

**METRO BANK, INC.**  
(LOUISVILLE, KY)

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**BANKIMPACT DASHBOARD**

DATA AS OF 2015

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FINANCIAL DATA AND SOCIAL PERFORMANCE METRICS POWERED BY:



LEVERAGING CAPITAL FOR CHANGE<sup>SM</sup>



an NCIF resource

## **ABOUT NCIF**

National Community Investment Fund (NCIF) is a 501(c)(4) nonprofit investment fund that 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. As an impact investor, NCIF supports the mission-oriented banking industry by investing capital. Additionally, NCIF creates innovative business opportunities and facilitates the flow of funds from mainstream, philanthropic, socially responsible, and public sources. NCIF supplies research and impact metrics for banks and their investors and encourages collaboration through the NCIF Network. We aspire to transform the financial industry so responsible services are accessible to all and investments are valued based on social and environmental impact as well as financial performance.

## **DISCLAIMER**

This report sets forth information regarding a number of financial institutions, their social missions, and various metrics by which to measure their success in satisfying their social missions. Readers of this report are cautioned that it has not been prepared with any particular reader in mind and each reader should review this report carefully and thereafter make his or her own decision as to whether an investment in debt or equity securities or deposits in financial institutions or any particular financial institution is appropriate. This report is not intended as an offer to sell, or a solicitation of an offer to buy, a security or deposit in any particular financial institution. A reader should not rely solely on information contained herein in making an investment decision whether to purchase securities or deposits in any particular financial institution. Readers should also be aware that National Community Investment Fund may, from time to time, invest its own funds in one or more financial institutions, including those discussed in this report, and therefore may have its own interest in the success of these institutions.

# INTRODUCTION

Mission-oriented banks such as **Metro Bank** make up a small but important part of the banking industry. By focusing on low- and moderate-income areas — and tailoring their services to underserved individuals and businesses — these banks extend important financial products and services in the communities in which they operate. Additionally, these banks are important institutions in the community, working with local businesses to create jobs and augment livelihoods, provide alternatives to payday lending, and support localized economic development. Metro Bank provided data for the BankImpact Dashboard, working with National Community Investment Fund (NCIF). NCIF works with mission-oriented banks to help them “tell their story” by demonstrating their impacts through third-party analysis of publicly-available and privately-reported data. Information provided within this report can be used by a range of stakeholders to better understand the important role of mission-oriented banks, including:

## Investors:

To demonstrate the value of the bank’s social performance, in addition to their financial performance

## Regulators and Policy Makers:

To recognize and support the critical role played by mission-oriented banks and how they differ from mainstream banks

## Bank Staff and Board Members:

To demonstrate the value of their work and direct future decisions to continue to be impactful

NCIF hopes stakeholders will use the information to help ensure mission-oriented banks continue to be impactful for the low- and moderate-income individuals and communities they serve. For additional information on NCIF’s expertise in mission-oriented financial institutions, see the concluding section of this report.

## REPORT CONTENT:

2	<b>Turning Data into Information and Action</b>
3	<b>Organizational Overview</b>
4	<b>Social Performance Metrics</b> Quantitative Indicators
6	<b>People and Products</b> Clients Served and Products Offered
7	<b>Bank Performance</b> Jobs Created, Staff and Governance
8	<b>Social Performance Narrative</b>
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# TURNING DATA INTO INFORMATION AND ACTION

There are three primary groups that have the most interest in detailed analysis of the mission-oriented banking sector. These three groups — investors, mission-oriented bank leadership, and regulators/public policy practitioners — each have different analysis needs and preferences for different types of information. To reflect this, NCIF strives to capture information on place-based, people-based, and environmental outcomes. The following table reflects NCIF’s framework for data — our way of understanding the different ways different stakeholders can and should turn data into useful information and, in turn, action to support the mission-oriented banking sector.

		REPORT CONTENT			
		PLACE-BASED OUTCOMES	PEOPLE-BASED OUTCOMES	ENVIRONMENTAL OUTCOMES	FINANCIAL PERFORMANCE
		<i>Capture how banks meet the needs of the communities in which they are located</i>	<i>Capture how banks meet the needs of their customers through products, services, staffing and governance</i>	<i>Capture banks’ growing emphasis on environmental and sustainable factors</i>	<i>Capture the financial performance of banks</i>
STAKEHOLDERS					
INVESTORS  REGULATORS AND POLICY MAKERS  BANK STAFF AND BOARD MEMBERS	Identify and learn about local banks that are anchors in LMI communities	Support banks that meet programmatic goals, such as supporting small business or improvements in education	Invest in and support banks that are involved in energy, conservation and other environmentally beneficial projects	Evaluate financial performance, dividend and exit strategies	
	Benchmark bank’s mission performance compared to peers at a point in time or as a time series analysis	Identify and support banks that have strong employee engagement and diverse boards and management	Enhance awareness of the need for environmental focus, conservation and regenerative capitalism	Benchmark the bank’s performance in comparison to peer groups — CDFI, MDI and customized peer groups in the local markets	
	Understand the broad impacts of the sector in local markets	Capture mission-related activities that fall outside of low- and moderate-income areas through the Mission Intensity metric and other data points		Understand the operating differences between community banks and community development banks	

