

# PRESS RELEASE

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## **Noteworthy growth in assets, number of minority-owned financial institutions**

Washington, D.C. — Creative Investment Research, Inc. released today its listing of women and minority owned financial institutions (banks and thrifts).

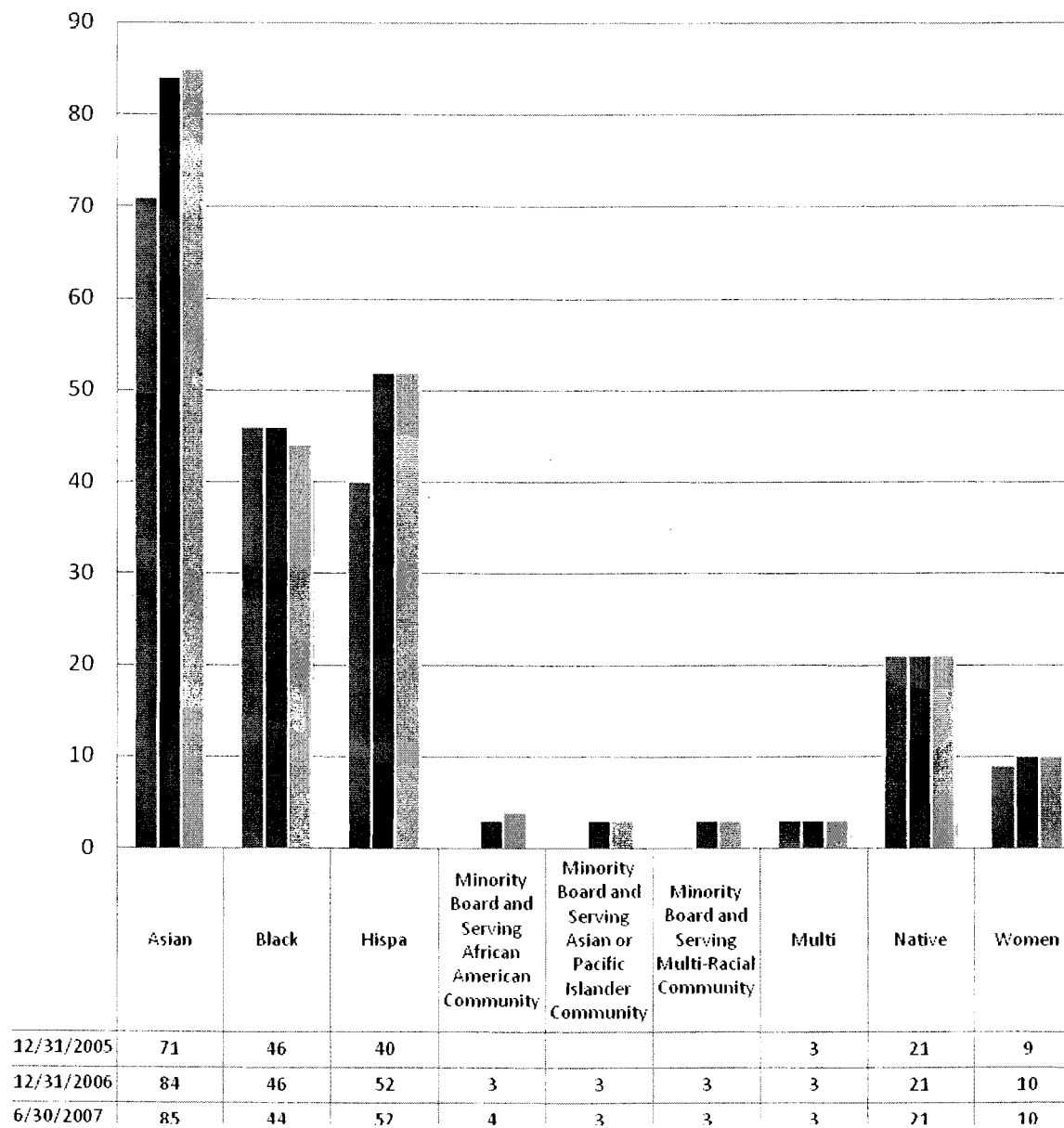
The listing, using 2007 financial, demographic, HMDA and CRA information from a database maintained by Creative Investment Research, was compiled using the firm's proprietary **Fully Adjusted Return® Index**: The **Fully Adjusted Return® Index** provides a full description of the economic condition and social responsiveness of a financial institution. The index summarizes information concerning:

