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**In Partnership with the Office of Thrift Supervision and the
OTS Minority Depository Institutions Advisory Committee**

Investor Guide to Minority Depository Institutions Regulated by the Office of Thrift Supervision

**Prepared by
National Community Investment Fund
Chicago, Illinois**

DISCLAIMER: THIS REPORT SETS FORTH INFORMATION REGARDING A NUMBER OF COMMUNITY DEVELOPMENT 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 THIS REPORT HAS NOT BEEN PREPARED WITH ANY PARTICULAR READER IN MIND AND EACH READER SHOULD REVIEW THIS REPORT CAREFULLY AND THEREAFTER MAKE ITS OWN DECISION AS TO WHETHER AN INVESTMENT IN DEBT OR EQUITY SECURITIES OR DEPOSITS OF COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS OR ANY PARTICULAR COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION IS APPROPRIATE FOR IT.

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Foreword

This publication, *An Investor's Guide to Minority Depository Institutions*, was created by the National Community Investment Fund (NCIF), with assistance from the Office of Thrift Supervision (OTS), to give investors an overview of minority depository institutions and the vital role they play in low- and moderate-income communities. It is the first –ever guide of its kind, envisioned by the Minority Depository Institutions Advisory Committee of the OTS as an important tool for engaging the wider investor community with Minority Depository Institutions (MDIs) and providing more visibility to the sector.

The publication includes objective profiles of the following OTS MDI thrifts, who have each collaborated with NCIF to supplement quantitative data provided by NCIF's Social Performance Metrics with more detailed qualitative information in order to tell their unique stories. It is our hope that these institutions can use their respective profiles to communicate their work and community development focus to interested investors and other stakeholders.

NCIF is a non-profit, private equity trust that invests in banks, thrifts and credit unions that generate both financial and social returns. The NCIF invests private capital in, and facilitates knowledge transfer to, depository institutions that increase access to financial services in underserved communities.

Since the NCIF began tracking the activities of its portfolio institutions in 1998, these institutions have generated over \$4.3 billion in development lending. This represents over 91,000 loans that were directed toward low-income borrowers and low to moderate-income communities. By dollar amount, 73% of all investments made have been placed in minority-owned or focused institutions and/or woman-owned or managed institutions.

NCIF was established in 1996 as a nonprofit, private equity fund that is managed by an independent Board of Trustees composed of bankers, private equity professionals and leading economic development experts. Since NCIF began operations, it has invested over \$24 million in 45 community focused institutions throughout the country. NCIF also has \$128 million in New Markets Tax Credit allocation and operates a CDBI Exchange Network that shares best practices with the senior leaders of certified CDFI banks and other community focused banks. For more information on NCIF, please visit www.ncif.org.

Minority Depository Institutions

A note by Office of Thrift Supervision

Minority Depository Institutions

OTS identifies Minority Depository Institutions, or MDIs, as publicly or privately-owned savings associations that fit any of the following categories: minorities have at least 51 percent ownership or stock ownership, a majority of the Board of Directors is minority and the community the institution services is predominantly minority, and/or socially and economically disadvantaged individuals have at least 51 percent ownership or stock ownership, as applicable. OTS also considers institutions where the majority of the Board of Directors and the Chief Executive Officer are women to be MDIs. The Office of Thrift Supervision's National Minority Depository Institutions Program is designed to preserve the number and character of MDIs, provide training and technical assistance, and encourage the creation of new MDIs, many of which primarily serve low- and moderate-income communities.

Minority depository institutions often promote the economic viability of minority and under-served communities. The OTS and other federal regulatory agencies have long recognized the importance of minority depository institutions and have historically taken steps to preserve and encourage minority ownership of insured financial institutions. Two examples of this activity are detailed below.

Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA)

In August 1989, Congress enacted the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"). Section 308 of FIRREA established the following explicit goals to protect, preserve and provide for the Minority Depository Institution sector:

- preserve the number of minority depository institutions;
- preserve the minority character in cases of merger or acquisition;
- provide technical assistance to prevent insolvency of institutions not now insolvent;
- promote and encourage creation of new minority depository institutions; and
- provide for training, technical assistance, and educational programs.

Community Reinvestment Act (CRA) consideration for investing in MDIs

The Community Reinvestment Act of 1977 was enacted to encourage financial institutions to help meet the credit needs of their communities, including low- and moderate-income (LMI) neighborhoods. The CRA requires federal financial institution regulators to assess the record of each bank and savings association in helping to fulfill their obligations to the community and to consider that record in evaluating applications for charters or for approval of mergers, acquisitions and branch openings. Investment in an MDI is a way for institutions to receive CRA consideration while simultaneously reaping the social benefits of helping to improve underdeveloped communities in need and earning returns on their investment.

Primer on Social Performance MetricsSM and the Model CDBI Framework

As of 12/31/2009, there were over 8,000 banks in the United States, but only 62 of those banks were certified as Community Development Financial Institutions (CDFIs) by the CDFI Fund. NCIF believes that there are many other banks that are highly active in low income areas but have yet to become certified as a CDFI. To identify and differentiate these banks from the rest of the mainstream banking universe, NCIF performs both a quantitative and qualitative analysis to determine if a bank is focused on providing access to sound financial services in underserved areas.

Quantitative: NCIF Social Performance MetricsSM

NCIF's Social Performance Metrics combine financial performance data with social performance data to quantitatively identify Community Development Banking Institutions (CDBIs) and evaluate them as potential investment prospects. NCIF has calculated the Social Performance Metrics values for every domestic bank and thrift for the years 1996 through 2008 and is able to link this information with each institution's financial information to identify those institutions that are both sound financial performers and superior social performers.

Core Social Performance Metrics

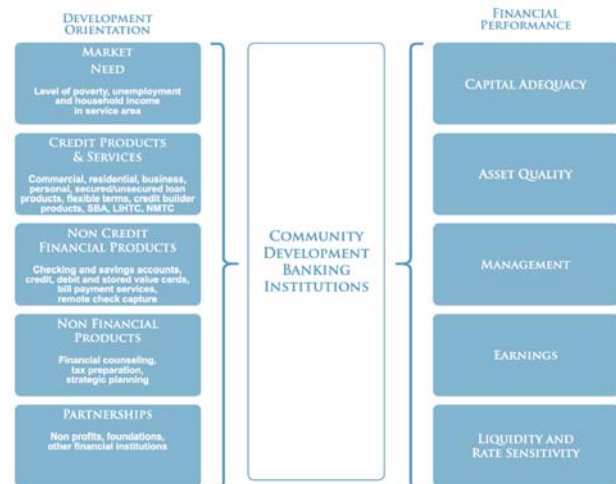
Development Lending Intensity - Home Mortgage Disclosure Act (DLI-HMDA): The percentage of an institution's single and multi-family housing loan originations and purchases that is located in low- and moderate- income census tracts.

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

Housing Focus: The percentage of an institution's outstanding loan portfolio that is composed of single and multi-family housing loans. Since DLI-HMDA is a measure of home lending, this measure provides an indicator as to an institution's level of home lending activity.