Data collection takes effort on the part of the banks, so the process should be as streamlined as possible. NCIF achieves this by aligning data collection with other reporting requirements and by using the global standard in metrics definitions through the IRIS metrics. NCIF helped IRIS develop metrics related to community development banks and continues to use these universal definitions where applicable.



# ORGANIZATIONAL OVERVIEW

<b>Metro Bank</b>	Louisville, KY
Established	1997
Branches	1
Staff	9
<b>Organization Overview</b>	<p>Metro Bank was established to serve distressed communities in Louisville, Kentucky. Almost twenty years later, the Bank has moved to a new location, allowing more efficient servicing and central location to the communities it serves.</p> <p>Metro Bank is focused on providing access to capital for small businesses, faith-based and non-profit organizations, and individuals. It is able to fulfill this mission, in large part, through strategic alliances with other financial institutions and service providers. These alliances allow the Bank to leverage its resources to help stimulate greater economic activity. Metro Bank measures its success by the overall improvement in the quality of life indicators for individuals and families in the communities it serves.</p>
<b>Management Overview</b>	<p>Pedro A. Bryant, President &amp; CEO</p> <p>Lori L. Elam, CPA, Executive Vice President &amp; CFO</p>
<b>Mission Statement</b>	<p>Metro Bank's mission is to stimulate economic growth in the west end, Smoketown, Shelby Park, and Phoenix Hill neighborhoods of Louisville, KY by providing an array of financial and development resources.</p>

	<b>Metro Bank</b>	<b>CDFI* BankPeer Group Median</b>	<b>MDI* Peer Group Median</b>
<b>Social Performance Metrics</b>			
Development Lending Intensity — All Loans (%)	67.38	57.48	51.68
Development Deposit Intensity (%)	100.00	83.33	60.00
Quadrant	1	1	2
Mission Intensity	90.44		
Mission Categories	Women-owned business and female consumer lending; minority-owned business and minority consumer lending		
<b>CRA Rating*</b>	Outstanding	Satisfactory	Satisfactory
<b>Certified CDFI</b>	Certified as a CDFI		23.78
<b>Designated MDI</b>	Designated MDI	33.05	

<b>Financial Performance</b>			
Asset Size (\$000)	30,990	225,563	246,642
Return on Average Assets (%)	0.16	0.82	0.80
Return on Average Equity (%)	0.99	7.03	6.25
Net Interest Income /Average Assets (%)	2.26	3.67	3.56
Efficiency Ratio (%)	101.37	74.15	75.99

# SOCIAL PERFORMANCE METRICS

## Quantitative Indicators

An institution's social performance is important in addition to its financial performance. NCIF's suite of social performance metrics looks at how the bank interacts with the community it is serving, including analysis of the amount of lending and branches located in low- and moderate-income communities. Analysis goes beyond the geographic presence of the bank, including the amount of lending for mission-related loans as defined in the Mission Intensity metric.

NCIF's analysis of the social performance of Metro Bank is outlined on the following pages, including both quantitative and qualitative analysis. Metro Bank has provided data to NCIF since 2010, allowing for a longitudinal analysis of social performance metrics as well. Metro Bank has had consistently strong social performance metrics, demonstrating commitment to its markets.

### DEVELOPMENT LENDING INTENSITY

Development Lending Intensity (DLI) is an analysis of Metro Bank's lending and how much of it occurs in low- and moderate-income areas, as designated by the CDFI Fund's investment areas. This location-based analysis shows the concentration of lending activity in these areas.

Because of the detailed loan-level information provided by the Bank, analysis includes DLI scores\* across a range of lending types. DLI-HMDA is created based on HMDA-reported lending, and because it is publically-available data for U.S. banks meeting certain reporting criteria, it is generally comparable to all U.S. banks.

DEVELOPMENT LENDING INTENSITY	
DLI-All Loans	67.38
DLI-Consumer	29.25
DLI-CRE	75.73
DLI-HMDA	NA

- The Equity Multiplier: \$2.44 — For every \$1 of equity, \$2.44 is reinvested in the form of lending in the communities Metro Bank serves.

