

# 2016 CDBA Peer Forum and Membership Meeting Agenda

Arnold & Porter LLP  
601 Massachusetts Ave NW  
Paul Porter Conference Center – 11<sup>th</sup> Floor  
Washington DC

## CDBA Peer Forum Agenda – Day One

**1<sup>st</sup> Day**      **Wednesday, June 1, 2016**

**8:30 am**      **Registration & Continental Breakfast**

**9:00 am**      **Introductions & Review of Agenda**

Brian Argrett, Board Chairman

**9:30 am**      **David Silberman, Deputy Director**  
Consumer Financial Protection Bureau  
Introduction by Huey Townsend (Guaranty Bank)

**10:30 am**      **15 minute break**

**10:45 am**      **Best Practices in Aligning Bank Values and Culture with Mission**  
Moderator: Brian Argrett (City First Bank of DC)  
Panelists: David Reiling (Sunrise Banks), Darrin Williams (Southern Bancorp)  
Vince Siciliano (New Resource Bank), Tom Ogaard (Native American Bank)

Mission-focused banks are uniquely positioned to use finance to find sustainable solutions to poverty, environmental and social problems, as well as create economic opportunity for those otherwise left out of the economic mainstream. Key to success is finding and cultivating the right talent that understands how to run a profitable bank while staying true to mission. Panelists will discuss their strategies for creating culture and cultivating internal “buy in” for balancing profit and mission.

**12:00 noon**      **Lunch**

**1:15 pm**      **Innovation Lab (Interactive Small Group Discussion)**

A select group of CDFI banks working on product, services or systems innovations will each do a 2-minute pitch on their new offerings. Attendees will break into small discussion groups to give feedback and recommendations on their products and delivery strategies.

Moderator: Bill Dana (Central Bank of Kansas City)

Innovators:

- (1) City National Bank of New Jersey (Preston Pinkett)
- (2) First Eagle Bank (Faruk Daudbasic)
- (3) Pan American Bank (CA)(Bob Hughes/Diane Gregg)
- (4) Southern Bancorp (Dom Mjartan)
- (5) Spring Bank (Demetris Giannoulis)
- (6) Sunrise Banks (David Reiling)
- (7) United Bank (Bob Jones)

**2:30 pm      Strategies for Expanding Small Business Lending**

Moderator: Max Yates, BankPlus

Panelists: Gray Flora (BankFirst), Edward Shin (NOAH Bank), Blondel Pinnock (Carver Federal), Doyle Mitchell (Industrial Bank of DC)

Small businesses are critical to a healthy local economy because they create opportunity for budding entrepreneurs and generate new jobs. If done well, a successful small business program can also contribute significantly to profitability. Panelists will discuss their strategies for expanding small business lending in a highly competitive landscape.

**3:30 pm      15 minute break**

**3:45 pm      Developing a Perfect Pitch for Raising Capital**

Moderator: Preston Pinkett (City National Bank of New Jersey)

Panelists: Lisa Schultz (KBW), Josh Siegel (StoneCastle), Dory Wiley (Commerce Street Capital), Saurabh Narain (National Community Investment Fund), Joe Evans (Kresge Foundation)

Whether your bank wants to grow, acquire another bank, or reposition its capital structure, raising external capital is likely a strategy your bank will need to consider today or in the near future. Our panelists will discuss best practices and strategies for positioning your institution to raise equity or sub-debt capital.

**5:15 pm      Adjournment**

**6:00 pm      Cocktail Reception @ Penn Common - 700 6<sup>th</sup> St NW, Washington DC**

**7:15 pm      Dinner @ Graffiato - 707 6th St NW, Washington, DC 20001  
(directly across the street from Penn Common)**

## CDBA Peer Forum Agenda – Day Two

**2<sup>nd</sup> Day**      **Thursday, June 2, 2016**

**8:00 am**      **Continental Breakfast**

**8:30 am**      **Membership Meeting**

Treasurers Report

Board Elections

A set of discussion topics small group discussions with recommendations for public policy, sharing best practices, or other action steps to advance the CDFI bank sector.

**9:30 am**      **Lisa Mensah, Deputy Secretary for Rural Development**  
**U.S. Department of Agriculture**  
Introduction by Bob Jones, United Bank

**10:00 am**      **Reaching Millennial Customers**

Moderator: Bob Cooper (OneUnited)

Panelists: David DeFazio (StrategyCorp), Jeanne Hogarth (Center for Financial Services Innovation), Megan Hryndza (Mighty Deposits), Ron Milsap (Urban Partnership Bank)

According to the U.S. Census Bureau, in 2015 millennials became the largest living generation in the United States. At 83.1 million, they now outnumber baby boomers and Generation X. Numerous studies predict a dire future for banks in attracting millennials. Yet, other studies find that this demographic loves technology, hates big banks, likes community banks and credit unions, and are more socially conscientious consumers than generations before. The panel will discuss how CDFIs and mission-focused financial institutions respond to this seismic change.

**11:15 am**      **15 minute break**

**11:30 am**      **Optimizing Mission and Margin with Organizational Structure**

Moderator: Dom Mjartan (Southern Bancorp)

Panelists: Kent Curtis (First Southwest Bank), Tabitha Atkins (City First Bank of DC), Ken Hale (Bank of Montgomery)

CDFI banks engage in a wide range of activities to balance mission and margin. A regulated bank often does not have the flexibility to engage in all of the activities needed to advance the mission and business strategy of

a CDFI bank. This discussion will feature a group of CDFI banks that created subsidiaries, affiliates and other forms of partnership to serve customers, raise capital, and expand the reach of their financial institutions.

**12:30 pm      Lunch**

**1:30 pm      Best Practices in Building Systems to Demonstrate Impact**

Moderator: Michael Pugh (Carver Federal Savings Bank)

Facilitators: Jane Henderson (Community Capital Bank of Virginia), Erin Kilmer-Neel (Beneficial State Foundation), Tracy Cox (Self Help), Greg Bischak (CDFI Fund)

Collection and analysis of social impact data is critically important for all CDFIs to understand how effectively they are serving their target markets, ensure the alignment of strategies and operations with the achievement of mission-related goals, and communicate to external stakeholders the effectiveness of the banks' initiatives. Given the scale of lending and service activities of most banks, designing and building systems is critically important for success. Panelists will discuss efforts at their banks' to build effective internal systems.

**2:45 pm      Annie Donovan, Director  
CDFI Fund, US Department of Treasury**  
Introduction by Jeannine Jacokes (CDBA)

**Evaluation & Wrap Up**

**4:00 pm      Adjournment**



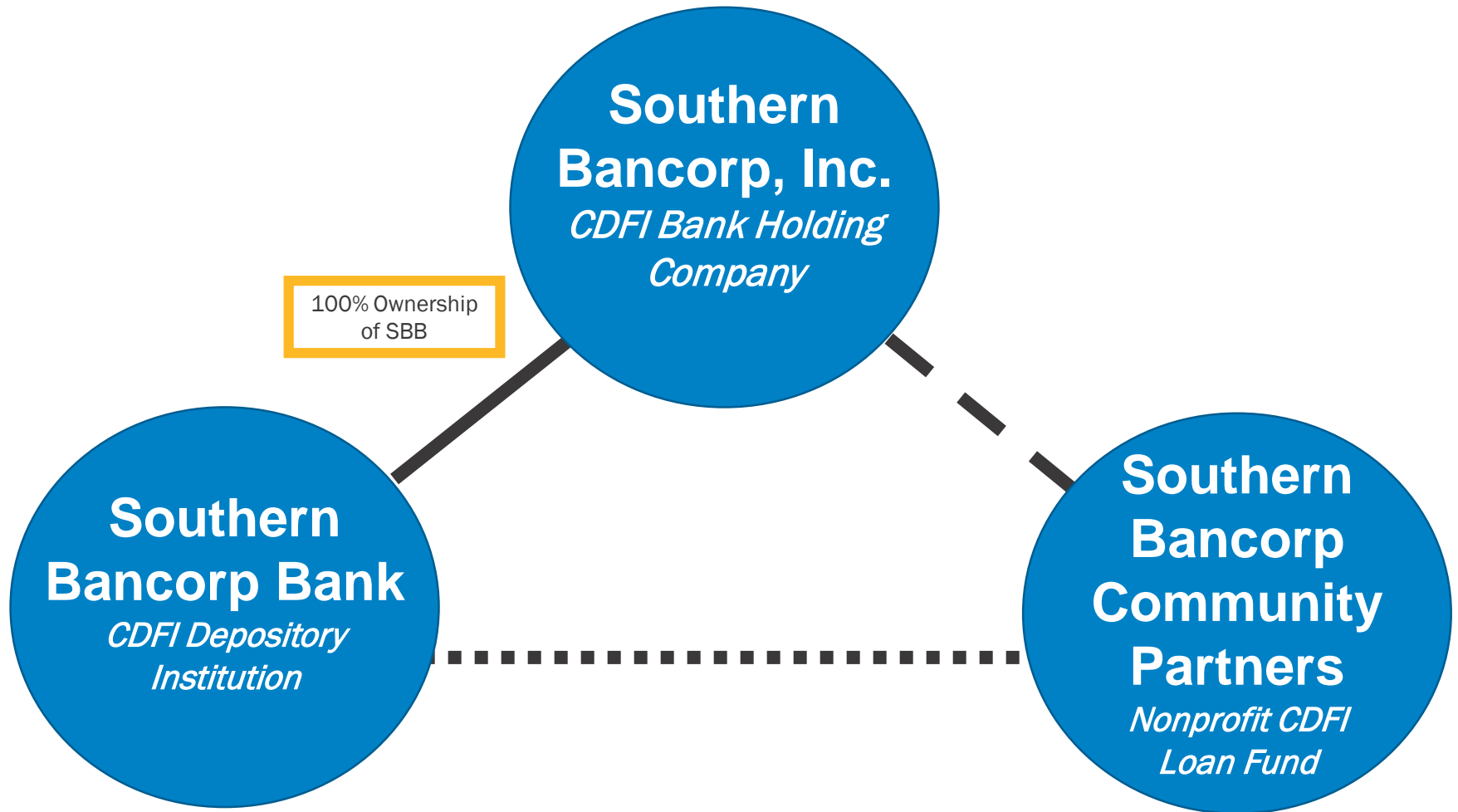
# **Southern Bancorp:**

## **A Bank on a Mission**

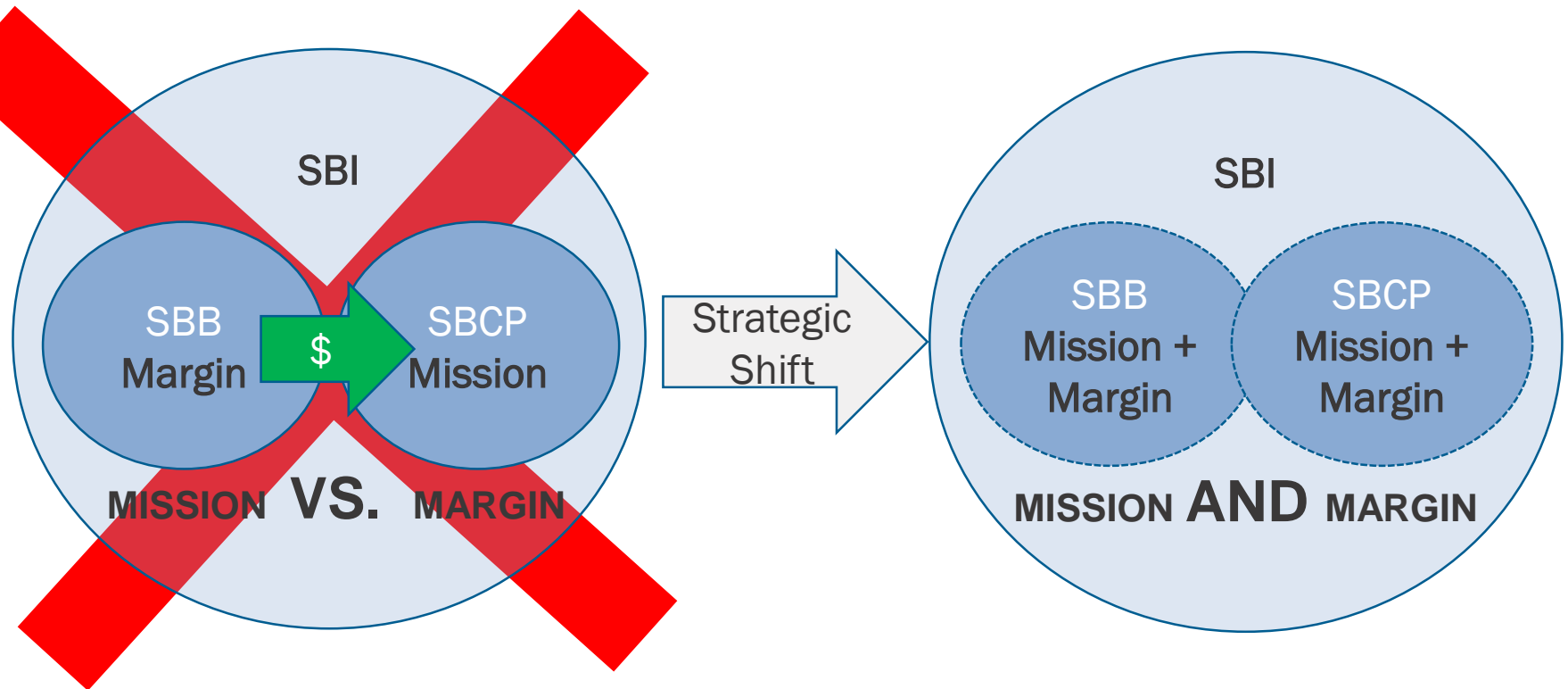
**Moving the Needle on  
Corporate Culture:  
Balancing Margin & Mission**

**Community Development  
Bankers Association**

# Structural Challenge



# MISSION vs. MARGIN



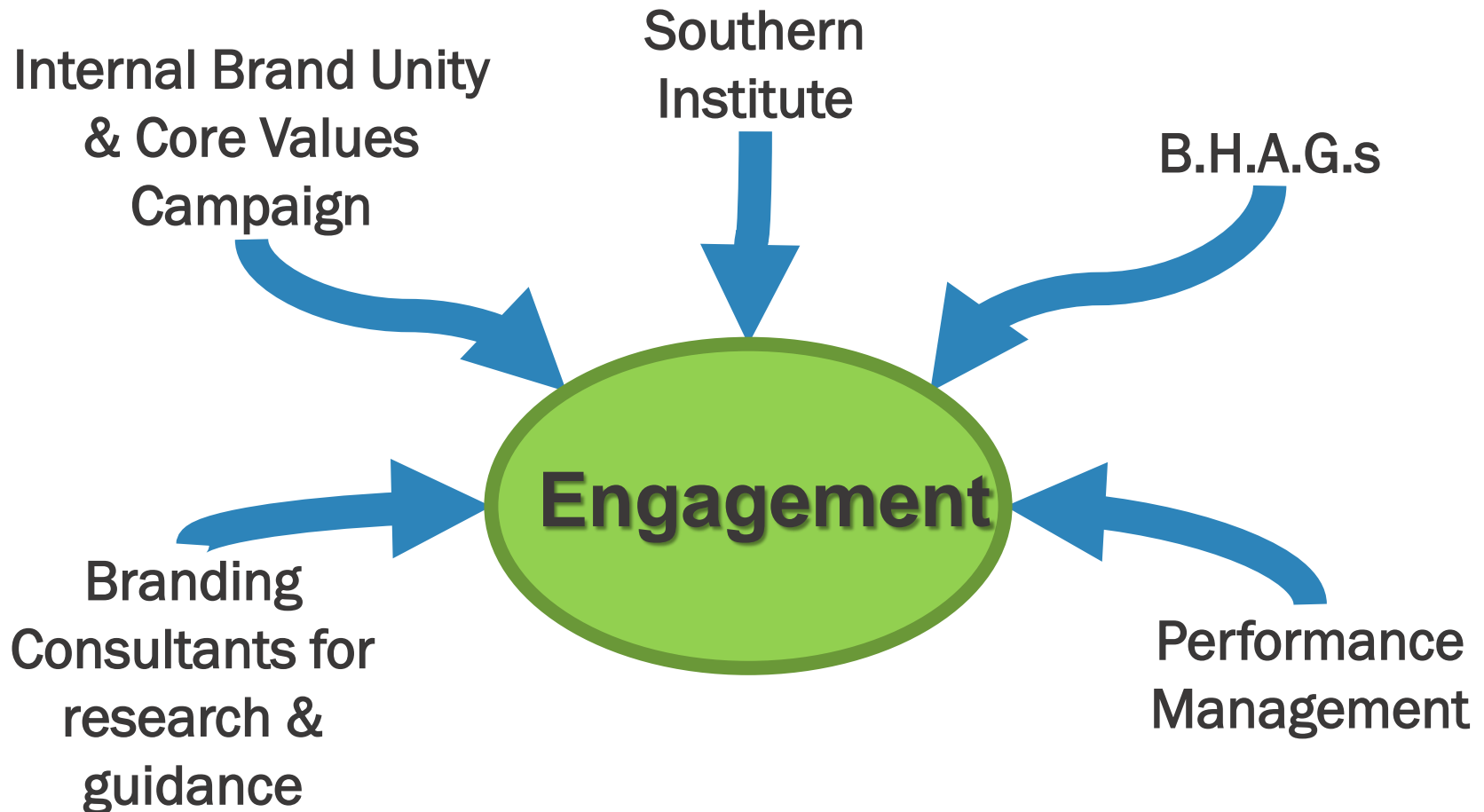
# Growth Challenges



*And more....*



# Strategies for cultivating “buy-in”



**Vision:** To provide responsible, responsive and innovative financial products and financial development services to people, businesses and communities across the rural Mid-South with a particular focus on un/underbanked & low-wealth people—while developing a sustainable and scalable CDFI model.

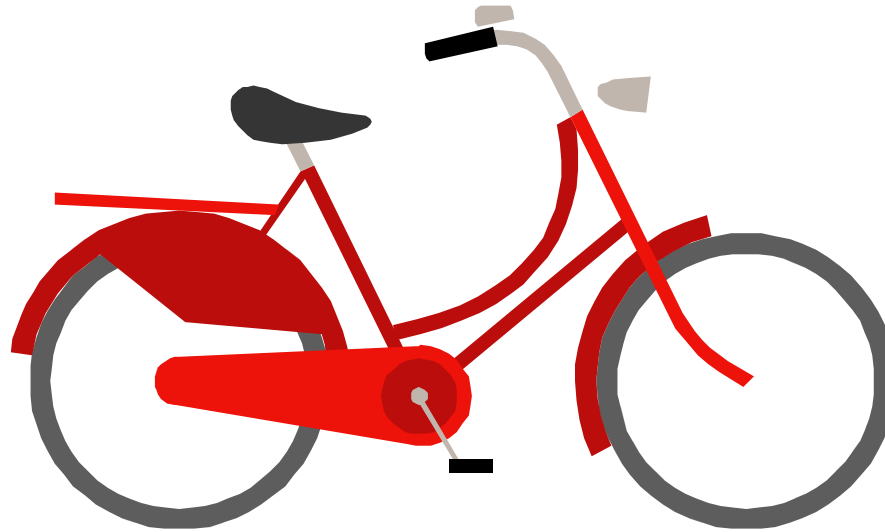
**Mission:** To create economic opportunity in our target markets.

**Core Values:** R.A.I.S.E.



# MISSION + MARGIN

## The Bicycle

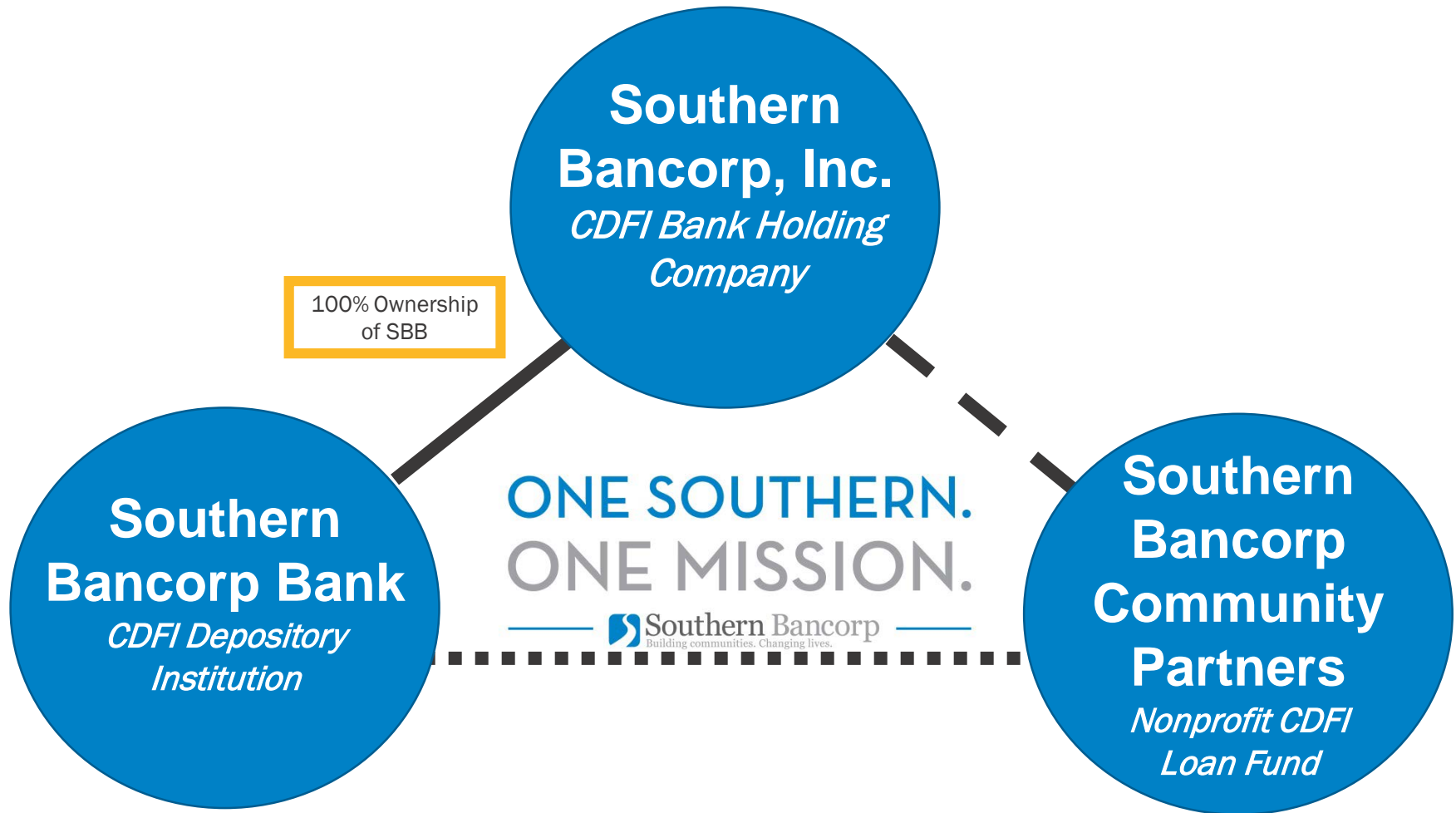


**Financial Sustainability**  
Back Wheel

**Mission**  
Front Wheel

Borrowed from Self-Help

# Creating Brand Unity





# Creating Brand Unity



ONE SOUTHERN.  
ONE MISSION.

—  Southern Bancorp —  
Building communities. Changing lives.





# Brand Council – Brand Ambassadors



**RELATIONSHIP**  
THE ONE ABOUT BEING  
**A TEAMMATE.**

CUSTOMERS COME FIRST.  
GOING THE EXTRA MILE.  
SAYING YOUR PLEASE AND THANK YOU.  
DRAWING PEOPLE IN.  
**UNITY.**  
FRIENDLINESS.  
PATIENCE.  
WORKING HARD.  
PLAYING NICE.

KNOWING THEIR NAME.  
ENCOURAGEMENT.  
GOING ABOVE AND BEYOND.  
**TEAMWORK.**  
WARM WELCOMES.  
RECOGNIZING OTHERS.  
HOSPITALITY.  
HOW MAY I HELP YOU?  
DO WHAT YOU SAY YOU'LL DO.

FIXING MISTAKES.  
**TAKING OWNERSHIP.**  
KEEPING YOUR PROMISES.  
IDENTIFYING PROBLEMS.  
**CONSISTENCY.**  
ALWAYS DO YOUR PART.  
**RESPONSIVE.**  
TEAMWORK.  
**STEP IN.**  
BE CLEAR.  
BE PROACTIVE.  
**TAKING RESPONSIBILITY.**  
DON'T PUT IT OFF FOR TOMORROW.  
**ACCOUNTABILITY**  
STAY AHEAD OF THE CURVE.  
THOUGHTFULNESS.

SHARE LEARNING AND OWNERSHIP.  
DON'T BE AFRAID TO ASK.  
FILL IN THE GAPS.  
RECOGNIZE YOUR POTENTIAL.

IDEAS ARE ENCOURAGED.  
**NEVER SATISFIED.**  
**INNOVATION**  
GET OUT OF YOUR COMFORT ZONE.  
FRESH PERSPECTIVES.  
ENCOURAGEMENT.  
NEW WAYS TO DO OLD BUSINESS.  
**OPEN TO CHANGE.**  
CUTTING EDGE.  
IDEAS ARE WELCOME.

FINDING THE BEST GREAT EMPLOYEE.  
**PARTNERSHIPS.**  
**CUSTOMER RETENTION.**  
SAVING TIME.  
SAVING ENERGY.  
SAVING MONEY.  
BE ENCOURAGING AND POSITIVE.  
**SUSTAINABILITY**  
ENCOURAGE SEEK  
ADAPT.  
EVOLVE.  
BE INFORMED.  
**MARGIN + MISSION.**  
HELP CUSTOMERS LOVE THEIR BANK.  
BE YOUR BEST.

NO EXCESSIVE FEES.  
**RECYCLE.**  
REDUCE WASTE.  
EFFICIENCY.  
STAY PROFITABLE.

PUBLIC ACKNOWLEDGEMENT.  
**IDEA**  
GENERATORS.  
PUSH THE ENVELOPE.  
**STORY ONE SOUTHERN.**  
TELLERS.  
ONE MISSION.  
SHARING YOUR KNOWLEDGE.  
RECOGNIZING A PEER.  
EXTRA TRAINING.  
**MENTORING.**  
EXPAND TRAINING.  
EXPAND SKILLS.  
**EMPOWERMENT**  
LEARNING.  
MAINTAINING A POSITIVE SELF-DEVELOPMENT ATTITUDE.  
GOING ABOVE AND BEYOND.





# R.A.I.S.E. Statistics

## Nominations

Awarded	955
Denied	43
Pending	21
<b>TOTAL</b>	<b>1019</b>

\$\$ Pay Now \$\$

**Save &  
Double**

Undecided

190 awards

726 awards

39 awards

RELATIONSHIP  
THE ONE ABOUT BEING  
**A TEAMMATE**  
ENCOURAGEMENT  
GOING ABOVE  
AND BEYOND.  
FIRST  
DOING THE  
**EXTRA MILE**  
LAYING YOUR PLATE AND THOSE YOUR  
SAVING YOURSELF.  
TEAMWORK  
WARM VOLUMES  
RECOGNIZING  
**OTHERS.**  
HOSPITALITY  
HOW MANY HELPS DOES  
IT TAKE TO GET THERE?  
PLAYING NICE.

**337**

OWNERSHIP  
TAKING  
RESPONSIBILITY  
ALWAYS DO YOUR PART  
**RESPONSIVE.**  
TEAMWORK  
STEP UP  
STEP IN  
RE-CLAR  
TAKING RESPONSIBILITY  
HOW CAN IT BE FOR YOUR OWN  
**ACCOUNTABILITY**  
STAY AHEAD  
OF THE GAME  
THINKING OUTSIDE  
THE BOX  
FEEL THE RUSH  
OF YOUR  
POTENTIAL

**225**

IDEAS ARE  
ENCOURAGED.  
**NEVER**  
SATISFIED.  
INNOVATION  
GET OUT OF YOUR  
COMFORT ZONE.  
FROM PROBABLY  
AND MANAGEMENT  
NEW WAYS TO DO  
OLD BUSINESS  
**OPEN TO  
CHANGE.**  
OUTTING EDGE.  
IDEAS ARE  
WELCOME.

75

OPPORTUNITIES OVER  
**PARTNERSHIPS**  
CUSTOMER **RECYCLE.**  
RETENTION  
SAVING TIME  
SAVING MONEY  
BE AWARE AND POSITIVE  
**SUSTAINABILITY**  
REDUCE WASTE  
EFFICIENCY  
MARGIN + MISSION.  
HELP CUSTOMERS LIVE THEIR BEST  
BE YOUR BEST.

135

PUBLIC ACKNOWLEDGEMENT  
**IDEA A** DECISION MAKERS  
PUSH THE ENVELOPE  
STORY ONE SOUTHERN  
TELLERS. ONE MISSION.  
SHARING YOUR  
KNOWLEDGE  
RECOGNIZING A PEER  
**EXTRA TRAINING.**  
MENTORING.  
EMPOWERMENT  
LEARNING  
HONORING A  
POSITIVE  
SELF-DEVELOPMENT ATTITUDE  
GOING ABOVE AND BEYOND.

**183**

# Big Hairy Audacious Goals



## **Housing**

**10,000** people supported in attaining affordable **housing**



## **Entrepreneurship**

**100,000** jobs supported



## **Savings**

1,000,000 people empowered to save

# Building Our Brand



## Southern Institute

- Leadership development (succession planning)
- Brand indoctrination

## Performance Management

- Continuous alignment with our core values & BHAGs
- Quarterly staff reviews (90 Day Rocks);  
Interactive goal setting and self-evaluations

## External Branding

- Telling our story - who we are, and what we do through - customer testimonials
- New (Margin & Mission) website (launching June 23<sup>rd</sup>)

# 2015 Progress Check – Re-Survey of Southern Employees

Measuring brand progress over past two years.

- Survey questions include various topics:

Southern's Purpose ✓

Southern's Brand ✓

Working at Southern ✓

Southern Communications ✓



#### 4. How does Southern Bancorp relate to Southern Bancorp Community Partners?

	2015	2013
<p>They share the common mission of creating economic opportunities in rural communities; they work hand-in-hand to accomplish this.</p> <p><i>[2013: They share the common purpose of redeveloping distressed rural communities; they work hand-in-hand to produce these results.]</i></p>	87.8%	62.6%
<p>Profits from Southern Bancorp help fund the work of the nonprofit Southern Bancorp Community Partners; they work independently of each other.</p>	8.2%	30.6%
<p>They share a name only, and a connection to the same holding company.</p>	0.4%	0.7%
<p>I don't know.</p>	3.7%	6.1%





[banksouthern.com](http://banksouthern.com)  
[southernpartners.org](http://southernpartners.org)

[southern@banksouthern.com](mailto:southern@banksouthern.com)



[facebook.com/southernbancorp](https://facebook.com/southernbancorp)



[@southernbancorp](https://twitter.com/southernbancorp)



[vimeo.com/southern](https://vimeo.com/southern)



The background of the slide features a photograph of three people rappelling down a dark, rocky cliff face. They are silhouetted against a clear blue sky. The person at the top is holding the rope of the person in the middle, who is holding the rope of the person at the bottom. They are all in dynamic, descending poses. In the background, a valley with a river and distant mountains is visible under a clear sky.

