

# Community Development Bank Peer Group Analysis: Methodology and Variables

Federal Reserve Bank of Richmond | Community Development Department

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## Methodology

The purpose of the Federal Reserve Bank of Richmond's Community Development Bank (CDB) Peer Group Analysis is to provide descriptive statistics on a peer group of community development banks that are tracked over time. The peer group analysis is conducted annually and incorporates data from 2005 to the date of the analysis. The peer group of CDBs consists of banks that were in existence from the start date of the analysis and continue to be in existence as of the end date. For example, the 2009 analysis includes banks that were in existence in 2005 and still existed in 2009.

To create the peer group, a list of CDBs is drawn from the list of CDFIs available on the CDFI Fund's website.<sup>1</sup> This list is reconciled with the membership list from the Community Development Banks Association (CDBA) website<sup>2</sup> and a list from the National Community Investment Fund (NCIF) website.<sup>3</sup> Banks that no longer exist as of the end date are removed from the list. Banks that did not yet exist in the starting year of the analysis (2005) are also removed from the list. For the final list of CDBs, the variables listed below are collected from the FDIC's Statistics on Depository Institutions (SDI).<sup>4</sup> The analysis is conducted using annual fourth quarter data.

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<sup>1</sup> [www.cdfifund.gov](http://www.cdfifund.gov)

<sup>2</sup> [www.cdbanks.org](http://www.cdbanks.org)

<sup>3</sup> [www.ncif.org](http://www.ncif.org)

<sup>4</sup> [www.2.fdic.gov/sdi/index.asp](http://www.2.fdic.gov/sdi/index.asp)

## Variables

### *Assets and Liabilities*

- Total Assets
- Net loans and leases
- Loan loss allowance
- Other real estate owned
- Total liabilities
- Total deposits
- Federal funds purchased and repurchase agreements
- Other borrowed funds
- Total equity capital
- Noncurrent loans and leases
- Unused loan commitments
- Tier one (core) capital
- Total unused commitments

### *Total Deposits*

- Transaction accounts
- Money market deposit accounts (MMDAs)
- Other savings deposits (excluding MMDAs)
- Total time deposits
- Noninterest-bearing deposits
- Brokered deposits

### *Past Due and Nonaccrual Assets*

- Assets past due 30-89 days
- Assets past due 90 or more days
- Assets in nonaccrual status

### *Performance and Condition Ratios*

- Yield on earning assets
- Cost of funding earning assets
- Net interest margin
- Noninterest income to earning assets
- Noninterest expense to earning assets
- Net operating income to assets
- Return on assets (ROA)
- Pretax return on assets
- Cash dividend to net income (YTD only)
- Noncurrent assets plus other real estate owned to assets
- Core capital (leverage) ratio
- Tier 1 risk-based capital ratio
- Total risk-based capital ratio

### *Income and Expense*

- Net interest income
- Provision for loan and lease losses
- Total noninterest income
- Total noninterest expense
- Salaries and employee benefits
- Premises and equipment expense
- Additional noninterest expense
- Pre-tax net operating income
- Applicable income taxes
- Net income
- Net charge-offs
- Cash dividends

### *Net Loans and Leases*

- Total loans and leases
- Construction and development loans
- Commercial RE
- Multifamily residential real estate
- 1-4 family residential loans
- Farmland loans
- Farm loans
- Commercial and industrial loans
- Loans to individuals
- All other loans & leases
- Residential 1-4 family construction
- Other construction, all land development and other land

### *Performance and Condition Ratios*

- Credit loss provision to net charge-offs
- Loss allowance to loans
- Loan loss allowance to noncurrent loans
- Net loans and leases to deposits

### *Noncurrent loans to loans*

- Noncurrent loans to loans
- Loans Noncurrent: Real estate loans
- Loans Noncurrent: Construction & land development
- Loans Noncurrent: Commercial real estate
- Loans Noncurrent: Multifamily residential
- Loans Noncurrent: 1-4 family residential
- Loans Noncurrent: Commercial and industrial loans
- Loans Noncurrent: Loans to individuals
- Loans Noncurrent: All other loans and leases

### *Net charge-offs to loans*

- Net charge-offs to loans
- Net Loans Charged-off: Construction & development
- Net Loans Charged-off: Commercial real estate
- Net Loans Charged-off: Multi-family residential
- Net Loans Charged-off: 1-4 family residential
- Net Loans Charged-off: Commercial and industrial loans
- Net Loans Charged-off: Loans to individuals
- Net Loans Charged-off: All other loans and leases