

***Building A Community Development
Investment Portfolio***

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Citibank Community Development



Why Are Banks Active Investors?

- CRA
- Right Thing To Do
- Good For Business
- Opportunity To Make Money

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Major Considerations

- Balance Portfolio Size And Innovation
- Invest Through Intermediaries
- CRA Requires Geographic Targeting
- Non-Standard Relationship Between Risk and Reward (Sometimes)
- Constant Need To Find New Ideas

Major Asset Classes

- Low Income Housing Tax Credits
- Private Equity Funds
- Targeted Securities
- Others (EQ2)

Private Equity Funds (Some Overlap)

- SBICs
- CDVC Funds
- Private Equity Funds Focused On Economic Development And Real Estate In Underserved Markets
- Government Subsidized Funds (NMTC)

What Do We Look For/Problems We've Encountered

- Clear Business Strategy/Focus
- Dedicated Management
- Experience
 - Relevant Experience
 - Track Record/Exited Investments
- Geographic Focus

What Do We Look For/Problems We've Encountered (Cont.)

- Stage of Investment
- Access To Proprietary Deal Flow
- Reference Checks
- Legal Documents