# Best Practices for Aligning Bank Values & Culture with Mission

Vince Siciliano  
*President/CEO*  
New Resource Bank

# Bridge between the Old and New



## Old Economy

- Shareholder focus
- Unconscious
- Unsustainable

## New Economy

- Stakeholder focus
- Conscious capitalism
- Sustainable leadership

***Our mission is to achieve well-being  
for people and the planet through banking***



# What We Finance... and Don't

New economy



Old economy





## Our Target Markets



Clean Energy



Green Building



Natural & Organic  
Products



Nonprofits



Sustainable Business

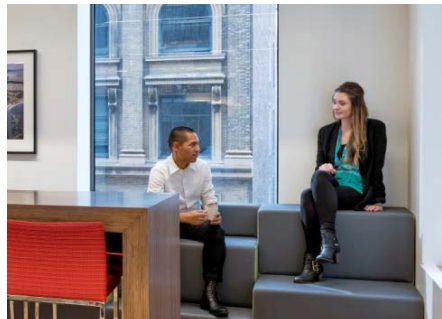






## Hiring

- 100% commitment to **triple-bottom-line** mission
- Right people, right seats



## Onboarding

- Orientation to company 's **culture** and **values**
- Mission training & Green Team orientation



## Engaging

- Sustainability Engagement Program
- Ongoing **educational** opportunities



## ECO

**Goal:** Maximize well being for people and planet



## EGO

**Goal:** Maximize wealth for self



# PURPOSE COMES FROM...



**RELATIONSHIPS**



**DOING SOMETHING  
GREATER THAN  
YOURSELF**



**PERSONAL GROWTH &  
CHALLENGE**

*imperative*



## Hindsight

- Strengths
- Values
- Feedback
- Work history



## Foresight

- Awareness about industry & organization's future
- Understanding of key issues

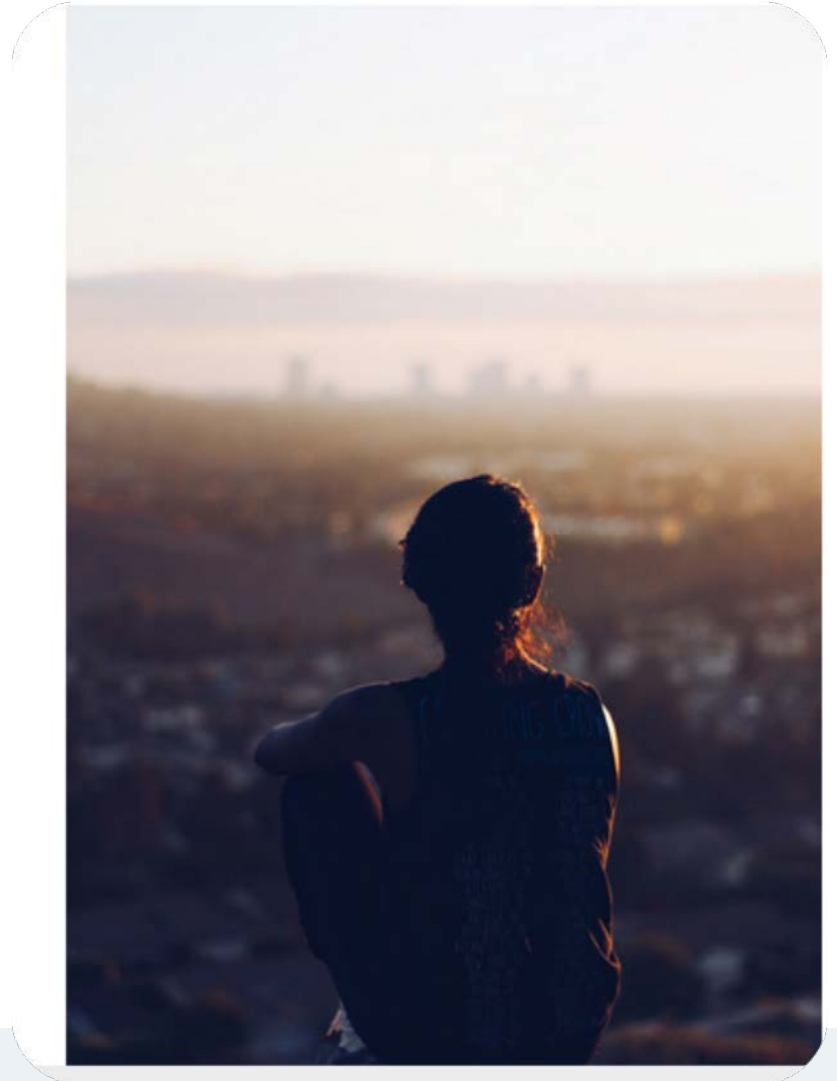


## Insight

- Education, Exposure, Experiences
- DEAL

Documented  
Employee owned  
Aligned with personal goals  
Linked to organization's goals"

## The Journey of a Leader

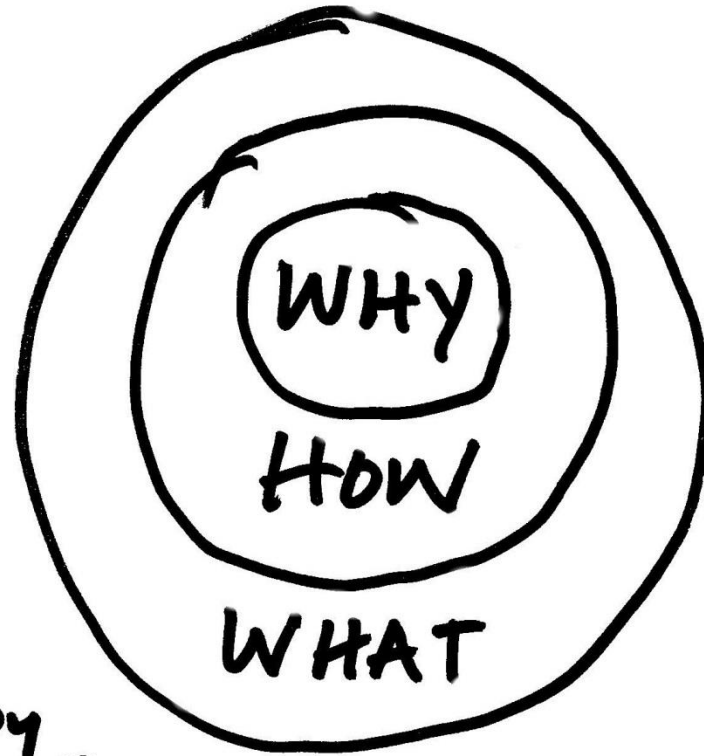




**New Resource Bank**  
**255 California Street, #600**  
**San Francisco, CA 94111**



# THE GOLDEN CIRCLE



by  
SIMON SINEK











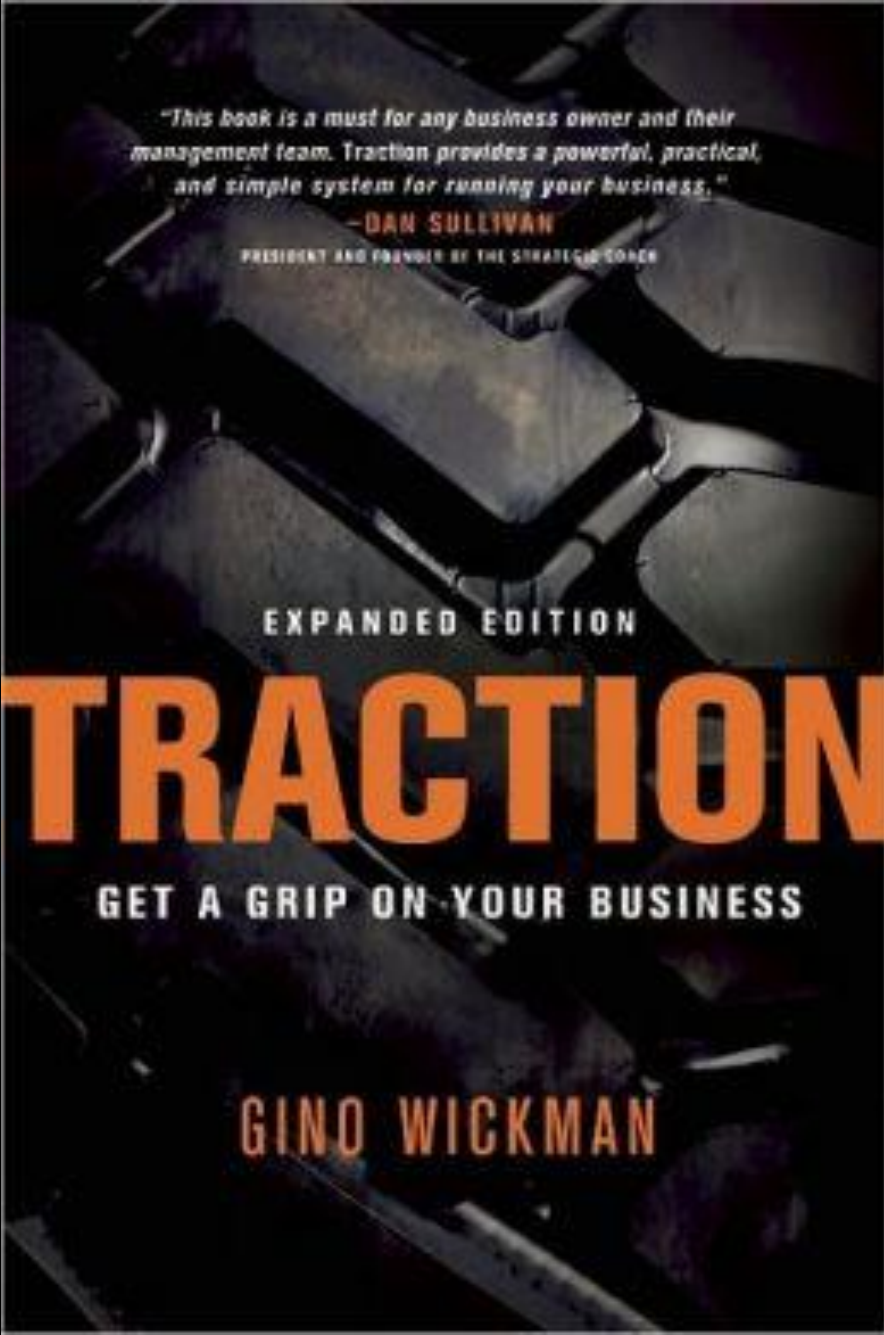


↓

**EOS<sup>®</sup>**

Entrepreneurial Operating System

↓



*"This book is a must for any business owner and their management team. Traction provides a powerful, practical, and simple system for running your business."*

**-DAN SULLIVAN**

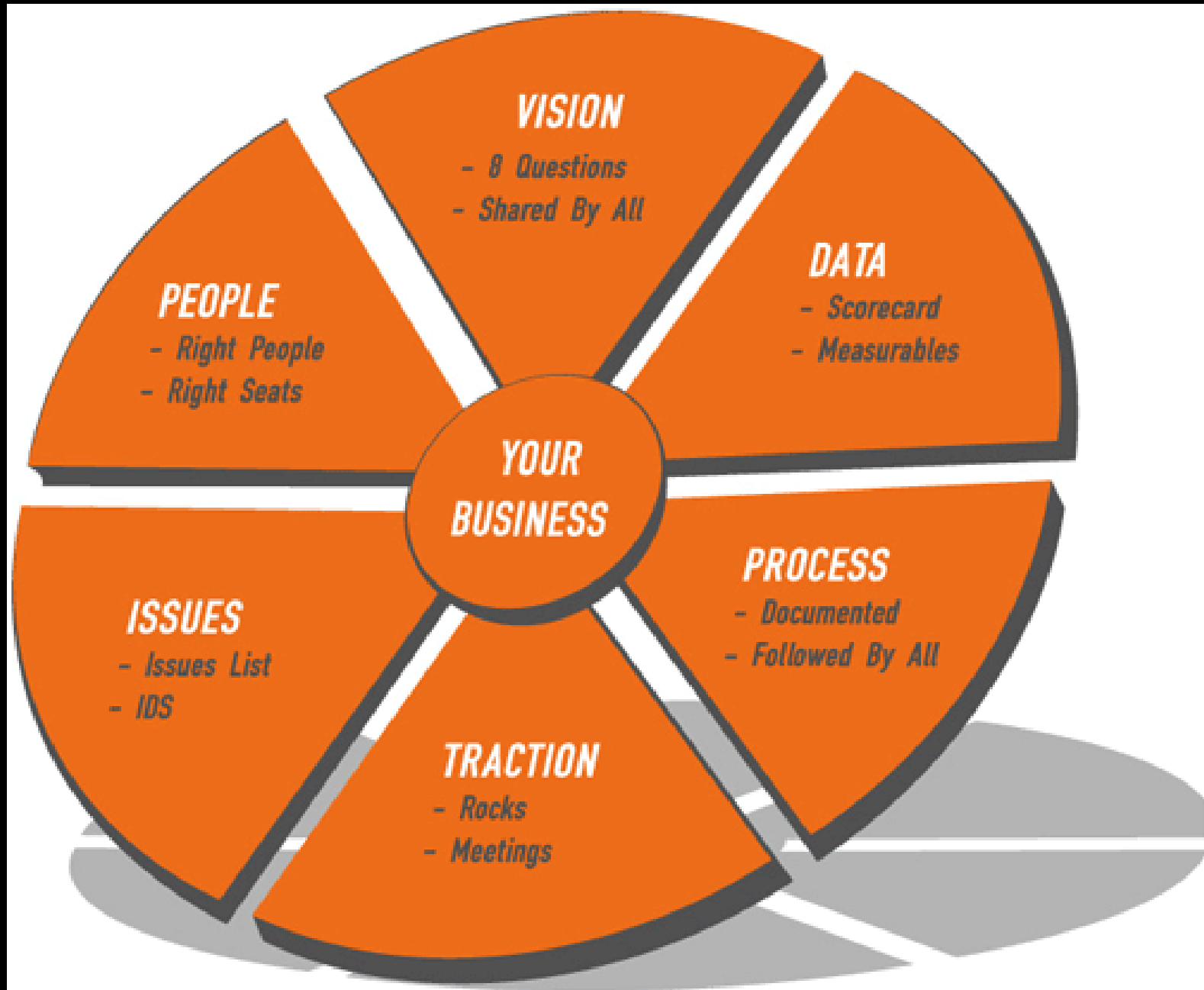
PRESIDENT AND FOUNDER OF THE STRATEGIC ZONE

EXPANDED EDITION

# TRACTION

GET A GRIP ON YOUR BUSINESS

**GINO WICKMAN**







**WELCOME**

Community Development Bankers Association  
Peer Forum  
June 1-2, 2016





## **VISION**

THE trusted Native owned nationwide bank meeting the financial needs of you, your family, your business, your nation.

## **MISSION**

Through collaboration, provide access to financial services for Alaska Native and Native American communities creating economic independence, development and sustainability.

*Native People Investing in Native Communities*





## **HISTORICAL**

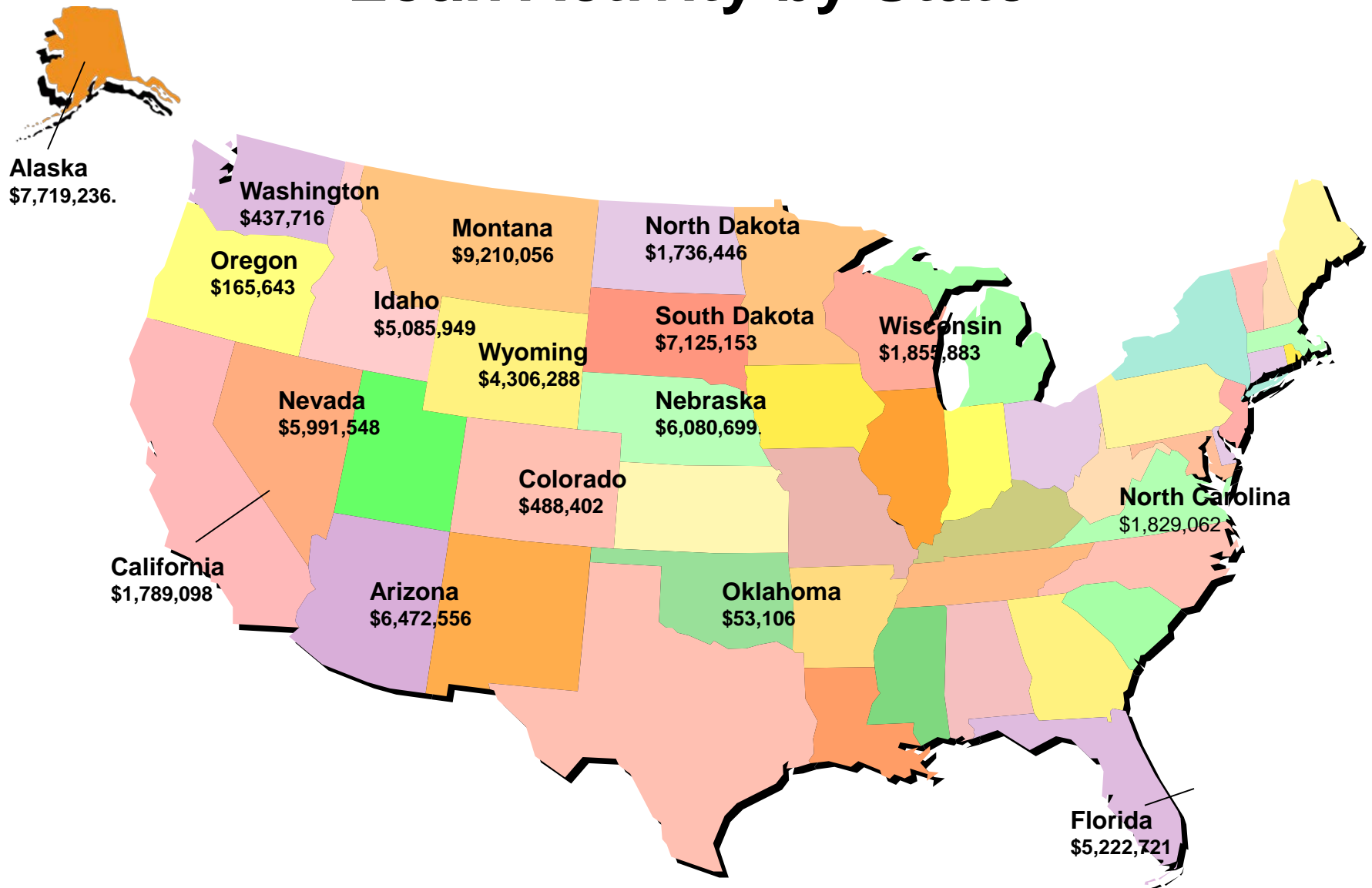
In 2001, twenty Tribal Nations and Alaskan Native Corporations set out with a dream “to create a national bank to serve all Native people, communities, governments and enterprises across the country” and established Native American Bank, N.A. (NAB).

NAB recognizes that among the many issues facing Native Americans, the absence of access to financial capital and services has been a significant impediment towards the realization of self-sufficiency and financial freedom across Indian Country.



As part of its national approach, the Bank actively pursues opportunities to assist Native American and Alaska Native individuals and entities with the products and services they require. NAB currently has loans in 19 states and is seeking to broaden its support through measured and deliberate growth.

# Loan Activity by State



# **Native American Bank Projects**

**\$15 Million NAB Lead Financing for Tribal Justice**





# **\$10 Million NAB Lead Financing for Tribally Owned Multiplex Cinema Construction & Permanent Financing**



# **\$5.5 Million Loan - Private/Tribal Partnership Compost Processing Facility Construction & Permanent Financing**





# **\$5.5 Million Loan Tribally Owned Hotel Construction & Permanent Financing**



# **\$2.1 Million Loan**

## **Restaurant on Tribal Reservation**

### **Construction & Permanent Financing**



# Senior Housing Village on Tribal Reservation





## Mission/Culture/People

- Internal – Communication/Inclusion/Sharing
- External – Brand/Visibility/Relationship Building

*Native People Investing in Native Communities*



Thank you.

*Native People Investing in Native Communities*





# CARVER BANCORP, INC.

## Small Business Lending

CDBA Panel – June 1, 2016







# Carver Federal Savings Bank,

---

- A federally chartered savings bank founded in 1948 in Harlem to serve African-American communities whose residents, businesses, and institutions had limited access to mainstream financial services.
- Carver has been designated by the U.S. Treasury Department as a Community Development Financial Institution (CDFI) because of its community-focused banking services and dedication to the economic viability and revitalization of underserved neighborhoods.
- Carver is the largest publically traded African- and Caribbean-American run bank in the United States, with nine full-service branches, six satellite ATM Centers in the New York City boroughs of [Brooklyn](#), [Manhattan](#), and [Queens](#) and access to 55,000 AllPoint ATMs nationwide.



# Carver Small Business Lending

---

- Carver has been meeting the needs of small businesses in its footprint for over 65 years.
- We have built a large portfolio of loans to small and medium sized businesses operating in fields from healthcare to agriculture.
- As of December 31, 2015, Carver had \$77 million in business loans on its books — 13% of Carver's entire loan portfolio — ranging in size from \$30,000 to \$4,000,000.



# Capital Access Programs

---

- Over the past ten years, Carver has developed a niche in providing capital to certified small minority and women business enterprises (“MWBEs”). MWBEs have historically experienced difficulty in obtaining access to capital.
- Carver provides capital to companies that traditionally have difficulty qualifying for bank financing based on traditional commercial lending criteria. Firms are evaluated on the basis of credit, capacity, and character just as they would with conventional loans.
- The loans are contract based and both fund controls and technical assistance are in place to provide risk mitigation and flexibility for the customer.
- The loans range in size from \$40,000 to \$900,000 and cannot represent more than 30% of the contract amount.
- The two programs where Carver provides loans are:
  - 1) **Metropolitan Transportation Authority**
  - 2) **Bridge to Success – Empire State Development Corporation**



# Metropolitan Transportation Authority

---

- In 2010, Carver Federal Savings Bank (“Carver”) partnered with the Metropolitan Transportation Authority (“MTA”) to launch the Small Business Loan Program (“SBLP” or the “Program”).
- The SBLP aims to provide small minority and women business enterprises (“MWBES”) enrolled in the MTA’s Small Business Development Program (“SBDP”) with loans to fund construction projects for the MTA.
- The proceeds finance transportation infrastructure and provide mobilization for small contractors.
- Together, Carver, the MTA, and TDX Construction Corporation (“TDX”) have built a program that provides MWBEs with mentorship, opportunity, and the capital necessary to seize those opportunities.
- Over the past 6 years, Carver has provided 70 borrowers with \$9,512,500 in loan proceeds, funding \$63,547,320 in MTA contracts and creating or retaining approximately 1,520 jobs.



# Bridge to Success-Empire State Development Corporation

---


- Carver was recently recognized as the top Bridge to Success lender in New York State after lending \$1.5 million to MWBEs through this program.
- Carver has provided 5 borrowers with \$1,534,000 in loan proceeds, funding \$24MM in City and State contracts and creating or retaining approximately 576 jobs.
- These loans financed the completion of infrastructure projects in New York State and created jobs in distressed communities.



**Empire State  
Development**

# Carver Cash Access


- Carver also recently launched the Carver Cash Access program, which offers loan products intended to help small businesses cover unforeseen expenses without resorting to predatory loan products.
- An eligible borrower may receive up to \$15,000 at a 15% interest rate within a few days of submitting its application.



Introducing

**Carver Personal**  
**CASHaccess**  
**LOANS**

- Competitive rates with no pre-payment penalty
- Quick Access to Funds
- Easy application with fast approval



Member FDIC [www.carverbank.com](http://www.carverbank.com) 718.230.2900

**CARVER**  
FEDERAL SAVINGS BANK

BROOKLYN • STUYVESANT • CROWN HEIGHTS • PLATTSBURGH • FORT GREENE • HARLEM • EAST HARLEM • JAMAICA • ST. ALBANS





# Community Impact Loan Fund

---

- The Community Impact Loan Fund was designed to provide access to capital to community based MWBEs who have capital need requirements but do not meet traditional underwriting standards yet demonstrate sufficient cash-flow to service the debt.
- This fund allows Carver to reach a marginalized yet critical customer base within our local neighborhoods.
- It also provides the bank an opportunity to give technical support where needed and leverage the visibility of these local businesses.

- To date Carver has provided \$550,000 in loans to local businesses, here are just a few:

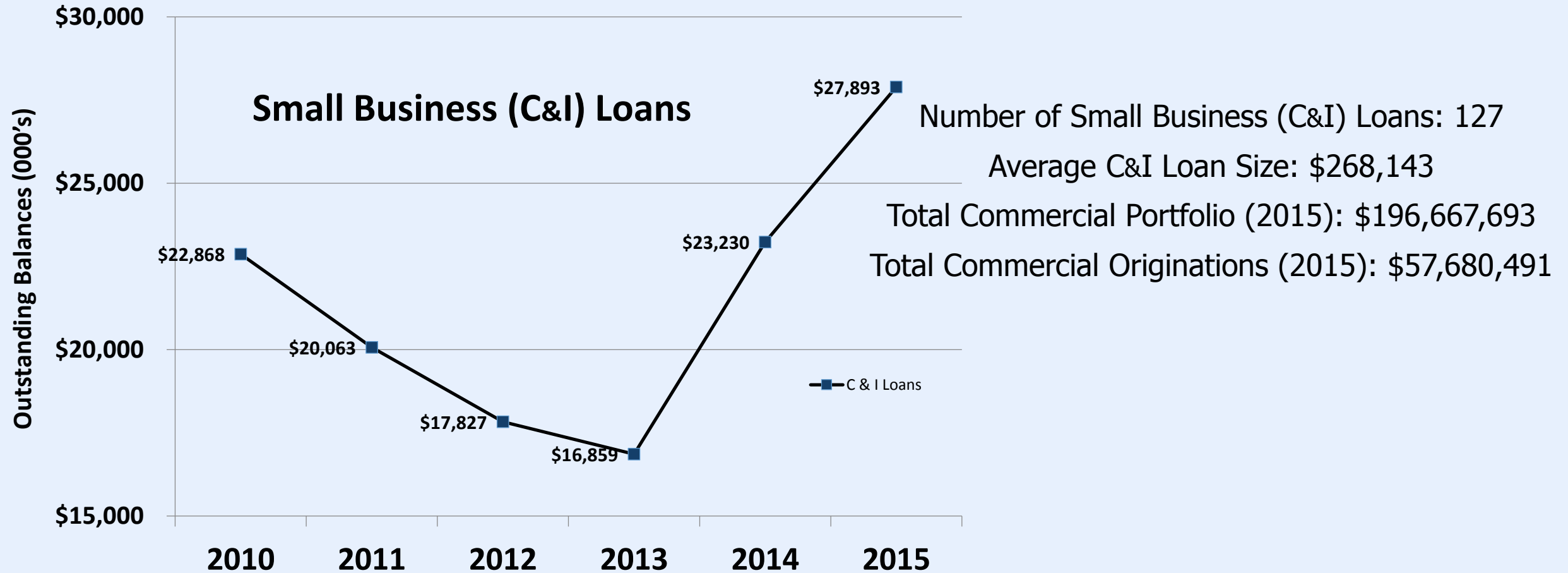
- Carver Bank - Bank Local

# **Strategies for Expanding Small Business Lending**



# Industrial Bank

## Small Business Lending Overview

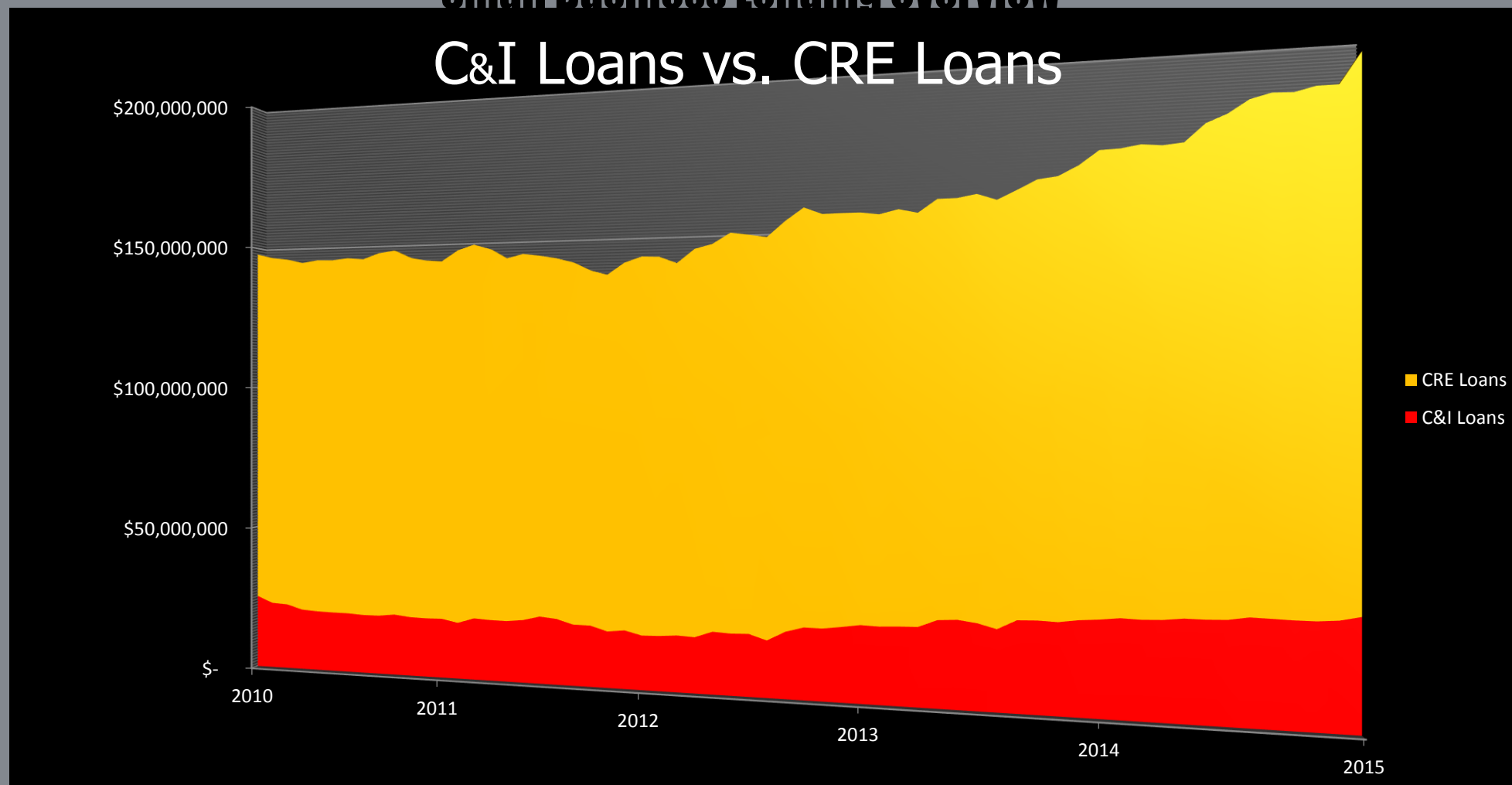




# Industrial Bank

## Small Business Lending Overview

### C&I Loans vs. CRE Loans





# **Industrial Bank**

## **Small Business Lending Overview (Part II)**

### Small Business Loans on the Books vs Sold off:

	2010	2011	2012	2013	2014	2015
\$ S/B Loans Outstanding (000's)	<b>\$22,868</b>	<b>\$20,063</b>	<b>\$17,827</b>	<b>\$16,859</b>	<b>\$23,230</b>	<b>\$27,893</b>
\$ S/B Loans Sold*	\$ -	\$ -	\$ -	\$ -	\$ 1,251	\$ 1,168

\*includes loan participations sold

# **Industrial Bank**

## **Small Business Loan Products**

- **Commercial Term Loans**
  - Business acquisition and/or expansion loans
  - Equipment loans
- **Commercial real estate loans**
  - Acquisition and renovation of offices, multifamily apartment buildings, 1-4 family investment properties
  - Construction loans
  - Land acquisition and development loans
- **Lines of Credit**
  - Revolving working capital lines, generally secured by A/R borrowing bases
- **Business Visa Check Card**
  - Rewards card with points redeemable for merchandise, gift cards, travel experiences, and other activities
- **Government Contract Financing**
- **Letters of Credit**
  - Generally secured by cash or cash equivalents

# Industrial Bank

## Credit Enhancements Utilized

- Industrial Bank participates in the following SBA Programs:
  - **SBA 7(a) Loans:** The SBA provides small business loan guarantees of up to 75%
  - **SBA Express Loans:** a version of the SBA 7(a) loan with a lower guaranty percentage (usually 50%), but a quicker turnaround time due to the fact that the Bank is able to use its normal loan documents and procedures.
  - **SBA 504 Loans:** This program provides funding for the purchase or construction of real estate and/or the purchase of business equipment. The lender generally provides 50% of the total project cost, a Certified Development Company ultimately finances 40% through a 100% SBA-guaranteed debenture, and the applicant's equity injection accounts for approximately 10% of the financing.
- Industrial Bank participates in the following other government-sponsored loan programs:
  - **U.S. Department of Transportation Short Term Lending Program ("STLP"):** A line of credit for short-term working capital to help small businesses participate in transportation-related contracts
  - **District of Columbia Collateral Support Program:** Through Treasury's State Small Business Credit Initiative ("SSBCI"), the city of Washington, DC provides cash collateral to banks to guarantee a portion of loans made to qualifying businesses in the District.

# Unique Small Business Marketing Niches

Our special niches in the DC market are:

- Minority-owned operating businesses, with sales between \$1 - \$20 million.
- Residential developers operating in low- to moderate-income areas of DC.
- Minority church congregations in DC and Prince George's County, MD.
- Experienced government contractors, including SBA 8a firms.
- Service-oriented not-for-profit organizations (local and national in scope).

# Top Lessons Learned

- **S/B Loan Growth Can Be Hard; Find and Retain Good Lenders!**
  - Loan amounts are smaller, with more monitoring required than CRE loans.
  - Credit enhancement programs very useful; find people who know them well.
  - Poor staffing in this regard can lead to runoff, lack of productivity, or both.
- **You Simply Can't Be All Things to All People!**
  - Find, develop special niches in the marketplace; become excellent at them.
  - Adds value, differentiates bank, maximizes efficiency, allows premium pricing.
- **Keep Your Eyes on Equity---Cash is still King!**
  - Imputed equity may add some value, but does not ensure “skin in the game”.
  - Be careful to accurately account for cash equity contributed by borrowers.

# **Strategies for Expanding Small Business Lending**




# Noah Bank

## Background


- Royal Asian Bank was originally launched in 2004 as a division of Royal Bank America, a wholly-owned subsidiary of Royal Bancshares of Pennsylvania, Inc.
- On December 30, 2010, Edward E. Shin, together with a group of Korean-American investors, completed the acquisition of Royal Asian Bank from Royal Bancshares of Pennsylvania.
- The bank was renamed Noah Bank on June 1, 2011.
- Noah Bank is a Minority Depository Institution and certified Community Development Financial Institution focused on Small-Business Lending.