- 1.) *Financial performance of the institution;*
- 2.) *Social needs in the county where the financial institution is headquartered; and*
- 3.) *Responsiveness of the financial institution in meeting those social needs.*

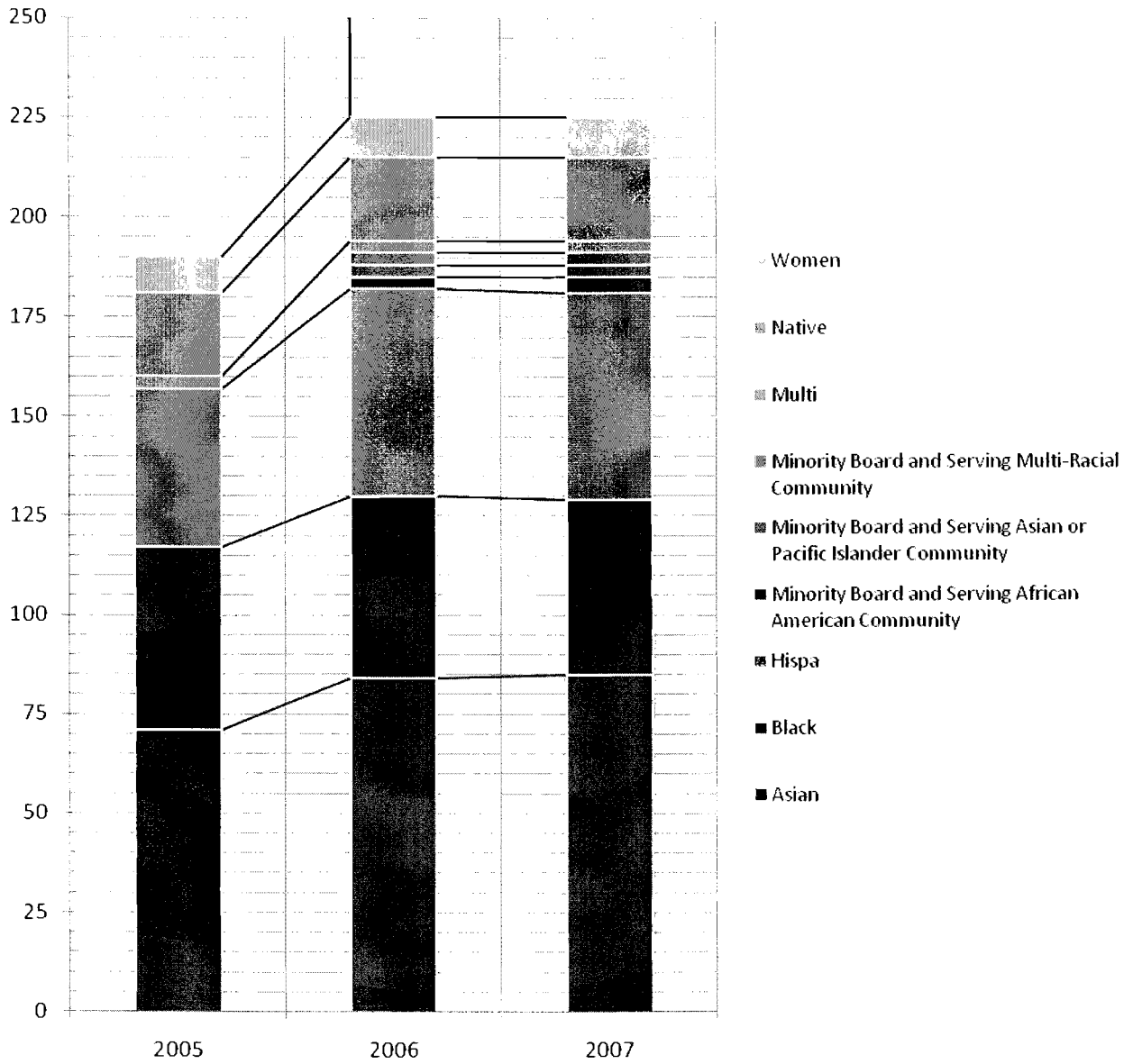
Data on each of these areas is collected and evaluated independently. Once collected, the information is summarized and the index is calculated.

