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FOR IMMEDIATE RELEASE

INITIATIVE PROMISES FINANCIAL “WIN, WIN, WIN”

Washington, D.C. – (May 4, 2004) – Beginning today, socially-motivated investors and banks have a new opportunity to invest up to \$5 million in American communities that need money the most -- with full FDIC insurance coverage.

Banks may also earn Community Reinvestment Act (CRA) credit for the investment.

Two national organizations – the Community Development Bankers Association (CDBA) and the Promontory Interfinancial Network -- launched the innovative “Banking on Communities” initiative at a briefing at Promontory’s headquarters.

Under the initiative, socially-motivated investors – individuals, corporations, nonprofits, faith-based organizations – and banks can receive up to \$5 million in Federal deposit insurance coverage when depositing funds in a community development bank that’s a member of Promontory and the CDBA. No one has ever lost a penny in an account insured by the Federal Deposit Insurance Corporation.

In addition, Federal banking regulators have confirmed that a bank may earn CRA credit when making a deposit in a community development bank that is certified as a Community Development Financial Institution (CDFI) by the U.S. Treasury. All CDBA members are certified as CDFIs.

“We have joined forces to enable investors and banks to do good while doing well,” said Eugene Ludwig, Chairman and CEO of Promontory. “It is a ‘win’ for everyone involved: investors, banks, and, perhaps most of all, the communities themselves.”

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“This promises to be a tremendous opportunity for CDFI-banks,” said Robert M. McGill, Board Chair, CDBA, and President, Neighborhood National Bank, San Diego, CA. “We can envision hundreds of millions of dollars of investments flowing into underserved communities to finance housing and to launch new businesses – once potential investors understand they can put their money on a social mission with no danger of loss. Our goal is to channel \$1 billion in deposits to community development banks in the first two years of this initiative.”

The \$5 million of Federal insurance protection is made possible through a service offered to banks by Promontory: the Certificate of Deposit Account Registry Service, or CDARS. Banks that are members of the Network place certificates of deposit with each other for their customers through a sophisticated computer match engine. For example, a customer’s deposit of \$250,000 may be divided among three banks so that the entire amount of principal and interest are covered, that is to say within the FDIC insurance limit. A Promontory member bank will receive deposits from customers of other banks equal to the amount of customer funds it is placing. Because banks swap deposits dollar for dollar, all of the money deposited in a community development bank using CDARS goes to work in the local community. For example, when a depositor makes a \$500,000 CDARS deposit in a bank, that bank can use all of the money to fund loans.

“With CDARS, community development banks can open doors, doors to new homes, doors to new enterprises,” said Ludwig. “With CDARS, community development banks can open the door to a better life for millions of Americans.”

Call the CDBA at 202-289-2636 or email info@communitydevelopmentbanks.org if interested in participating.

About the Community Development Bankers Association: CDBA is the national membership trade association of the community development banking industry. CDBA was organized in 2001 for the purpose of facilitating the revitalization of disinvested low income communities and promoting the growth and development of community development banks that are certified by the U.S. Department of the Treasury as Community Development Financial Institutions (CDFIs). To learn more about CDBA, go to www.communitydevelopmentbanks.org.

About Promontory Interfinancial Network: Based in Arlington, VA, Promontory Interfinancial Network was founded in 2002 by former Comptroller of the Currency Eugene Ludwig and other leading figures in the banking industry to develop and provide creative solutions to issues confronting bank management. To learn more about Promontory, go to www.promnetwork.com. To learn more about CDARS, go to www.cdars.com.