# Noah Bank Footprint

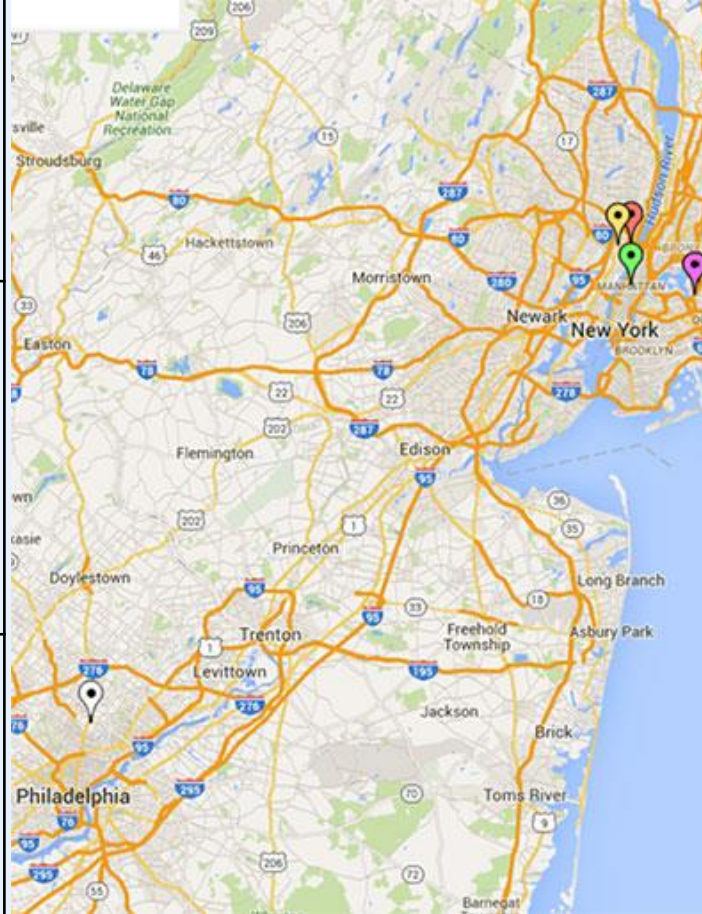
 **Palisades Park, NJ**  
Full Service Branch and  
Loan Production Office



 **Fort Lee, NJ**  
Full Service Branch, Loan Production  
Office and Credit Facility Department



 **Elkins Park, PA**  
Full Service Branch and  
Loan Production Office



 **Manhattan, NYC**  
Full Service Branch



 **Flushing, Queens**  
Full Service Branch and  
Loan Production Office



# Noah Bank

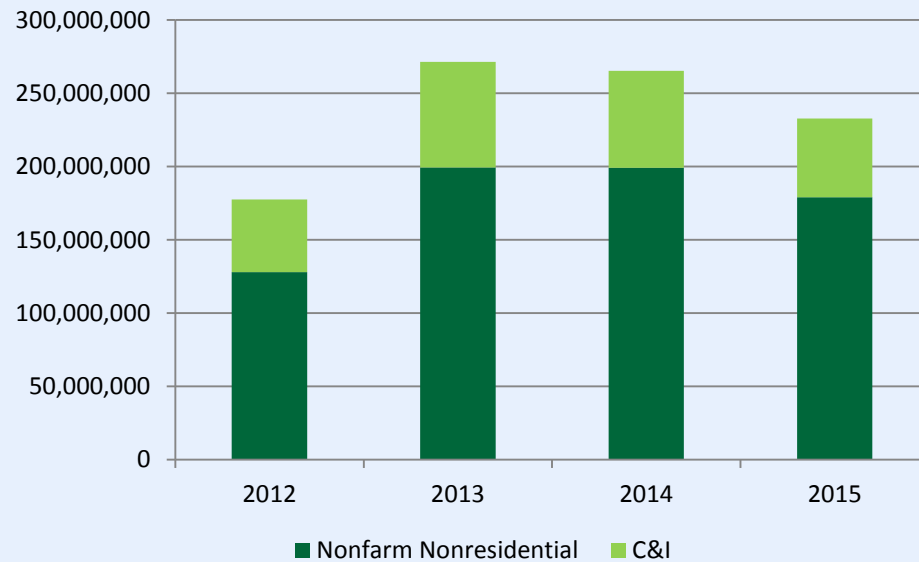
## Small Business Lending Overview

Small Business Loans in the Portfolio: 618

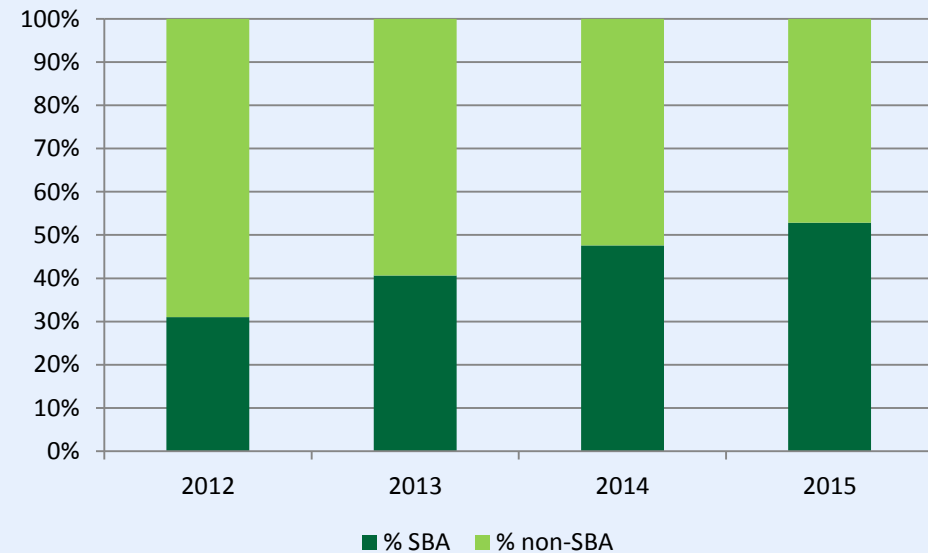
Average Loan Size: \$367,500

Total Originations in 2015 : \$27,226,000

Total Loans (incl HFS) by Year



SBA Loan v. non-SBA Loan Volumes



All data as of 12/31/2015.

# Noah Bank

## The SBA 7(a) Program

- Noah Bank is committed to serving the small business market as a **preferred SBA 7(a) lender** in the vibrant New York, New Jersey and Philadelphia Metropolitan areas.
- Noah's loan offering of choice is the SBA 7(a) Guaranteed Loan and the SBA Small 7(a) Loan.
- Noah Bank sells the guaranteed portions of selected SBA loans on the secondary market at a premium.
- We place non-SBA loans and the unguaranteed portions of SBA loans on our balance sheet to provide ongoing interest income, while the sale of the guaranteed portions increase capital availability.
- The US Government continues to support various SBA Loan products through fee waivers and program extensions in an effort to bolster US economic recovery.
- Noah Bank is focused on Business Lending and does not offer consumer lending.

### SBA's 7(a) Overall Program Performance

(Fiscal year end 9/30)	2012	2013	2014	2015
Principal Balance of SBA Pool	\$60,078,682,351	\$63,671,116,552	\$68,185,810,552	\$73,019,422,595
Gross Approval Amounts	\$15,256,308,588	\$18,061,326,274	\$19,446,386,507	\$23,884,454,557
Number of Approved Loans	44,358	46,389	52,044	63,460

# Opportunities in Market Niches

## Specialization in the Asian and Korean Business Communities

- Noah Bank primarily targets the Asian American community, the largest growing immigrant population in the US, with a **focus on Korean immigrant small business owners**. Noah Bank is working to replicate the success in the Korean community with other ethnic minorities.
- First Generation immigrants represent 12.0% of the US population but represent 16.7% of new business owners in the US.<sup>1</sup> Korean immigrants generated \$7.1 billion in US business income in 2010.<sup>2</sup>
- Noah Bank serves 2 of the 3 largest Korean business markets in the United States.<sup>3</sup>
- While Minorities are generally less likely to receive credit from a bank, growth in the number of minority- and Asian-owned businesses is rising significantly, as is the rate of growth of those businesses. However, the average receipts of minority-owned businesses are lower than those of non-minority-owned businesses.<sup>3</sup>

Top Korean Business Markets in the US<sup>3</sup>

State	# of Businesses	2007 Annual Receipts
California	63,365	\$32.8B
New York	23,948	\$7.7B
New Jersey	13,610	\$5.6B

US Minority- and Non-Minority-Owned Business Growth Rates

Type of Business	2002 - 2007 Growth Rate in # of Businesses	2002 - 2007 Growth Rate of Receipts
Asian-Owned	40.4%	54.9%
Minority-Owned	45.5%	55.0%
Non-Minority Owned	10.9%	22.2%

# Top Lessons Learned

- Stay focused on the communities you serve.
  - Know your customer.
  - Know your geography.
  - Know your products.
  - Impact increases new business, both loans and deposits.
- Don't grow too fast.
  - Don't outgrow your capital.
  - Don't outgrow your liquidity.
  - Don't outgrow your capabilities.
- The lives of Small Business Loans are often shorter than expected.
  - Some successful small business owners will sell and pay off.
  - Some successful small business owners will expand and seek new loans.

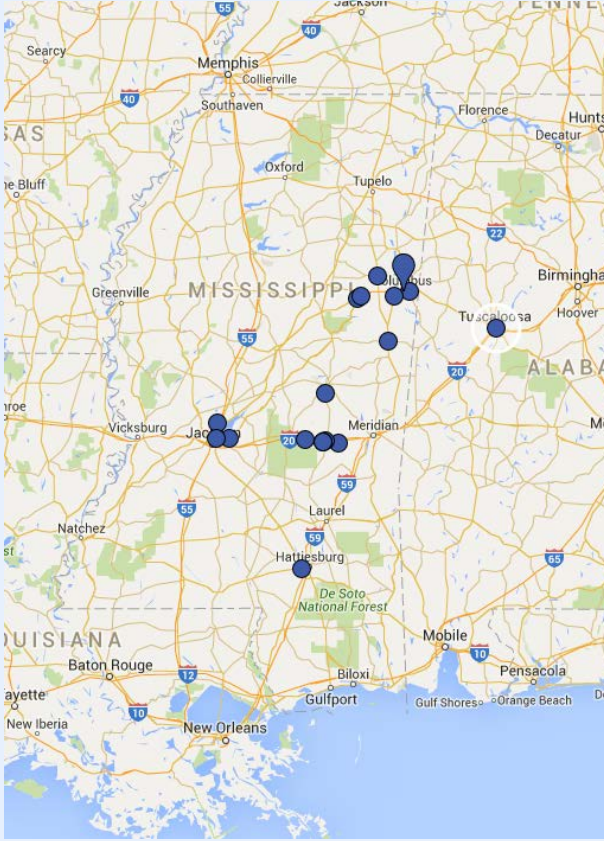


# Strategies for Expanding Small Business Lending

# BankFirst

## Background

**BANKFIRST**  
A Better Way to Bank



- BankFirst was founded in 1888 in Macon, MS and is currently headquartered in Columbus, MS. BankFirst currently operates 18 branch locations in Mississippi and Alabama. We have been a Community Development Financial Institution since 2010.

# BankFirst

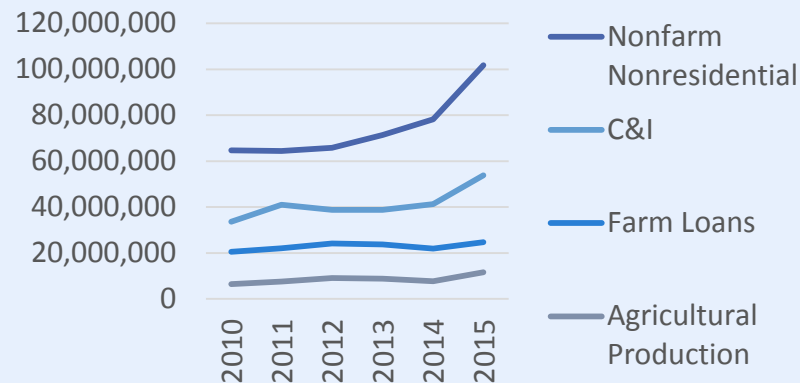
## Small Business Lending Overview

Number of Small Business Loans: 2,516

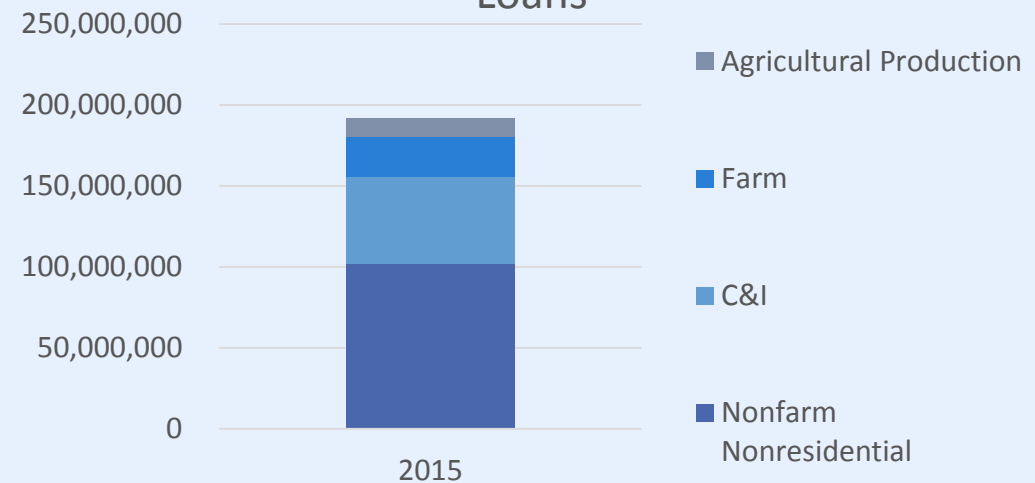
Average Loan Size: \$76,000

Total Originations in 2015: 1,036 loans; \$146,578,036

Outstanding Small Business  
Loans by Year



Currently Outstanding Small Business  
Loans



# Small Business Lending Products

- BankFirst works with Farmer Mac and the Small Business Administration to offer loans to our small business and agricultural customers. The bank offers equipment loans, livestock loans, crop production loans, owner occupied real estate loans and other types of loans especially tailored to small business customers.

# Top Lessons Learned

- Ask existing small business customers to be a referral source for the bank
- Communicate often with small business owners. Many times they have great product ideas, but lack the financial knowledge
- The volume of loans booked will not make up for potential losses (choose your credits wisely)





COMMERCE STREET

RAISING CAPITAL FOR YOUR BANK

# Disclaimer

This presentation has been prepared solely for informational purposes. Under no circumstances shall this presentation be deemed or construed to be an offer to sell or the solicitation of an offer to buy any securities and it is not intended to be the basis of any investment decision or any decision to invest.

The contents of this presentation are confidential business information and proprietary to Commerce Street Capital, LLC (“CSC”). CSC does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of this presentation.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy in any state or other U.S. or non-U.S. jurisdiction to any person to whom it is unlawful to make such an offer in such state or jurisdiction.

# Biography

---



## **DORY A. WILEY, CPA, CVA, CFA** **President & CEO**

Dory A. Wiley is President & CEO of Commerce Street Holdings, LLC, the holding company for Commerce Street Capital, LLC ("CSC"), a FINRA-regulated broker/dealer and Commerce Street Investment Management, LLC ("CSIM"), an SEC-registered investment advisor. Since co-founding the firm in 2007, his primary focus has been the creation and management of investment funds that specialize in financial institutions and related derivatives. Mr. Wiley serves on the Boards and Investment Committees of CSIM's investment funds. He formerly served as a member of the Board of Trustees of the Teacher Retirement System of Texas, an approximately \$100 billion pension fund where he was Chairman of the Investment Committee. Mr. Wiley has over 20 years of experience in commercial and investment banking and investment management. Prior to his current position with Commerce Street, Mr. Wiley was President of SAMCO Capital Markets, LLC, which he joined in August, 1996. Prior to SAMCO, he was Vice President and Manager of the Financial Institutions Group at Rauscher Pierce Refsnes, now RBC Capital Markets. Mr. Wiley often lectures on bank-related topics for universities, seminars and conferences. He has testified as an expert witness on bank and securities valuations, has written articles for various banking periodicals and has been quoted extensively in the media. He is a member of the AICPA, Texas Society of CPAs, the Dallas Society of Financial Analysts, the National Association of Certified Valuation Analysts, and the CFA Institute. He also serves on several charitable boards. Mr. Wiley received a BBA in Finance and Accounting from Texas Tech University, and an MBA from Southern Methodist University.

# Who We Are

---

Commerce Street Capital, LLC is knowledge in action. We provide a wealth of knowledge and expertise to community banks nationwide, offering solid advice and services with a deep commitment to the highest ethical standards. We are a boutique investment banking firm headquartered in Dallas, Texas. The firm has served and invested in financial institutions across the United States since 2007 specializing in investment banking, bank development, corporate finance, valuations and fairness opinions along with SBIC Funds.

Led by veterans of the banking industry, we:

- Raise public and private capital for financial institutions
- Identify acquisition targets for growing franchises
- Negotiate purchases and sales
- Consult on recapitalizations and asset quality management
- Provide equity and debt capital to financial institutions through our access to capital markets
- Navigate regulatory applications and filings for financial institutions
- Develop business plans, perform valuations and deliver fairness opinions

# Cost of Capital

## Capital Costs



- Common Stock
  - Ownership position
  - Yield derived from capital gains and/or dividends
  - 15-25%
- Preferred Stock
  - No ownership position (unless convertible)
  - 4-8% Rate
- Subordinated Debt
  - 6-8% Rate
- Senior Debt
  - 3.25-5%

# What We Do

---

- Our Bank Capital Group raises capital for:
  - Secondary Offerings
  - Mergers and Acquisitions
  - Management buy-outs
- The firm has very specialized experience in raising capital for community banks in their communities. We offer a comprehensive array of services to bank directors, management and organizer groups. Our professionals bring management teams and acquisition/organizer groups access to a comprehensive array of services:
- Market assessment
- Development and execution of a capital strategy
- Project planning and consulting
- Full-time, on-site project management
- Proprietary, real-time, dedicated, 24/7/365 on-line project management system



# What We've Done

---

- Our Bank Capital Group has over 20 years of experience raising capital for community banks regardless of market direction or circumstances, in major metropolitan areas and rural communities across the country.
- There is a reason that, since 1991, we have raised over \$1.705 Billion for 146 banks<sup>\*</sup> nationwide.
- Since 2007, our Bank Capital Group's raised over \$708 million for 51 community banks<sup>\*\*</sup>.
- At Commerce Street, community banking is not an afterthought or a secondary product line. We don't just talk about Community Banks, they are our primary focus.
- CSC's specialty is building a comprehensive plan with bank management to efficiently raise the capital needed while spreading the bank's ownership within the community for the future benefit of the bank and building the client's brand in their community in the process.

# Why Banks Choose CSC

---

- Raising capital today is tough. It takes more contacts and more follow up than before.
- Institutional investors are fully invested or have horizon or minimum investment levels that are too high for most community banks to digest.
- Targeting non-institutional sources of capital is more demanding, it takes a lot of time, and it requires specialized experience and skills that your management may not have.
- Targeting non-institutional sources of capital can require contacting a thousand prospects to sign up enough investors needed to generate the capital you need to grow and prosper in these markets.
- We provide the experienced manpower to leverage your time.
- We specialize in marketing to non-institutional capital sources.
- This is our area of specialization. It's what we do every business day. And we have the results to prove it.
- We use dedicated, proprietary project management technology to manage the details, which allows us to focus on getting the most out of every contact and making sure no potential investor is overlooked

# Select Capital Raise Transactions



\$28,845,894

Lubbock, TX



\$11,925,100

Colorado Springs, CO



\$22,451,230

Columbia, MO



\$30,000,750

Columbia, MO



\$26,900,000

Happy, TX



\$25,055,808

College Station, TX



\$13,000,000

Rocky Mount, NC



\$13,200,000

Arlington, TX



\$16,400,000

Frisco, TX



\$15,172,607

College Station, TX



\$12,400,000

Sacramento, CA



\$21,800,000

Myrtle Beach, SC

# What Makes Us Different

---

**For more than 25 years, our team has been successful in raising capital for community banks in their own communities. How?**

- Your Commerce Street Rep is exclusively dedicated to your capital raise. He doesn't service other accounts or sell other stocks. He sells only your stock until your deal is done.
- He remains on-site at your Bank during the entire process; not on a distant trading desk or regional office.
- All of Commerce Street's representatives are FINRA licensed securities professionals, with years of specialized training and experience in raising capital specifically for community banks.
- Each of our representatives has customized, state-of-the-art deal management tools at their disposal.
- Your CSC Rep is with you every day of your capital raise working, advising, guiding and doing everything necessary to achieve your capital goal as part of our total commitment to you.
- It is our personal, full-time, on-site, beginning-to-end commitment to your capital raise that sets us apart and is the reason for our unparalleled success rate.
- No other Broker/Dealer makes this kind of commitment to an individual issuer's capital raise!

# Contact us

## Commerce Street Capital, LLC Member FINRA & SIPC

### *Fountain Place*

1445 Ross Avenue

Suite 2700

Dallas, TX 75202

(214) 545-6800

Dory Wiley

President & CEO

[dwiley@cstreetcap.com](mailto:dwiley@cstreetcap.com)

[www.commercestreetcapital.com](http://www.commercestreetcapital.com)

# National Community Investment Fund (NCIF)

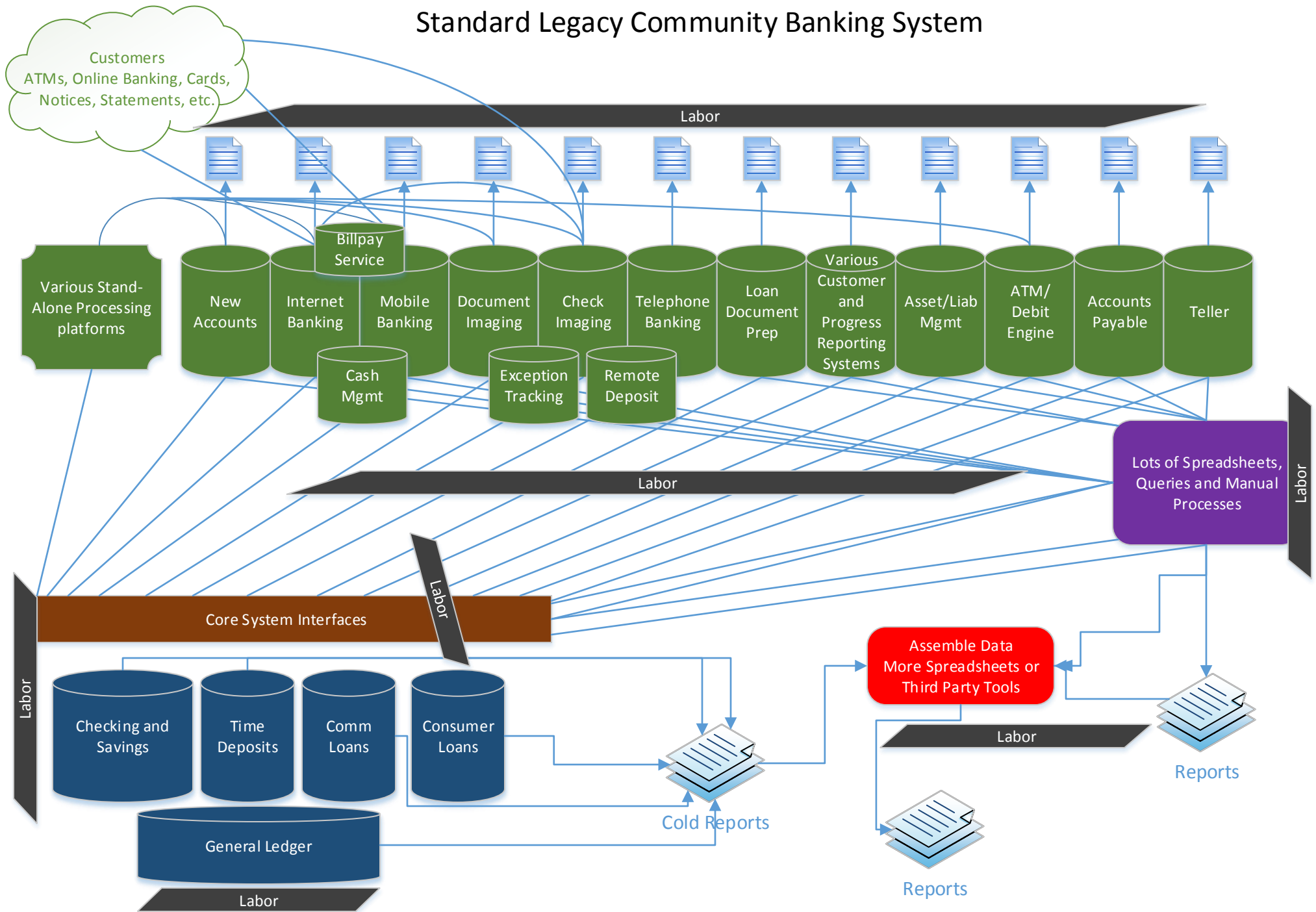
NCIF, non profit private equity fund set up to increase financial products and services in LMI areas. Invests in and lends with Network Banks. Three lines of businesses:

- **Investing** – equity and deposit investments. NCIF has invested in 55 institutions since inception and has current investments in 18 banks of which 15 are CDFI/MDI Banks.
- Evaluating a new investment fund (target - \$50 million) to facilitate organic and acquisitive growth, refinance CDCI and provide subordinate debt into highest performing banks. May make strategic fintech investments.
- Minority CDE training contract for NMTC and Collaboratives too increase lending to African American small businesses.
- **NMTC and Lending** – channeling funds into LMI communities through NMTC (\$206 million of allocations); building a Small Business Lending Fund and will make Leveraged Loans to support NMTC deals
- Evaluating partnership with SBA7a lender to increase competitiveness of Network Banks
- **Research and Insights:** BankImpact.org, social performance metrics to convert data into action for CEOs, investors, regulators and communities. Annual conference to convene stakeholders to strengthen and build asset class of mission-oriented financial institutions,



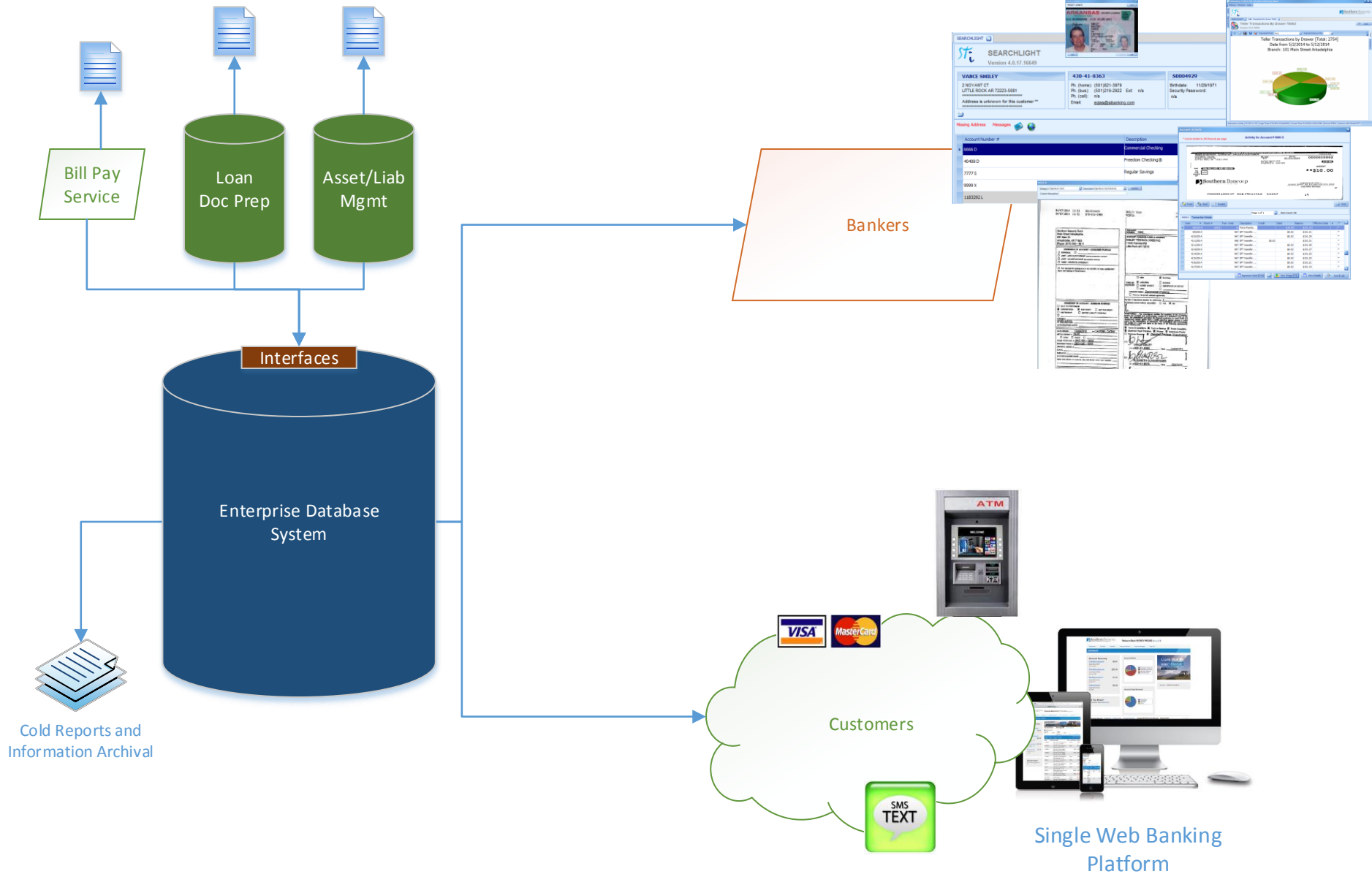


# Standard Legacy Community Banking System

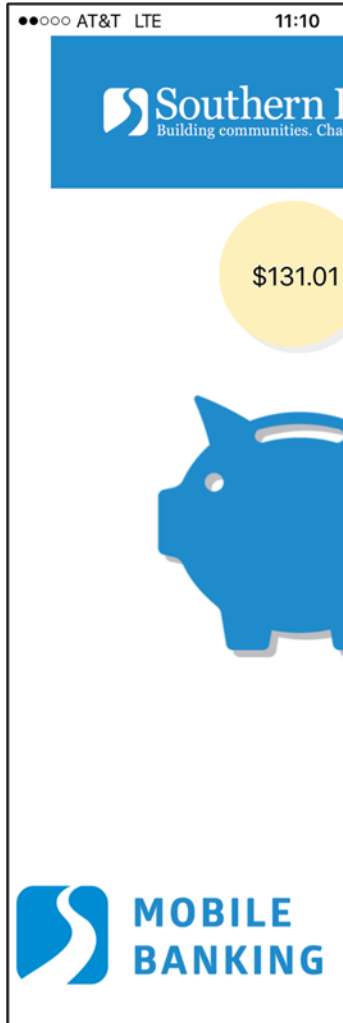


*Typically none of the components shown were built by the company that sells them!*