## Industry Overview

In the second quarter of 2007, there were 225 minority owned financial institutions (banks and thrifts) in the U.S., up from 190 at the end of 2005. The number of institutions totaled 189 at the end of 2003.

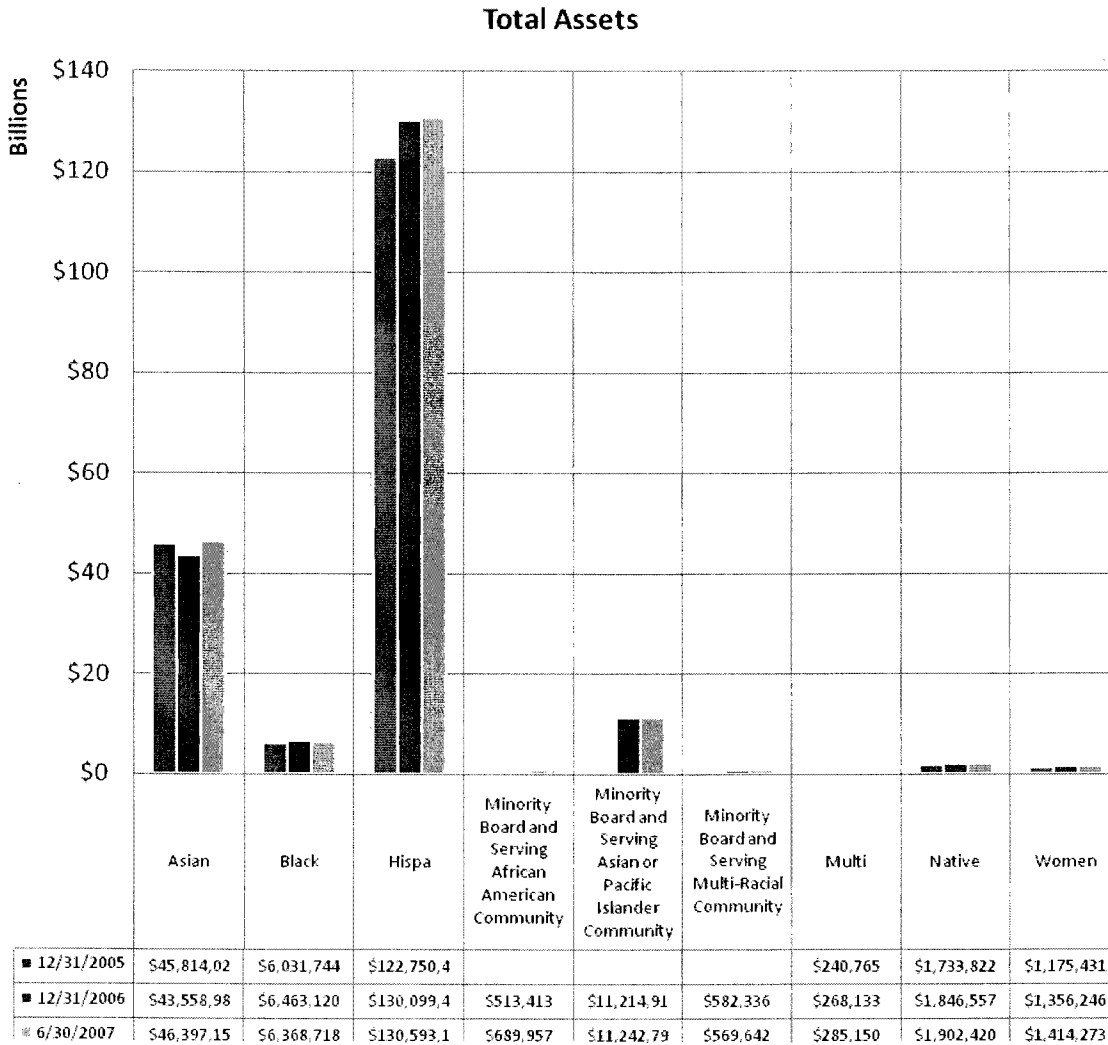