### MISSION INTENSITY

Mission Intensity builds on the location-based analysis of DLI by analyzing the portion of loans that were made to support the bank's mission. These loans are an important part of Metro Bank's community impact. This allows for a comprehensive understanding of the impacts of the bank's lending.

- Metro Bank has a Mission Intensity Score of 90.44%
- 67.38% of loans qualify by both location and mission
- An additional 23.06% of loans are qualified based mission outside of location.
- Mission-qualified loans include women-owned business, female borrowers, minority-owned business, and minority borrowers.



## DEVELOPMENT DEPOSIT INTENSITY

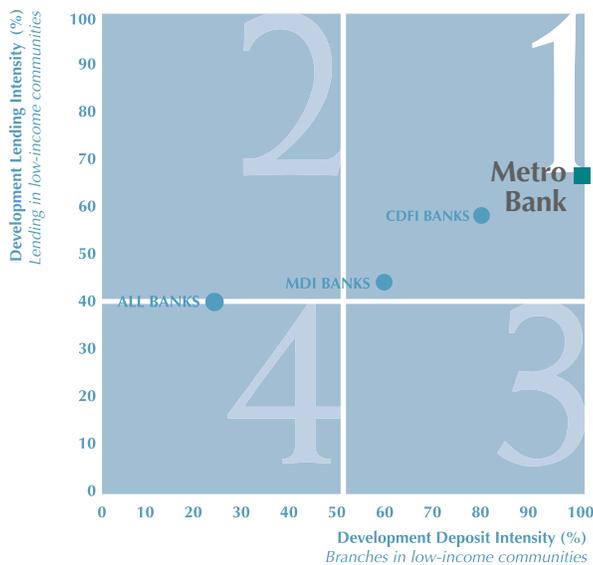
Metro Bank has a full branch presence in low- and moderate-income communities. Branch presence is important, as banks can serve as anchor institutions in their communities — providing financial services, jobs, and other partnerships.



- Metro Bank's sole location serves qualified census tracts (100%) compared to 40% for the median bank.
- The greater Louisville (Louisville/Jefferson County, KY-IN MSA) area has a \$24.2B deposits market as of Y2015. Since Y2014, Metro Bank's market share has reduced by 10.0%, now holding \$25.3M in deposits.

## SOCIAL PERFORMANCE QUADRANT ANALYSIS

Development Lending Intensity and Development Deposit Intensity can be combined to visualize the overall location-based impacts of a bank in its community. Metro Bank ranks as a Quadrant 1 bank. This top rank is given to banks that have both lending concentrations and branch location concentrations exceeding established thresholds.



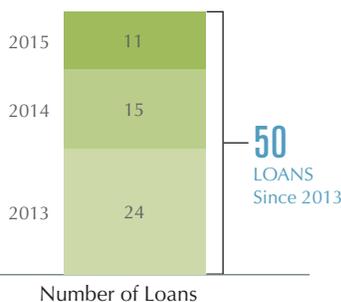
## Quadrant 1 Bank

- **TOP 10% BANK.** Less than 10% of all banks achieve a Quadrant 1 ranking for social performance.
- Banks that are both lending and physically locating in distressed communities are demonstrating they are investing in their communities and having an interest in their localized economic development. These are banks of choice.

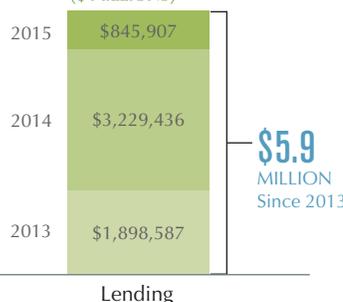
## LOANS IN INVESTMENT AREAS

Metro Bank provided detailed loan-level data for external, NCIF analysis since 2013, allowing NCIF to draw out ongoing, cumulative impact of lending activity. Over these three years, 50 loans have been made to low- and moderate-income areas, totaling \$5.9 million in lending.

■ Cumulative loans in Investment Areas



■ Cumulative lending in Investment Areas (\$ MILLIONS)



### LENDING QUALITY QUICK FACTS:

- Nonperforming Loans/ Total Loans (%): 4.52
- Net Charge-offs/ Average Loans (%): None

# PEOPLE AND PRODUCTS

## Clients Served and Products Offered

Building on Social Performance Metrics, NCIF collects a range of additional data points from banks to understand their role in the community, including clients served, products offered, and jobs created.

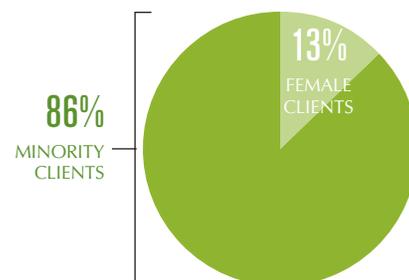
### CLIENTS SERVED

In 2015, Metro Bank reported it was servicing clients in urban communities.