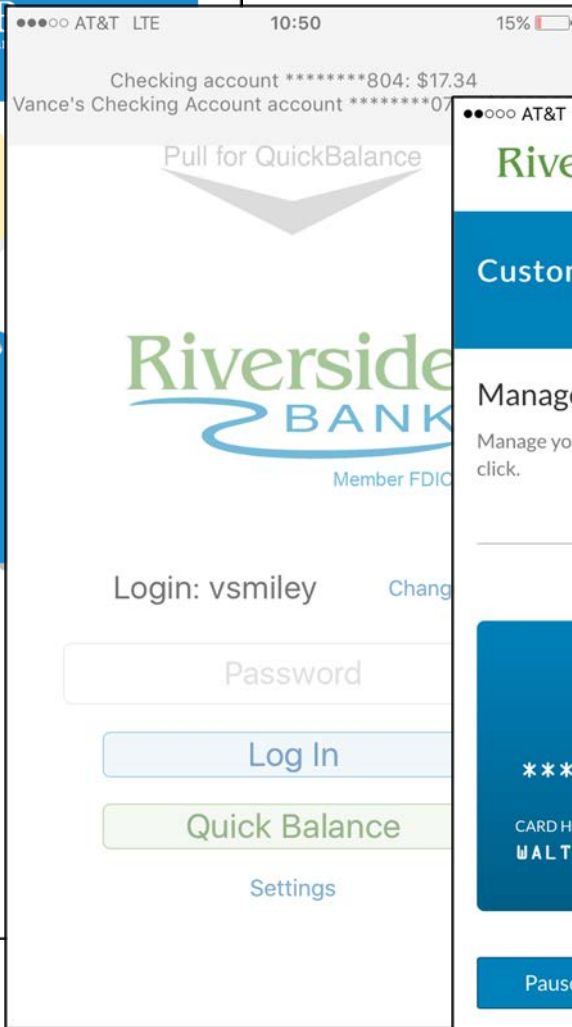
# Enterprise Community Banking System



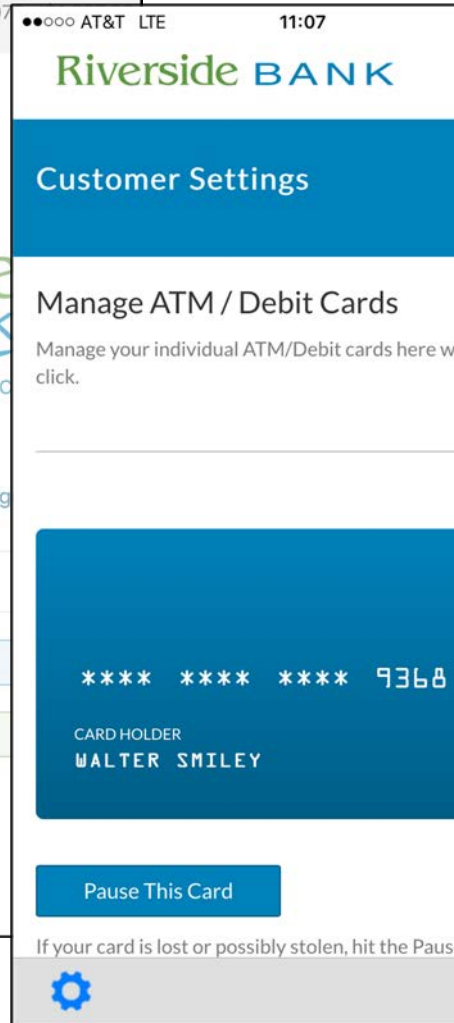
# Shake and Bank



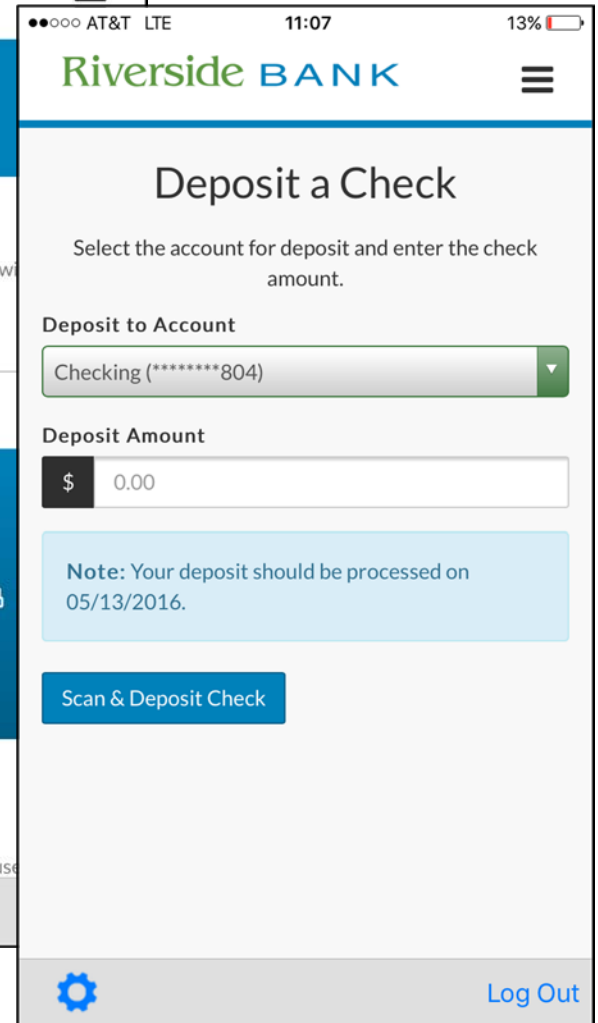
## Quick Balance



## Pause Card



## Mobile Deposit



# Reaching Millennials



# Measuring Financial Health



## You are financially healthy when you...

### Spend

1. Spend less than income
2. Pay bills on time and in full

### Save

3. Have sufficient living expenses in liquid savings
4. Have sufficient long-term savings or assets

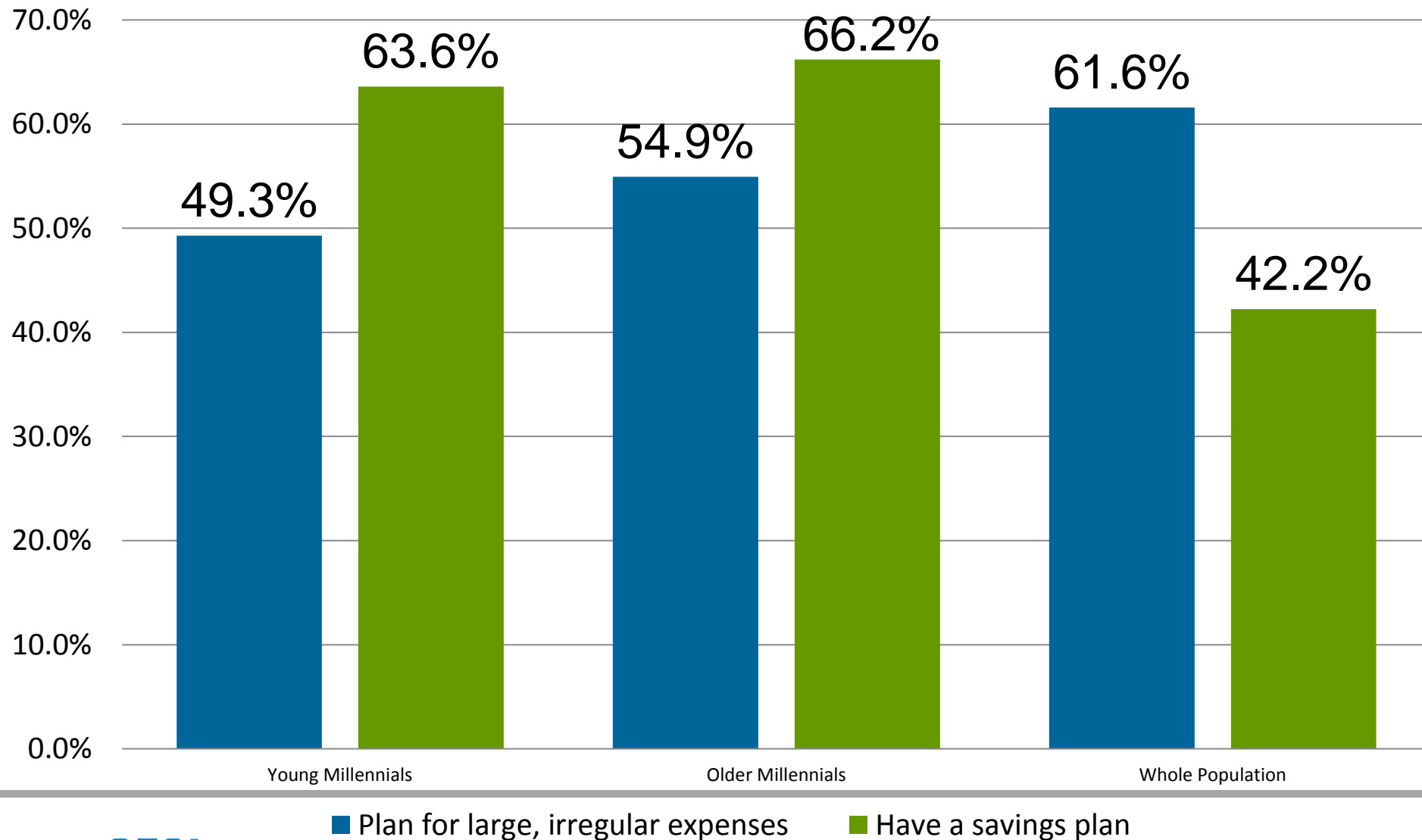
### Borrow

5. Have a sustainable debt load
6. Have a prime credit score

### Plan

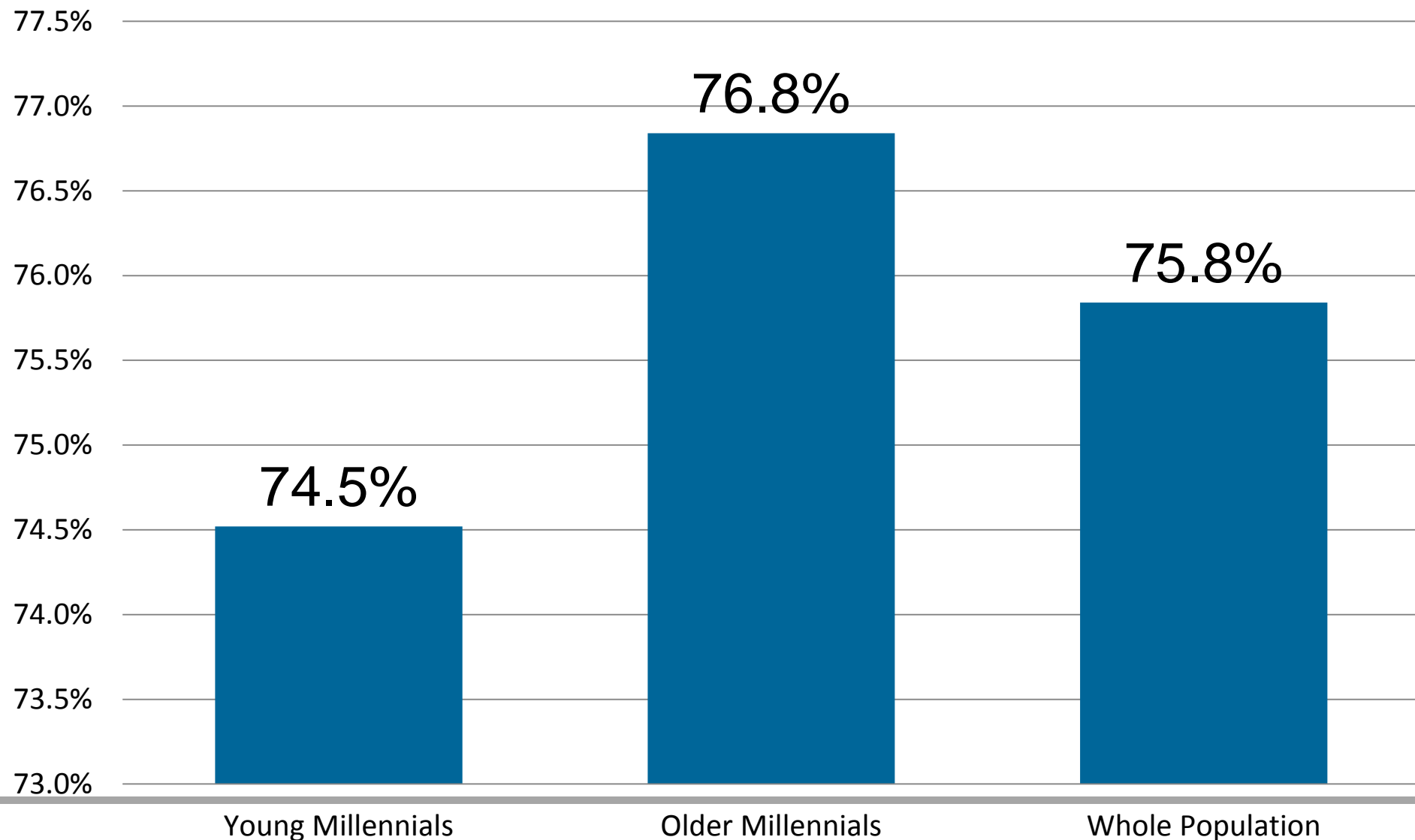
7. Have appropriate insurance
8. Plan ahead for expenses

# Less likely to plan ahead. . . .

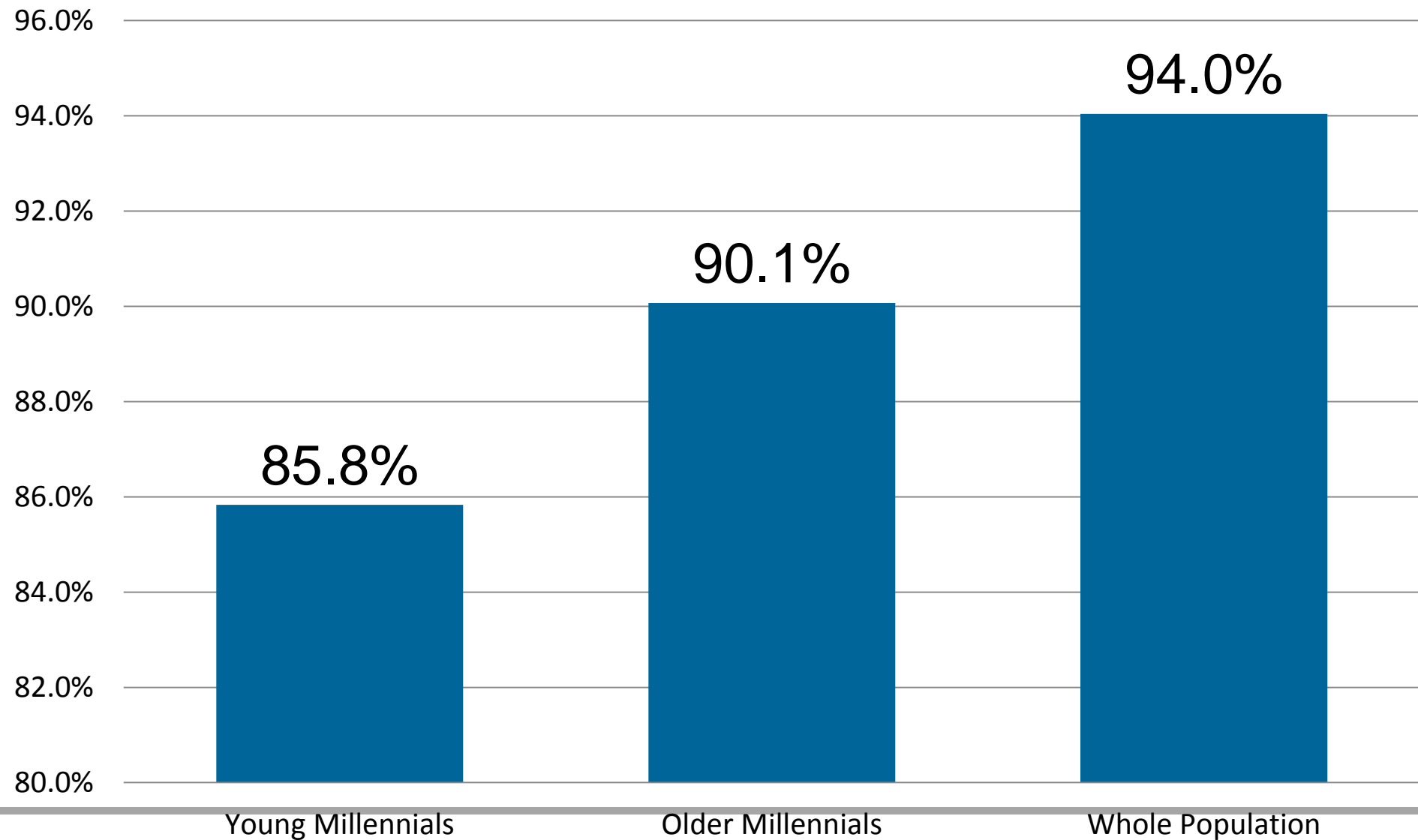




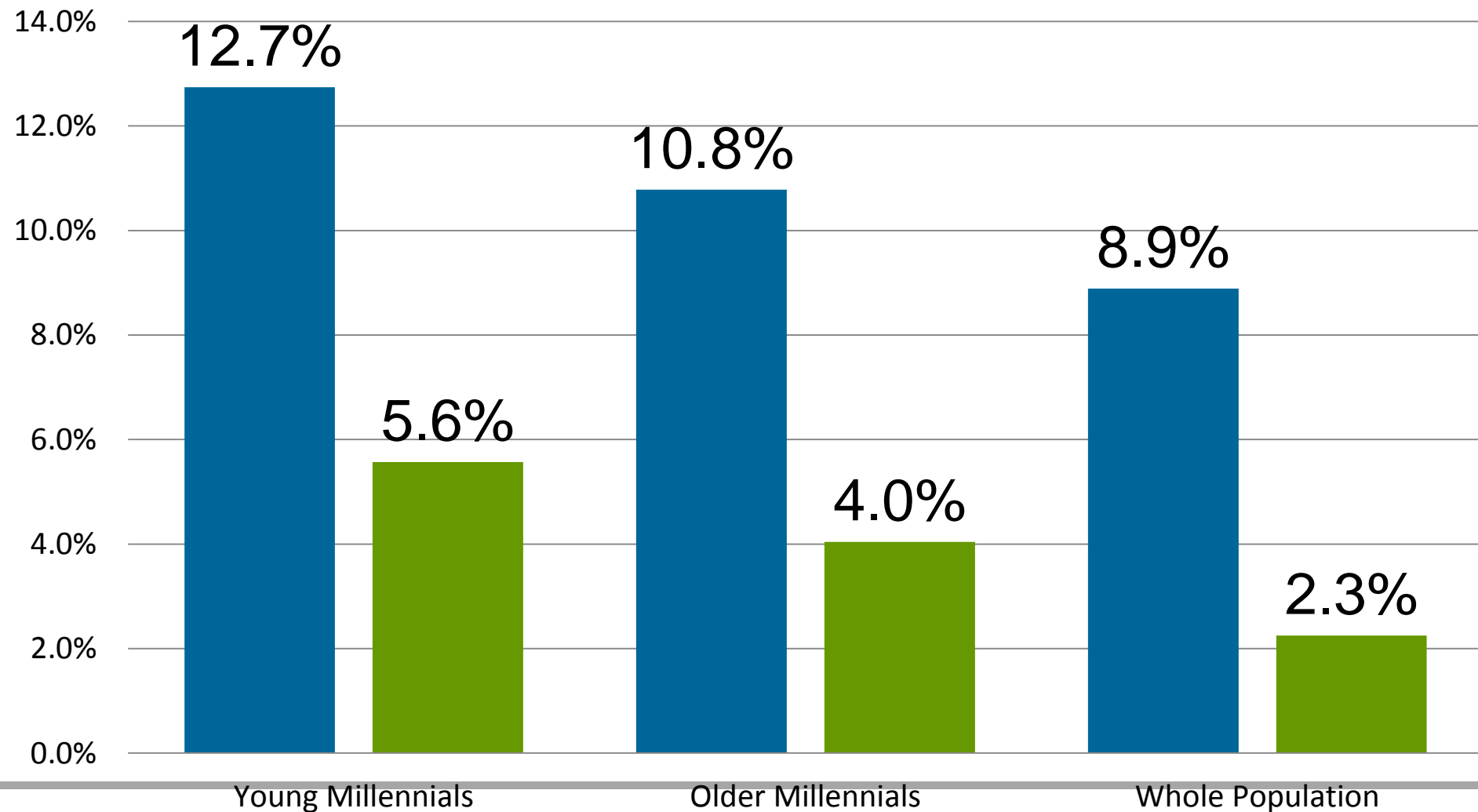
# But they have savings accounts. . .



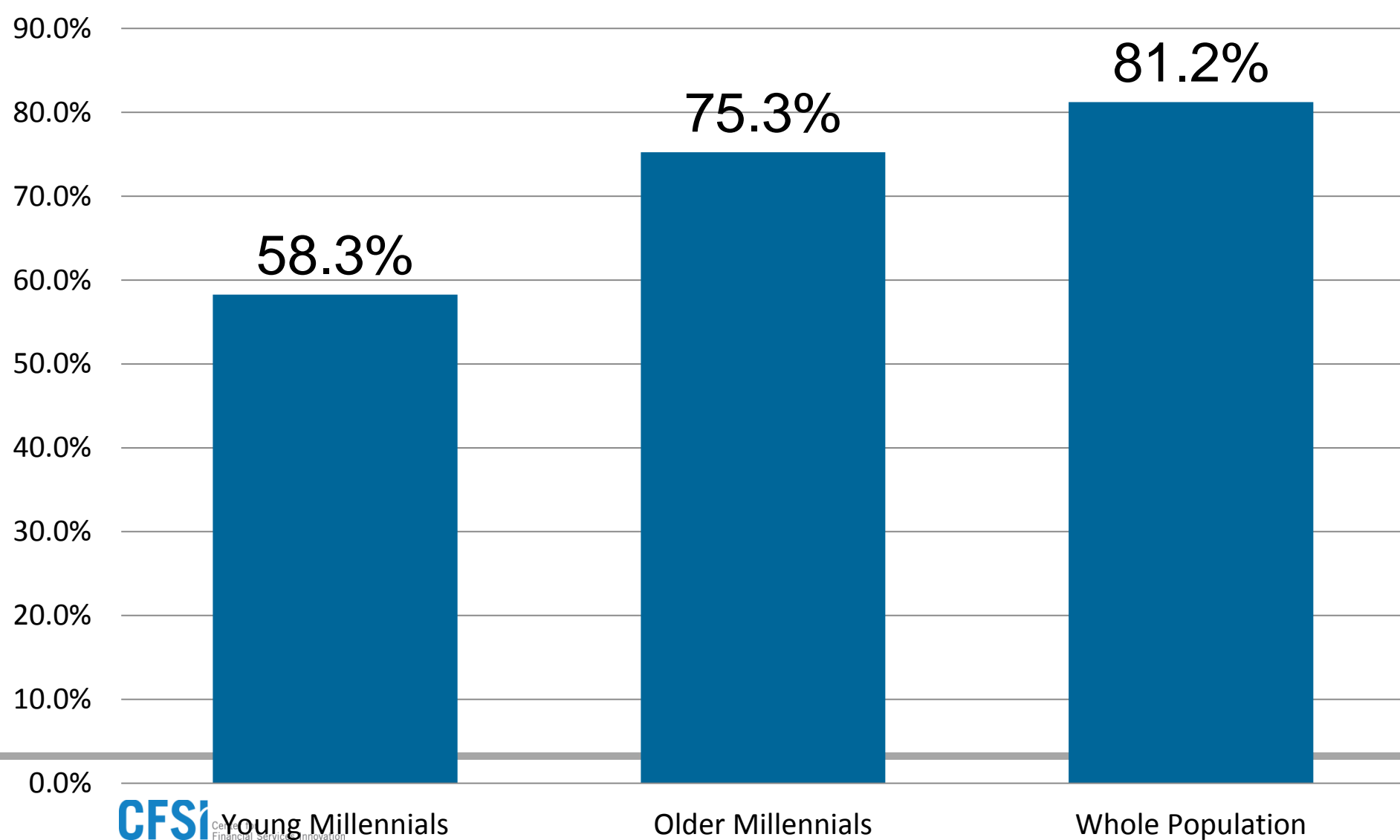
# Less likely to have checking. . .



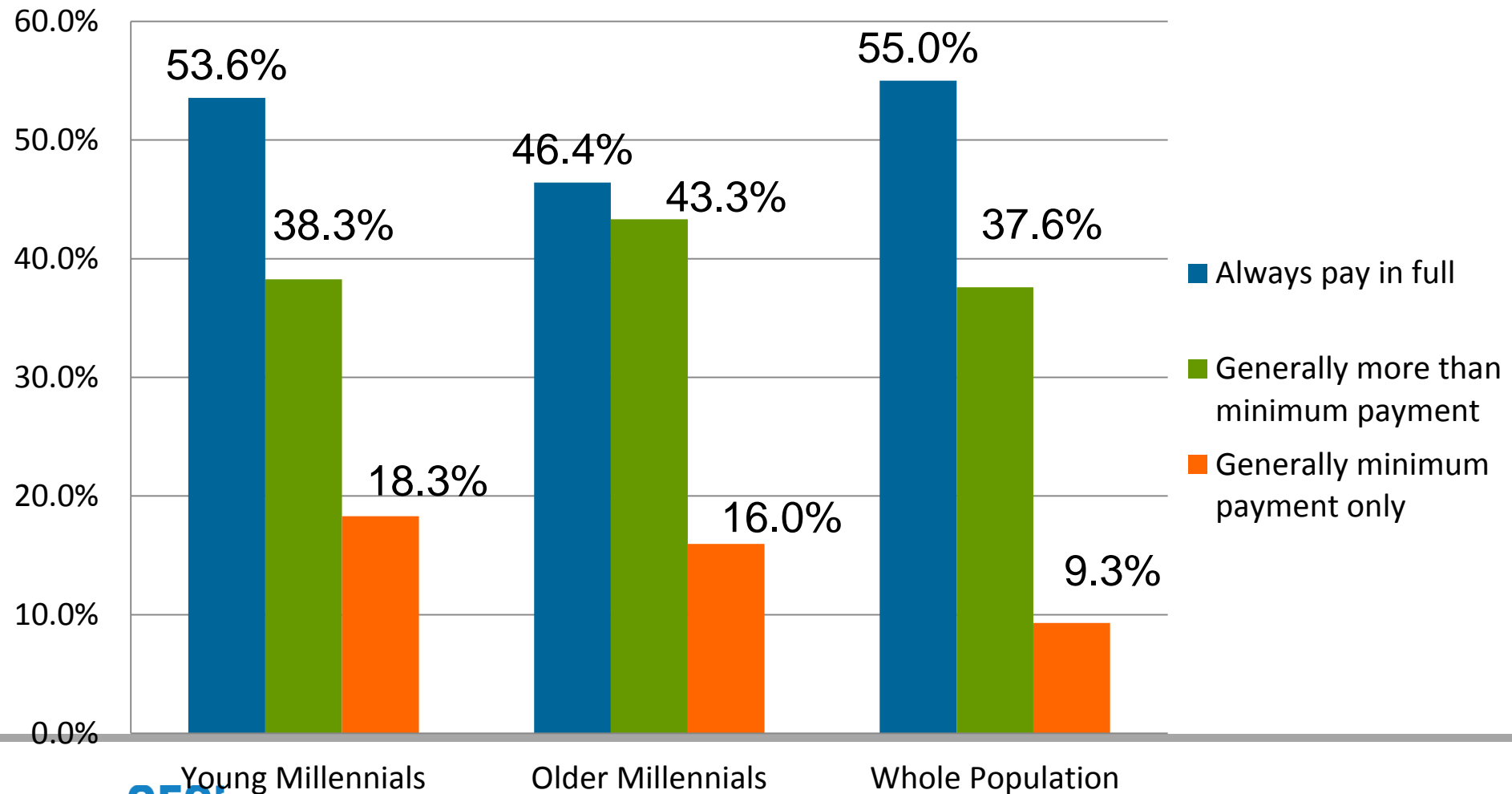
# More likely to have prepaid, payroll



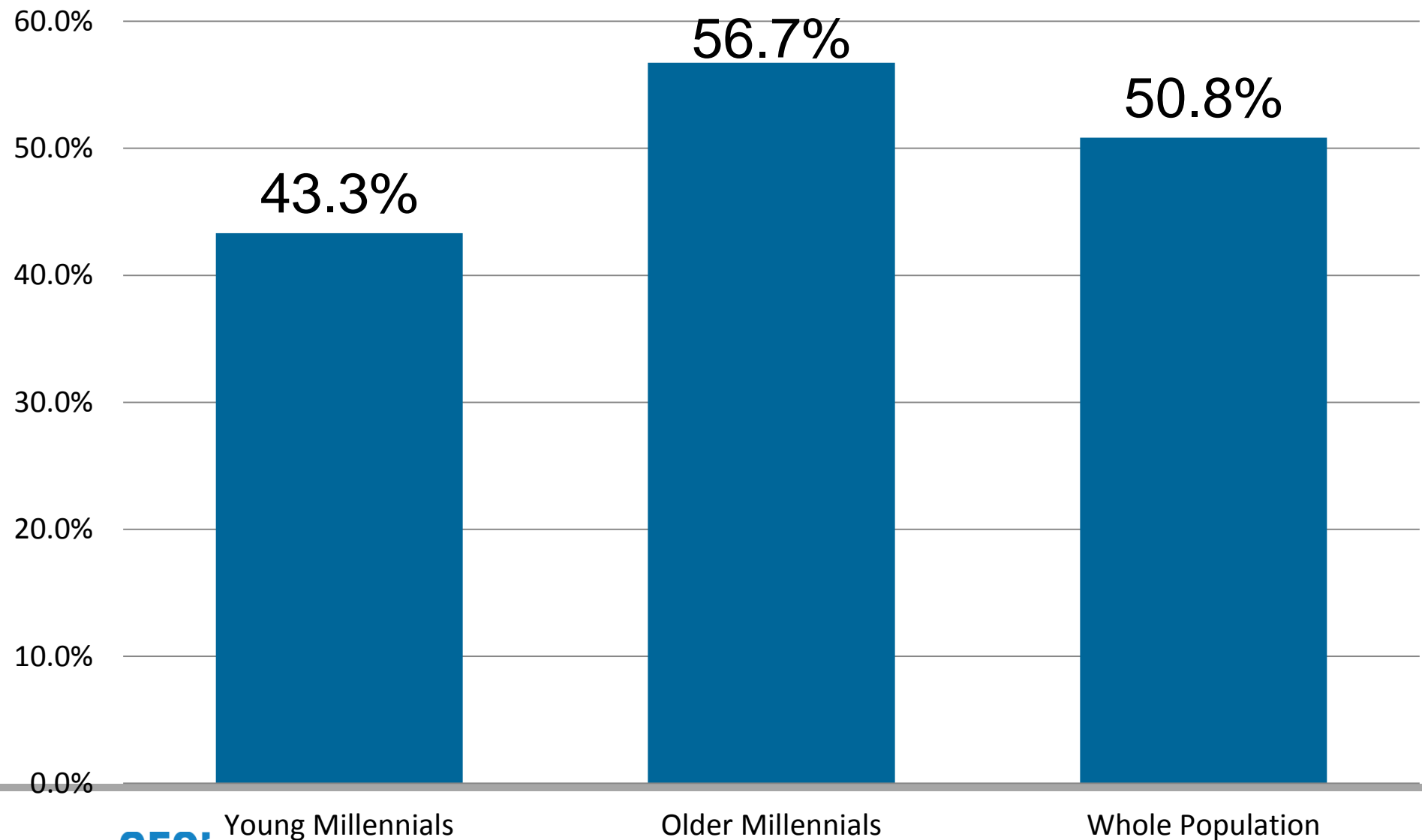
# Less likely to have credit cards. . .



# More likely to make minimum payments

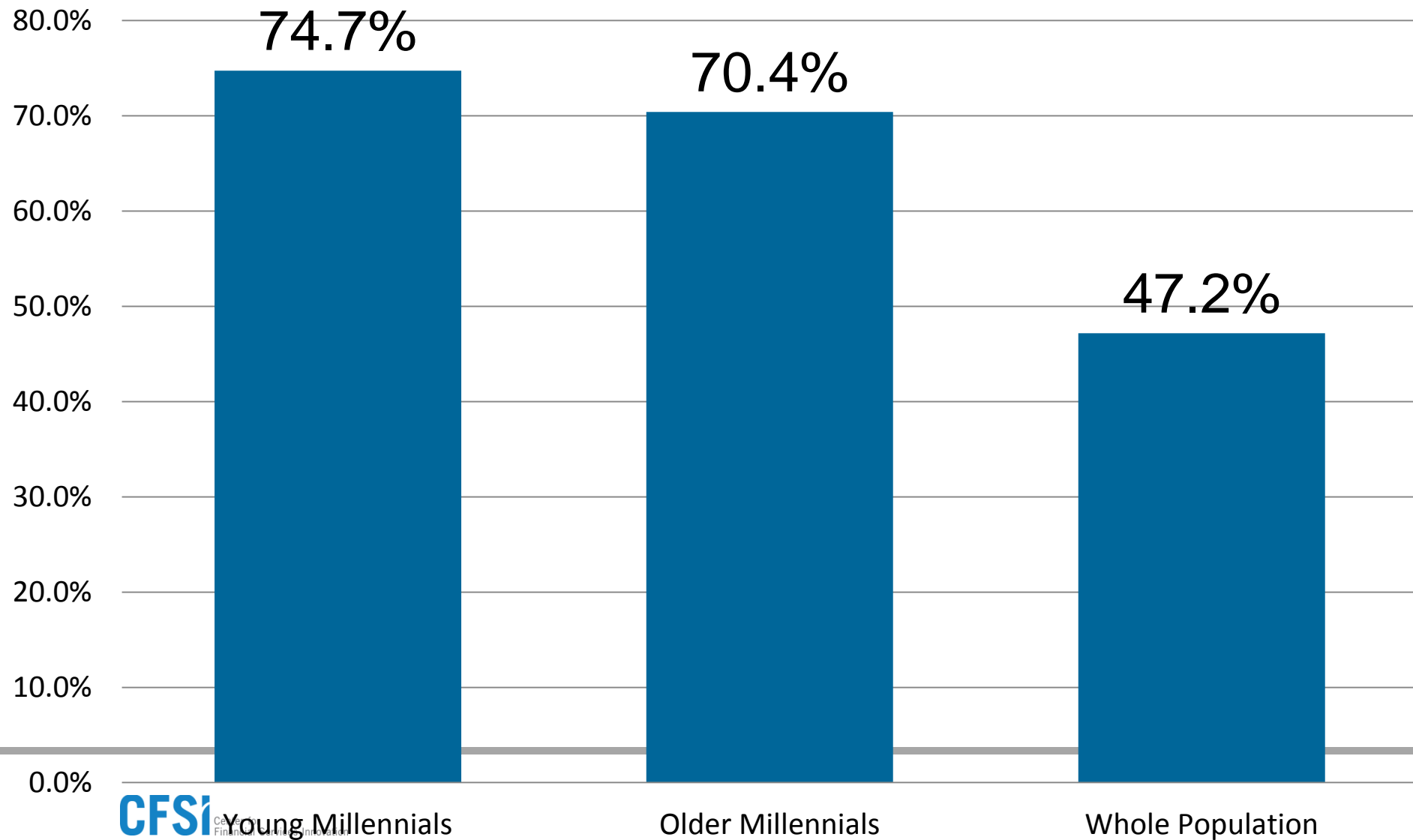


# Less likely to budget. . . .

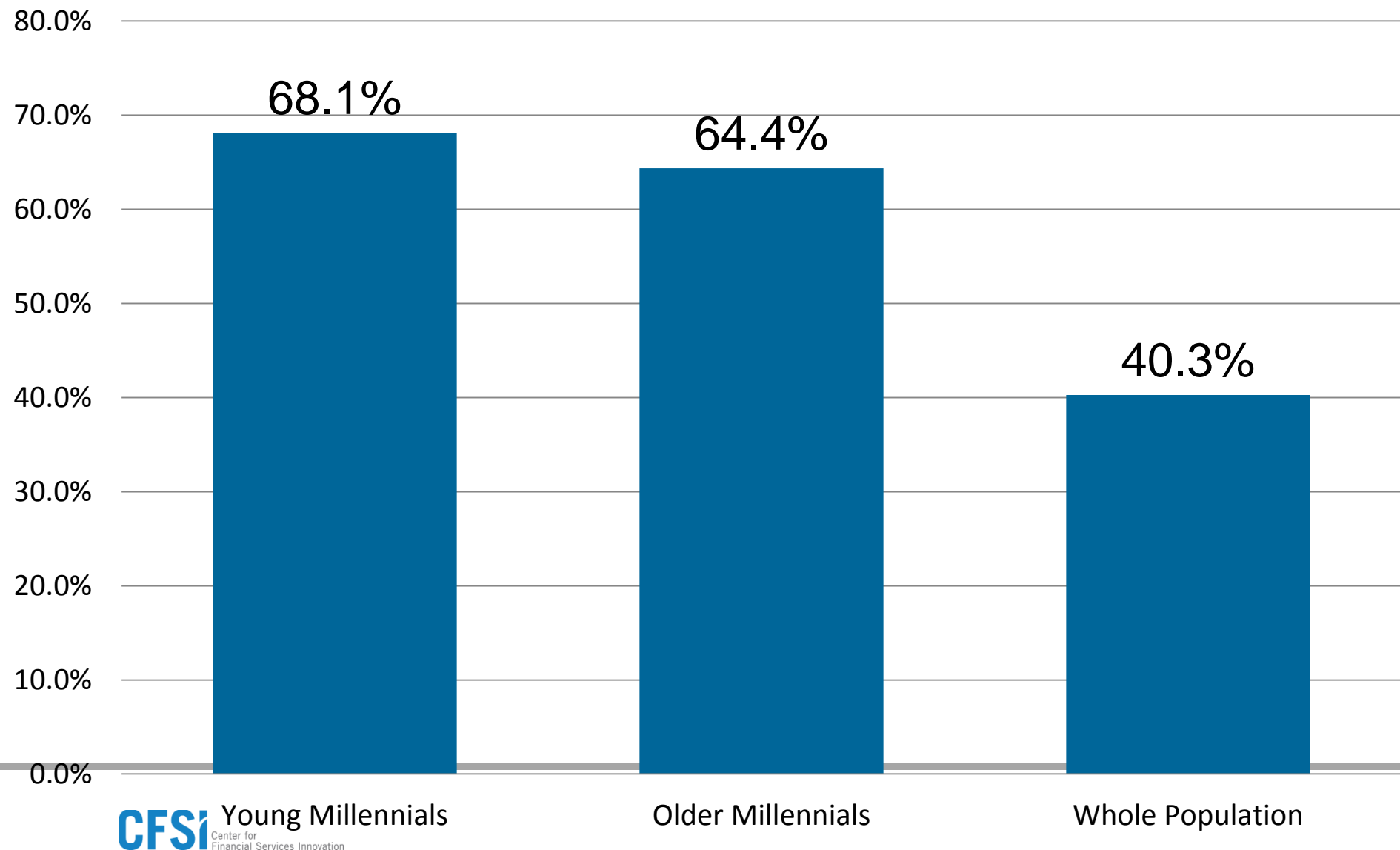




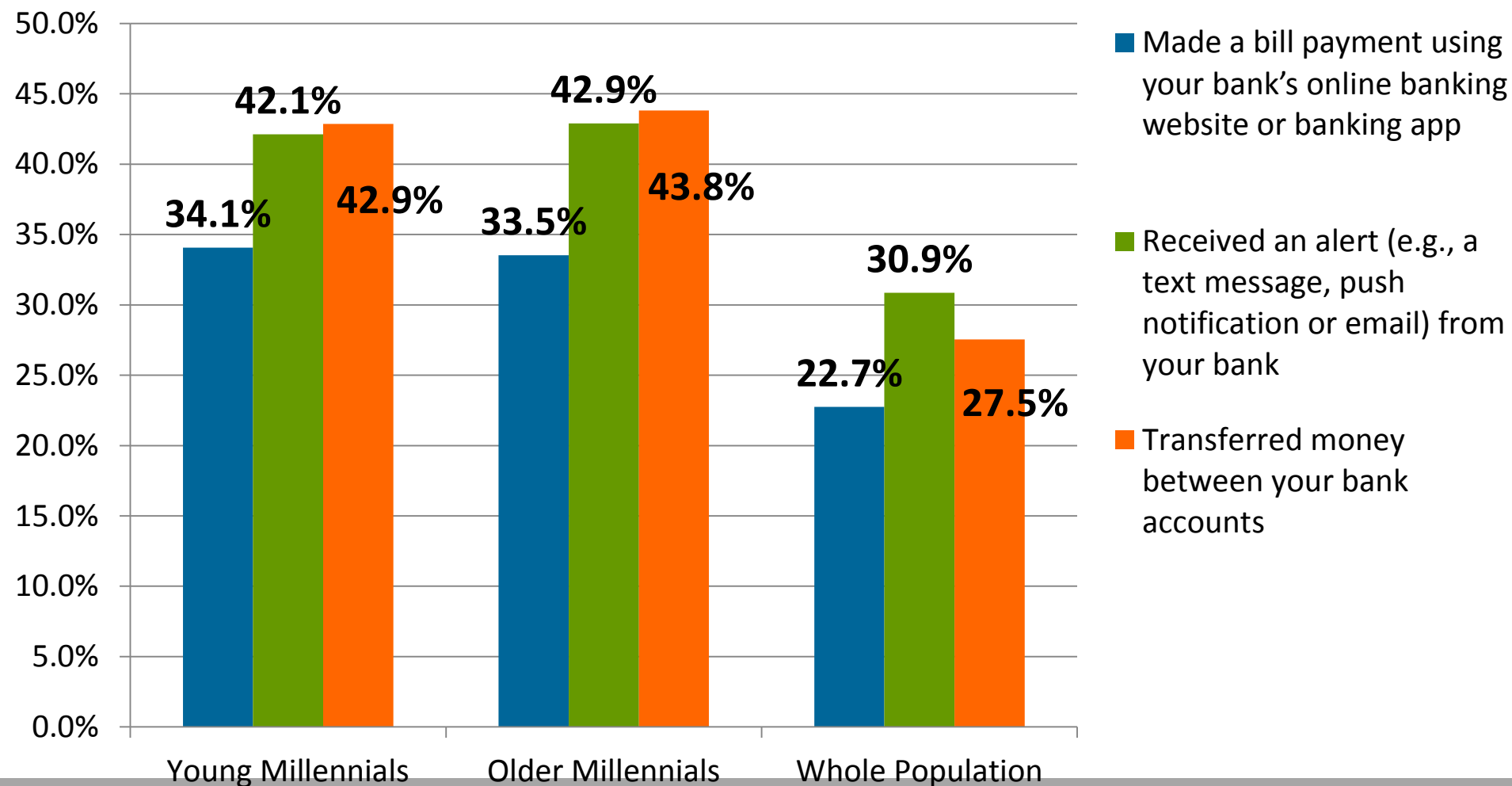
# More likely to check balances & transactions