**Number of Minority Banks and Thrifts, by Year, 2005 to 2007 (June)**



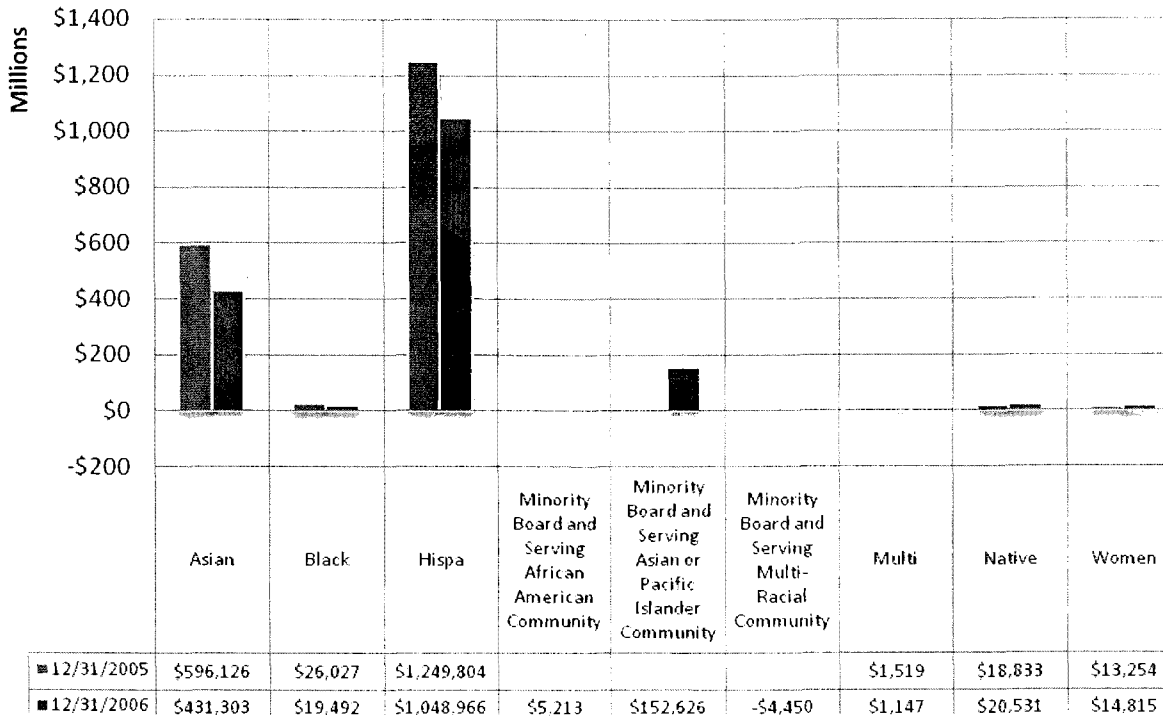
## Assets

Assets for all minority-owned financial institutions increased in the second quarter of 2007 to \$199.463 billion, up from \$177.746 billion at the end of 2005, \$160.520 billion at the end of 2004 and \$84.597 billion at the end of 2001.