Number of Lending Clients	100
Number of Depository Clients	483
Number of Deposit Accounts	483
Number of Transaction Clients	0

- 45% of all deposit accounts held at Metro Bank have balances of less than \$1,000, pointing to Metro Bank's service provision to higher-touch clients.

- In 2015, Metro Bank provided individual or group-based technical assistance to 140 individuals and 4 organizations.



### PRODUCTS & SERVICES OFFERED DETAIL

Metro Bank reported providing a range of products to meet the needs of the customers in its target market.

	OFFERED	SERVED	
Prepaid Cards	No	0	An alternative to traditional banking accounts, prepaid cards provide a stepping stone out of the cash economy and towards becoming banked.
Mobile Banking*	No	0	Offerings like mobile and online banking provide customers access to their funds at any time so accounts can be more closely monitored to avoid overdrafts or other problems. Mobile banking in particular gives clients the flexibility to access information about their funds and manage their accounts at their leisure.
Online Banking	Yes	7	Online banking is a platform allowing users to perform banking operations via the Internet.
Check Cashing	No	0	Check cashing services grant banks an opportunity to encourage check cashers to establish bank accounts or to employ safer money access methods such as stored value and prepaid cards.
Small Dollar Loans	Yes	-	These small loans can help clients get funds while avoiding the predatory practices of payday lenders.
Deposit Secured Loans	Yes	-	Deposit secured loans can be an important way for clients to build credit.
Secure Credit Cards	No	0	A secured credit card is a type of credit card secured by a deposit account owned by the card holder.
Unsecured Credit cards	No	0	An unsecured credit card is a type of credit card that does not require a deposit as collateral for cardholders to pay off their debt, making it less likely for those with poor credit to obtain this product.
IDA Accounts	No	0	Individual Development Accounts (IDA) are savings accounts used for a specific purpose such as education, purchasing a first home or starting a business. IDAs help lower-income individuals build assets and save for the future so they can break the cycle of poverty and achieve long-term self-sufficiency.
VITA Tax Preparation	No	0	Volunteer Income Tax Assistance (VITA) is an IRS program that utilizes volunteers to help provide free tax preparation services to low-income taxpayers.
Trust, Insurance and/or Asset Management Services	No	0	Asset management offers customers financial education so they may make informed decisions in order to build up their wealth.

# BANK PERFORMANCE INDICATORS

## Staff and Governance

### JOBS CREATED

Metro Bank helps stimulate economic development through job creation, both within the bank itself and through providing loans to local businesses. Information on jobs is provided as reported by the bank.

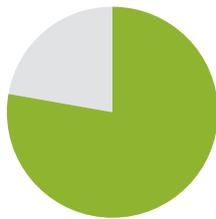
<b>Jobs Total</b>	<b>29</b>
New Jobs at the Bank	4
Created through Lending Activity	25*

■ Through NMTC activity, Metro Bank has helped create 441 permanent jobs and 425 construction jobs since 2010.

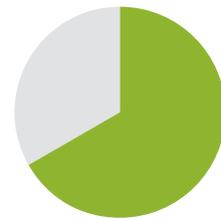
### STAFF AND GOVERNANCE

While quantitative measures are important to understanding the social performance of a bank, the following narratives deepen the understanding of the bank and draw out its particular impacts on its community. Metro Bank offers a range of credit and non-credit financial products and services to its target market, helping to meet the unmet market need. Additionally, Metro Bank is further embedded in its community through non-financial offerings, including multiple partnerships.

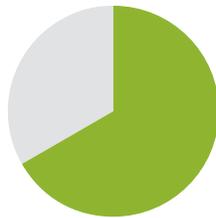
77.8%  
MINORITY STAFF  
total=9



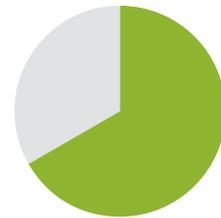
66.7%  
FEMALE STAFF  
total=9



66.7%  
STAFF DEDICATED TO  
FINANCIAL SERVICES  
(not investing, lending)  
total=9



66.7%  
STAFF DEDICATED TO  
LENDING, INVESTING  
total=9



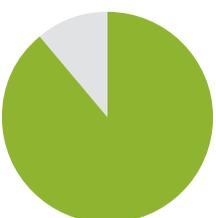
33.3%  
STAFF DEDICATED TO  
ADMINISTRATION,  
OTHER ACTIVITIES  
total=9



66.7%  
STAFF DEDICATED  
TO DEVELOPMENT  
SERVICES  
total=9



88.9%  
MINORITY BOARD  
MEMBERS  
total=9



22.2%  
FEMALE BOARD  
MEMBERS  
total=9



\* How do we calculate jobs? NCIF asks reporting banks to report on the number of jobs created by borrower businesses to obtain the most accurate jobs numbers, but not all banks have developed tracking systems to generate these numbers. For banks that did not report jobs created, NCIF approximates the number of jobs created based on averages from other reporting banks. In 2015, we estimated that one job was created for every \$93,898 invested. This is in line with, and more conservative than other estimates such as the White House analysis "Estimates of Job Creation from the American Recovery and Reinvestment Act of 2009," which measures the number of jobs created per \$1 invested. The report estimates that one job is created for every \$92,136 invested.