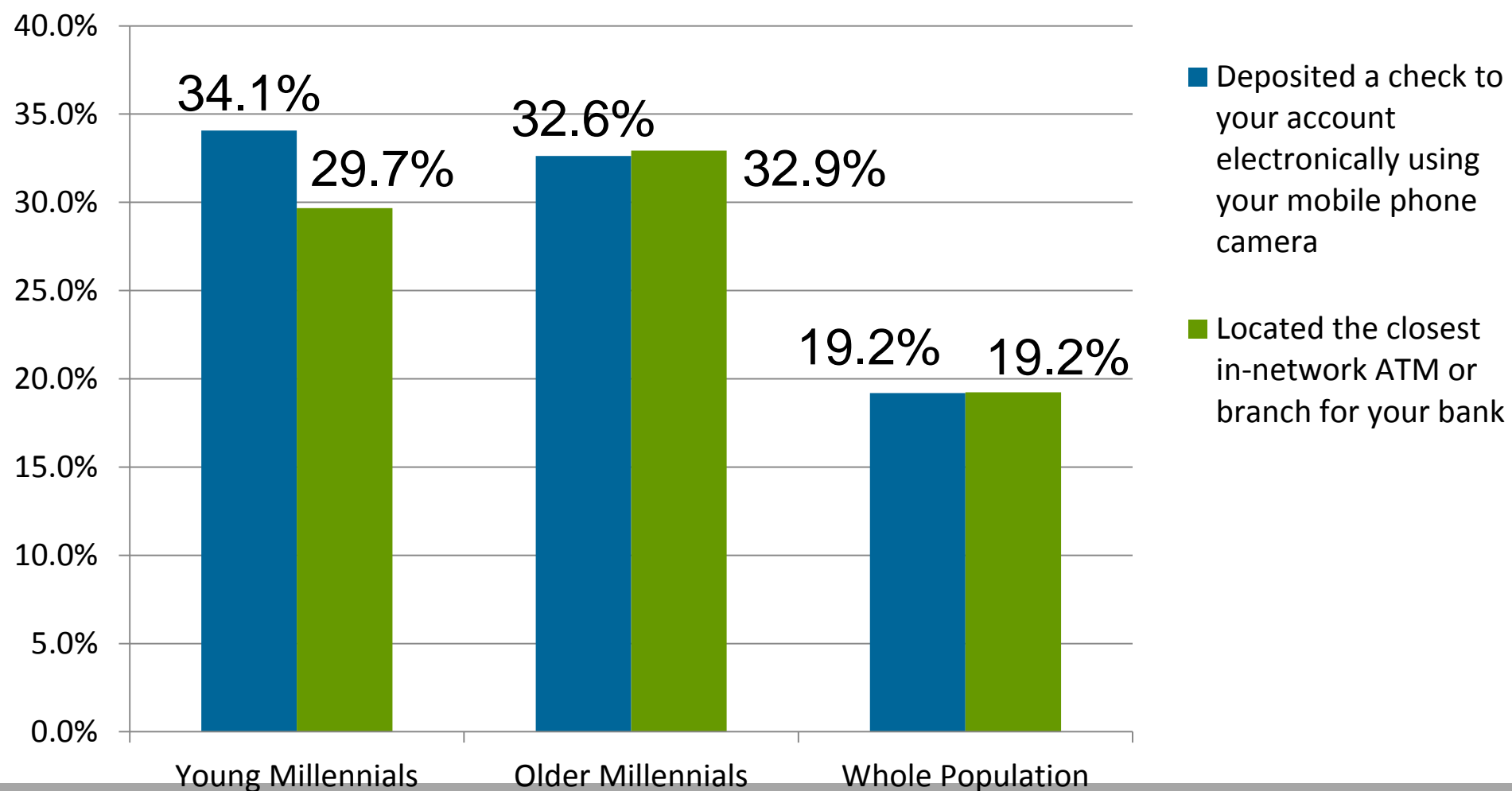
# More likely to use mobile banking. . .



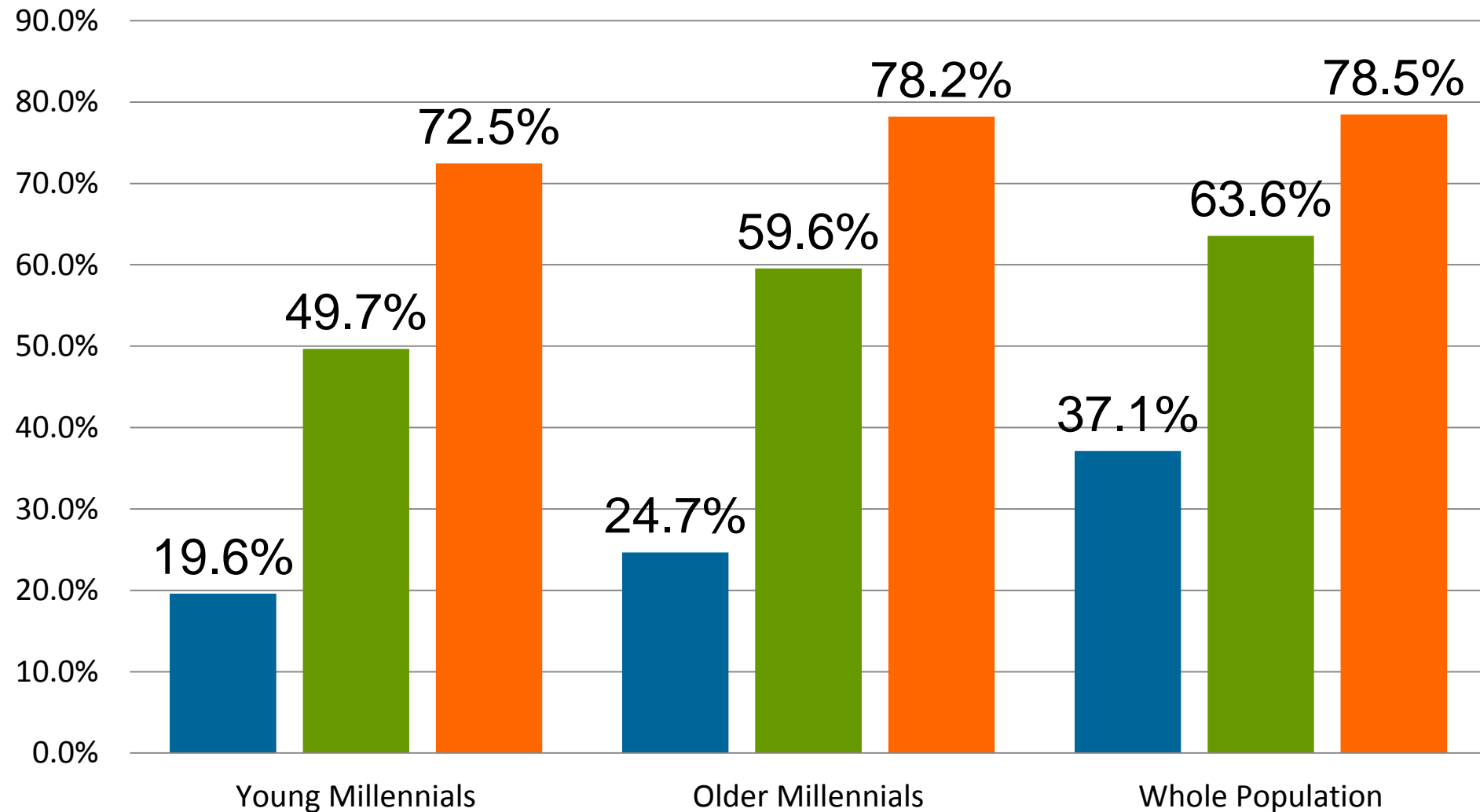
# For many functions. . . .



# And more functions . . .



# Planning for the future. . .



# Thank you!

[www.cfsinnovation.com](http://www.cfsinnovation.com)

Jeanne Hogarth

[jhogarth@cfsinnovation.com](mailto:jhogarth@cfsinnovation.com)

202.888.7586

[@jeannehogarth](https://twitter.com/jeannehogarth)

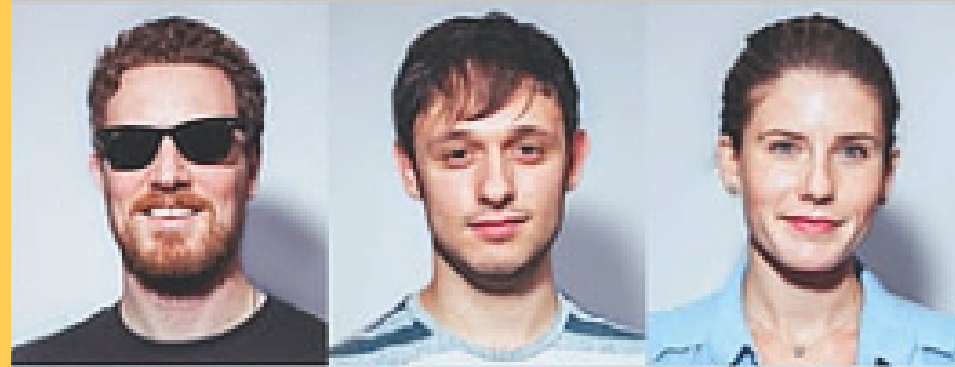




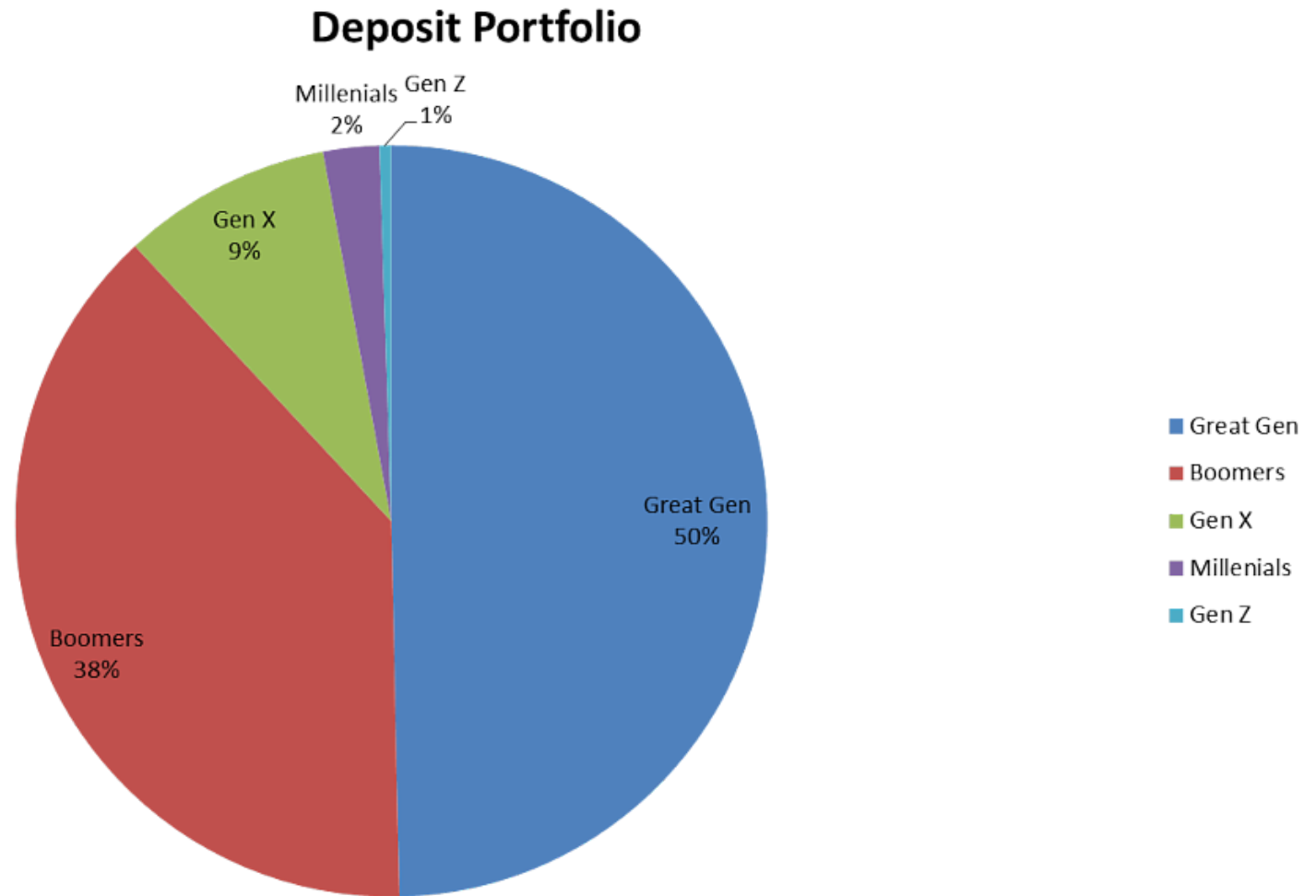
UrbanPartnershipBank 

# MILLENIAL CUSTOMERS

—  
BY RONALD MILSAP



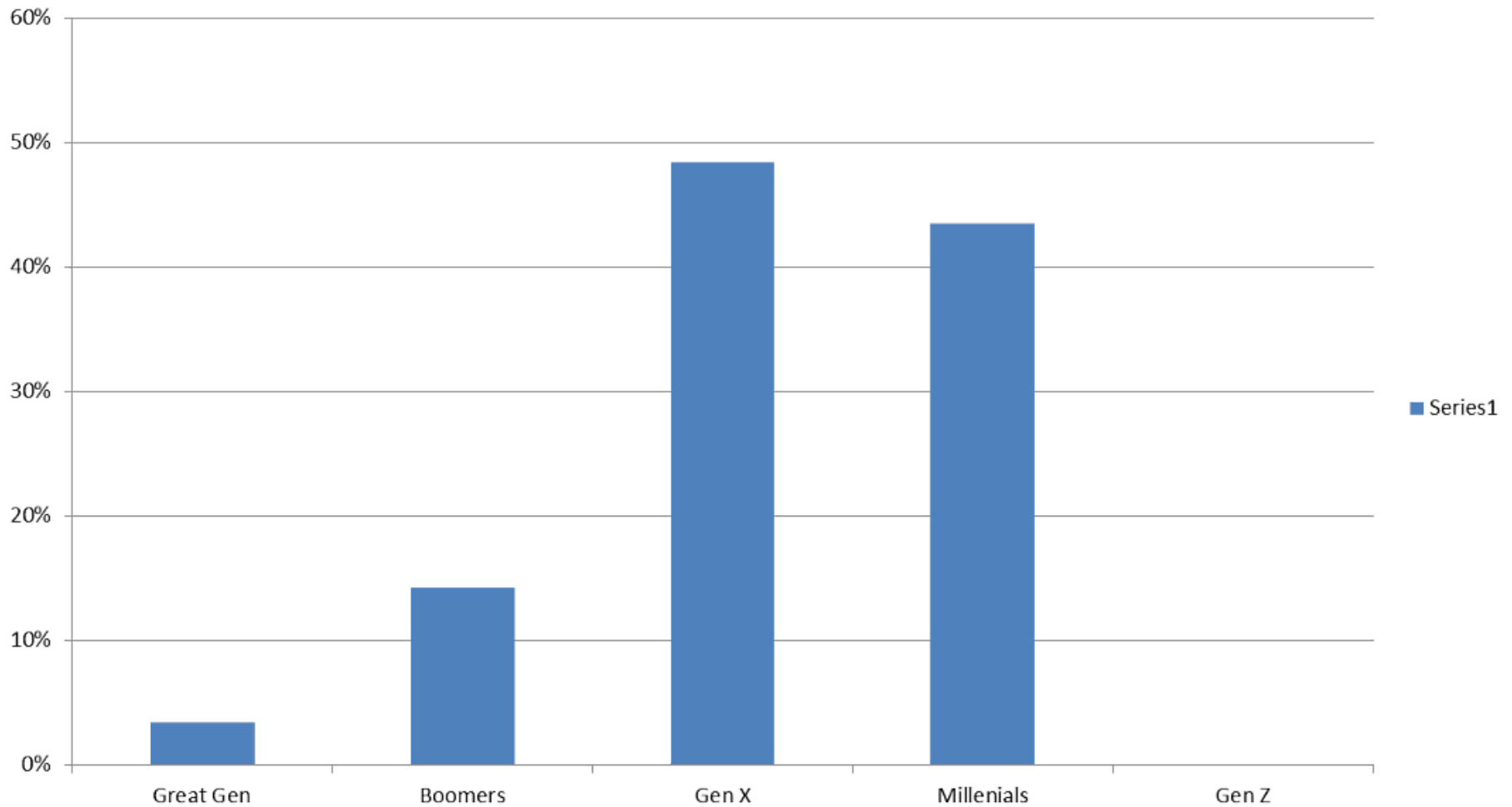
# Deposit Portfolio Generational Makeup



UrbanPartnershipBank

# Cohort Affinity for Online Product

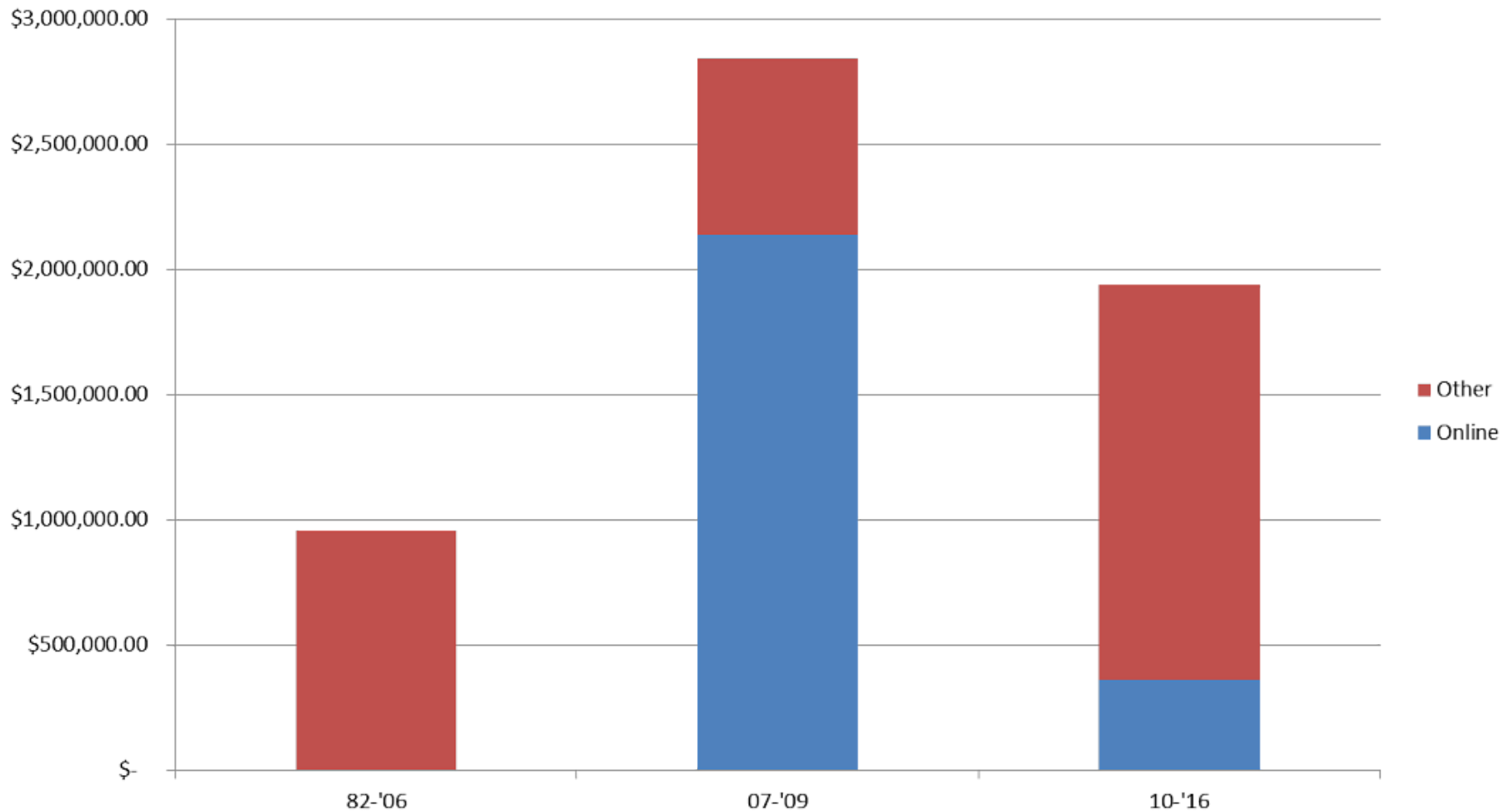
## Portion of Cohort Deposits Held in Online Accounts



UrbanPartnershipBank

# Growth Due to Online Product vs Others

## Millennial Deposit Growth



UrbanPartnershipBank

# Deposits: Comments

UPB has two other products that could be relevant to Millennials: Minor Savings and Student Checking

Minor Savings accounts are significant for the younger Gen Z customers, but not Millennials

Student Checking accounts did not represent a large portion of Millennial deposits. We hypothesize that Student Checking accounts are most effective when paired with bank/college partnerships.

UPB's online product was successful with all cohorts, but in terms of proportion, it was especially successful with Millennials.



# LENDING GOTHAM GREENS



# Lending: Comments

Lending relationships like that between UPB and Gotham Greens are valuable not only because the borrower is a Millennial, but also because it directly ties into our CDFI mission and our organizational narrative.

Building a portfolio of lending relationships like this (innovative, socially conscious, and Millennial-driven) is beneficial beyond its returns and its community impact, it also fuels a story for banks and the CDFI industry that speaks directly to Millennial preferences.

Furthermore, given that founders of initiatives such as this are likely to be socially conscious, CDFI banks (given that they provide competitive lending products) can leverage their mission work to help with the deal.

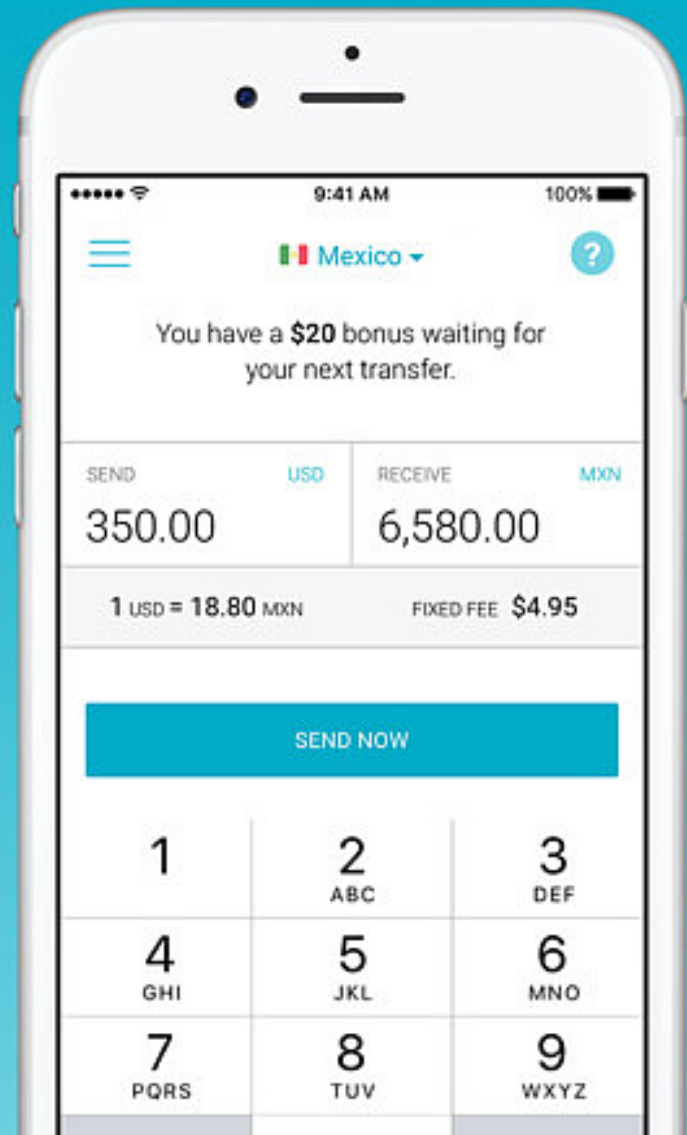




# PARTNERSHIPS: FINANCIAL TECHNOLOGY

pangea<sup>TM</sup>

We show your rates  
and fees before you send!



# Partnership Yields:

The two-year partnership between UPB-Pangea has demonstrated aligned values of providing convenient and reasonably priced banking services to the underserved while maintaining a robust compliance program.

Against that backdrop, **over the next 2-3 years** UPB and Pangea will have many opportunities to expand the partnership in ways that will benefit both institutions. For example:

- **Cash-in at UPB:** if UPB were to accept cash payment for Pangea transfers at UPB branches, Pangea's cash funding product would drive a key demographic of Latino consumers into the UPB branches, which would aid UPB's stated goal of banking this underserved community.
- **Pangea Wallet:** if Pangea were to offer customers the ability to maintain a balance with Pangea, the underlying funds would be held at UPB. This would offer UPB access to low-cost capital consumer deposits from across the country from a previously untapped source of unbanked customers.
- **International Wire Transfers to Partners:** currently, UPB only handles domestic wire transfers out of Pangea's account at UPB. Pangea would like to bring the fees associated with these transfers to UPB.

# Partnership: Comments

Financial technology products are becoming more ubiquitous. If leveraged correctly, this can be an opportunity for banks to reach outside their traditional boundaries.

Technological improvements don't necessarily need to be limited to internal changes.



# PIPELINE: EBONY SPONSORSHIP



DON'T SPEND IT ALL  
— IN —  
**ONE PLACE**  
SUMMER SWEEPSTAKES

Sponsored by  
 UrbanPartnershipBank

Thank you for entering for a chance to  
**WIN \$1,000**

Member FDIC

# Pipeline: Ebony Sponsorship

**Strategy:** Continue to position Urban Partnership Bank as a community-focused bank by leveraging the “**Our Interest Goes Here**” campaign and effectively attracting young and established professionals.

Utilize expanded reach to reinforce the “**Our Interest Goes Here**” message and educate our audiences about financial matters, while also hyper-targeting those who are actively seeking banking solutions and may be more likely to convert.