Qualitative: Model CDBI Framework

While the above tools utilize quantitative data, NCIF utilizes the Model CDBI Framework to provide a qualitative measure of an institution's mission orientation. The NCIF Model CDBI Framework examines an institution's market need, credit products and services, non-credit financial products and services, non-financial products and partnerships to ascertain whether or not the bank is providing the types of products and services that an economically distressed community needs. This final level of analysis communicates the innovative nature of CDFI banks, and shows investors the tangible products and services that are being provided to the community.



Community Development Banking Institutions (CDBI)

Community Development Banking Institutions or CDBIs are financial institutions that have a strong mission of community development or have significant operations in low- and moderate-income communities and are reasonable financial performers. These institutions walk, talk and look like certified CDFIs but may or may not be certified as such. NCIF expects that several of these institutions will get certified over a period of time¹.

¹ Community Development Financial Institution or CDFI is a certification of the Community Development Financial Institutions Fund of the US Department of Treasury (www.cdfifund.gov)

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Advance Bank

Organizational Information

4801 Seton Drive
Baltimore, MD 21215
Phone Number: 410-358-1700 or 1-866-550-0400
Web Address: www.advancebankus.com
Number of Branches: 4
Parent Company: N/A
Top Level Ticker: N/A
Date Established: 1/1/1957
Certified CDFI: Yes
Minority Depository Institution: Yes
CDARS Participant: Yes



BACKGROUND

Advance Bank is a CDFI certified minority depository institution (MDI) that was established in 1957. Advance Bank has a long history of serving primarily inner city African American communities. This is done through a network of four branches, three located in Baltimore and one in Philadelphia. These locations primarily serve low to moderate income neighborhoods. The mission of Advance Bank is to provide for the financial needs of its community and customers. The Bank seeks to accomplish this mission by designing and offering competitive quality products and services designed for its customer base, providing a high quality of customer service by a knowledgeable and attentive staff, achieving profitable growth to ensure a reinvestment through employment and the additional development of products and services for our communities.

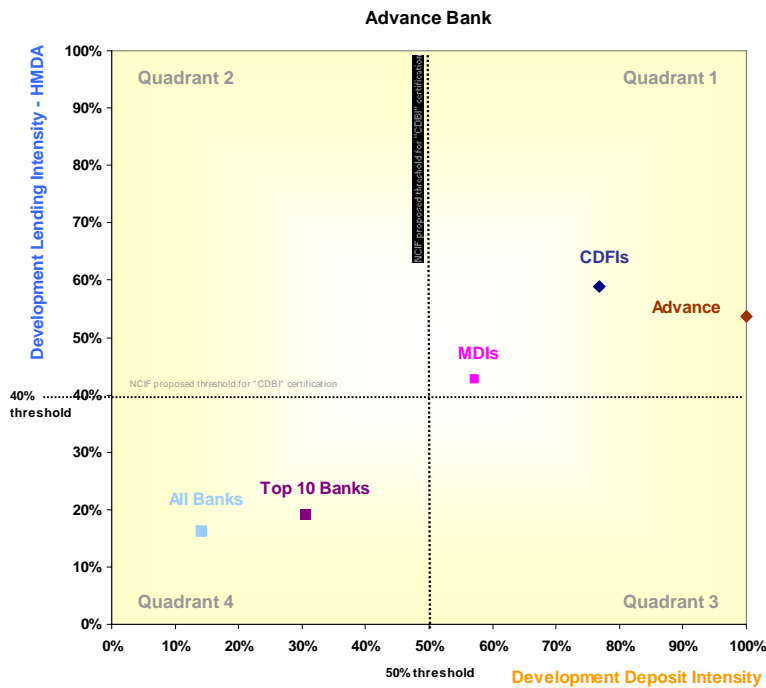
FINANCIAL HIGHLIGHTS

End of Period Date	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Total Assets (\$000)	70,341	66,998	70,780	76,011	76,216
Total Loans & Leases (\$000)	43,984	47,301	52,158	62,506	58,563
Total Deposits (\$000)	61,146	57,828	55,832	57,936	62,034
Total Equity Cap (\$000)	8,996	9,028	9,192	9,243	8,279
Net Income (\$000)	182	73	127	9	-965

Return on Average Assets (%)	0.25	0.11	0.18	0.01	-1.21
Return on Average Equity (%)	2.07	0.81	1.40	0.10	-11.03
Net Interest Margin (%)	4.80	5.03	5.08	4.60	4.19
Tier 1 Leverage Ratio (%)	12.81	13.54	12.45	11.74	9.23
Efficiency Ratio (%)	101.09	99.03	95.29	99.44	114.16
Non Performing Loans/Total Loans (%)	2.59	2.31	1.97	3.59	6.43
Net Chargeoffs/Average Loans (%)	0.23	0.05	-0.03	0.06	0.04
Reserves/Loans (%)	0.75	0.57	0.55	0.56	0.86

SOCIAL PERFORMANCE METRICSSM – A QUANTITATIVE ANALYSIS²

NCIF Social Performance Metrics: Quadrants by Bank Type



Median DLI-HMDA	12/31/2008
Advance Bank	53.61%
CDFIs	58.98%
Minority Depository Institutions	42.80%
Top 10 Banks (by Assets)	19.25%
All Banks	16.15%

Median DDI	6/30/2008
Advance Bank	100.00%
CDFIs	76.79%
Minority Depository Institutions	57.14%
Top 10 Banks (by Assets)	30.47%
All Banks	14.29%

DEVELOPMENT IMPACT LOAN ANALYSIS – HMDA DATA

Table: Advance Bank Development Loan Analysis

Advance Bank	\$ of Loans (000)	# of Loans
All 2008 HMDA Loans	\$21,281	95
2008 Development Loans	\$11,409	49

Table: Housing Focus Peer Group Analysis³

Housing Focus	12/31/2008
Advance Bank	53.28%
CDFIs	24.46%
Minority Depository Institutions	20.29%
Top 10 Banks (by Assets)	34.51%
All Banks	27.53%

² The core Social Performance Metrics analyzed here are:

Development Lending Intensity (DLI): the percentage of a bank's lending activity in dollars that goes to borrowers that are located in low-income communities, initially calculated using information reported through the Home Mortgage Disclosure Act. Data as of 12/31/2008, reported in 2009.

Development Deposit Intensity (DDI): the percentage of a bank's branch locations that are located in low to moderate-income communities, calculated using information available through the FDIC Summary of Deposits database as of 6/30/2008.

³ Housing Focus: The percentage of an institution's outstanding loan portfolio that is composed of single and multi-family housing loans. Since DLI-HMDA is a measure of home lending, this measure provides an indicator as to an institution's level of home lending activity. Data available through the FDIC Statistics on Depository Institutions database as of 12/31/08.

NCIF MODEL CDBI FRAMEWORK ANALYSIS – A QUALITATIVE ANALYSIS⁴

Market Need

Advance Bank operates four branch locations, three of which are located in Baltimore, Maryland, and one in the City of Philadelphia. Advance Bank's branch locations primarily serve low- and moderate- income neighborhoods and provide needed financial services to economically distressed communities. For example, one of Advance's branches is located within a census tract that approximately 30% of the number of households live below the poverty level.