# SOCIAL PERFORMANCE NARRATIVE

## Metro Bank

While quantitative measures are important to understanding the social performance of a bank, the following narratives deepen the understanding of the bank and draw out its particular impacts on its community. Metro Bank offers a range of credit and non-credit financial products and services to its target market, helping to meet the unmet market need. Additionally, Metro Bank is further embedded in its community through non-financial offerings, including multiple partnerships.

<p><b>MARKET NEED</b></p>	<p>Metro Bank's primary service area includes the urban core of Louisville, Kentucky. The Bank focuses the majority of its activities in west Louisville, Smoketown, Shelby Park, and Phoenix Hill Communities. The west Louisville communities have a combined population of 60,000, for whom to bring financial services. The neighborhoods in west Louisville have an overall poverty rate that exceeds 40 percent. Additionally, the unemployment rate is significantly higher in the areas Metro Bank serves compared to other parts of the Louisville community.</p>
<p><i>Operates in region's underserved communities</i></p>	<p>When one looks at the economic and demographic profile of the communities Metro Bank serves it becomes clear that attention and meaningful action is needed from all supporting stakeholders and that will need to be a long-term commitment - a commitment which Metro Bank is willing to make.</p>
<p><b>CREDIT PRODUCTS AND SERVICES</b></p>	<p>Metro Bank offers a variety of loans, including commercial real estate and commercial loans, lines of credit, SBA loans, consumer loans, and New Markets Tax Credit financing.</p>
<p><i>Extends credit products in distressed areas to underbanked individuals</i></p>	<p>Small business lending is very important to the economically developing communities Metro Bank serves. These loans create jobs that help stabilize neighborhoods. Church lending and non-profit lending is also very important to Metro Bank's business. The Bank has a proven history of building relationships with organizations that serve the community in ways that contributes to quality of life by strengthening individuals, families and the community.</p> <p>Metro Bank makes the effort to be flexible to meet the needs of its customers while also maintaining sound banking practices.</p>
<p><b>NON-CREDIT FINANCIAL PRODUCTS AND SERVICES</b></p>	<p>By design Metro Bank does not offer many of the standard bank products such as checking, money market and traditional savings accounts, allowing Metro Bank to focus more on its mission of providing financial and developmental resources that make a real difference in the community. Metro Bank only offers certificates of deposit, including a Market Rate CD, Community CD, Savings CD, and an Easy Access CD. Each CD is designed for a specific purpose based on the investor's preference.</p>
<p><i>Builds assets through a range of offerings</i></p>	<p>The Community CD is a prime example of how Metro Bank and its customers invest in creating a better Louisville by creating opportunities for new businesses, jobs, and housing.</p> <p>The Savings CD offers limited withdrawal flexibility similar to a savings account with the earning power of a CD. The account can be opened with as little as \$100.</p>
<p><b>NON-FINANCIAL PRODUCTS AND SERVICES</b></p>	<p>Metro Bank partners with non-profit organizations including fraternities, sororities, churches, and other community organizations to deliver workshops that address financial planning for each phase of life. Metro Bank also provides technical assistance in-house and in partnership with local non-profit organizations.</p>
<p><i>Supports individuals and businesses through additional services</i></p>	
<p><b>PARTNERSHIPS</b></p>	<p>Through its holding company, Metro Bank partners with other financial institutions for its New Markets Tax Credit Program. The Bank has also partnered with foundations and loan funds to support the activities of its New Markets Tax Credit Program. As mentioned above, Metro Bank has partnerships with local non-profit organizations, as well, to bring financial developmental services to its communities.</p>
<p><i>Partners to provide specialized account types</i></p>	