## **Rationale:**

- EBONY allows UPB to align with multiple content adjacencies
- Property reaches 70% of the US African American community
  - 33% are millennials
- 122,000 monthly unique visitors (specific to Chicago)



UrbanPartnershipBank

# Pipeline: Targeted Neighborhood

UPB has identified a neighborhood in Chicago with a high concentration of Millennials

We are designing a campaign that will take into account Millennial product needs, Millennial tastes, Millennial habits, and Millennial social consciousness to maximize its impact

An important component of this campaign will be creating a strategy for intentionally focusing on high-touch opportunities to educate the neighborhood about the need CDFI banks were established to fill



UrbanPartnershipBank





FROM BRONZEVILLE TO CHATHAM.  
WE'RE ALL ABOUT THE **HOME TEAM.**

OUR INTEREST GOES  
**HERE**

LEARN ABOUT BANKING



Member  
FDIC

UrbanPartnershipBank







**Harness the Power of Social Networks**  
2016 CDBA Peer Forum



mighty™





CHICAGO  
INNOVATION  
EXCHANGE



AT THE UNIVERSITY OF CHICAGO



GEORGETOWN UNIVERSITY



LOYOLA  
UNIVERSITY  
CHICAGO



the change we seek

color of  
change  
.org



OPPORTUNITY  
COLLABORATION  
convene / connect / create



CHICAGO  
BOOTH

mighty™

# Mighty Vision

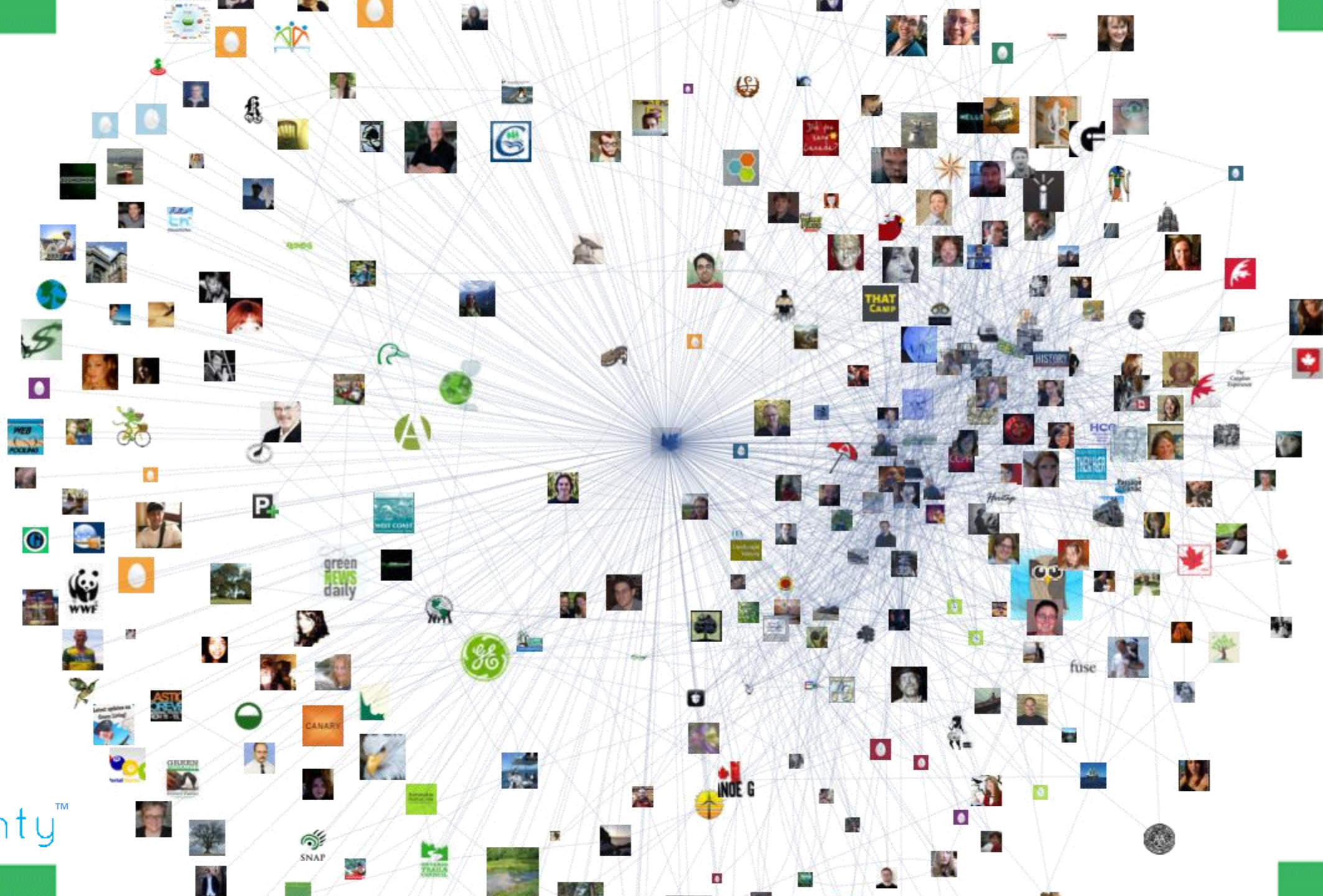


Discover and engage with  
the impact of their bank money



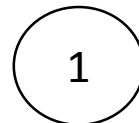
Achieve  
a branded national platform,  
new and retained customers,  
user analytics,  
and cross-selling leads







# 1. All The Customers You'll Ever Need Are Just 3.5 Connections Away





## Sheryl Sandberg

Chief Operating Officer at Facebook

San Francisco Bay Area | Information Technology and Services

Previous Google, Treasury Department

Education Harvard Business School

Send Sheryl InMail



3rd

155

connections

<https://www.linkedin.com/in/sheryl-sandberg-5126652>

### Background



#### Experience

##### Chief Operating Officer

Facebook

March 2008 – Present (8 years 3 months)



##### Vice President, Global Online Sales & Operations

Google

November 2001 – March 2008 (6 years 5 months)



##### Chief of Staff

Treasury Department

1984 – 1991 (7 years)



#### Education

##### Harvard Business School

1993 – 1995

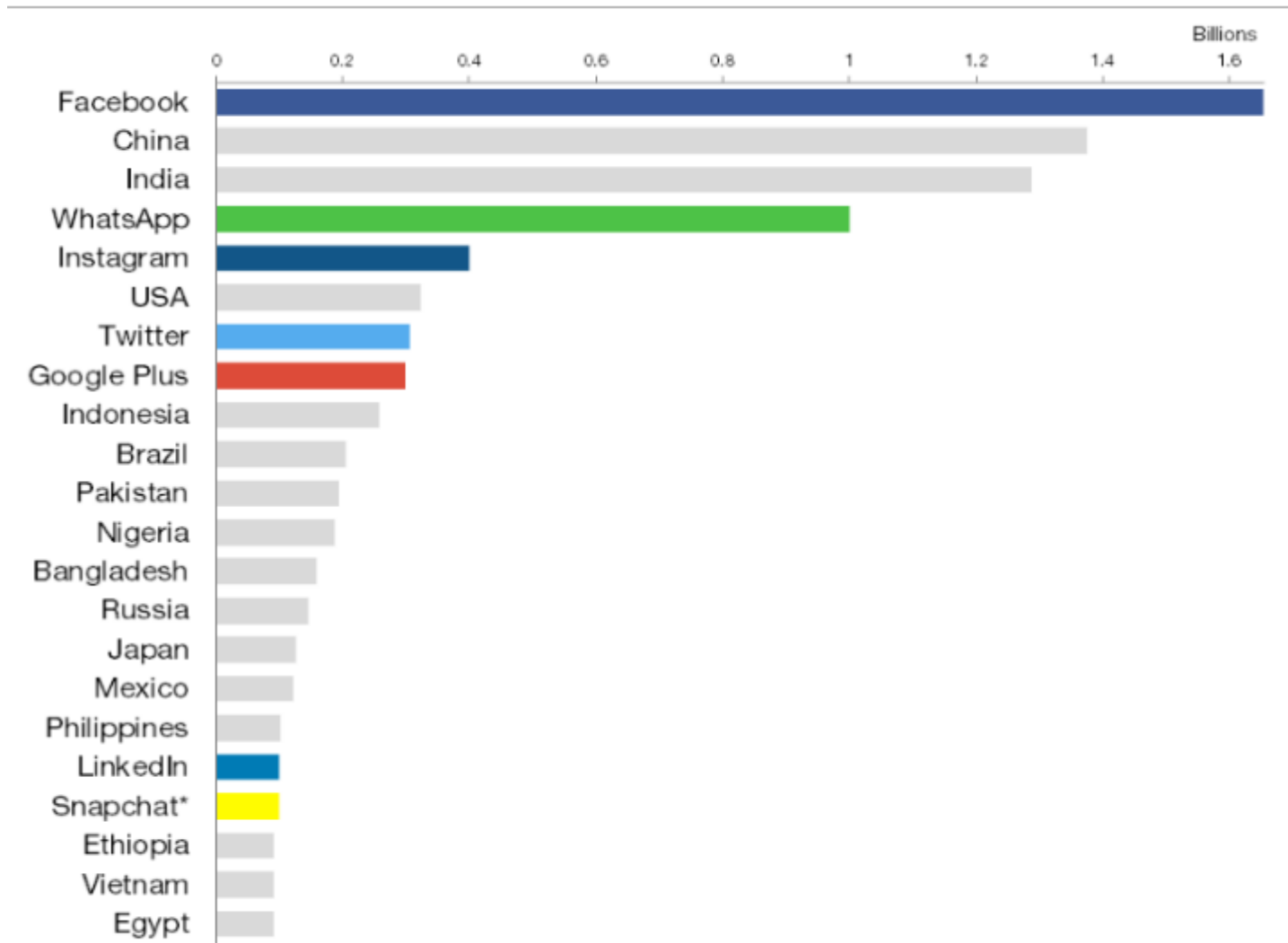




## 2. Facebook is Bigger Than China



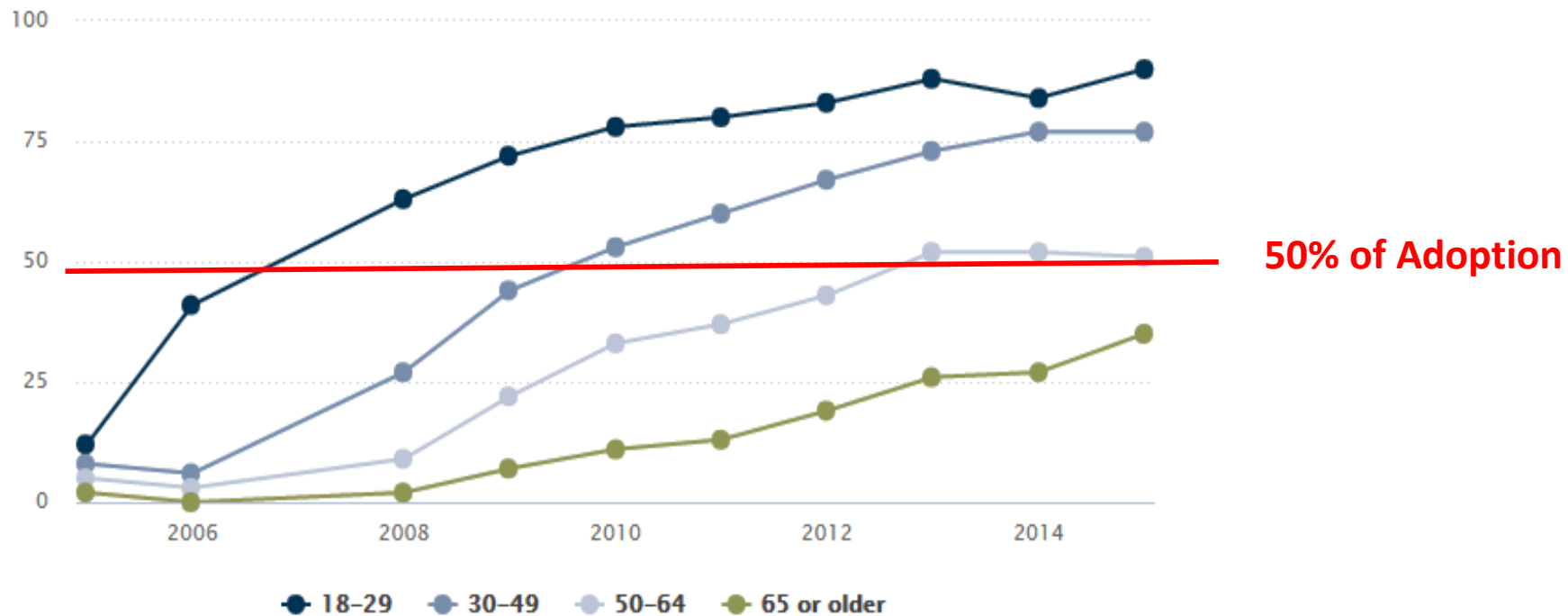
# And 3 Social Networks Are Bigger Than The U.S.



Source: Latest available data from social network websites or analyst estimates. \*Snapchat figures are daily active users

### 3. This Isn't Just About Millennials, But The Majority of Adults

*Among all American adults, % who use social networking sites, by age*





## 4. Social Behavior Informs Intent

FROM



TO

AWARENESS

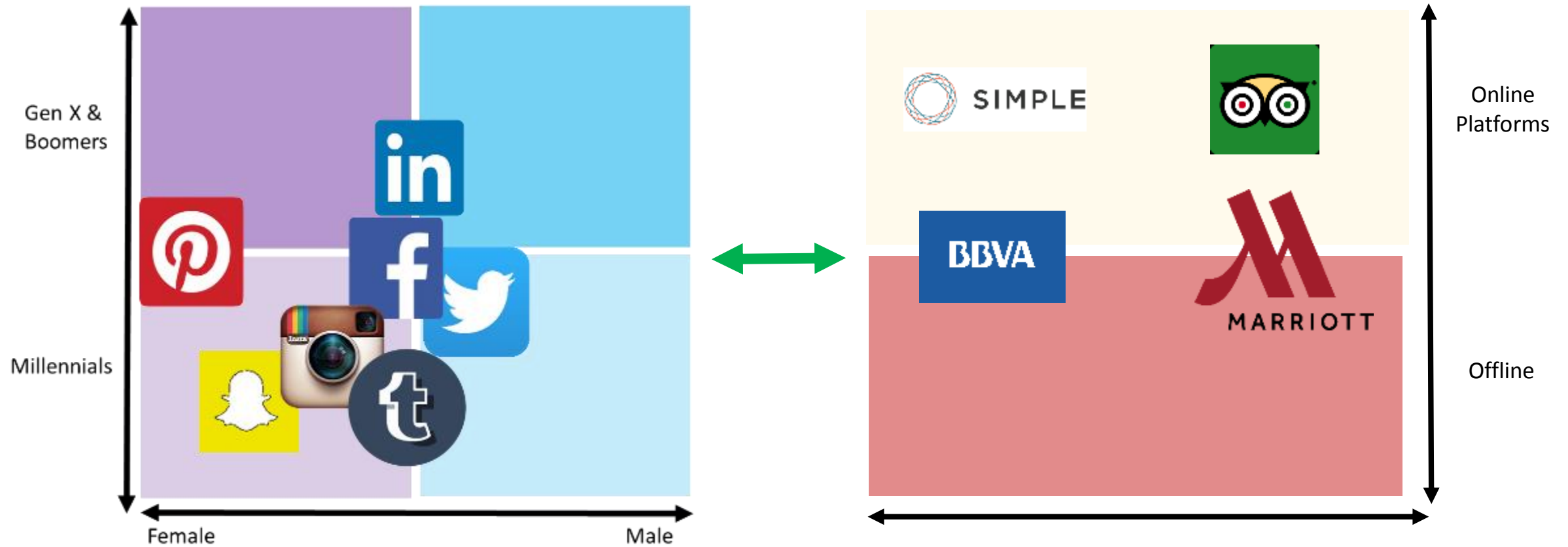
CONSIDERATION

DECISION

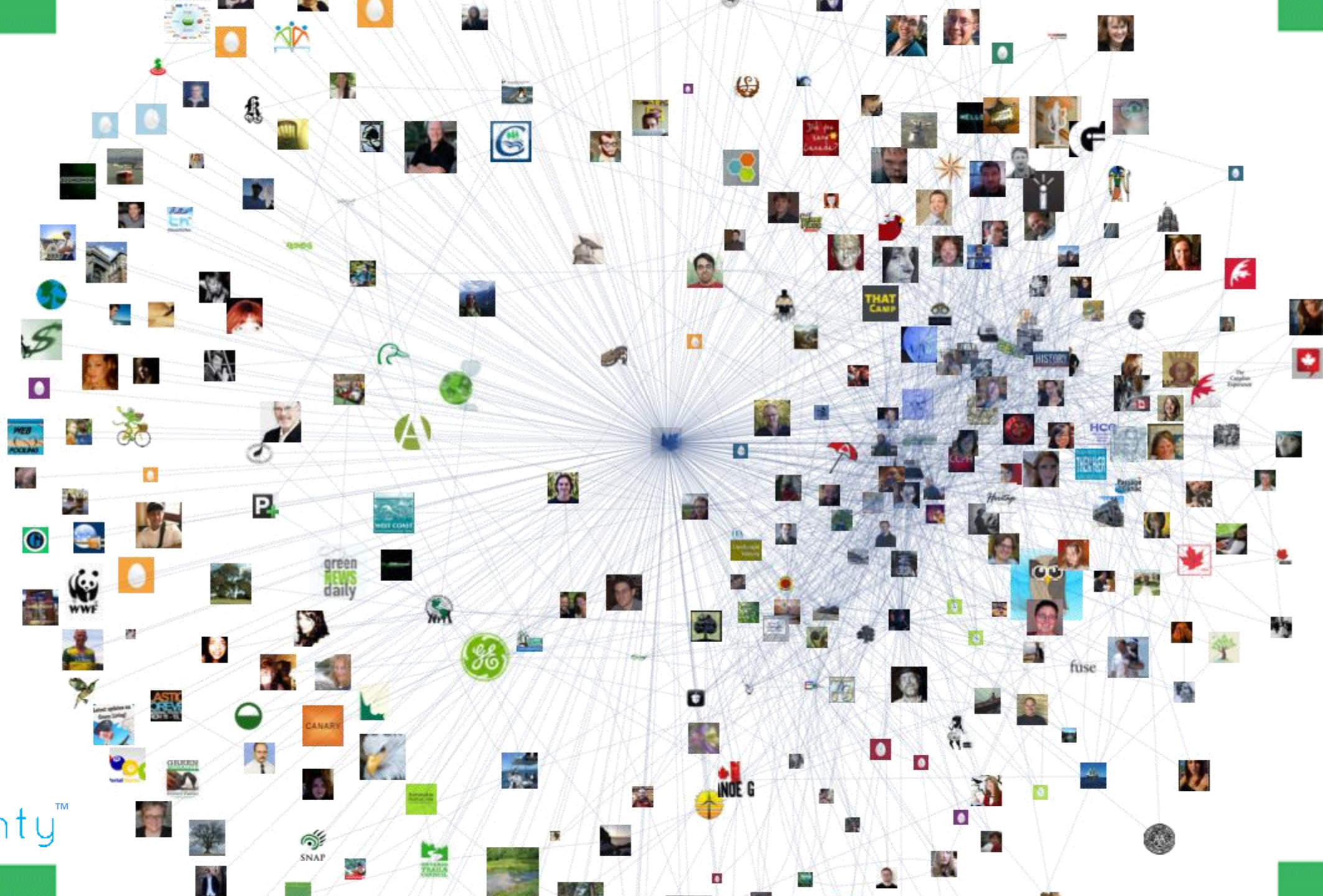
ADOPTION

ADVOCACY

## 5. This Isn't Rebellion, It's Efficiency: Social Drives Commerce











Get A  
Weather  
Vane

Define Use  
Cases &  
Dashboards

Convene,  
Pilot,  
Iterate







## Use Case

**Address  
Complaints**

**Champion  
Customer Content**

**Take a Stance**

## Dashboard

**WHO**

**WHAT**

**WHERE**

**HOW**

**NOW**

**WOW**





“#FlyBabies made me cry... a cry of true understanding”



100%  
OFF

YOU ABOVE ALL  
jetBlue



300 Videos Submitted → 45,000 Views →  
\$96Million in New Loans + \$90Million in New CDs



“The oral care market is a \$30B category. It’s controlled by a handful of huge companies. With hello, we seek to bring a new conversation to oral care, moving away from the historical talk of killing and fighting to focus on greeting.”

-Craig Dubitsky, hello Founder





Megan Hryndza

[megan@mightydeposits.com](mailto:megan@mightydeposits.com)

708.299.7926

@meghryndza

# Dave DeFazio

Partner

dave.defazio@strategycorps.com

615-498-5220



[linkedin.com/in/davedefazio](https://www.linkedin.com/in/davedefazio)



@DaveDeFazio

**strategy**corps 

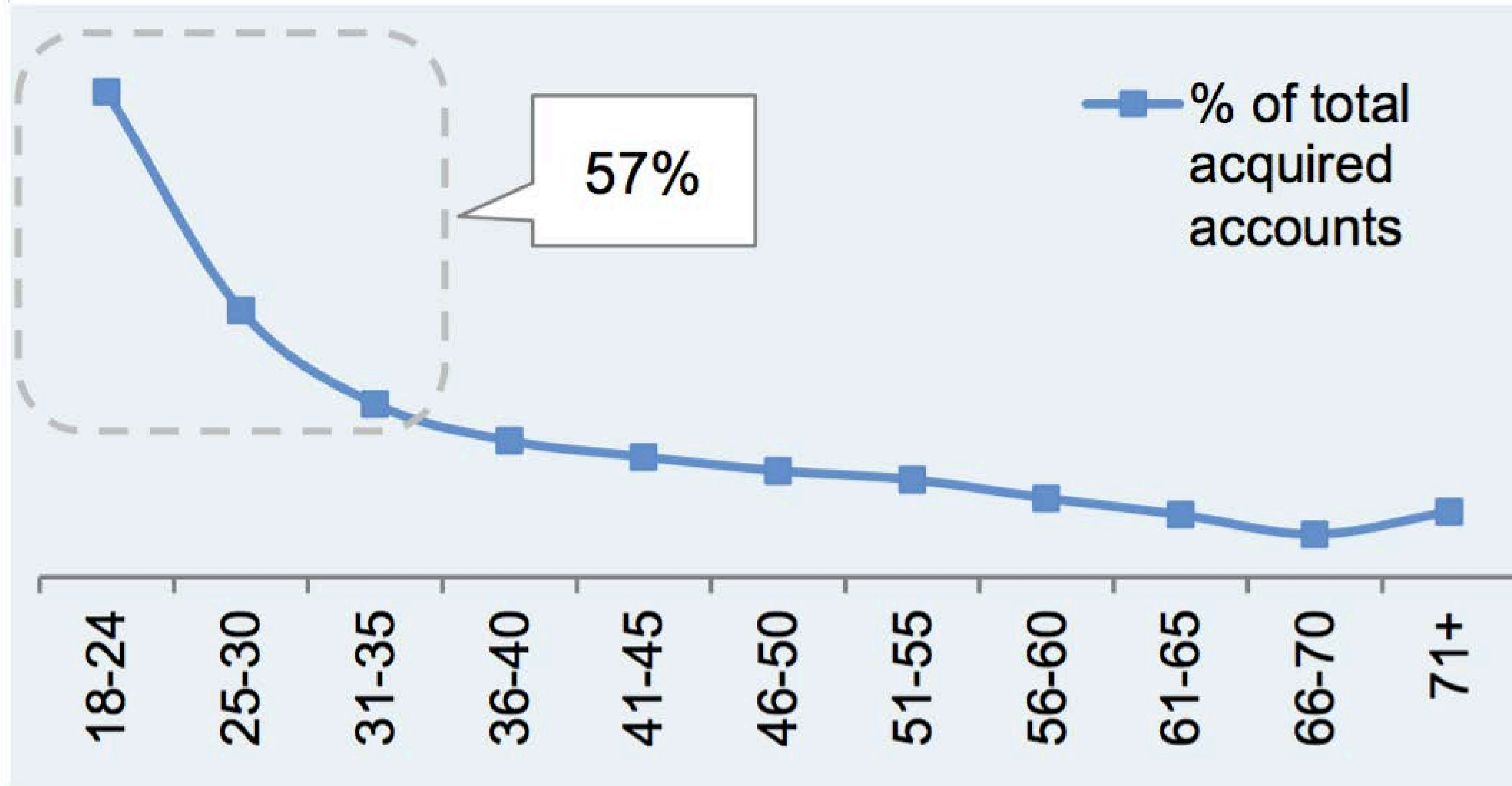


WELLS  
FARGO

Bank of America



## Checking account acquisitions by age<sup>1</sup>

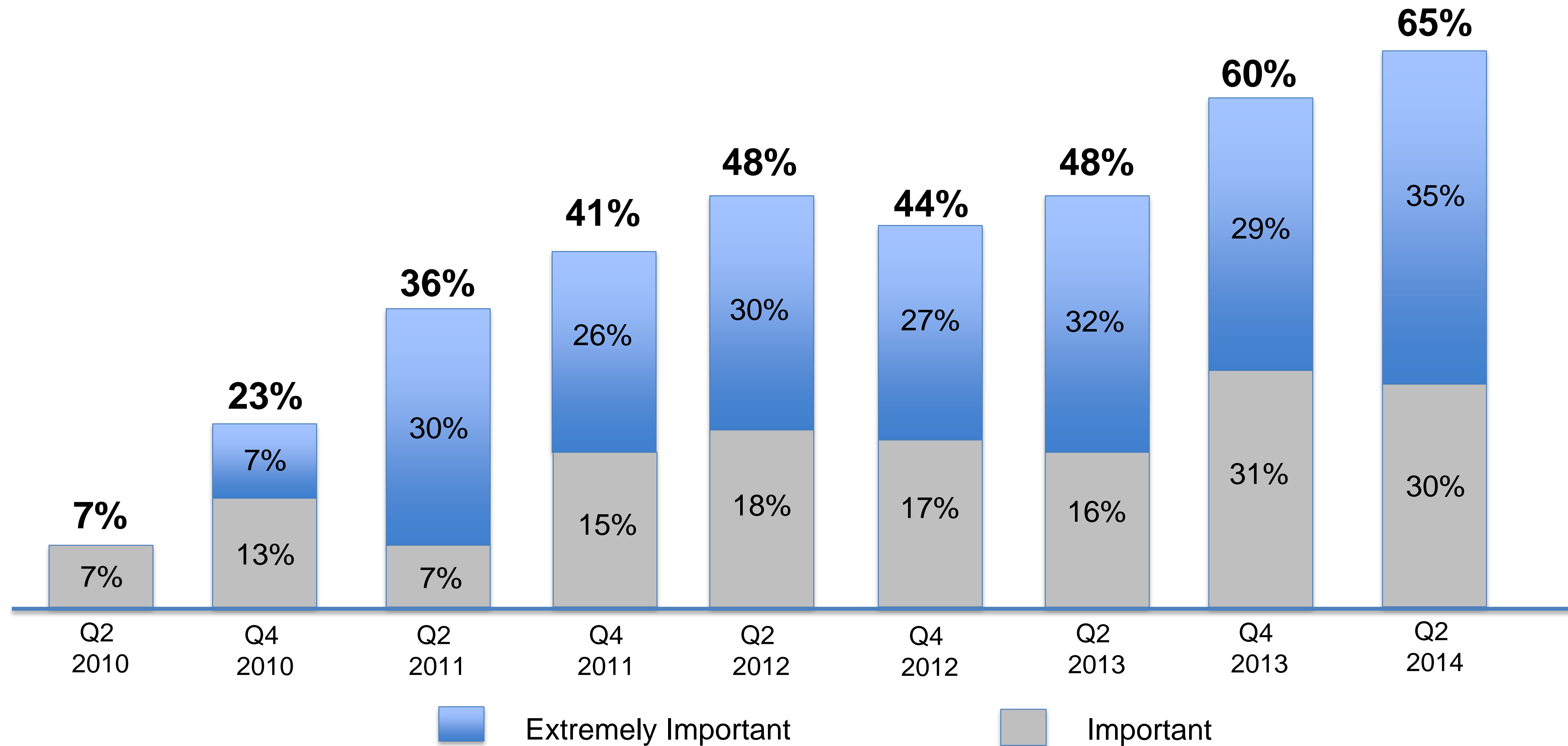


**CHASE** 

**strategy**corps 



# Mobile Drives Switching







# Unbundling of a Bank



[strategycorps.com/mobile](http://strategycorps.com/mobile)

# Dave DeFazio

Partner

dave.defazio@strategycorps.com

615-498-5220



[linkedin.com/in/davedefazio](https://www.linkedin.com/in/davedefazio)

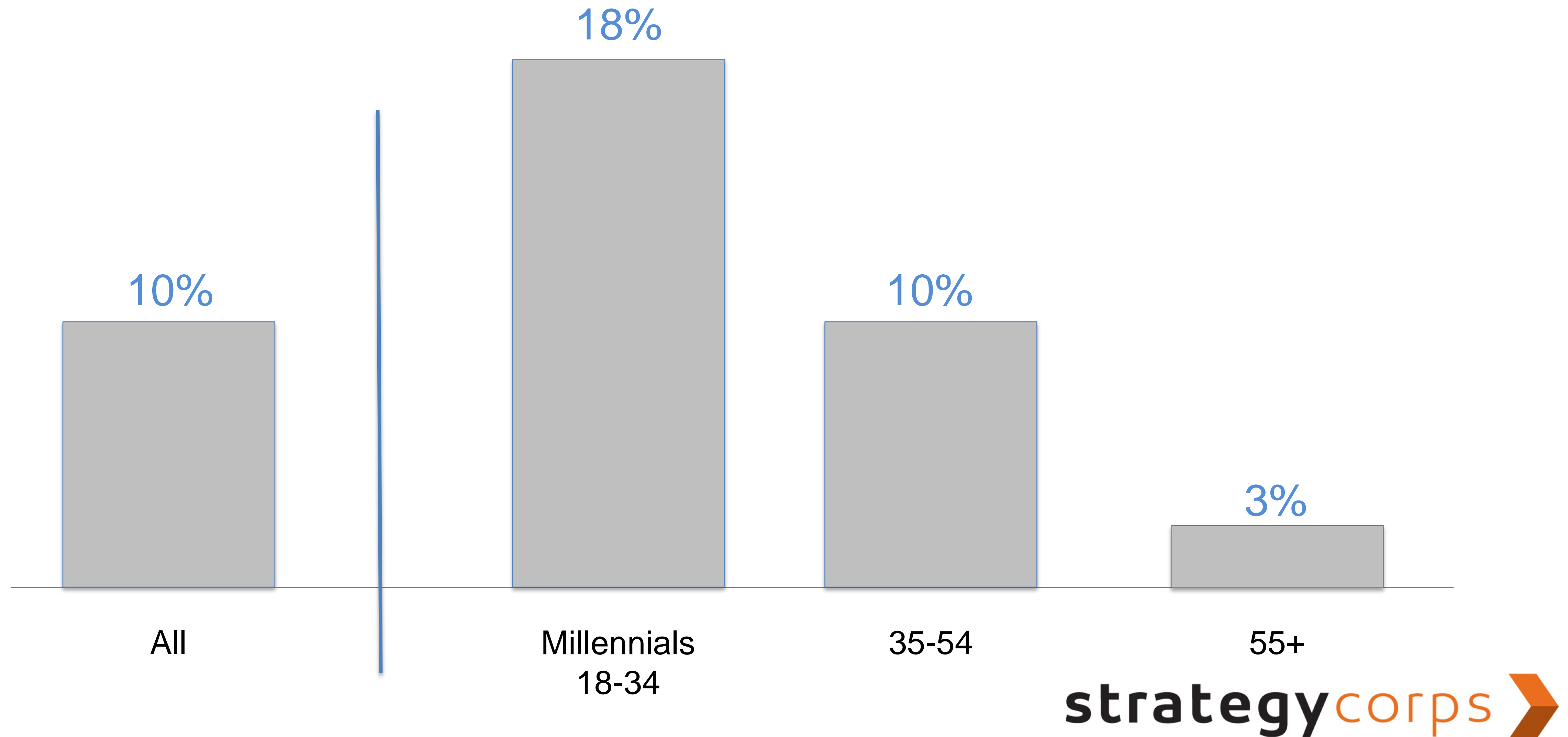


@DaveDeFazio

**strategy**corps 



# Account Switchers



Source: Accenture. "In the last 12 months, have you switched to a new financial services provider?"



# OPTIMIZING MISSION AND MARGIN WITH ORGANIZATIONAL STRUCTURE

KEN HALE  
CEO



**BOM**

Bank of Montgomery • est. 1803



— OVER —  
**110**  
— YEARS OF —  
**GROWTH  
& SERVICE**

Citing the growing financial needs of Grant Parish, a group of local businessmen established Bank of Montgomery on June 9, 1903.

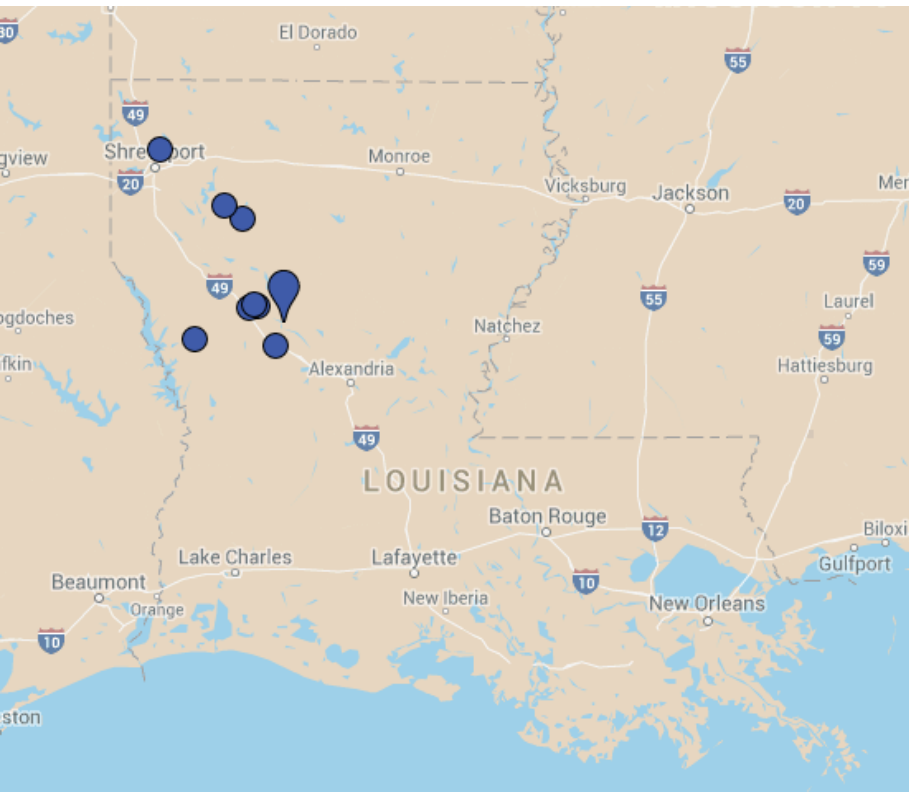
In 1996 the bank expanded into Natchitoches Parish by opening a location in Derry, Louisiana.

Since then we have expanded to 9 branches. Our capital has increased from the \$15,000 we opened with to more than \$30 million.

**BOM**

**BIO**





BOM has a strong tradition of supporting the northwest Louisiana communities in which it operates, combining hometown values with modern, full service personal and business banking products in number of convenient locations.