Credit Products and Services

Advance Bank offers a variety of products and services and specializes in residential lending and commercial real estate lending. Advance has designed a variety of residential loan programs to provide closing and down payment assistance to first time and low income borrowers. The Bank also offers various loan programs that require lower down payments including FHA, FHA 203(K), and VA loans. Additionally, Advance Bank offers small business loans that are primarily secured by real estate.

Advance emphasizes one-to-four family residential mortgage lending and loans secured by residential property. In addition, Advance specializes in nonresidential commercial real estate lending, in particular a niche of originating loans to churches and other related entities.

Non-Credit Products and Services

Advance Bank brings a variety of deposit products and services to customers located in the bank's service area. Advance Bank's goal is to ensure that all customers have access to mainstream and specially designed products and services. Deposit products are offered for individuals, small businesses and non-profits organizations, and opening balances are low to encourage new account relationships and relationships with the previously unbanked.

Other key products include a wide variety of deposit products, commercial real estate loans and internet banking services – all designed to be affordable and to have competitive mainstream banking in the community. Remote deposit banking and business internet banking are currently under development.

Non-Financial Products and Services

Advance Bank is active in the communities that it serves. The bank frequently meets with inner city churches to discuss financing options. Staff frequently meets with students at schools to support financial education initiatives. Lending staff frequently meets with real estates agents, brokers and customers to discuss financial matters such as purchasing a new home, the importance of credit, the benefit of specialized loan programs, and options available for down payment and closing cost assistance.

Partnerships

Advance Bank is involved in numerous community and business partnerships. Advance Bank works with the Federal Home Loan Bank of Atlanta, Neighborhood Stabilization Programs, CDA, and the University of Pennsylvania on a number of programs designed to promote homeownership and down payment assistance.

⁴ This commentary is based on inputs provided by the MDI

Broadway Federal Bank, FSB

Organizational Information

4800 Wilshire Boulevard
Los Angeles, CA 90010
Phone Number: (323) 634-1700
Web Address: www.broadwayfederalbank.com
Date Established: 2/26/1947
Number of Branches: 5
Parent Company: Broadway Financial Corporation
Top Level Ticker: NASDAQ: BYFC
Certified CDFI: Yes
Minority Depository Institution: Yes
CDARS Participant: Yes



BACKGROUND

Broadway Federal is the oldest African-American managed community savings bank west of the Mississippi river. Founded in 1946, Broadway Federal has historically served African American and Hispanic consumers and businesses in mid-city and south Los Angeles communities. The bank has assets exceeding \$520 million and currently operates five full service branches, four in the city of Los Angeles, and one located in the nearby city of Inglewood, California.

Broadway Federal is a participant in the CDARS program, a certified CDFI and received “Outstanding” Community Reinvestment Act Performance ratings based on the last two federal examinations in 2005 and 2008. The main business is attracting retail deposits from the general public in the areas surrounding the Bank’s retail branches and from non-profits and government agencies, and investing those deposits, along with funds generated from operations and borrowings in single and multi-family residential, commercial real estate and small-business loans. The Bank has developed a specific expertise in lending to churches, other non-profit agencies, and charter schools that serve low-income constituencies.

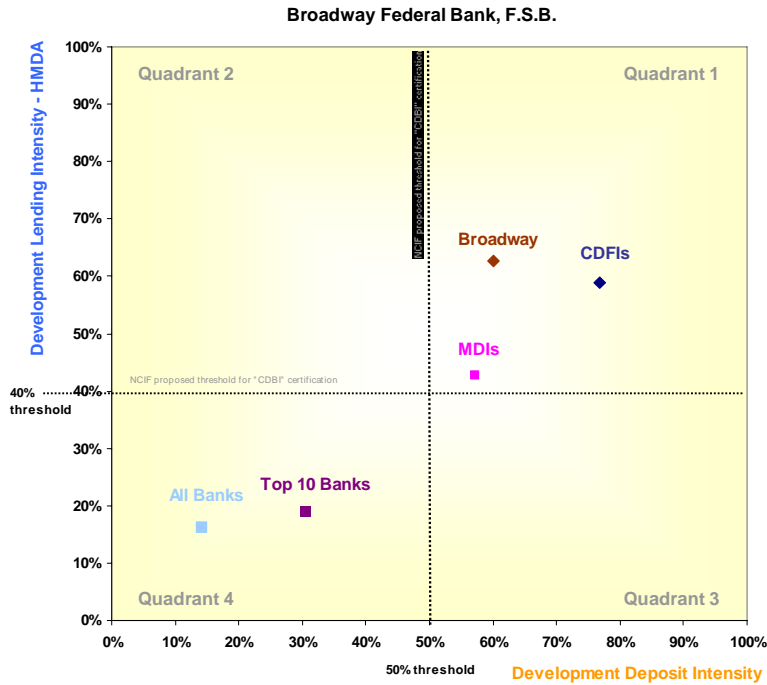
FINANCIAL HIGHLIGHTS

End of Period Date	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Total Assets (\$000)	292,292	300,999	356,885	405,342	529,221
Total Loans & Leases (\$000)	228,018	249,358	305,598	361,031	471,992
Total Deposits (\$000)	210,862	224,627	231,526	294,067	389,879
Total Equity Cap (\$000)	21,584	23,930	26,043	33,468	44,068
Net Income (\$000)	2,066	2,105	2,040	2,868	2,343

Return on Average Assets (%)	0.70	0.73	0.63	0.74	0.49
Return on Average Equity (%)	10.13	9.27	8.18	9.76	6.27
Net Interest Margin (%)	3.38	3.74	3.76	3.95	4.24
Tier 1 Leverage Ratio (%)	7.38	7.95	7.30	8.25	8.30
Efficiency Ratio (%)	69.65	66.71	73.42	64.10	55.92
Non Performing Loans/Total Loans (%)	0.02	0.00	0.00	0.75	7.29
Net Chargeoffs/Average Loans (%)	0.00	0.00	0.00	-0.04	0.00
Reserves/Loans (%)	0.62	0.68	0.66	0.82	0.79

SOCIAL PERFORMANCE METRICSSM – A QUANTITATIVE ANALYSIS⁵

NCIF Social Performance Metrics: Quadrants by Bank Type



Median DLI-HMDA	12/31/2008
Broadway Federal Bank, FSB	62.72%
CDFIs	58.98%
Minority Depository Institutions	42.80%
Top 10 Banks (by Assets)	19.25%
All Banks	16.15%

Median DDI	6/30/2008
Broadway Federal Bank, FSB	60.00%
CDFIs	76.79%
Minority Depository Institutions	57.14%
Top 10 Banks (by Assets)	30.47%
All Banks	14.29%

DEVELOPMENT IMPACT LOAN ANALYSIS – HMDA DATA

Table: Broadway Federal Bank Development Loan Analysis

Broadway Federal Bank	\$ of Loans (000)	# of Loans
All 2008 HMDA Loans	\$63,141	140
2008 Development Loans	\$39,604	98

Table: Housing Focus Peer Group Analysis⁶

Housing Focus	12/31/2008
Broadway Federal Bank	45.12%
CDFIs	24.46%
Minority Depository Institutions	20.29%
Top 10 Banks (by Assets)	34.51%
All Banks	27.53%

⁵ The core Social Performance Metrics analyzed here are:

Development Lending Intensity (DLI): the percentage of a bank's lending activity in dollars that goes to borrowers that are located in low-income communities, initially calculated using information reported through the Home Mortgage Disclosure Act. Data as of 12/31/2008, reported in 2009.