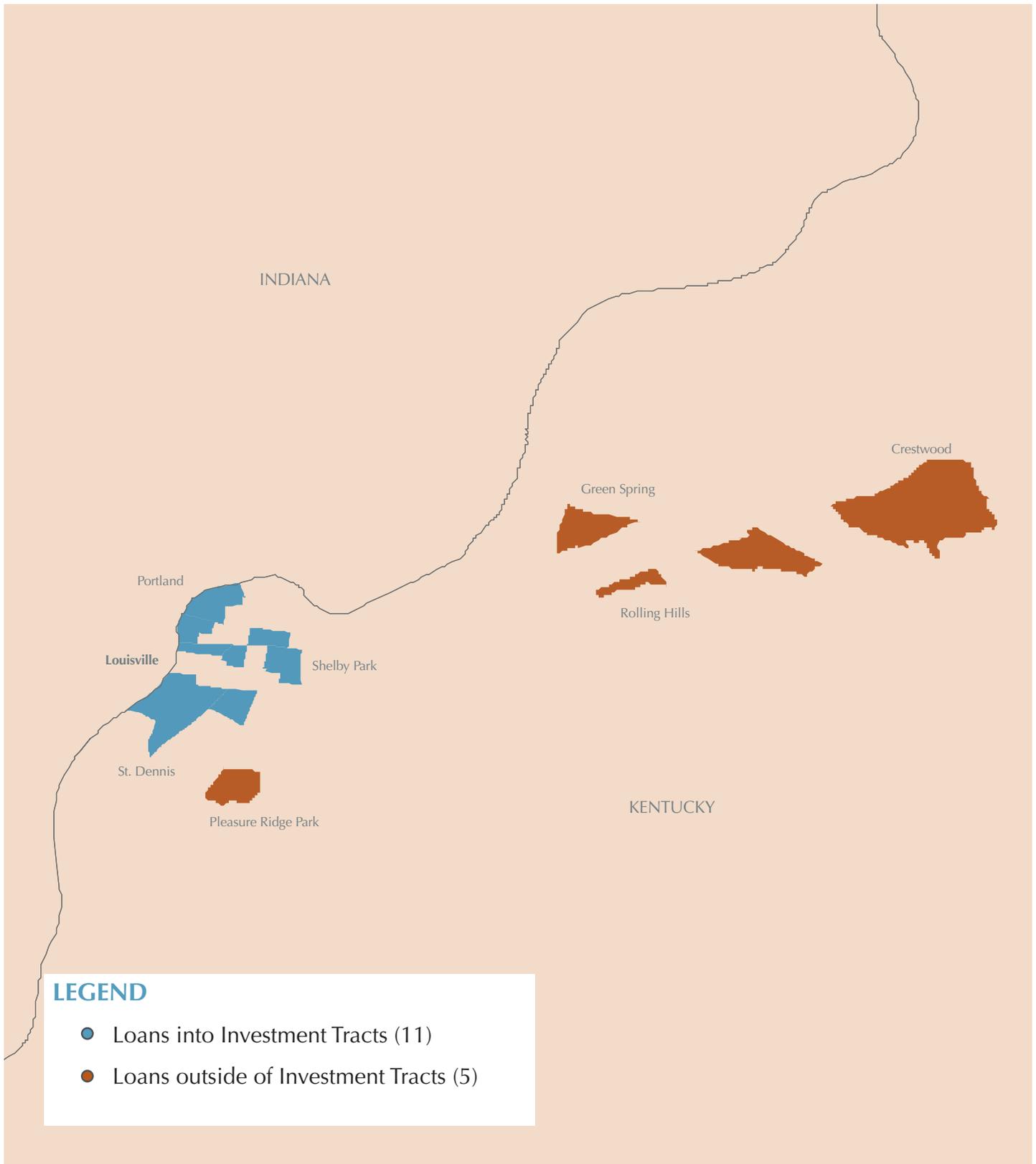
# FINANCIAL OVERVIEW

	2011	2012	2013	2014	2015	CDFI Peer Group Median
<b>Balance Sheet</b>						
Total Assets (\$000)	32,278	32,725	33,393	33,748	30,990	225,563
Total Loans (\$000)	11,960	12,417	13,580	13,403	13,343	146,539
Total Equity (\$000)	4,750	5,290	5,395	5,412	5,452	24,650
Total Deposits (\$000)	27,164	27,087	27,716	28,102	25,273	193,048
<b>Income Statement</b>						
Net Income (\$000)	215	145	129	38	53	1,631
<b>Capitalization</b>						
Risk-Based Capital Ratio (%)	31.61	32.53	31.97	32.67	32.49	16.22
Tier 1 Risk-Based Ratio (%)	30.36	31.28	31.07	31.43	31.37	15.03
Tier 1 Common Risk-Based Ratio (%)	30.36	31.28	31.07	31.43	31.37	14.59
Leverage Ratio (%)	14.85	16.09	15.98	16.96	17.40	10.78
<b>Asset Quality</b>						
Non-Performing Loans / Total Loans (%)	5.38	1.84	3.31	2.07	4.52	1.71
Net Charge-Offs / Average Loans (%)	2.99	0.64	0.89	-1.54	-0.10	0.15
Loan Loss Reserves / Gross Loans (%)	2.35	1.85	1.15	1.92	1.46	1.49
<b>Loan Composition (as % of total loans)</b>						
Real Estate	69.53	74.11	75.08	74.42	74.49	79.54
Construction	1.82	0.40	0.56	0.54	0.27	4.66
5+ Family	2.00	1.79	1.50	2.22	2.20	2.56
1-4 Family	14.90	12.36	13.55	11.57	12.33	25.57
Commercial	50.80	59.56	59.47	60.09	59.69	30.64
Farm Loans	0.00	0.00	0.00	0.00	0.00	0.71
Commercial and Industrial	30.12	25.52	24.58	25.28	25.07	11.59
Consumer	0.36	0.36	0.34	0.30	0.44	3.44
Agriculture	0.00	0.00	0.00	0.00	0.00	0.00
<b>Earnings</b>						
Return on Assets	0.65	0.45	0.38	0.12	0.16	0.82
Return on Equity	4.92	2.96	2.47	0.71	0.99	7.03
Net Interest Income / Average Assets (%)	5.32	3.79	3.05	2.29	2.71	0.87
Efficiency Ratio (%)	83.37	91.01	90.26	104.72	101.37	74.15
<b>Liquidity</b>						
Loans / Deposits (%)	44.03	45.84	49.00	47.69	52.80	78.85
Net Non-Core Funding Dependence (%)	-20.97	-36.45	-35.58	-31.64	-15.96	4.92

Data from SNL.com as of 12/31/15

# METRO BANK MAP

## 2015 Lending Activity: A Geographic Interpretation



Based on lending activity and addresses provided by bank. Other mapping analysis available upon request.

# ABOUT THE MISSION-ORIENTED BANKS AND SOCIAL PERFORMANCE METRICS

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## THE IMPORTANCE OF MISSION-ORIENTED BANKS

As a mission-oriented bank, Metro Bank is part of a small, but important subset of U.S. banks. Mission-oriented banks — defined as certified CDFI Banks, Minority Depository Institutions (MDIs) and NCIF-designated Community Development Banking Institutions (CDBIs) — provide a range of reasonably-priced financial products and services that benefit low- and moderate-income (LMI) communities, businesses, and individuals. NCIF believes that mission-oriented banks are anchor institutions in low- and moderate-income (LMI) communities and the work they do supports permanent institutions and creates long-term change.