**BOM**

**BIO**

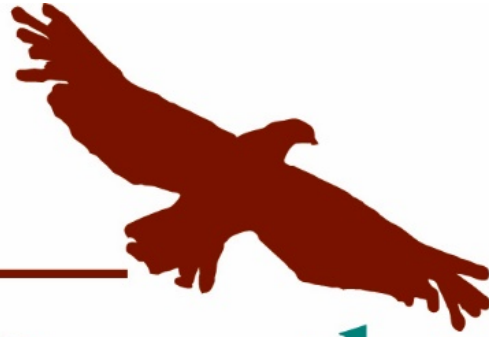


Grant Bancshares, Inc.  
Natchitoches, LA  
Incorporate in LA

BOM  
Montgomery, LA  
Managing Member  
Incorporated in LA

BOM Financial Services, LLC  
Natchitoches, LA  
Incorporated in LA





# 1st SouthWest Bank

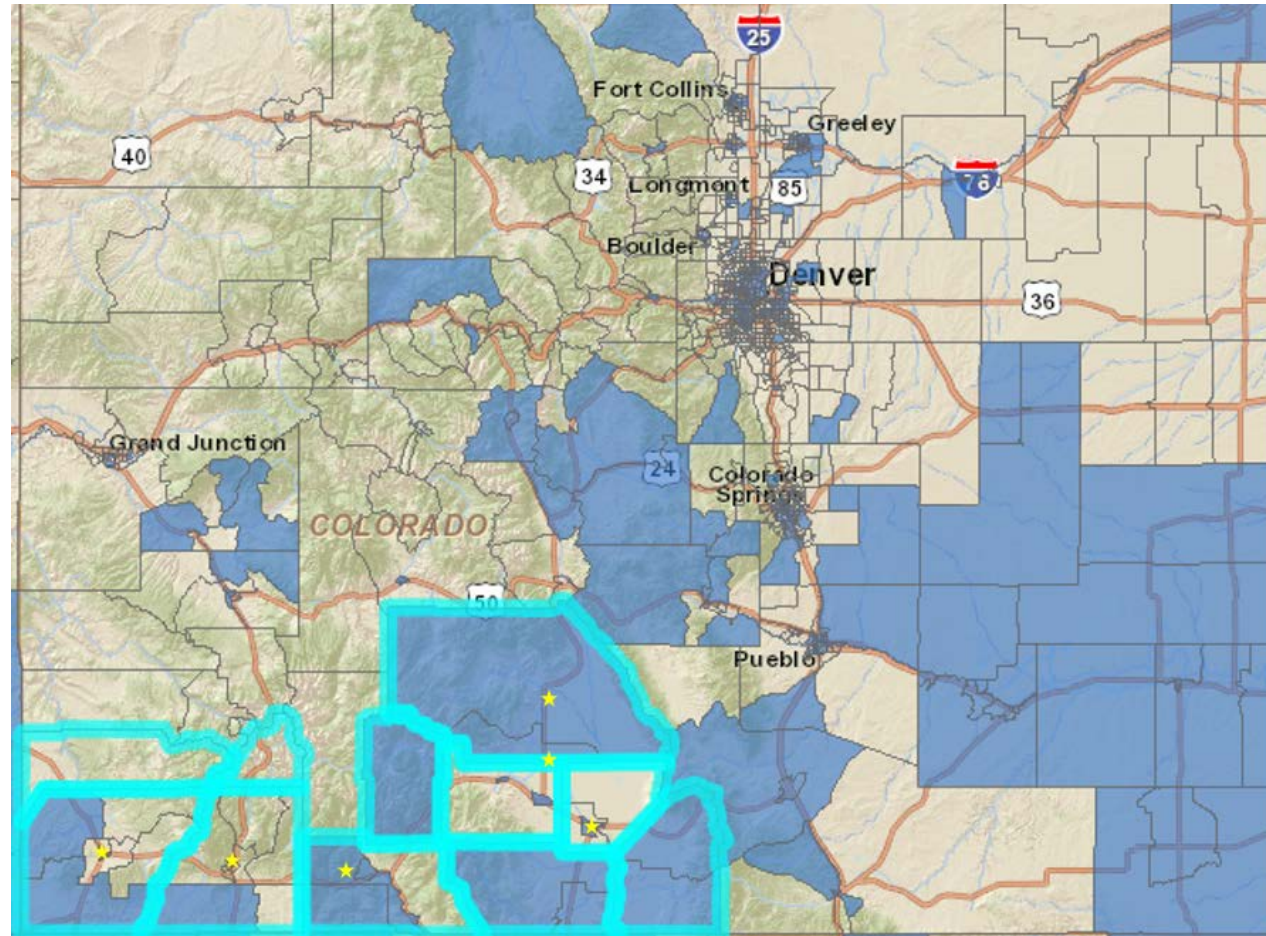
*We Can Help You Get There™*



fswb.com



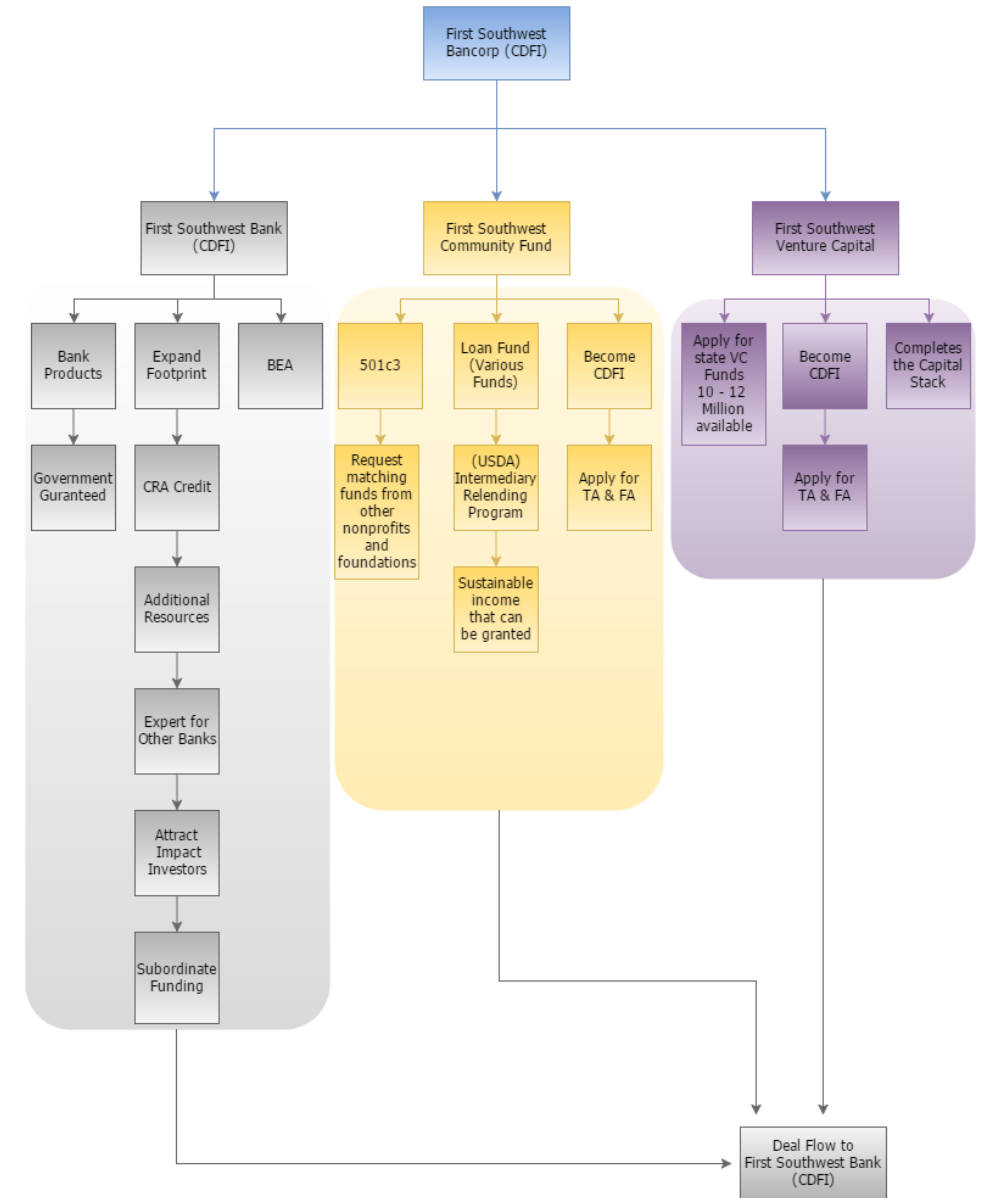
# Our Footprint





# Our Structure

- Both holding company (First Southwest Bancorp) and First Southwest Bank are CDFIs.
- First Southwest Community Fund, a 501c3 affiliate of First Southwest Bank, will apply to become a CDFI once it is fully established.
- The State has held discussions with us about creating another affiliate, First Southwest Venture Capital.



# Rural Venture Capital: 1<sup>st</sup> RFP

- In 2006, the Legislature set aside money to create a statewide venture capital fund.
- A RFP announced \$20 million was to be used in metro areas, \$5 million in rural areas.
- A bidder with VC experience secured the money and disseminated the \$20 million but was unable to find investments for the rural money.
- The bidder asked for my assistance in finding rural investment opportunities, which proved to be difficult.



# Rural Venture Capital: 2<sup>nd</sup> RFP

- In 2015, the Legislature in conjunction with the state VC Authority Board authorized the second round of funding.
- This time they announced two separate funds – a \$20 million fund for metro areas, a \$10 million fund for rural areas.
- We were sent the RFP but declined to pursue based on our lack of VC experience.
- Shortly thereafter, we were notified there were no qualified applicants for the rural money.



# Rural Venture Capital: 3<sup>rd</sup> RFP

- Because of our CDFI Designation we were able to open conversations.
- Two components needed to manage the fund: statewide rural deal flow (which we have) and venture capital (which we didn't have).
- Connected with Community Development Venture Capital Alliance to form a partnership – we bring the dealflow, they bring the experience.
- RFP is expected to be released in 2016 Q4, in the meantime we are creating the necessary systems.



# First Southwest Venture Capital (*Proposed*)

- Will form a **strategic partnership** with Community Development Venture Capital Alliance, <http://cdvca.org/>.
- Will fully **develop deal flow (network) state wide** to garner deals in rural Colorado counties.
- Will **build the business advisor network**, through personal contacts, SBDC, BLFs, incubator / accelerator programs, and other rural Colorado banks.
- Will **become a CDFI**, and will have access to Technical and Financial Assistance Awards.
- **Completes the Capital Stack.**
- Allows us to further **enhance rural Colorado** by lending expertise, advice and mentoring while creating startups that can become economic drivers.



# Community Development Venture Capital Alliance (CDVCA)

The national association of developmental venture funds, focused on improving access to capital, employment, entrepreneurship and wealth creation in underserved markets.

- Leadership in public-private impact funds for economic growth
  - Advance the use of LP fund structure for economically targeted investing
  - Best-practices portfolio strategies for achieving “returns with a purpose”
  - \$96 million in assets currently under management
- Mission, experience and accountability
  - Mission-driven fund manager with national experience
  - Certified Community Development Financial Institution
  - Transparent, non-profit structure with strong US Treasury, state-level credibility
  - Alignment of objectives and investment oversight with public LPs
  - Manager capacity building and policy advocacy / research





# Goal of Partnership

Double bottom line, economically targeted investment for Colorado.

Financial Goal:

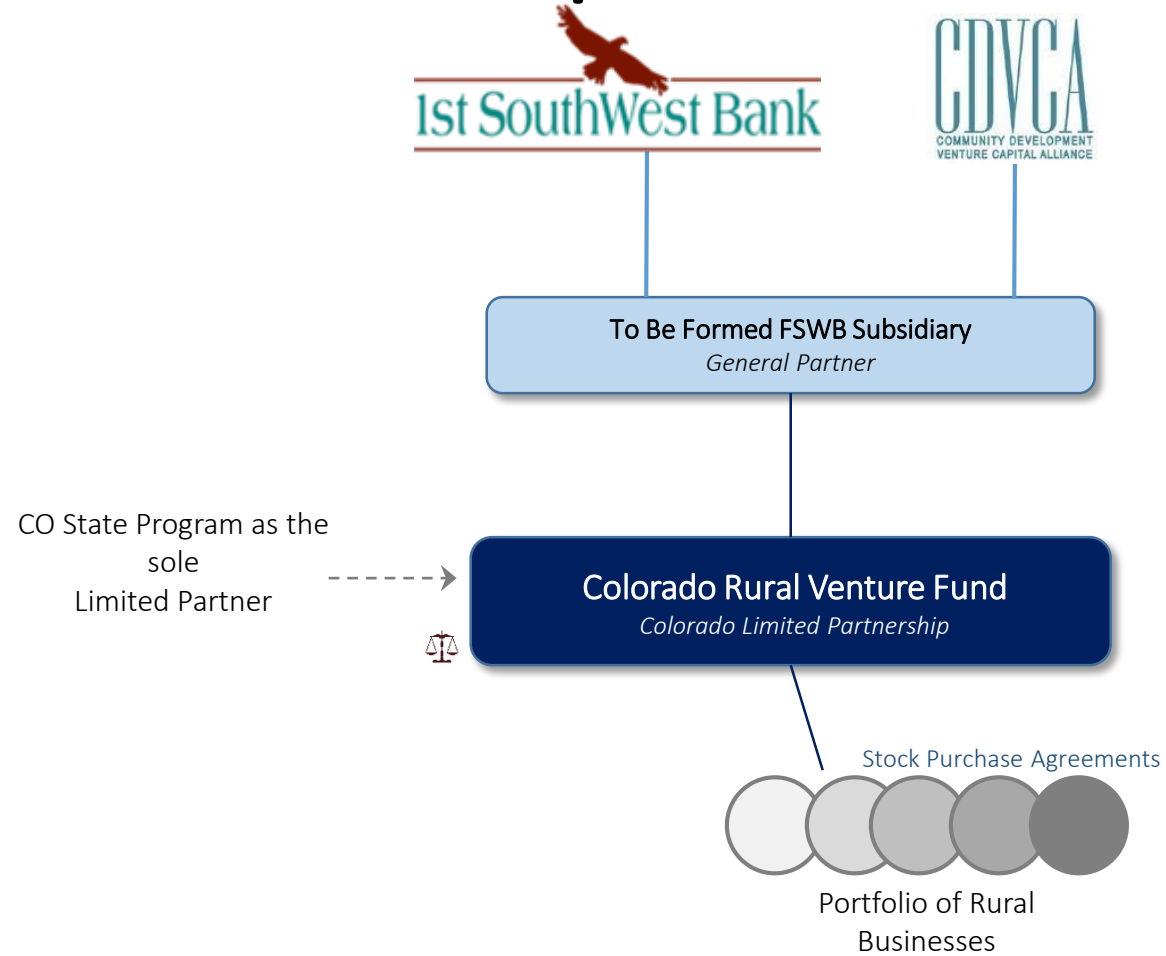
- Market rate returns that meet the allocation requirement of the State agency

Economic Development Objectives for Colorado:

- Address lack of growth capital in rural economies
- Promote business creation and growth, as well as local ventures with urban businesses
- Catalyze additional private sector investment in rural Colorado businesses
- Create and maintain jobs in rural counties across the state
- Increase the tax base
- Establish deeper venture management capacity within FSWB



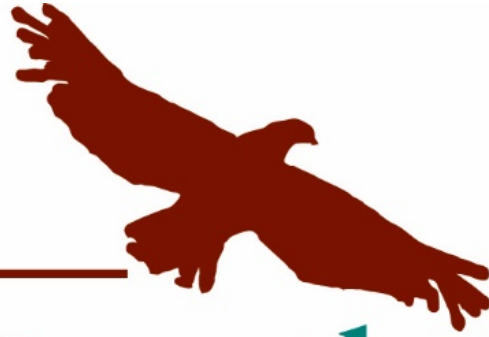
# Structure of Partnership



# Recognizing Deals

- In 2002, I gave a \$100,000 loan to a small start up (4 employees) that processed credit cards in a nanosecond.
- A year later they needed one million, with accounts receivable from restaurants around the country as collateral. I was unable to provide this, they sought private equity.
- In 2014, the business sold for \$1.5 billion.





# 1st SouthWest Bank

*We Can Help You Get There™*



fswb.com



# “Optimizing Mission and Margin with Organizational Structure” Panel

Community Development Bankers Association (CDBA) Peer Forum

**Tabitha Atkins**

*VP of Community Development*



# City First Family Tree







# CITY FIRST BANK OF DC

## MISSION

To support and strengthen underserved communities through the provision of high quality banking and other services



## GOALS



Demonstrate that urban neighborhoods are viable markets if approached with business discipline and long-term commitment



Achieve sufficient lending and investment volumes to affect overall market dynamics in the neighborhoods we serve



Improve individual economic lives of our customers and their customers

# City First Bank of DC BEGINNINGS

**1993** – Community development leaders gather in a Washington, DC church basement to discuss the toll on low-income neighborhoods

- Decades of disinvestment & discrimination
- No access to credit/other financial services

The founders resolve to create a financial institution to make a difference in communities that had long been ignored

**1998** – City First Bank receives a national charter from the OCC and opens its doors.

**1999** – Certified as a Community Development Financial Institution (CDFI), becoming the District's first and only bank solely focused on community development



# City First Bank of DC TODAY!

- Assets of **\$250** million
- Loans of **\$150** million
- Deposits of **\$200** million
- A Certified CDFI
- 40 full time employees
- Single Branch: 1432 U Street NW
- Wholly-owned by CFBanc Corporation
- 24% total equity, 44% voting stock, owned by City First Enterprises, a 501(c)(3)

We are a  
**Commercial Lender**  
only...we make loans  
exclusively to business  
clients

# IMPACT



IN AGGREGATE TOWARD  
MISSION-DRIVEN LENDING



**4,916** JOBS RETAINED  
AND CREATED

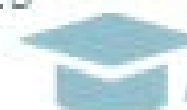
**\$422 Million**

IN NEW MARKETS TAX  
CREDIT ALLOCATION  
DEPLOYED

**5,770** UNITS  
OF AFFORDABLE  
HOUSING



CREATED / PRESERVED  
**8,734** NEW  
CHARTER SCHOOL  
SEATS



**\$ 591 Million**  
TOTAL INVESTED IN COMMUNITY  
DEVELOPMENT PROJECTS



OVER  
**100,000**  
ADDITIONAL CLIENTS SERVED  
IN COMMUNITY FACILITIES

CHANNELING  
**CAPITAL**  
WHERE IT'S  
NEEDED MOST



## MISSION

To promote social justice by increasing economic access and expanding opportunity for low-wealth communities.

# Connected Projects

## Sitar Arts Center

### Community Facility

Annually, Sitar provides 850 youth, from across the city with creative learning activities during the afterschool, weekend and summer hours.

80% of students come from low-income households.

CFB Note = \$460K

CFE Subordinate Note = \$115K



## 5741 Colorado Ave

### Affordable Housing

TOPA acquisition for the renovation and financing of a 28-unit permanent affordable housing cooperative.

CF provided post-purchase stewardship services

CFB Loan = \$2.23 Million

CFE Loan = \$365K



## N Street Cooperative

### Affordable Housing

Financing for repairs/improvements to create 83-units of permanent affordable housing in Logan Circle

CF provided post-purchase stewardship services

CFB Loan = \$1 Million

CFE Loan = \$2.1 Million







# CITY FIRST

---

## NEW MARKETS FUND II

### **MISSION**

To subsidize large-scale, high impact community development projects and help transform deeply distressed neighborhoods and communities throughout the Washington, DC region and beyond.



# \$468 MILLION

City First is a seven-time Awardee of New Markets Tax Credits, and has become a premier NMTC facility lender in the Mid-Atlantic region, currently operating in five states – DC, Maryland, Virginia, Delaware and Pennsylvania.



# CITY FIRST

---

## FOUNDATION

### MISSION

Promoting broader knowledge, participation and collaboration in the community development eco-system, particularly in Washington DC.

# 2015 Conference

## Collective Impact to Support Communities in Wards 7 and 8

This panel discussed how the myriad of stakeholders serving neighborhoods in Wards 7 and 8 can collectively leverage resources to provide greater economic opportunity for all the residents and business owners in these respective Wards.

## Understanding the Landscapes of Wards 7 and 8

A presentation of key socio-economic trends of selected Ward 7 and 8 neighborhoods to understand what may drive private sector development over the next few years.

## East of the River Housing Priorities

In the last decade, the District has lost more than half of its affordable housing stock. This session highlighted best practices to produce and preserve affordable housing in Wards 7 and 8.

## Revitalization of the Great Commercial Corridors

This discussion generated strategies for redeveloping/repurposing many of the vacant, blighted, and underutilized commercial spaces/parcels, , and how creating vibrant commercial corridors will help small businesses.

## Supporting Entrepreneurial Development

This panel highlighted how to create an environment for small businesses to have the key resources needed to grow and expand, as well as building a strong workforce with the skills to take advantage of employment opportunities





”

Working  
**Collectively**  
to Transform  
Communities

# THANK YOU!

**Tabitha Atkins**

tatkins@cityfirstbank.com

P: (202) 243 - 7129

cityfirstbank.com

@cityfirstbankDC





# Optimizing Mission and Margin with Organizational Structure



[banksouthern.com](http://banksouthern.com)

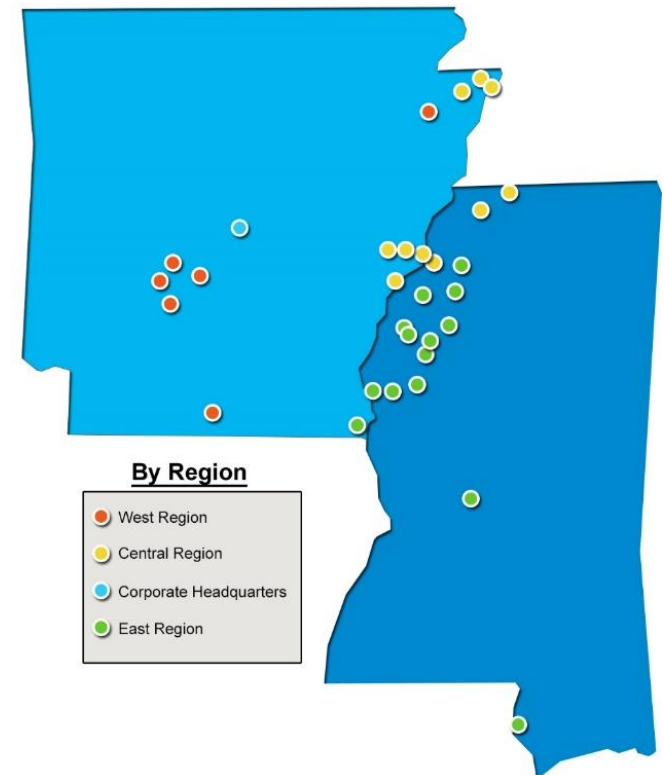
[southernpartners.org](http://southernpartners.org)

# About Us



- Founded in 1986
- 80,000 customers
- 42 branches in AR and MS
- 23 in AR
- 19 in MS
- 3 CDFIs – SBI, SBB, SBCP
- \$1.15 billion in assets

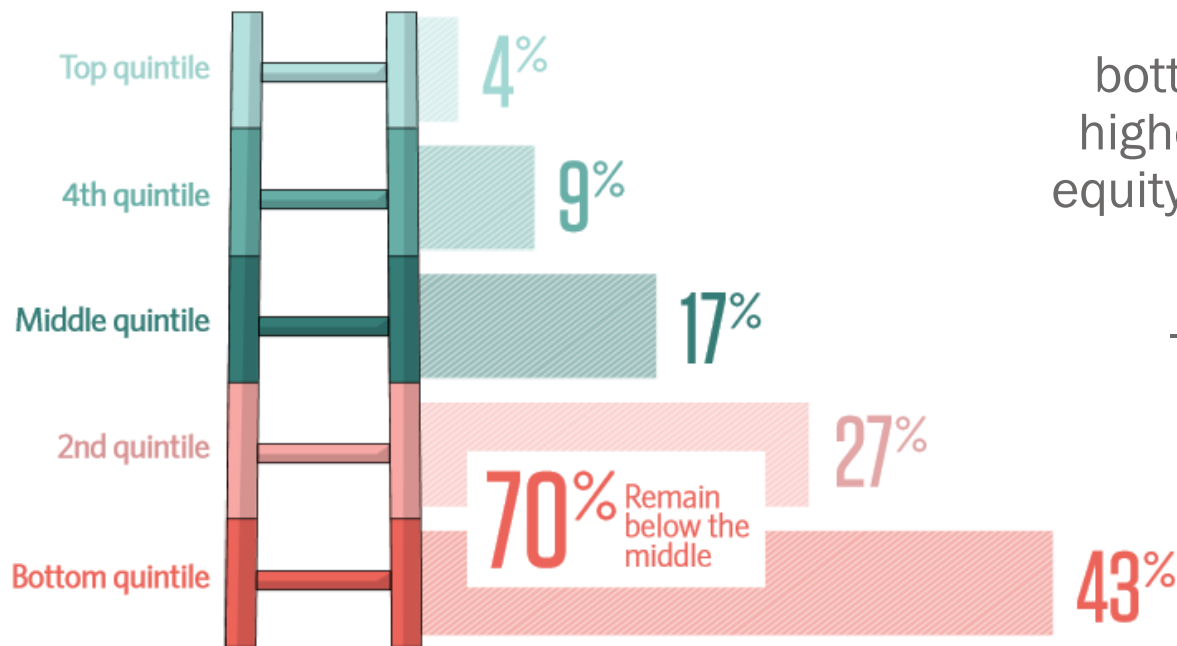
## Southern Bancorp Locations



# Net Worth Drives Economic Opportunity

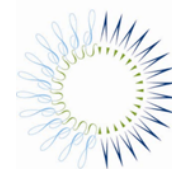
Most Americans Born at the Bottom of the Income Ladder Never Reach the Middle Rung

Percent of Americans raised in the bottom income quintile who stay put or move up as adults



“Those who moved out of the bottom quintile had considerably higher savings, wealth, and home equity than did their peers who did not move up.”

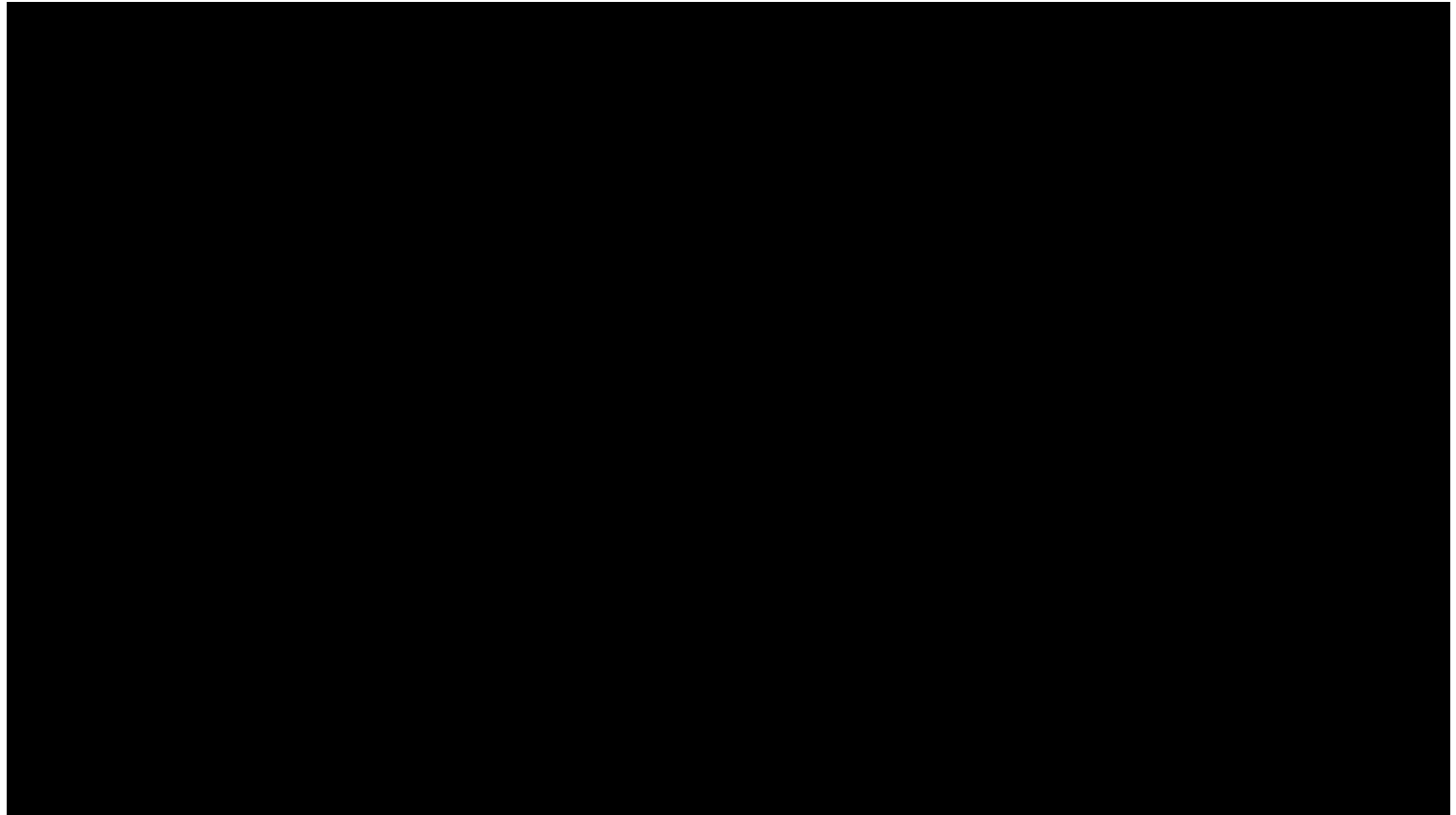
- Pew Charitable Trusts, 2013



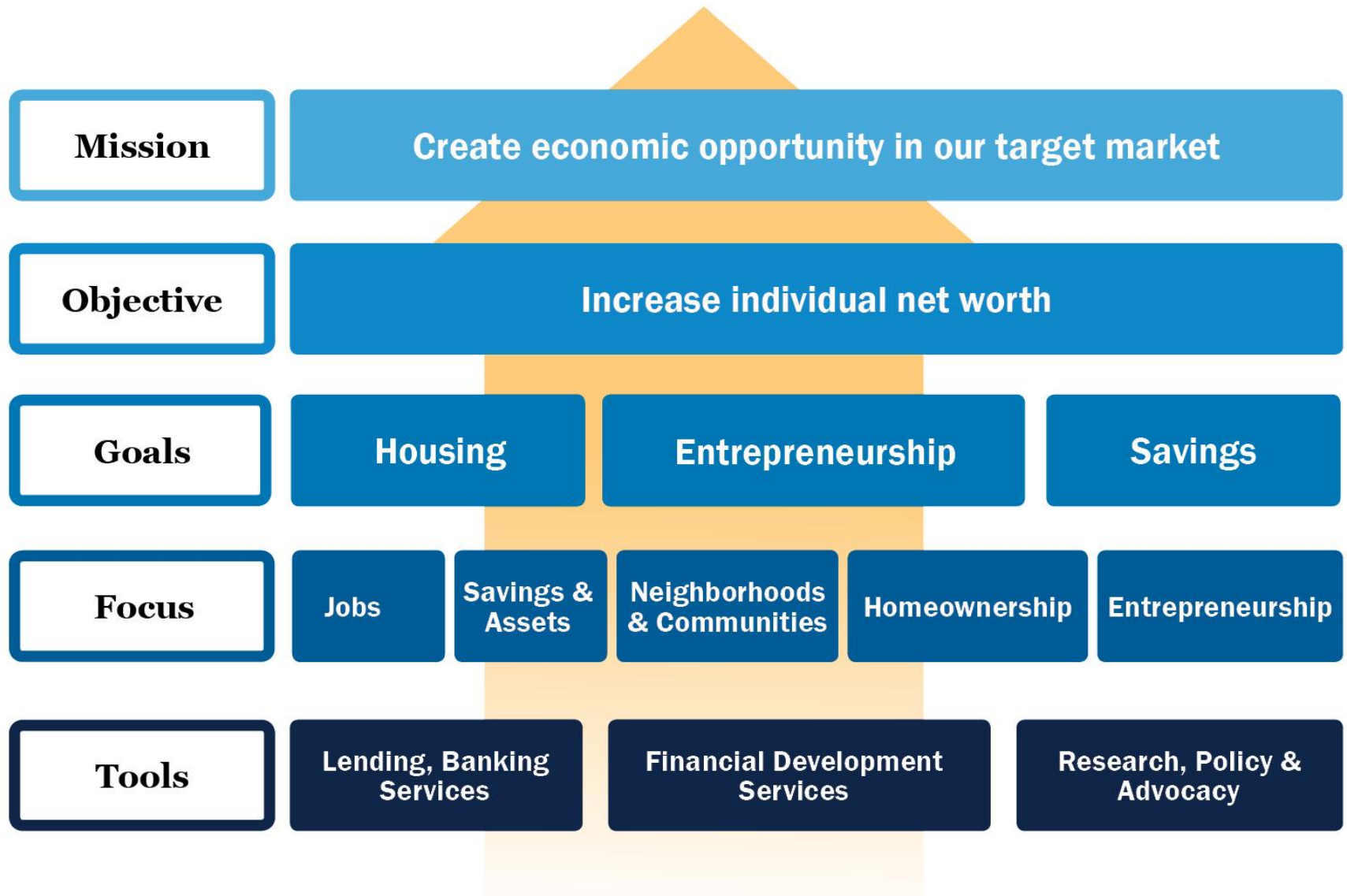
THE  
**PEW**  
CHARITABLE TRUSTS

# Net Worth Drives Economic Opportunity

The Delta Icebox – Helena, Arkansas



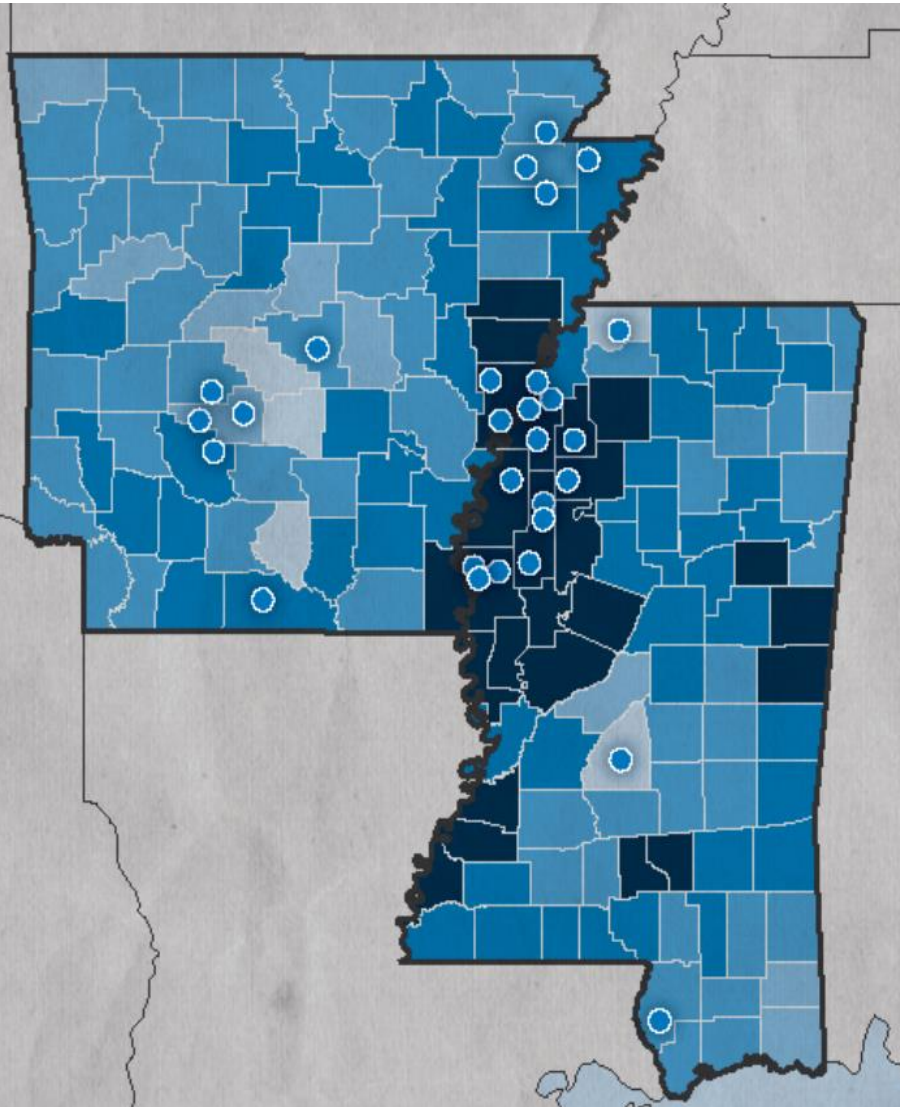
# Theory of Change





# Our Markets

## Poverty Rates



**27%** The average poverty rate in the counties we serve.

**37%** The average child poverty rate in the counties we serve.

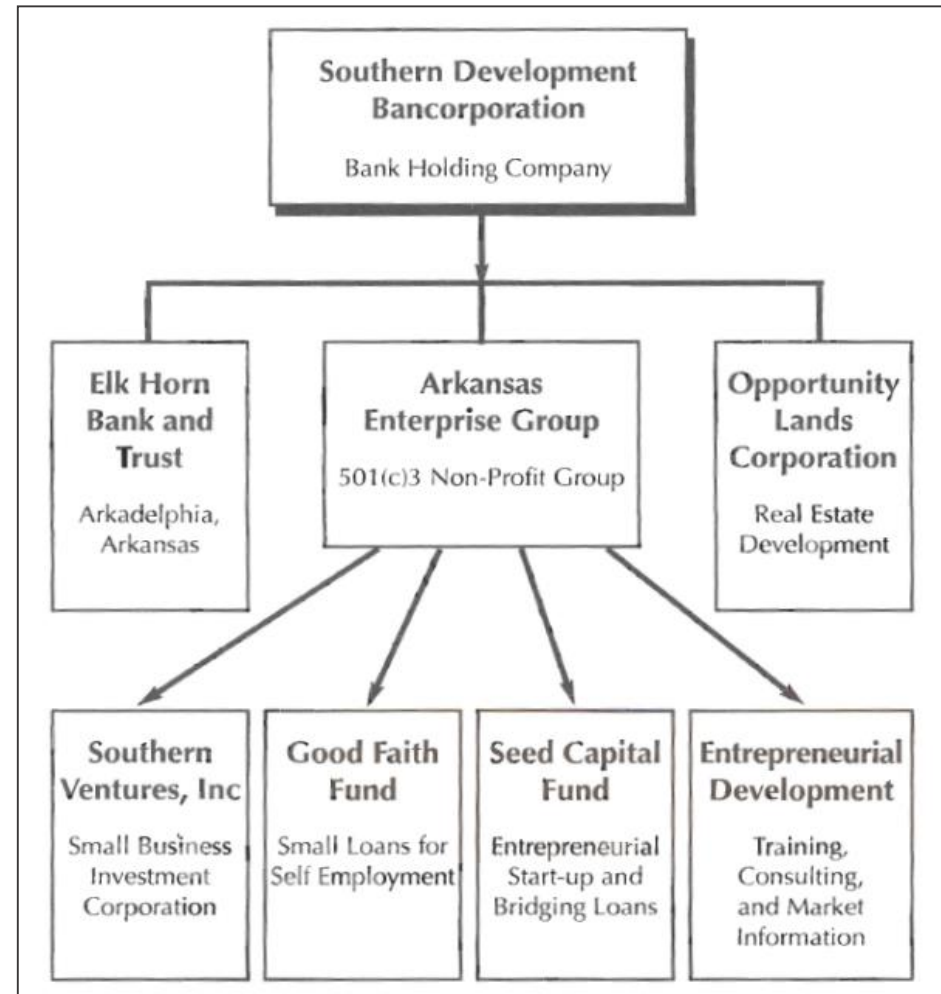
The counties in dark blue represent an average poverty rate of **28%** or more.\*

