

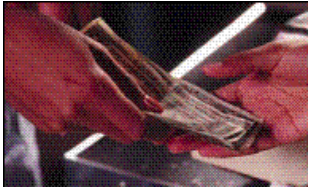
NATIONAL COMMUNITY INVESTMENT FUND

*Equity, debt and information partner
to development banking institutions nationwide*

Community Development Banking Institutions and the New Markets Tax Credit March 30, 2004

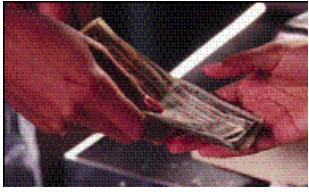


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Outline

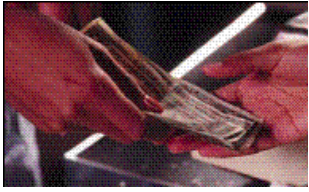
- NCIF Overview
- NMTC for Community Development Banking Institutions
- NCIF NMTC Strategy



NCIF Overview

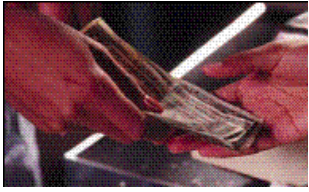
Mission Statement

To increase the number and capacity of domestic, Community Development Banking Institutions (CDBIs) that are effective agents of local community development and sound financial institutions in distressed markets.



NCIF Overview

- Nonprofit trust and federally certified CDFI and CDE intermediary with \$23 million in assets.
- Directs investment capital from institutional investors CDBIs -- banks and credit unions -- nationwide.
- Comprehensive suite of Investment and Network Information products and services, including assistance with CDFI certification process and use of CDFI Fund programs.



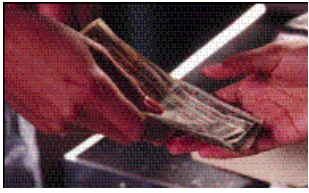
NCIF Overview

➤ “Patient” Private Investment Capital

- Equity, Debt, Secondary and Seed Capital.
- Investments in 28 institutions since inception
 - Current portfolio of 24 institutions:
 - 82% minority focused.
 - 67% of dollars in minority owned depositories.
 - 70% of assets in urban markets, 40% in rural markets.

➤ Financial and development performance expectations

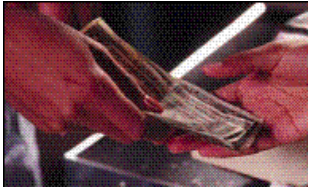
- Portfolio is current and received repayments of \$2.3 million in 2003; continuous monitoring of debt maturities and discussion of equity capital refinancings.
- Cumulative new development loans by portfolio institutions of almost \$1 billion in over 11,000 loans well below sizes provided by conventional institutions, as well as retail financial services for low income and unbanked customers. 2002 results in table following.



NCIF Overview

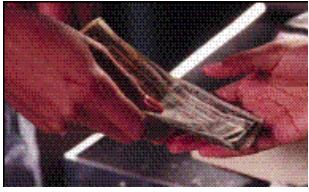
2002 NCIF Development Loans – Summary by Loan and Institutional Type

Product	Number	Dollar	Average	Percent (\$)
Small Business	935	\$76,310,079	\$81,615	19%
Special Purpose	89	\$3,226,424	\$36,252	1%
Commercial Real Estate	159	\$40,408,825	\$254,144	10%
Economic Development Lending	10	\$4,935,805	\$493,581	1%
Subtotal Commercial/NMTC	1,193	\$124,881,134	\$104,678	32%
Housing Related	1,894	\$167,658,817	\$88,521	43%
Consumer Loans	7,733	\$57,109,600	\$7,385	14%
Agricultural and Farm Lending	273	\$44,740,632	\$163,885	11%
Total	11,093	\$394,390,183	\$35,553	100%
Banks Total	4,846	\$327,761,592	\$67,635	83%
Credit Unions Total	6,247	\$66,737,809	\$10,683	17%
Bank Average per Institution	441	\$29,796,508	\$67,635	
Credit Union Average per Institution	1,041	\$11,122,968	\$10,683	
Banks Reporting	11	Bank % of Total # of Transactions		44%
Credit Unions Reporting	6	Credit Union % of Total # of Transactions		56%



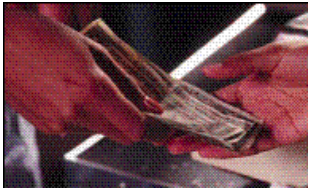
NMTC for CDBIs

- Why invest NMTC QEIs in CDBIs as leaders of development? Leverage, track record and local asset building benefits:
 - Insured depositories leverage equity up to 20 times with deposits and/or other funding. Conservatively, \$1 of equity investment equates to \$10 of new loans, about \$5 of which are to NMTC qualifying small businesses.
 - Insured depositories also provide federally insured, asset building financial services that chart the course for homeownership and bridging the nation's wealth gap.
 - The CDFI screen recognizes strong development focus. Depository CDFIs have great NMTC track record and CDFI banks have great CRA performance.