Since NCIF began tracking data, mission-oriented banks that provided information to NCIF have created or maintained 69,257 jobs through bank lending activity, generated \$7.7 billion in lending in low- and moderate-income areas and provided technical assistance to more than 144,000 individuals and 2,700 organizations. Metro Bank is an important part of this group, directing services to its Louisville market.

## ABOUT THE BANKIMPACT SOCIAL PERFORMANCE METRICS

NCIF values the role of data in providing information on mission-oriented banks and helping them demonstrate their impact in communities through qualitative and quantitative measures. NCIF believes this data can be used to make more informed investment decisions that incorporate social and financial performance into decision making. NCIF seeks to grow the industry and help direct capital to mission-oriented banks by providing analysis in this report and through other forms of custom analysis for banks and investors and through the BankImpact database online search tool. As the industry grows, it is critical to raise the bar in terms of impact that banks create as well as better “tell the story” of the higher impact-generating institutions so the public and private sector investors, regulators, and other stakeholders support them in a much more meaningful way.

NCIF has been tracking social performance data on banks since 1998 through publicly-available and privately-reported information collected from our partner banks, such as Metro Bank. NCIF developed the social performance metrics as a way to understand social performance of banks in a format that was comparable year over year — and between banks — to create peer groups. The social performance metrics and the additional data points provided within the BankImpact Dashboard can be used to present information on a bank to investors, regulators, and other interested parties.

Each year, NCIF strives to improve the BankImpact Metrics and reports to provide higher quality data and information to banks, investors, and other interested parties. For example, 2013 was the first year for which NCIF collected information on environmental measures from banks, recognizing the importance of environmental impacts in a bank’s social performance. We look forward to building out the environmental section as more banks are able to provide us data in these areas.

Recognizing that providing data can be a time-consuming process for banks, NCIF strives to reduce reporting requirements by working with other organizations to streamline the process. To this end, NCIF’s data points are aligned with the IRIS metrics wherever possible. This alignment allows for easier cross-reporting with other IRIS-aligned organizations.

# GLOSSARY

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**CDFI:** Community Development Financial Institution is a financial institution that specializes in serving individuals and communities that are underserved by traditional financial institutions. CDFIs can include banks, credit unions, loan funds, and venture capital funds.