Development Deposit Intensity (DDI): the percentage of a bank's branch locations that are located in low to moderate-income communities, calculated using information available through the FDIC Summary of Deposits database as of 6/30/2008.

⁶ Housing Focus: The percentage of an institution's outstanding loan portfolio that is composed of single and multi-family housing loans. Since DLI-HMDA is a measure of home lending, this measure provides an indicator as to an institution's level of home lending activity. Data available through the FDIC Statistics on Depository Institutions database as of 12/31/08.

NCIF MODEL CDBI FRAMEWORK ANALYSIS – A QUALITATIVE ANALYSIS⁷

Market Need

According to management, over 90% of Broadway Federal's lending takes place in Los Angeles County, with over 40% occurring in the city of Los Angeles. All of the Bank's branches are either located in or adjacent to census tracts designated as distressed communities, based on poverty and unemployment data as reported by the CDFI CIMS mapping system. The unemployment rate in Los Angeles County in September 2009 was 12.7%, and in the City of Los Angeles the rate was 14%, which is higher than the national unemployment rate of 10.3%. Unemployment statistics in the Bank's target market are even higher, with rates for African American and Latino residents almost double that of their white counterparts.

Accordingly, the Bank's typical deposit customer is primarily African-American and Hispanic working poor community residents, families and individuals. In many cases, they may be opening a bank account for the first time or have outstanding credit issues and thus require education on how to be the most responsible in their financial habits. The Bank places emphasis on its Spanish speaking customers by employing bi-lingual employees, and accepting foreign passports and Mexican Matricular Consular cards as an alternative form of ID. The Bank's typical loan customers include small business owners, churches and other non-profit organizations, including charter schools and Single Family/Multi-Family investors who buy and/or rehab below market rate affordable housing units in Los Angeles.

Credit Products and Services

Because Broadway Federal is a collateral lender not looking to package and sell loans to the secondary market, the bank is able to offer and apply more flexible underwriting standards to enable prospective clients to receive a loan. Standard credit products, such as Commercial Real Estate, Single, Multi-Family and Small Business loans are available to the Bank's customers. Several of these products are tailored to specific loan characteristics which allow the bank to focus on niche sectors including small business, faith based and charter schools. These products include:

- Commercial Real Estate financing for church and other non-profits where the Bank finances facility acquisition, rehabilitation and construction, as well as a wide range of uses of loan proceeds for business purposes.
- Commercial Small Business owner-operated financing where the Bank finances the acquisition of owner-operator businesses, and many of the Bank's borrowers use real estate as collateral to obtain loans used in their business to expand operations, cover start up costs, finance receivables and/or manage cash flow.
- Bridge financing wherein the bank recognizes the unique funding characteristics of government contracts. Often businesses that contract with governments need funding to carry the business until it can reach a contractually certain income event. These bridge loans carry the organizations until contractual funding is received, and then the loans are repaid.

The Bank's Multi-Family product allows the Bank to finance investors that invest in inner city properties that provide affordable housing. Because of the large number of single family foreclosures, investors are buying such properties in bulk, improving the housing stock and then re-leasing the units to low- and moderate- income consumers.

⁷ This commentary is based on inputs provided by the MDI

Non-Credit Products and Services

Broadway Federal offers a number of retail products which are geared towards increasing access to financial services for its community members. For example, a passbook savings account allows for increased savings and financial planning through special pricing, eliminated fees, and an easy set-up process. The Holiday Club Savings Account allows customers to save for holiday shopping over an extended period of time (usually 6 months). Customers avoid common high interest debt traps or overdraft accounts that occur when last minute purchases are made. The Fresh Start Checking Account gives customers who have had Chexsystem issues in the past a second chance to develop responsible banking habits. Finally, specialized products are also available for faith-based organizations and their members, as well as senior citizens and other customers receiving government assistance.

Non-Financial Products and Services

Broadway Federal provides a variety of non-financial services including: (1) pre-loan counseling to prospective borrowers to explain the loan process provided by the Bank's loan officers, processors and underwriters; (2) post-loan counseling to borrowers to explain positive credit habits, financial management, loan modifications and other loan alternatives; and (3) financial literacy education provided by relationship managers through workshops, seminars and presentations to adults and children in the greater Los Angeles community. Financial Literacy Seminars are offered at churches, community organizations, schools and non-profit organizations located in distressed communities within Broadway's footprint and whose mission is community development or economic empowerment. All of the Bank's branch and relationship managers are native to and live in the communities served, so they are extremely experienced with handling the common hurdles faced when working with a typical deposit customer.

Partnerships

Broadway Federal participates in several public-private partnerships as part of its delivery and outreach strategy. The City of Los Angeles' *Bank on LA Program* and *Banking District Development (BDD) Program*, are two examples. Both programs are geared towards decreasing the number of unbanked residents in Los Angeles and encouraging the addition of more banking locations in underserved communities that are heavily flooded with payday and check cashing operations.

Broadway Federal also facilitated and sponsored a \$1MM Federal Home Loan Bank award for the *YWCA Jobs Corps Urban Campus Project*. This private-public finance partnership is being used for the creation of a development that includes an on-site training facility and 400 residential units in Downtown Los Angeles. This development is designed specifically for young adults engaged in an active training program to prepare them to enter the labor force and attain a sustainable living wage.

Broadway Federal is also participating in the *California Community Reinvestment Corporation's (CCRC) Fourth Amended and Restated Credit Facility*. This is a \$200 million dollar fund that has reached full capitalization, with 46 banks participating. To date \$1.3 million has been disbursed to fund construction and permanent loans for LIHTC affordable housing projects. Additionally, CCRC will lend to developers that provide permanent financing for dwellings to be occupied in part by persons defined as "Low Income" having eighty percent (80%) or less of AMI within the State of California.

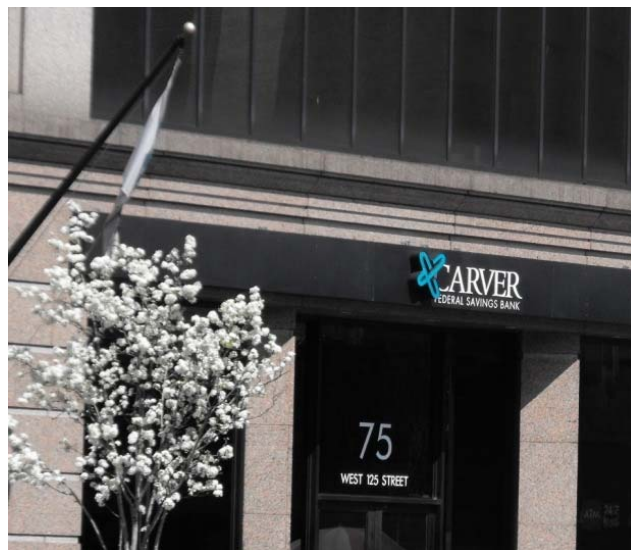
The Bank also has a \$2 million limited partnership investment in Enterprise Community Fund (ECF) which also invests in affordable housing for low income communities in Los Angeles.