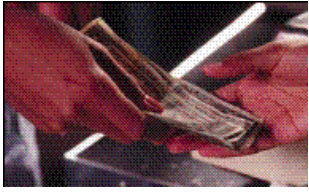
NMTC for CDBIs

- Scale and a proven delivery system for needed development loans and financial services:
 - 54 certified CDFI banking institutions – 8% of total number of certified CDFIs.
 - \$ 8 billion in development banking assets – 40% of total assets of certified CDFIs.
 - 127 certified CDFI credit unions on the forefront of innovation in delivery of retail financial services and fair credit to low income and unbanked customers.



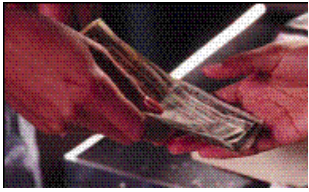
NCIF NMTC Strategy

- NCIF has dual NMTC Strategy:
 - NMTC Intermediary Applicant. *With estimated start-up costs for an NMTC program of \$150,000 and receipt of NMTC allocation uncertain, direct applications not feasible for many CDBIs.*
 - NMTC advocate and information provider for depository CDFI sector. Trainings since 2000 assisted 4 CDBIs to garner \$203 MM in 2002 allocations.



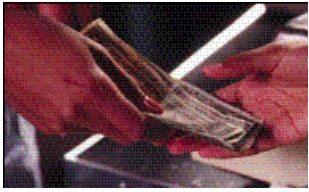
NCIF NMTC Strategy

- NCIF NMTC Intermediary Strategy:
 - Allocation request: \$100 million.
 - Strong investor interest and pipeline.
 - Reinvestment in pre-qualified CDBI CDEs as:
 - ✓ Equity and equity-like products to fuel expansion.
 - ✓ Unsecured debt to fuel new lending.
 - ✓ Participations in large, qualifying loans.



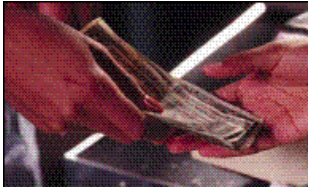
NCIF NMTC Strategy

- Allows expanding service to very distressed markets via high performing CDBIs. Pipeline includes:
 - 26 certified CDFI depositories.
 - 15 minority-owned banks, 7 institutionally owned development banks, 4 Low Income Credit Unions (LICUs).
 - Banks mostly urban; credit unions largely rural.
 - All institutions profitable.
 - Loan to deposit ratios generally exceed 70%.
 - 80% of banks have outstanding CRA rating.



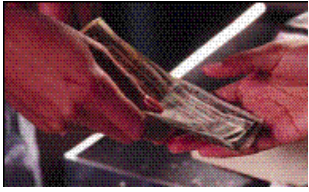
NCIF NMTC Opportunity

- Risk Management through NCIF Underwriting
 - Pre-qualifying of Partner CDE Banks and Credit Unions:
 - ✓ Banks and credit unions must be and remain certified CDEs
 - ✓ High performing institutions
 - ✓ Maximum investment: lesser of \$5 million or 5% of NCIF pool
 - ✓ CAMELS approach to underwriting (Capital, Assets, Management, Earnings, Liquidity, Sensitivity)
 - ✓ NMTC qualifying lending track record
 - ✓ Strong NMTC pipeline
 - ✓ Strong systems and commitment to meet compliance and reporting requirements
 - Rigorous compliance monitoring system.



NCIF NMTC Opportunity

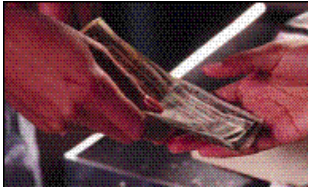
- As Intermediary, offer investors and lenders:
 - Predictable exit.
 - Modest yield over the tax credit for investors.
 - Proven intermediary to manage NMTC compliance and recapture risk.
 - Outstanding NMTC-qualifying lending capacity by funded CDEs.
 - Secondary benefit of strengthening institutions that provide financial services and asset building in low income communities.



NCIF NMTC Strategy

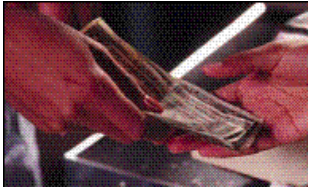
➤ 2002 CDBI Allocatees:

- CF Banc Corporation, Washington, DC
- Liberty Bank & Trust, New Orleans, LA
- Neighborhood National Bancorp, San Diego, CA
- Self Help Ventures Fund, Durham, NC



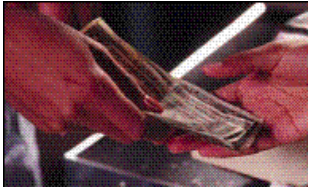
NCIF NMTC Strategy

- Winning Features:
 - More flexible pricing and terms on financing.
 - Higher risk deals such as mezzanine finance.
 - Extra services provided with financing.
 - Resources to expand to additional underserved markets.
 - Compelling development focus and track record .
 - Managerial capacity to implement NMTC program.
 - Partnerships with conventional developers to complement in-house banking skill.
 - Promising capital strategy.
 - Local accountability.