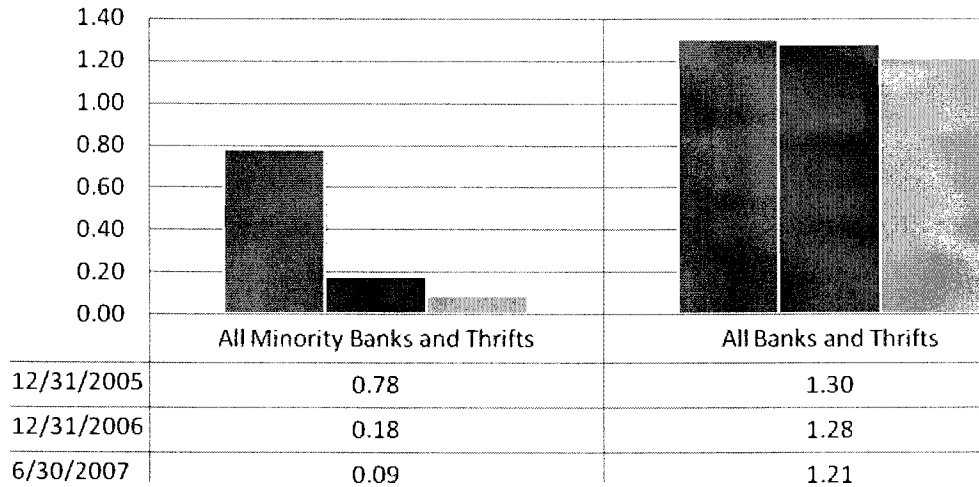
## Net income

Net income for the group totaled \$1,905,563,000 in 2005 and \$1,689,643,000 in 2006, down from \$1,921,019,000 in 2004. From January, 2007 to June, 2007, minority bank and thrift net income totaled \$616,416,000. Net income for minority owned banks and thrifts totaled \$373,404,000 in 1998.



## Return on Assets (ROA)

Return on Assets (ROA) averaged 0.78% at the end of 2005, 0.18% at the end of 2006, and 0.09% by 6/30/07. ROA totaled 0.84% for minority institutions at the end of 2004. For all FDIC-insured institutions ROA was 1.30% in 2005, 1.28% in 2006, and 1.21% by June, 2007. ROA was 1.28% at the end of 2004.



Efficiency ratio analysis reveals one reason for the continued gap. The efficiency ratio, (noninterest expense minus amortization of intangible assets as a percent of net interest income plus noninterest income) shows, according to the FDIC, “the proportion of net operating revenues that are absorbed by overhead expenses, so that a lower value indicates greater efficiency.”

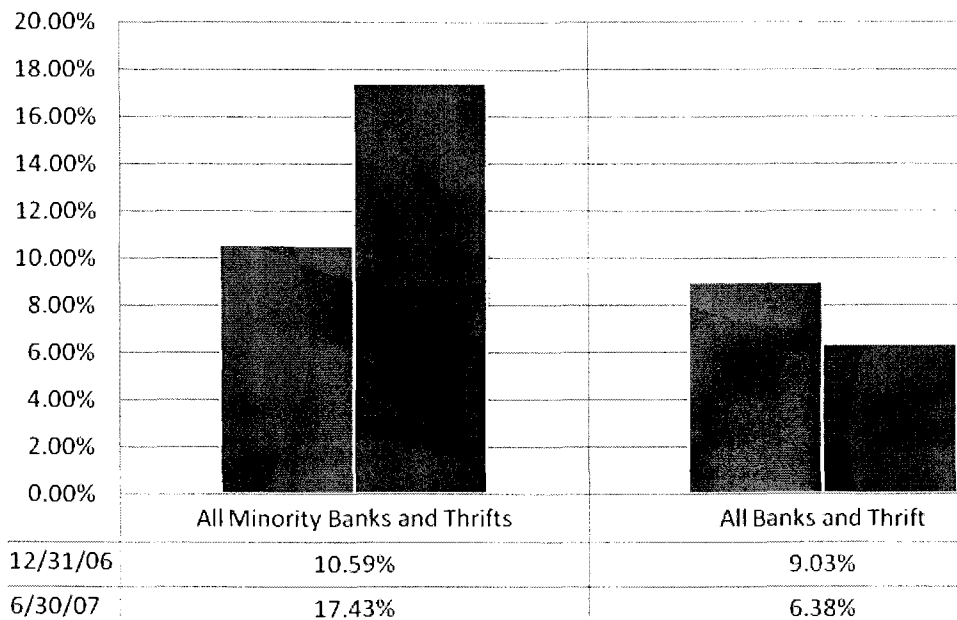
As of June, 2007, the efficiency ratio was 91.36 for all women and minority owned banks and thrifts, versus an all industry average of 56.52. Minority banks tend to be smaller and less efficient than majority banks.