Broadway Federal is a member of the National Bankers Association (NBA), Community Development Bankers Association (CDBA), California Bankers Association (CBA), and National Community Investment Fund (NCIF). Bank senior management also makes it a priority to personally engage with the surrounding community and accordingly have served on countless boards throughout Southern California.

Carver Federal Savings Bank

Organizational Information

Lenox Avenue
75 West 125th Street
New York, NY 10027
Phone Number: (718) 230-2900
Web Address: www.carverbank.com
Date Established: 1/1/1948
Number of Branches: 9
Parent Company: Carver Bancorp, Inc.
Top Level Ticker: NASDAQ: CARV
Certified CDFI: Yes
Minority Depository Institution: Yes
CDARS Participant: Yes



BACKGROUND

Carver Federal Savings Bank, a certified Community Development Financial Institution (“CDFI”) was originally founded in 1948 as a minority thrift to address the financial credit needs of an underserved African-American and Caribbean-American community, particularly in low-and moderate income areas. Today Carver, headquartered in New York City, is the largest African-American and Caribbean-American managed bank in the United States, with \$811 million in assets and nine branches in three of New York City’s five boroughs: Manhattan, Brooklyn and Queens. As a result of its mission, Carver maintains a strong presence in these historically underserved communities in its target market.

During its last Community Reinvestment Act (CRA) exam in February 2009, Carver received the highest rating, an overall “Outstanding”, measured in both its Lending and Community Development activities. During the exam period, Carver originated or financed more than \$155.8 million in Community Development Loans. Carver has been awarded \$124 million in New Market Tax Credit Allocations through the Carver Community Development Corporation and to date has fully deployed \$70 million in Allocation to qualified projects in distressed communities throughout New York City.

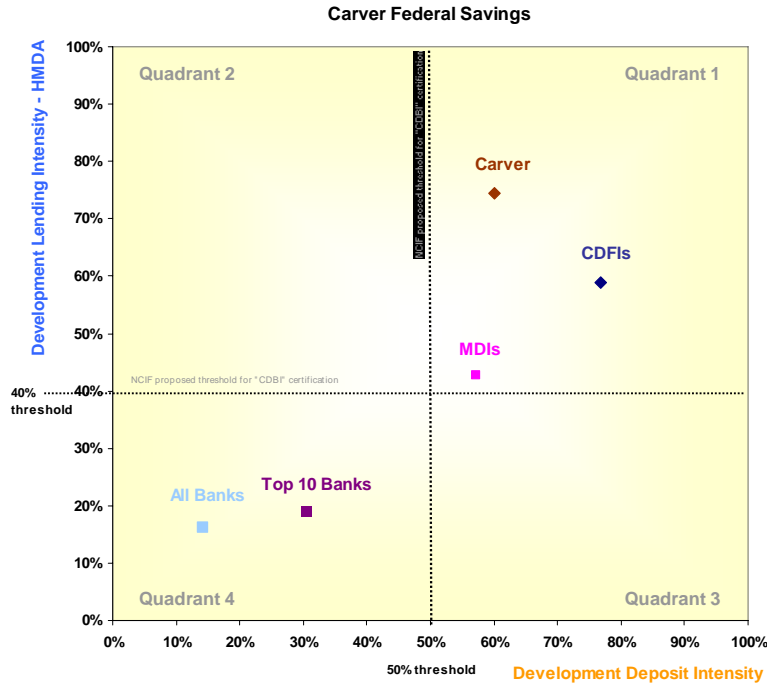
FINANCIAL HIGHLIGHTS

End of Period Date	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Total Assets (\$000)	648,971	765,672	803,387	790,750	811,369
Total Loans & Leases (\$000)	471,810	613,484	661,334	658,208	688,203
Total Deposits (\$000)	488,387	634,391	648,314	622,566	589,112
Total Equity Cap (\$000)	61,378	63,771	67,744	61,749	78,027
Net Income (\$000)	4,825	4,106	6,606	-2,785	3,002

Return on Average Assets (%)	0.76	0.59	0.87	-0.35	0.37
Return on Average Equity (%)	8.19	6.60	10.03	-4.06	3.98
Net Interest Margin (%)	3.49	3.70	4.04	3.77	4.00
Tier 1 Leverage Ratio (%)	9.52	7.63	7.60	7.71	8.47
Efficiency Ratio (%)	76.95	81.40	82.14	94.94	85.69
Non Performing Loans/Total Loans (%)	1.93	0.61	0.64	2.17	5.88
Net Chargeoffs/Average Loans (%)	0.02	0.01	0.02	0.13	0.26
Reserves/Loans (%)	0.85	0.86	0.84	0.84	1.30

SOCIAL PERFORMANCE METRICSSM – A QUANTITATIVE ANALYSIS⁸

NCIF Social Performance Metrics: Quadrants by Bank Type



Median DLI-HMDA	12/31/2008
Carver Federal Savings Bank	74.42%
CDFIs	58.98%
Minority Depository Institutions	42.80%
Top 10 Banks (by Assets)	19.25%
All Banks	16.15%

Median DDI	6/30/2008
Carver Federal Savings Bank	60.00%
CDFIs	76.79%
Minority Depository Institutions	57.14%
Top 10 Banks (by Assets)	30.47%
All Banks	14.29%

DEVELOPMENT IMPACT LOAN ANALYSIS – HMDA DATA

Table: Carver Development Loan Analysis

Carver Federal Savings Bank	\$ of Loans (000)	# of Loans
All 2008 HMDA Loans	\$48,847	90
2008 Development Loans	\$36,354	65

Table: Housing Focus Peer Group Analysis⁹

Housing Focus	12/31/2008
Carver Federal Savings Bank	28.98%
CDFIs	24.46%
Minority Depository Institutions	20.29%
Top 10 Banks (by Assets)	34.51%
All Banks	27.53%

⁸ The core Social Performance Metrics analyzed here are:

Development Lending Intensity (DLI): the percentage of a bank's lending activity in dollars that goes to borrowers that are located in low-income communities, initially calculated using information reported through the Home Mortgage Disclosure Act. Data as of 12/31/2008, reported in 2009.

Development Deposit Intensity (DDI): the percentage of a bank's branch locations that are located in low to moderate-income communities, calculated using information available through the FDIC Summary of Deposits database as of 6/30/2008.

⁹ Housing Focus: The percentage of an institution's outstanding loan portfolio that is composed of single and multi-family housing loans. Since DLI-HMDA is a measure of home lending, this measure provides an indicator as to an institution's level of home lending activity. Data available through the FDIC Statistics on Depository Institutions database as of 12/31/08.