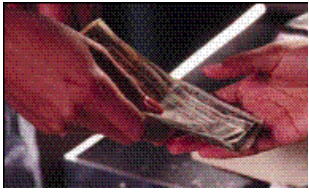
NCIF NMTC Strategy

- Allocatee: CFBanc Corporation
- Headquarters: Washington, D.C.
- Allocation Amount: \$73 million
- Principal Activities: CFBanc Corporation is a bank holding company that will 1) make an investment of equity into City First Bank of D.C., which will expand loan products to small businesses, community facilities and real estate developers; and 2) establish a commercial real estate investment fund that will provide flexible financing in the form of equity, senior, or mezzanine debt in urban retail, office, industrial, mixed-use, for-sale housing and community facility projects that do not meet the underwriting parameters of the bank.
- Service Area: The Allocatee will serve the District of Columbia and neighboring low-income communities. An estimated 90% of its activities will be targeted to urban and 10% to suburban areas.
- Contact Person: Clifton Kellogg (202) 745-4489 ckellogg@cityfirstbank.com



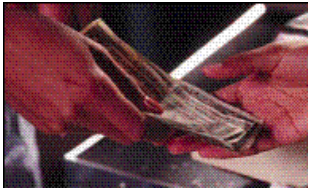
NCIF NMTC Strategy

- Allocatee: Liberty Bank and Trust Company
- Headquarters: New Orleans, LA
- Allocation Amount: \$50 million
- Principal Activities: Liberty will 1) provide small businesses with flexible forms of financing and technical assistance; and 2) provide debt and equity financing for the development and rehabilitation of real estate projects.
- NMTC allocation will support more flexible underwriting criteria that will enable them to provide more services to underserved borrower/investees in particularly economically distressed areas.
- Service Area: Jefferson and Orleans Parishes of Louisiana, which include the City of New Orleans. An estimated 80% of activities will be targeted to urban and 20% to suburban areas.
- Contact Person: Gregory St. Etienne (504) 240-5115 saint@libertybank.net



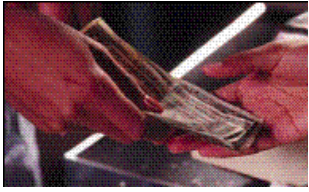
NCIF NMTC Strategy

- Allocatee: Neighborhood Bancorp
- Headquarters: San Diego, CA
- Allocation Amount: \$5 million
- Principal Activities: Neighborhood Bancorp is a bank holding company that will invest 100% of its NMTC proceeds into Neighborhood National Bank, its bank subsidiary, which will finance loans to small businesses and real estate projects.
- NMTC Program to offer loan products with better terms and lower rates than its conventional loans.
- Service Area: Neighborhood Bancorp will be serving San Diego County in California. An estimated 95% of its activities will be targeted to low-income urban, and 5% will be targeted to low-income suburban areas.
- Contact Person: Robert McGill (619) 789-4416 bmcgill@mynnb.com



NCIF NMTC Strategy

- Allocatee: Self Help Ventures Fund
- Headquarters: Durham, NC
- Allocation Amount: \$75 million
- Principal Activities: Originate loans for businesses, community facilities (including daycare and charter school facilities) and commercial real estate projects, and purchase such loans from other CDES to help ensure liquidity in these markets.
- NMTC allocation supports significant increase in volume of activities, and expanding types of products it – including a product to finance large commercial real estate projects that will serve as anchors for stimulating significant economic activity.
- Service Area: Nationwide, but focusing in the states of North Carolina, Georgia, South Carolina, Florida, California, New York and Virginia. An estimated 60% of activities will be targeted to urban, 25% to rural and 15% to suburban areas.
- Contact Person: Janneke Ratcliffe (919) 956-4452 janneke.ratcliffe@self-



NCIF Team

➤ NCIF Trustees

- David McGrady, NCIF Chairman; Director City First Bank of DC; Development Finance Consultant
- Phyllis Caldwell, Senior Vice President, Bank of America
- Nick Smith, Chairman, Community Development Venture Capital Alliance and Northeast Ventures
- Mary Tingerthal, Vice President and Chief Credit Officer, Community Reinvestment Fund

➤ Current investors and funders: Bank of America, MBNA America Bank, NA, Washington Mutual; Ford, John D. and Catherine T. MacArthur, Annie E. Casey, Fannie Mae and National Credit Union Foundations. NCIF's Fund Advisor is ShoreBank Corporation, with three decades of development banking experience in urban and rural markets.

For further information: Lisa Richter, Fund Advisor, lrichter@ncif.org or 312-881-5851.