In addition, a number of new minority banks have been created over the past two years. These banks will not show positive income for several years, depressing ROA averages. We have every reason to believe that once profitable, minority bank ROA will move closer to the industry average.

## Remarkable asset growth

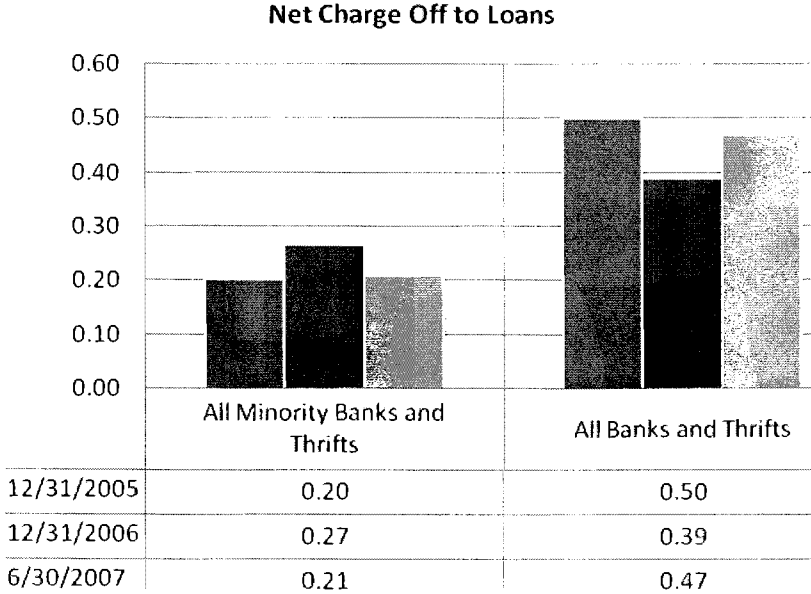
Minority banks continue to lead the industry with respect to asset growth. By June, 2007, annualized asset growth was 17.43% at minority institutions, compared to an all industry growth rate of 6.38%. In 2006, minority institution asset growth was 10.59% versus an all industry average of 9.03%. *We believe this trend reflects continued expansion at Hispanic banking institutions and remarkable asset growth at Asian institutions.*

### Asset Growth



**Little evidence of negative mortgage market impact – yet....**

Minority banks outperformed the industry with respect to loan performance, also. By June, 2007, net charge offs as a percentage of average loans totaled 0.21% at minority institutions and 0.47% at all FDIC-insured institutions. In 2006, charge offs as a percentage of average loans totaled 0.27% at minority institutions and 0.39% at all FDIC-insured institutions. In 2005, the percentages were 0.20% and 0.50%, respectively.



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## **About Creative Investment Research, Inc.**

Creative Investment Research, Incorporated, a Delaware corporation, was founded in 1989 to expand the capacity of capital markets to provide capital, credit and financial services in minority and underserved areas and markets. We have done so by creating new financial instruments and by applying existing financial market technology to underserved areas.

The firm is and is owned and managed by William Michael Cunningham. Mr. Cunningham registered with the U.S. Securities and Exchange Commission as an investment adviser on February 2, 1990. He holds MA (Economics) and MBA (Finance) degrees from the Department of Economics and the Graduate School of Business of the University of Chicago. He earned his BA degree from Howard University in Washington, D.C. Mr. Cunningham is a member of the Social Investment Forum, the CFA Institute and of the Twin Cities Society of Security Analysts.

The Community Development Financial Institution Fund of the US Department of the Treasury certified the firm as a Community Development Entity on August 29, 2003. The Small Business Administration certified the firm as an 8(a) program participant on October 19, 2005.