NCIF MODEL CDBI FRAMEWORK ANALYSIS – A QUALITATIVE ANALYSIS¹⁰

Market Need

Carver operates nine full-service branches and eleven 24-hour ATM centers in New York City's underserved neighborhoods. Bank branches are located in Bedford-Stuyvesant, Crown Heights and Fort Greene in Brooklyn, St. Albans and Jamaica in Queens, and Harlem in Manhattan.

Carver's target market is a mix of multi-cultural low to moderate income communities comprised of African American, Caribbean and Hispanic segments. In August 2009, Carver engaged an outside firm to conduct quantitative research on Carver's service area. According to that research; 71% of the population in the target market areas are foreign born (highest in Queens and Brooklyn); and 33% are undocumented immigrants (no SSN) with a high portion of renters at 87%. Employment is dominated by service, construction and retail, consistent with the low to moderate income profile of Carver's trade areas.

Credit Products and Service

Carver's primary lending focus is to provide financing for properties, businesses and individuals located within the various communities and markets served. Carver has historically provided competitive financing programs for 1-4 family dwellings, mixed-use residential apartment buildings, multifamily apartment buildings, non-owner occupied (or income producing) commercial real estate projects, owner occupied commercial real estate and construction financing for both residential and commercial real estate (predominantly residential). Carver's product line is divided into the following segments; (1) 1-4 family residential lending; (2) construction lending; (3) multi-family mortgages; (4) commercial real estate lending and (5) Small Business Administration loans.

Carver offers 1-4 family residential loan products, including products with features such as flexible underwriting criteria to accommodate the needs of its customers. Carver offers the use of non-traditional credit lines such as current rent payments, utilities, etc, as alternative credit to evaluate the credit worthiness of customers. It's customer segment consists of individuals who may not have had traditional lines such as credit cards and loans; the use of alternative credit allows these individuals to apply for residential mortgages regardless of lack of a traditional credit score.

Commercial real estate (CRE) lending to real estate investors/developers who are committed to maintaining a presence in the local community is central to Carver's mission as a community bank. The property types financed include: mixed-use commercial, mixed-use residential, retail, industrial, and office space. During its last Community Reinvestment Act (CRA) exam in February 2009, Carver received the highest rating, an overall "Outstanding", measured in both its Lending and Community Development activities. During the exam period, Carver originated or financed more than \$155.8 million in Community Development Loans. Carver has been awarded \$124 million in New Market Tax Credit Allocations through the Carver Community Development Corporation and to date has fully deployed \$70 million of the allocation to qualified projects in distressed communities throughout New York City.

Carver is an approved participating lender in the New York City School Construction Authority (SCA), Small Business Contractor Lending Program. The program is designed to help small SCA contractors, who are participants in the SCA Mentoring Program gain access to the financing they need to complete SCA related contracts. Participants in the SCA Mentoring Program are eligible for SCA contract awards of up to \$750M. The SCA provides technical assistance and classroom training on bidding strategies, blue print reading, estimating, safety, project close outs, project scheduling and developing banking relations and business expansion. To date, Carver has provided over 90 loans and close to \$6 million in working capital financing since the inception of the program.

Carver is an approved participating lender in the US Department of Transportation (DOT) Short Term Loan Program. The program is designed to help small businesses gain access to the financing they need to participate in transportation-related contracts by providing certified Disadvantaged Business Enterprises (DBE) and other certified small businesses short term working capital financing for DOT or DOT funded contracts and subcontracts. Carver's SBA lending activities target businesses in diverse industries and provides start-up and existing small businesses with financing guaranteed for a variety of general business purposes.

¹⁰ This commentary is based on inputs provided by the MDI

Non-Credit Products and Services

Carver currently serves over 40,000 depository account holders in its target market, consisting of primarily low to moderate income individuals, small businesses, and not for profit organizations. Deposit balances associated with these groups total approximately \$620 million. As a full service community bank, Carver offers an array of financial products and services that accommodate the needs of its customer base, including:

- **Free Checking:** Carver offers accounts with low minimum balances of \$750 and free access to direct deposit, debit card, and online banking with bill payment.
- **Passbook Savings Accounts:** Carver is one of the few banks that is still actively promoting this product to customers who have limited experience in banking with a mainstream financial institutions. Passbook Saving Accounts represent 22% of Carver's total number of savings accounts and 42% of total savings deposit dollars. The accounts can be opened with a minimum of \$50 and enjoy a variable interest rate with as little as a \$300 minimum daily balance.
- **Carver Bank at Work:** Through this program Carver reaches out to local businesses and provides their employees with a suite of products and services that are included in the employees' benefits package. Once enrolled to the program, employees may take advantage of a free checking account with direct deposit, free savings with auto-save, free online banking with free online bill payment and eligibility to apply to Carver's First Home Club. In addition, participating businesses are able to work with Carver to offer financial education seminars for employees.

Carver is partnering with the New York City Office of Financial Empowerment (OFE) by providing no-fee bank accounts to unbanked families in a program called Opportunity NYC ("ONYC"). ONYC is a New York City anti-poverty program that seeks to help move people out of poverty by creating incentives that encourage attainment of education, training and employment opportunities. Carver has opened 396 ONYC participant accounts - more than any other bank in the program. As reported by Carver, as of 12/31/09, 298 accounts remain active with a combined balance of \$117,949.

Carver is partnering with the New York City Housing Authority (NYCHA) by participating in a pilot program to encourage NYCHA residents to pay their rent at a lower cost at a participating Carver branch versus using a check casher. This program has been very successful, with approximately 1,500 NYCHA residents utilizing Carver branches for rent payments (based on reports from Carver Management).

Non-Financial Products and Services

In 2006, Carver established a formal Financial Empowerment Workshop Series with the support of a U.S. Treasury Department CDFI Fund Financial Assistance (FA) grant covering a three year period through March 2009. Based on reports by Carver management, since the inception of the Series in 2006, over 10,000 attendees have benefited from over 450 Carver-sponsored seminars and events and over 4,200 individuals have completed Carver-supported one-on-one counseling services. Carver's Financial Empowerment Workshop Series provides knowledge and awareness around such critical issues as credit and money management (including scoring and reporting), affordable homeownership, predatory lending, the benefits of traditional banking accounts and services versus the relative expense of check cashing services, and basic investment principals and strategies.

Carver has recently partnered with the Food Bank of Greater New York and the City of New York Office of Financial Empowerment (NYC OFE) to provide both free tax preparation services and match-funded savings accounts to qualified low income filers. In addition to receiving free tax preparation from trained professionals, participants will be eligible to receive up to \$500 in matching funds from NYC OFE when they commit to saving a portion of their tax refund in a new Carver Bank savings account.

The Volunteer Income Tax Assistance (VITA) Center is open six days a week during the tax period and serves low income individuals with incomes of less than \$18,000 for individuals and less than \$50,000 for families with dependents.

Partnerships

Since 2007, Carver has been partnering with the New York City School Construction Authority (SCA) through their Mentor Program, designed to help small minority contractors improve their profitability and expand their businesses by providing them access to capital and bonding capacity. Carver's small business lending area provides eligible contractors with working capital loans up to \$150,000, while Carver Community Development Corporation (CCDC) provides technical assistance and workshops. Carver reports that it has provided over 90 loans adding up to \$6MM in working capital financing.

