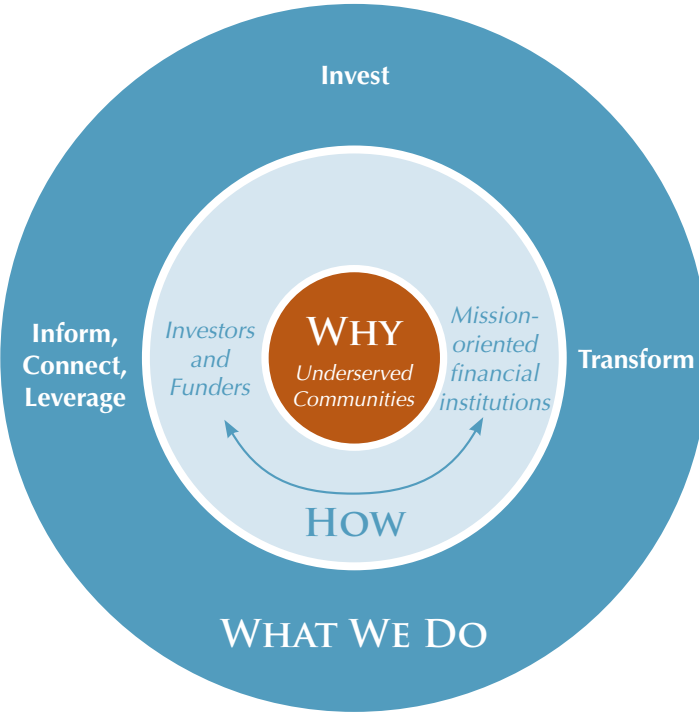
National Community Investment Fund (NCIF) is an impact investor and a 501(c)(4) nonprofit investment fund. NCIF invests in mission-oriented banks and other financial institutions in order to increase access to services and catalyze economic development in low-income and underserved communities. We support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

NCIF IMPACT MODEL

VISION

Responsible financial services are available to all

Investors value social in addition to financial returns



MISSION

Invest capital in institutions that increase access to responsible financial services in underserved communities

Bring capital, knowledge, and opportunities to the industry

Generate reasonable financial, social and environmental returns



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