**CRA Rating:** The Community Reinvestment Act (CRA) requires the federal financial institution supervisory agencies, in connection with their examinations of certain depository institutions, to assess the institutions' CRA performance. A financial institution's performance in helping to meet the credit needs of its community is evaluated in the context of information about the institution (capacity, constraints, and business strategies), its community (demographic and economic data, lending, investment, and service opportunities), and its competitors and peers. Upon completion of a CRA examination, an overall CRA Rating is assigned using a four-tiered rating system. These ratings are: Outstanding, Satisfactory, Needs to Improve, and Substantial Noncompliance.

**DDI:** Development Depository Intensity is the percentage of branches located in Investment Area census tracts as defined by the Community Development Financial Institution Fund (CDFI Fund). Census tracts are defined as Investment Areas if they have a poverty rate greater than 20%, an unemployment rate greater than 1.5 times the national average, or a median family income that is less than 80% of the relevant statistical area. Investment Area tracts are based on 2010 information provided by the CDFI Fund. To calculate DDI, bank branch addresses are geocoded and compared to Investment Area census tracts.

**DLI-All loans:** Development Lending Intensity-All Loans is the percentage of total annual lending located in CDFI Investment Areas, based on self-reporting by banks as of 2014. To calculate this and other DLI transactions, banks provide addresses of their lending, which is then geocoded and compared to CDFI Fund Investment Area census tracts.

**DLI-CRE:** Development Lending Intensity-Commercial Real Estate is the percentage of lending that banks self-identify as commercial real estate lending.

**DLI-Housing:** Development Lending Intensity-Housing is the percentage of lending that banks self-identify as housing related.

**DLI-Small Business:** Development Lending Intensity-Small Business is the percentage of lending that banks self-identify as for small businesses.

**DLI-Consumer:** Development Lending Intensity-Consumer is the percentage of lending that banks self-identify as for consumer loans.

**DLI-Agriculture:** Development Lending Intensity-Agriculture is the percentage of lending that banks self-identify as for agricultural purposes.

**DLI-HMDA:** Development Lending Intensity-HMDA is the percentage of HMDA-reported loans located in CDFI Investment Areas. To calculate DLI-HMDA, loan information is collected from Federal Financial Institutions Examination Council (FFIEC), geocoded, and compared to CDFI Fund Investment Areas. Data is collected as of December 31, 2014.

**DLI-Equity:** Development Lending Intensity-Equity provides a measure of a bank's leverage in communities. HMDA-reported lending occurring in low- and moderate-income census tracts as defined by the CDFI Fund as a percentage of total equity.

**MDI:** Minority Depository Institution is any federally insured depository institution where 51% or more of the voting stock is owned by minority individuals. "Minority" as defined by Section 308 of FIRREA as any "Black American, Asian American, Hispanic American, or Metro." In addition to institutions that meet the ownership test, institutions will be considered minority depository institutions if a majority of the Board of Directors is minority and the community the institution serves is predominantly minority.

**Mission Intensity:** Mission Intensity allows banks to self-identify these loans that fall under mission-based categories. Loans that have been indicated as mission based are then aggregated with the base DLI-loans score. This additional analysis captures loans that are related to the bank's mission but fall outside of CDFI Fund Investment Areas.

**Quadrant Scores:** Quadrant analysis provides a simultaneous look at a bank's DDI and DLI-All loans by charting each on an X axis representing DDI and a Y axis representing DLI. To score in Quadrant 1, a bank must have above 50% for DDI and above 40% for DLI. The quadrant divisions are set such that only higher performing banks are ranked as Quadrant 1 banks.

## SOURCES

NCIF utilizes information self-reported by the banks covering activity within 2014. Data is collected both as loan-level information and an in-depth survey, and includes the following: Information on all loan originations, products, and services offered; accounts; job creation numbers; board and staff diversity measures; and environmental and other mission-related outputs.

NCIF uses this data to supplement the following publicly-available data sources: 1) Home Mortgage Disclosure Act (HMDA) reported lending data as of 12/31/2014, accessed through the Federal Financial Institutions Examination Council (FFIEC); 2) Investment Area and Highly-Distressed census tract data accessed through the Community Development Financial Institution Fund (CDFI Fund). Tract designation is based on the 2006-2010 American Community Survey Report; 3) Summary of Deposits data as of 6/30/2014, accessed through the Federal Deposit Insurance Corporation (FDIC); 4) Statistics on Depository Institutions data as of 12/31/2014, accessed through the Federal Deposit Insurance Corporation (FDIC).





**METRO BANK**

900 SOUTH 12TH STREET  
LOUISVILLE, KY 40210  
[WWW.METROBANKKY.COM](http://WWW.METROBANKKY.COM)



135 SOUTH LASALLE STREET, SUITE 2040 · CHICAGO, ILLINOIS 60603

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