Carver was recently approved by the U.S. Department of Transportation (US DOT) as a participating lender in the agency's Short Term Lending Program (STLP). The STLP is a loan guarantee program designed to enhance lending opportunities for disadvantaged business enterprises (DBEs) and other small disadvantaged businesses (SDBs) in order to bolster the number of companies engaged in transportation-related contracts.

Carver has partnered with two community development groups - Harlem Congregations for Community Improvement Inc. (HCCI) and Neighborhood Housing Services of Bedford Stuyvesant (NHS-BedStuy). HCCI presented credit, money management and homeownership seminars and counseling while NHS-BedStuy presented anti-predatory lending and foreclosure prevention seminars and counseling. Services were delivered in Carver branches, Carver's stand-alone Financial Literacy Center, and at each organization's facilities (i.e. primarily one-on-one counseling).

Deborah C. Wright, President and Chief Executive Officer of Carver, is a member of the FDIC's Advisory Committee on Economic Inclusion. the OTS Minority Depository Institutions Advisory Committee.

Carver is a member of The National Bankers Association and part of the National Community Investment Fund's Network of CDBIs.

Illinois-Service Federal Savings and Loan Association

Organizational Information

4619 South Martin Luther King Drive
 Chicago, IL 60653
Phone Number: (773) 624-2000
Web Address: www.isfbank.com
Date Established: 1/1/1934
Number of Branches: 2
Parent Company: N/A
Top Level Ticker: N/A
Certified CDFI: Yes
Minority Depository Institution: Yes
CDARS Participant: No



BACKGROUND

Illinois Federal Savings and Loan (the “Service” was added when “Service” Federal Savings and Loan was merged into Illinois Federal in 1976), was created in 1934 by a group of visionary, but practical civic minded African American leaders during the grips of the country’s Great Depression; certainly, a most improbable time to create a new banking institution, especially when a few years earlier there had been hundreds of bank failures, staggering unemployment and wide spread home foreclosures. Before the bank came along however, many families in the community had very limited access to credit to purchase a home. As a result, the dream of homeownership was a costly proposition, one that most working families could not afford.

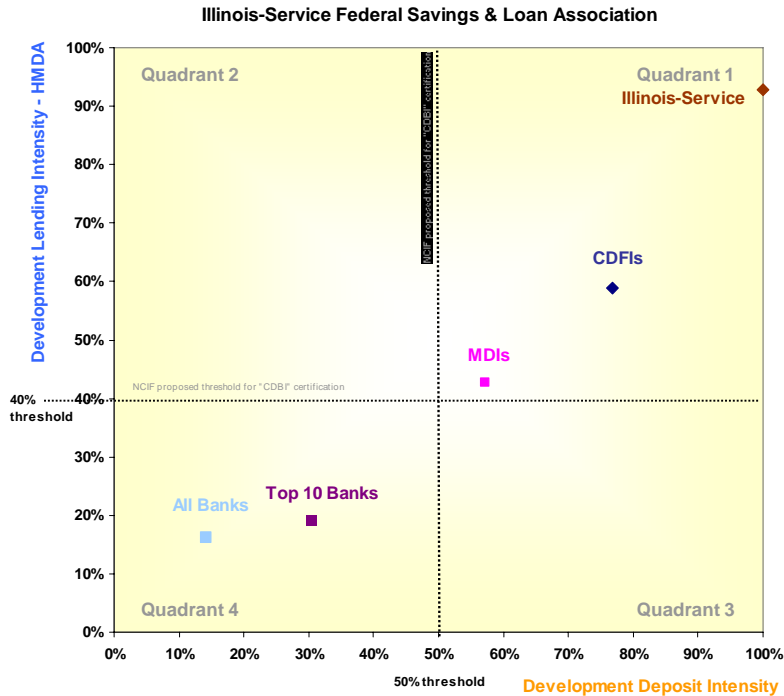
Against all odds, these visionaries, determined to bring hope and change to a community of people desperate to claim the promise of the American dream, opened its first one room store front office with \$7,000 in assets. As the bank’s assets grew, its ability to help the local community to grow continued. In the fall of 2000, Illinois-Service opened a new, state-of-the-art facility. In combination with the main branch, the association today serves over 14,000 customers and has assets of more than \$147 million.

FINANCIAL HIGHLIGHTS

End of Period Date	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Total Assets (\$000)	118,284	117,017	120,926	142,206	147,508
Total Loans & Leases (\$000)	32,780	36,680	40,741	47,064	55,181
Total Deposits (\$000)	97,499	93,465	91,814	91,604	98,755
Total Equity Cap (\$000)	13,344	13,527	14,329	15,061	15,432
Net Income (\$000)	202	67	153	56	-197
Return on Average Assets (%)	0.16	0.06	0.13	0.04	-0.13
Return on Average Equity (%)	1.45	0.51	1.13	0.39	-1.28
Net Interest Margin (%)	3.80	4.07	3.96	3.76	3.31
Tier 1 Leverage Ratio (%)	11.70	11.91	11.76	10.10	9.68
Efficiency Ratio (%)	97.24	96.25	93.83	98.87	105.28
Non Current Loans/Total Loans (%)	2.95	2.10	3.45	5.95	7.19
Net Chargeoffs/Average Loans (%)	0.00	0.13	0.01	0.00	0.03
Reserves/Loans (%)	0.99	0.95	0.95	1.14	1.40

SOCIAL PERFORMANCE METRICSSM – A QUANTITATIVE ANALYSIS¹¹

NCIF Social Performance Metrics: Quadrants by Bank Type



Median DLI-HMDA	12/31/2008
Illinois-Service FSLA	92.83%
CDFIs	58.98%
Minority Depository Institutions	42.80%
Top 10 Banks (by Assets)	19.25%
All Banks	16.15%

Median DDI	6/30/2008
Illinois-Service FSLA	100.00%
CDFIs	76.79%
Minority Depository Institutions	57.14%
Top 10 Banks (by Assets)	30.47%
All Banks	14.29%

DEVELOPMENT IMPACT LOAN ANALYSIS – HMDA DATA

Table: Illinois-Service Development Loan Analysis

Illinois-Service FSLA	\$ of Loans (000)	# of Loans
All 2008 HMDA Loans	\$7,896	64
2008 Development Loans	\$7,330	58

Table: Housing Focus Peer Group Analysis¹²

Housing Focus	12/31/2008
Illinois-Service FSLA	78.96%
CDFIs	24.46%
Minority Depository Institutions	20.29%
Top 10 Banks (by Assets)	34.51%
All Banks	27.53%

¹¹ The core Social Performance Metrics analyzed here are:

Development Lending Intensity (DLI): the percentage of a bank's lending activity in dollars that goes to borrowers that are located in low-income communities, initially calculated using information reported through the Home Mortgage Disclosure Act. Data as of 12/31/2008, reported in 2009.

Development Deposit Intensity (DDI): the percentage of a bank's branch locations that are located in low to moderate-income communities, calculated using information available through the FDIC Summary of Deposits database as of 6/30/2008.

¹² Housing Focus: The percentage of an institution's outstanding loan portfolio that is composed of single and multi-family housing loans. Since DLI-HMDA is a measure of home lending, this measure provides an indicator as to an institution's level of home lending activity. Data available through the FDIC Statistics on Depository Institutions database as of 12/31/08.

NCIF MODEL CDBI FRAMEWORK ANALYSIS – A QUALITATIVE ANALYSIS¹³

Market Need

Illinois-Service Federal operates in the inner-city south side communities of Chicago. According to management, the communities are 90% African American and the local small business community is not well developed. The bank is working to build the local small business sector by encouraging entrepreneurial activity through financial counseling and the extension of credit. According to management, Illinois-Service Federal's service area has an unemployment rate that is higher than the Chicago unemployment rate and a median household income that is approximately 65% of the area median household income.

Illinois-Service Federal offers loan and deposit products and services targeting all segments of its delineated communities with particular attention to low- and moderate- income households. The bank's passbook and statement savings products allow customers who may have had a difficult experience with checking accounts to begin a banking relationship. Illinois-Service Federal's management and staff attend meetings and represent the association in various community organizations, non-for-profit and for-profit trade fairs, and other activities to interact with community residents in order to ascertain the communities' credit and deposit needs and to disseminate information regarding the products and services offered by the bank.

Credit Products and Services

As a community bank, Illinois-Service Federal has developed a niche in providing credit products, services and counseling for the marginally qualified borrower. The bank's underwriting standards reflect an understanding and recognition of the credit needs and challenges facing our market area and customer base. Our product pricing is tiered to an appropriate level that qualifies as many applicants as possible. Illinois-Service Federal offers Absolutely Free Checking, an account specifically designed to enable low- and moderate- income individuals and/or families the ability to pay their bills via checks or the internet, using electronic bill pay without incurring any monthly fees. The bank also offers savings vehicles with very low minimum balance requirements and interest-earning accounts that can be opened with as little as \$25.00. Customers are offered instruction on how to avoid service charges by following certain guidelines and tips.

Illinois-Service Federal offers credit builder products that allow borrowers to use loan proceeds as collateral in order to receive a low rate of interest and minimize the Bank's risk. When the loan is paid, the collateral is released to the borrower and they have a nice sum of money and a positive trade line on their credit report. The bank uses credit scoring only to set interest rates and not for loan approvals. Loan approvals are completed on a judgmental basis with loan to value, debt to income ratios and past payment records weighing heavily into the process. Illinois-Service Federal participates in subsidized loan programs for housing and small businesses with the Federal Home Loan Bank and the Illinois League of Financial Institutions Downpayment Plus Affordable Housing Programs (AHP), the program provides grants to low income homebuyers who need assistance in meeting the down payment and closing costs associated with buying a home. In 2008 the bank was approved for a \$300,000 grant with the City of Chicago City Treasurer's Office, Small Business Loan Program. ISF is an approved Community Development Financial Institution (CDFI) by the Department of the Treasury, Washington DC and is an approved and licensed "SBA" (Guaranteed Small Business Loan Assn.) lender.

Non-Credit Products and Services

It is the goal of Illinois-Service Federal Savings and Loan Association to provide support for programs that improve the quality of life for residents of its 18 delineated communities through affordable lending vehicles, savings and checking programs suitable for individuals, organization, churches and businesses. Financial service programs include:

Passbook Savings Accounts – Considered obsolete at many banking institutions, Illinois-Service Federal continues to offer passbook savings for customers. This account is especially favorable for "First Account" holders (un-banked) who receive direct deposit of social security deposits. Also available is the bank's **Statement Savings Account**, providing customers the opportunity to protect their money while earning

¹³ This commentary is based on inputs provided by the MDI

interest and also allow for easy access. Statement Savings has the additional benefit of access using an ATM card. **Moola Moola Savings Club** - for young children, to encourage them to set long-term savings goals and to teach them the value of savings and how to save. For young adults while in high school or college the **Student Passbook Savings** is available to help with finances while in high school or college. Illinois-Service Federal also works with the State of Illinois Bank-at-School program that provides a component to teach students to perform limited banking functions. Students are taught to open accounts and process student transactions. **Certificates of Deposit and Individual Retirement Accounts** – the bank offers CD's paying competitive market interest rates and IRA's, with time-deposit accounts to match your savings plan.

Checking account products include:

Absolutely Free Checking – With an opening deposit of \$100, this product requires no minimum monthly balance and is free of monthly service charges, free of per check charges, free unlimited check writing, free EZ-Bank telephone card service and no monthly balance requirements. **Renaissance Checking** – An account designed specifically for persons in retirement, with a direct deposit of government or pension check, this product offers an exceptionally low minimum daily balance (\$10). Also provided is free ATM card usage. **Advance Student Checking Account** – An account designed specifically for college students with no minimum balance requirement and no monthly maintenance fees. Illinois Service Federal sponsors seminars for college bound student, "Your Credit Plan" targeting young adult's ages 16-23 years of age on properly handling of their finances, the how-to of preventing credit problems before they start, and also providing a guide to establishing and maintaining a positive credit history and the perils of credit card offerings. **NOW Checking** – Available for those interested in earning interest on their checking accounts which pays interest on deposits in excess of \$1,000. The **Super NOW Account** is offered to non-profit organizations. **Business Checking Account** – Assists in managing the day-today finances of businesses. Unique to this account is an Earning Allowance program which is used to offset monthly fees based on the average account balance.

Non-Financial Products and Services

In partnership with Lakeside CDC in Chicago, a nonprofit housing agency, Illinois-Service Federal has conducted workshops geared for co-op and condominium association property owners and lenders to provide training on such topics as how to start a co-op/condominium association, as well as how to govern, manage and budget reserves and maintenance planning. Illinois-Service Federal also conducts workshops in collaboration with the Chicago Police Department on identity theft prevention. Beginning in 2009 the bank began sponsoring "Shred-O-Rama" a document shred day, as a free service to customers and members of the community. Participants are also invited to take literature on identity theft prevention and banking products, and view a brief 8-minute video on ID theft prevention is shown along with serving light refreshments.

Partnerships

In partnership with the Center for Economic Progress, Illinois-Service Federal worked to establish financial service relationships with local working families by participating in their free tax preparation program, providing opportunities to open accounts on-site throughout the tax season.

Illinois-Service Federal works in partnership with and in support of non-profit organizations including The Renaissance Collaborative, Inc., Bronzeville Area Residents' Commerce Council (BARCC), Chatham Business Association, Chatham Avalon Park Community Council (CAPCC), Neighborhood Housing Services of Chicago, Inc. (NHS), Near South Planning Board, Jane Addams Hull House Association, and Genesis Housing Development Corporation.

Illinois-Service Federal is engaged in public policy and advocacy projects through our affiliations and memberships with the Illinois League of Financial Institutions (ILFI), a statewide trade association headquartered in Springfield, IL serving the state's savings and community banking institutions and the American Banker's Association (ABA) headquartered in Washington, DC. Illinois-Service Federal's chairman also serves as a board member of the American Bankers Association on the Government Relations Council Administrative Committee, and he is a member on the Office of Thrift Supervision (OTS) Minority Depository Institutions Advisory Committee (MDIAC).



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