\*American Community Survey,  
US Census, 2007-2011



# Initial Structure

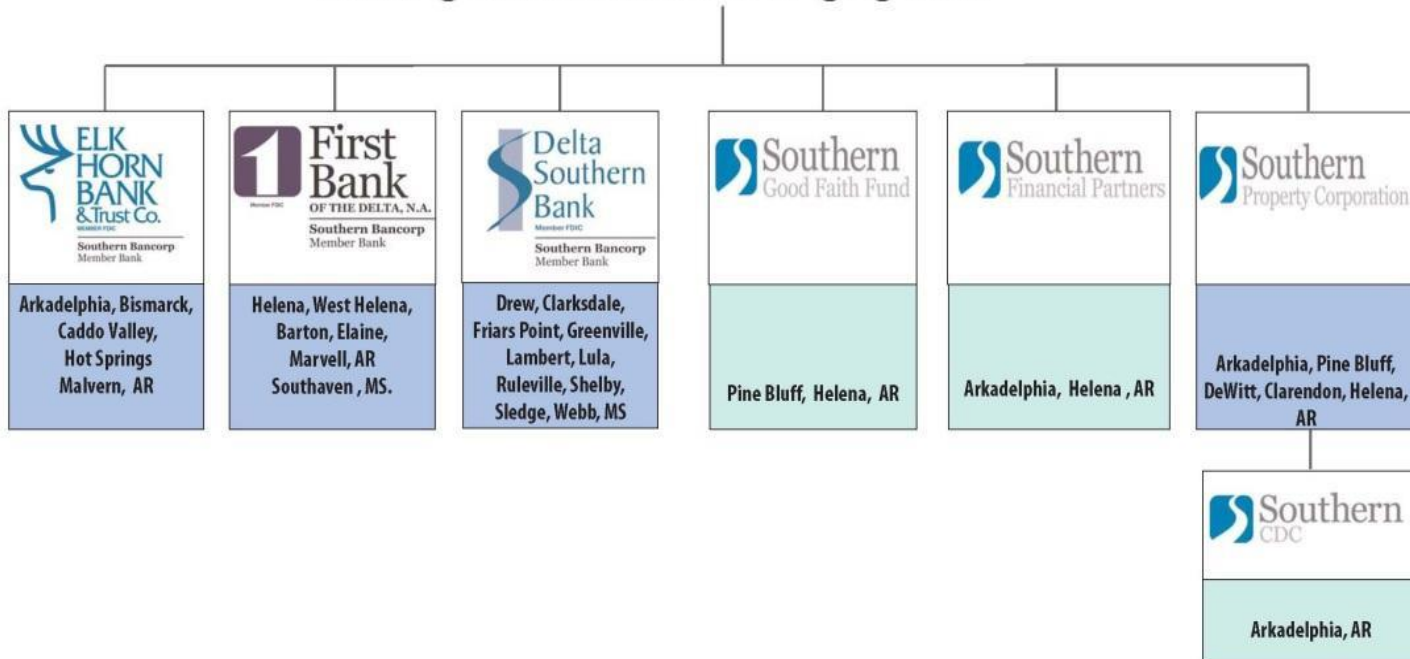
- Under management of Chicago-based ShoreBank, founded with approx. \$10MM (\$5MM bank capital, \$5MM grants and nonprofit capital)
- Primary focus on microenterprise and small business development loans
- Elk Horn Bank purchased



# Evolution of Structure



Building communities. Changing lives.



# One Southern. One Mission

100% Ownership  
of SBB

**Southern  
Bancorp, Inc.**

CDFI Bank Holding  
Company

**Southern  
Bancorp Bank**

CDFI Depository  
Institution

ONE SOUTHERN.  
ONE MISSION.

—  Southern Bancorp —  
Building communities. Changing lives.

**Southern  
Bancorp  
Community  
Partners**

Nonprofit CDFI  
Loan Fund

# Scope and Scale

100% Ownership  
of SBB

## SBI

- \$1.15 billion in assets
- \$127 million in equity
- Founded in 1986 with \$10 million

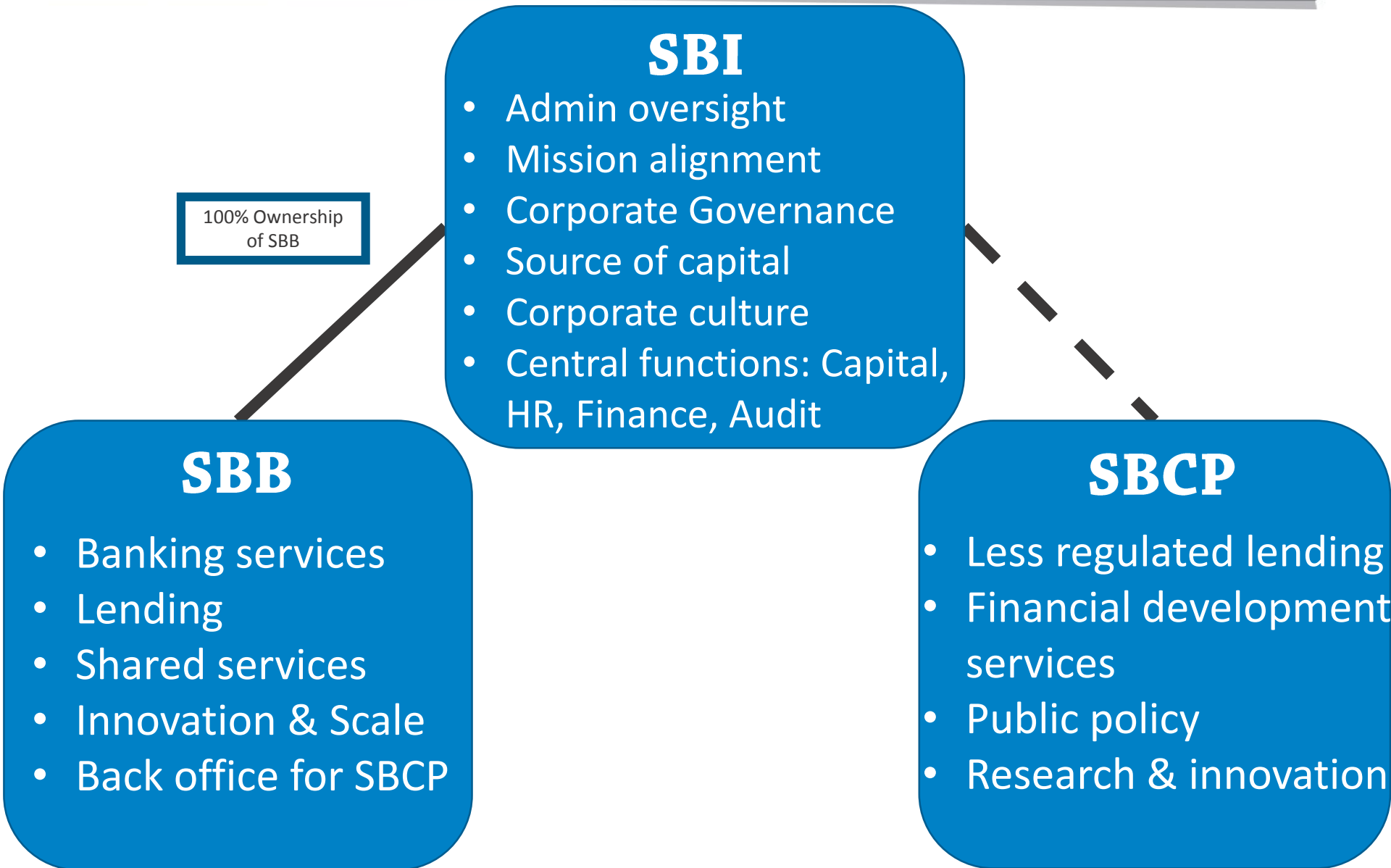
## SBB

- \$1.15 billion in assets
- \$776 million in loans
- \$920 million in deposits
- Founded in 1884

## SBCP

- \$25 million in assets
- \$16 million in loans
- \$10 million in equity
- 7% Shareholder in Southern
- Founded in 1988

# Functions



# Financial Development Services

**1,202** # of counseling clients served since 2005

**1,132** # of Matched Savings Account Purchases since 1999

**18,185** # of tax returns prepared through VITA since 2005

**\$36.1 million** Total credits and refunds back into the community since 2005

Over half of which came from the Earned Income Tax Credit, one of the nation's most effective anti-poverty tools.



# Impact Lending

**\$400 Million** in new loans in high poverty markets annually

**\$40 Million** in home loans annually

**\$6 Million** in average microloans annually

**\$62,000** median mortgage (2014)

**6,000** new loans annually

**540** annual small business & microloans for less than \$50,000

**55%** of all loans for less than \$10,000



# Scope and Scale (4/30/2016)

## SBB

## SBCP

	SBB	SBCP
Total Loans \$	\$776 million	\$16.3 million
Total Loans #	11,963	110
Classified Loans	3.54%	2.72%
Avg. Charge Offs/Year	0.14%	0.14%
Deployment	84.35%	97%

# Benefits and Challenges

## Benefits

Less regulation – more flexible lending

Complementary lending

CDFI Fund benefits

Tax free status – grants

Non-bank services

Long term funding options

Opportunity for innovation

## Challenges

High cost of funds

Internal culture divide

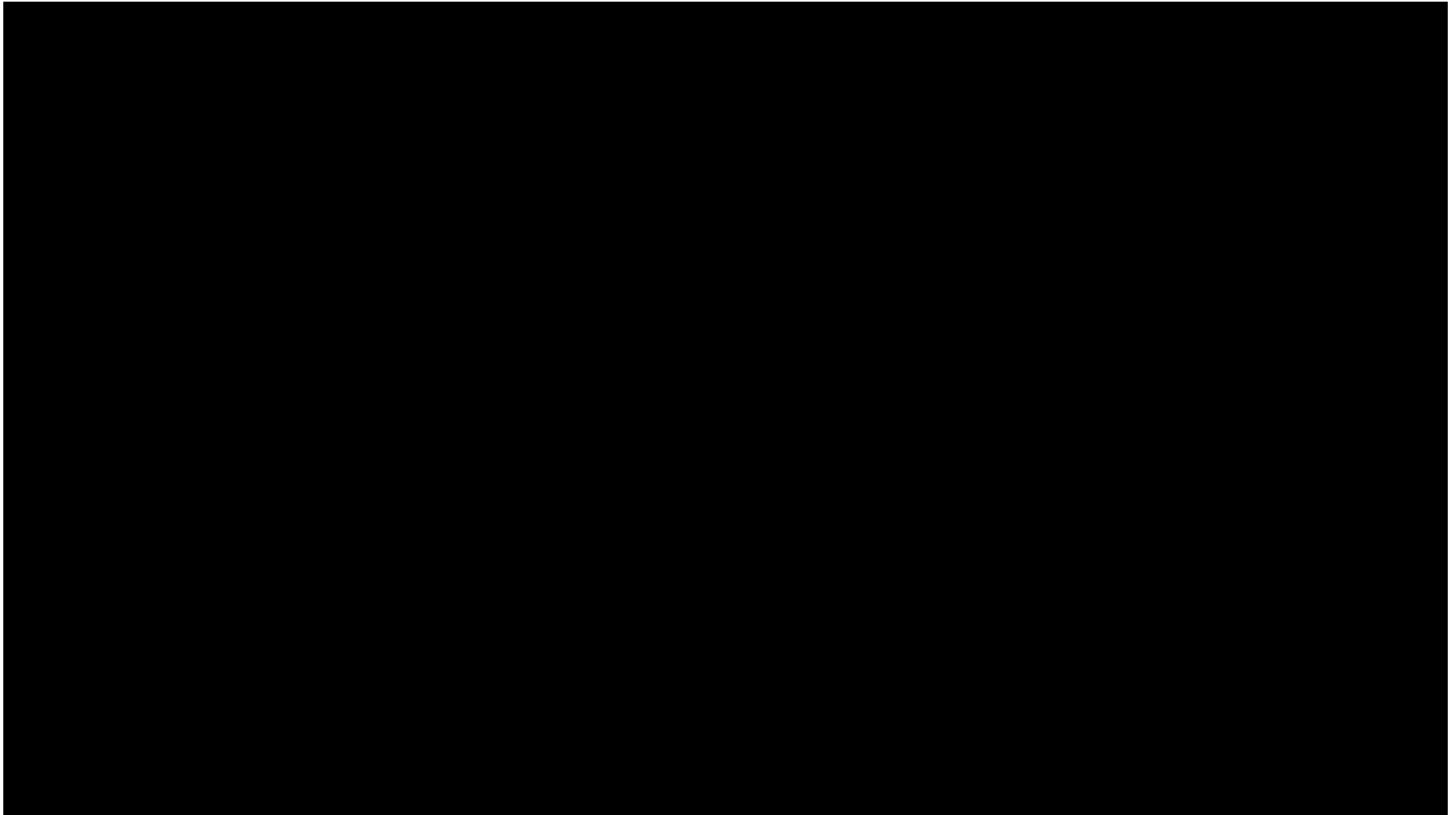
Limited earnings/self-sufficiency

Limited scale

Reg W and affiliate rules

# Example of One Southern

**RP Detail – Arkadelphia, Arkansas**





[banksouthern.com](http://banksouthern.com)  
[southernpartners.org](http://southernpartners.org)

[southern@banksouthern.com](mailto:southern@banksouthern.com)



[facebook.com/southernbancorp](https://facebook.com/southernbancorp)



[@southernbancorp](https://twitter.com/southernbancorp)



[vimeo.com/southern](https://vimeo.com/southern)



# BANKING,

the original and most important form of  
“crowdfunding”, was *broken until...*



# THEORY OF CHANGE

A new model to change the banking system for good



beneficial state bank



beneficial state bank



beneficial state bancorp

Social enterprise bank founded in 2007 with a triple bottom line focus on social justice, environmental resilience, and economic sustainability

CDFI with \$630 million in assets operating in California, Washington, and Oregon with two banks: Beneficial State Bank and Albina Community Bank

Agreement announced to acquire Pan American Bank, serving LMI communities in Central and Southern California, bringing Beneficial State to \$750 million in assets, 250 colleagues, and 18 locations.



beneficial state bank

All economic interest  
owned by a 501c3  
nonprofit foundation



Governance in the  
public interest



Profits flow back  
to communities  
we serve



*An entirely different economy is  
possible:  
one that delivers health, access, and  
prosperity for all*



beneficial state bank



# WHAT WE DO



Fair and  
transparent  
personal  
banking



Empowered  
business and  
nonprofit banking



Mission –  
driven



beneficial state bank

KathrinaVerzosa@gmail.com



We strive to ensure

**ALL BENEFIT, NO HARM**

We direct at least

**75%** of our loans to **changemakers** –  
customers healing their communities and the  
natural world

We strive to ensure that **none** of our loans  
are put to use against a better future



beneficial state bank

KathrinaVerzosa@gmail.com



# CHANGEMAKERS

## FOUR CATEGORIES WE SEEK

1. Ownership – Diverse & Distributed
2. Structure – Mission-First
3. Core Products/Services/Sector
4. Practices



3

# Is the Core Product or Service Mission-Aligned?

1. Affordable & Multifamily Housing
2. Arts, Culture & Community-Building
3. Economic/Workforce/Business Development
4. Education & Youth Development
5. Environmental Sustainability
6. Beneficial Financial Services
7. Health & Wellbeing (Non-Food)
8. Healthy Food
9. Making/Manufacturing/Production
10. Social Justice
11. Other Mission

# VOLUME

## NOW

- 4,000 Depositors
- 450 Commercial borrowers
  - 100 Loans per year / 10 per month
  - 700 Loans at any given time

## SOON

- 7,000 Depositors
- 500 Commercial borrowers
  - 100 Loans per year / 10 per month
  - 700 Loans at any given time
- 12,000 Consumer borrowers
  - 200 / month



beneficial state bank

KathrinaVerzosa@gmail.com



# COMMERCIAL LOAN DATA

## Basic Info

- Basic entity data
- Loan product
- Basic loan data
- Basic collateral data
- NAICS Code + Text
- Purchase
- Participation
- Renewal
- Mission sector
- Borrower Mission Statement
- General Description of Borrower Business or Organization
- Loan Purpose Text Description
- Loan Purpose Mission Sector



# COMMERCIAL LOAN DATA

## Ownership, Practices

- Ownership diversity
- Ownership, supporting underserved
- Green Certified
- CDFI
- B Corp
- Just Label
- Employment for those with barriers
- Employee Wages / Benefits / Conditions
- Procurement / Supply Chain – Commitments
- Neighborhood commitments / impacts



beneficial state bank

KathrinaVerzosa@gmail.com



# COMMERCIAL LOAN DATA

## Environmental Sustainability + Renewable Energy

- Energy Reduction and Efficiency
- Alternative/ Healthy non-toxic product production or use
- Carbon sequestration
- Solar
- Wind
- Biogas
- Low-impact hydroelectricity
- Wave and tidal power
- Capacity (kWh)
- Historic/projected capacity factor KWH
- Estimate / actual per month
- Estimate /actual per year
- Energy Produced in 1 Year
- Loan closing / generation start date
- # of months of production
- Total production to date
- CO2 Offset (metric tons)
- Equivalents (Passenger vehicles per year)





# COMMERCIAL LOAN DATA

## Housing

- Total Dedicated / Deed Restricted Units (aff + workforce)
  - 30%, 50%, 60%, 80%, 100%, 120%
- Total Non-Dedicated Units (aff + workforce)
  - 30%, 50%, 60%, 80%, 100%, 120%
- Rent Control building?
- Affordability history & intention
- Tenant relations
- Section 8 Units and Vouchers
- Mission notes
- High cost / Very high cost county



beneficial state bank

KathrinaVerzosa@gmail.com

# COMMERCIAL LOAN DATA

## External Reporting

- CRA Assessment area, Distressed areas
- CRA Community Development characteristics
- Size / Borrower revenue
- CDFI Target Market
- CDFI Investment Area
- CEA Distressed Community
- CDFI Award tracking
- Public depositor needs
- GABV Triple Bottom Line
- GABV Real Economy



beneficial state bank

KathrinaVerzosa@gmail.com



# DEPOSIT / SAVINGS DATA

- Location / Census Tract
- Amount / Amount Saved
- Use of Savings (Home, car, business)
- Mission-aligned depositors
  - Nonprofits
  - Foundations
- *Fees Paid / Comparison*



beneficial state bank

KathrinaVerzosa@gmail.com

# CONSUMER LOAN DATA

- *Location*
- *Amount*
- *Use (Car)*
- *Impact of Use (Transportation to work > obtain / retain job)*
- *Fees Paid / Comparison / Savings*



beneficial state bank

KathrinaVerzosa@gmail.com



# INTERNAL OPERATIONS

- Total GhG emissions (commute miles, energy used, etc.)
- Green Certified Locations
- LEED Certified Locations
- Solar-powered Locations
- Carbon offsets purchased
- Sponsorships to Nonprofits
- Sponsorship as a % of bank profits
- Paid volunteer hours
- Company match of employee charitable donations
- Living Wage Commitment
- **Board and staff diversity**



beneficial state bank

KathrinaVerzosa@gmail.com



# Getting started with impact data collection

- Theory of change > Goals > Outcomes > Metrics – IRIS
- Peer learning – like CDBA!
- Map systems & data flow
- Create definitions
- Input into system - Salesforce
- Training



beneficial state bank

KathrinaVerzosa@gmail.com

A smiling woman with her hair in a bun, wearing a black shirt and a white apron, stands behind a table at a night market. On the table is a whole pie in a foil pan, a vase of purple and white chrysanthemums, and several cardboard boxes. The background is a blurred night market scene with lights and other people.

# GETTING TO OUTCOMES



# Mission > Metrics > Data

**Mission element:** Protect our environment

**Goal:** Help reverse climate change

**Strategy:** Fund clean renewable energy alternatives, avoid and encourage divestment of dirty energy

**Output metric:** kWh clean energy produced

**Outcome Metric:** Metric Tons Of CO<sub>2</sub> (Ghg) Avoided/Offset By Bank Financing (per year)

**Data needed:**

- kWh capacity of each energy source funded
- Number of hours in operation in year for each energy source
- Kwh production to CO<sub>2</sub> reduction conversion (  $6.89551 \times 10^{-4}$  metric tons CO<sub>2</sub> / kWh)

# Affordable Housing 2012-14

## Our Belief:

Housing is a Human Right

### Lending Outputs

 **19.1** MM  
loan commitments

### Community Outcomes

 **752**  
affordable units

### Meaning & Context

 **108**  
number of net new  
affordable units per  
year in San Francisco

Refers to units our loans helped create or retain in participation with other lenders

# PROCESS

A woman with dark hair in a bun, wearing a black shirt and a white apron, smiles at the camera. She is standing behind a table at what appears to be a night market or festival. On the table, there is a large pie in a metal pan, a vase of purple and white chrysanthemums, and several cardboard boxes. The background is dark with some lights and other people visible.



# Impact Review Process

## Before/During Loan Booking

---

1



### Loan Officer Initial Review

- **Salesforce Pipeline**
- Core Product/Svc Sector
- Structure
- **Credit Memo**
- Mission write-up
- Counter-mission check

## After Loan is Booked

---

2



### Impact Team Monthly Review

- Ownership
- Practices
- Detailed impact metrics

3



### Impact / Engagement Team Interview / Survey

- Additional practices
- Ownership details
- Individual /unique outcome metrics

Data collection & reporting in Salesforce

# Impact Team Review

- Deeper knowledge of client and loan to determine further mission details and data for impact
  - Practices
  - Ownership
  - Housing unit details
  - Clients served
  - kWh produced
- Sources
  - Interview
  - Loan docs
  - External sources (HUD, EPA)
- Data added to Salesforce record for loan

# Post-Loan Interview Data

- Social mission legal structure
- Business ownership (private, public, franchise)
- Social or environmental mission categories + subcategories
- Ownership diversity
- Social or environmental certifications or labels
- Employee wages / benefits / or ownership practices (living wage, % health insurance coverage, union, ESOP, time/paid volunteering)
- Procurement commitments (local, small, fair trade, union, organic, minority-owned)
- Employment commitments to groups with barriers to employment
- Products, services, or special pricing for under-served populations
- Local neighborhood impact (hiring, purchasing, donations, volunteering, policy/advocacy)
- Definition of success in terms of your social or environmental mission
- Stories
- Photos
- Loan or relationship with Beneficial State Bank impact on social or environmental impact
- Did Beneficial State provide financing that you were not able to find elsewhere?
- Number of people you were able to hire due to the loan from Beneficial State
- Number of people you were able to keep employed due to the loan from Beneficial State

# Impact Review Process

**Before/During  
Loan Booking**

1



**Loan Officer  
Initial Review**

- **Salesforce Pipeline**
- Core Product/Svc Sector
- Structure
- **Credit Memo**
- Mission write-up
- Counter-mission check

**After Loan is Booked**

2



**Impact Team  
Monthly Review**

- Ownership
- Practices
- Detailed impact metrics



**Impact / Engagement Team  
Interview / Survey**

- Additional practices
- Ownership details
- Individual /unique outcome metrics

# 2012-15

## Pre-prime access to credit

- 1,200 small dollar loans
- 5,000 unsecured credit cards

## Small Businesses

- \$62.1 MM in loans

## Non Profits

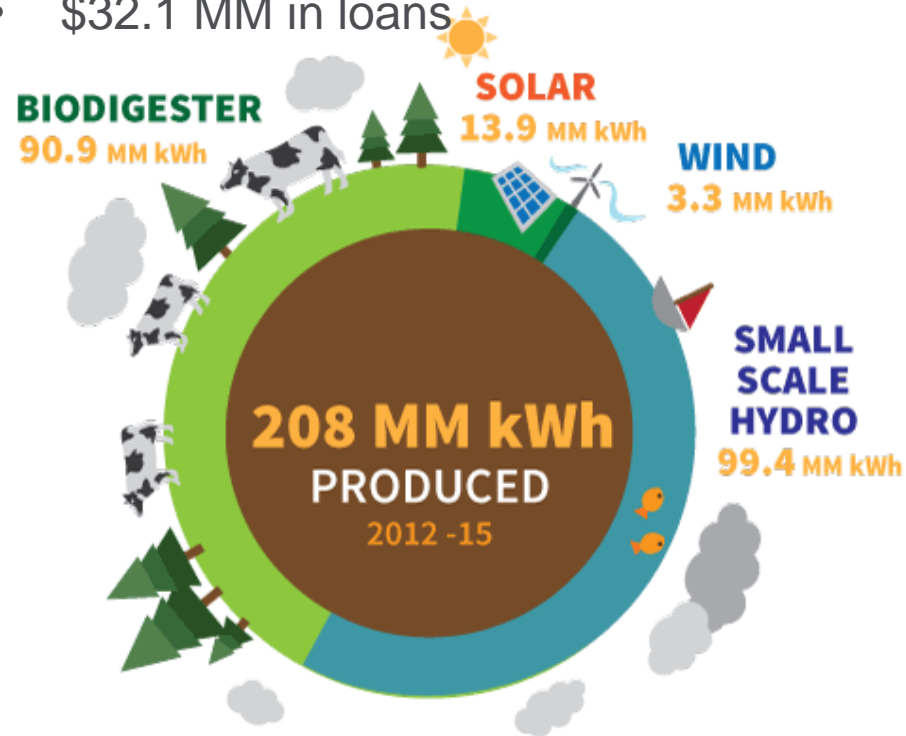
- \$65.7 MM in loans

## Housing

- 979 dedicated affordable units
- 1,124 naturally-occurring affordable and workforce affordable units
- \$82.3 MM in loans to create, retain, renovate or refinance housing

## Renewable Energy

- \$32.1 MM in loans







build something beautiful.



beneficial state bank



beneficial state bank

LAUREN CREW PHOTOGRAPHY

# Virginia Community Capital

June 2, 2016 – 1:30pm

Best Practices in Building Systems to Demonstrate Impact

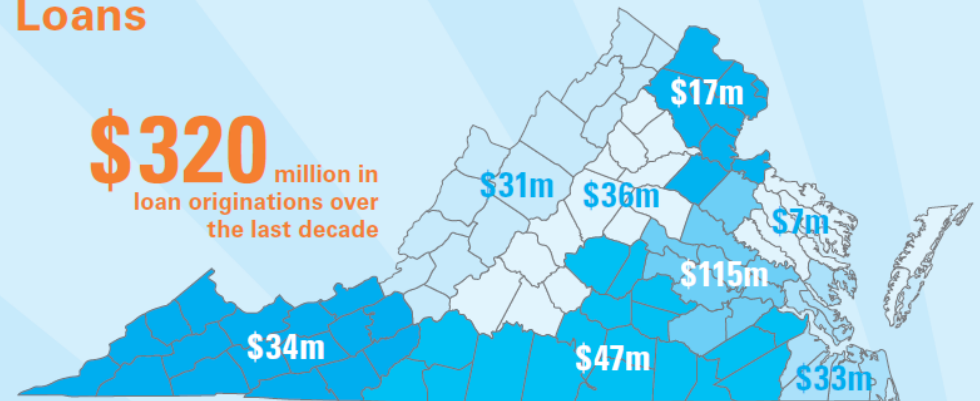


Let's do **EVEN** more together

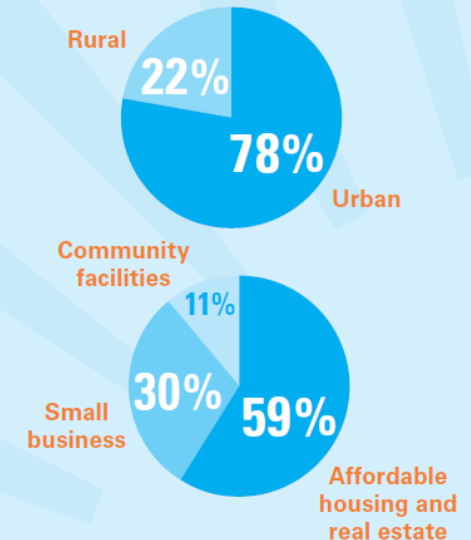
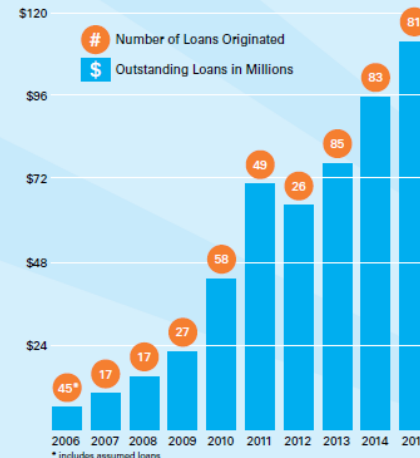
# Who is VCC?

- Non-profit bank holding company AND a for-profit bank
- \$50-65 MM / year lending volume (80-85 transactions)
- Servicing approx. 225 relationships
- No consumer lending. Loans are Commercial Real Estate, Small Business (including health care and grocery stores) and Energy Efficiency

## Loans



## Loan volume





# Impact Focus: Places & People

- Retention and growth of living-wage jobs
- Affordable housing and revitalization
- Access to essential community services: medical care, healthy food, quality child-care, education and an environmentally sustainable community



# Social “Return on Investment” for Virginia

## Social returns for Virginia



business and housing spaces  
created or rehabbed

**7.0**  
million  
square  
feet

affordable housing  
units financed

**4,719**



jobs created  
and retained

**4,997**



**9** health  
care  
facilities  
funded



**11**

loans addressing  
food access



hours of free advising

**14,344**

organizations impacted

**1,269**



**7,242**

MWh of  
clean energy  
produced

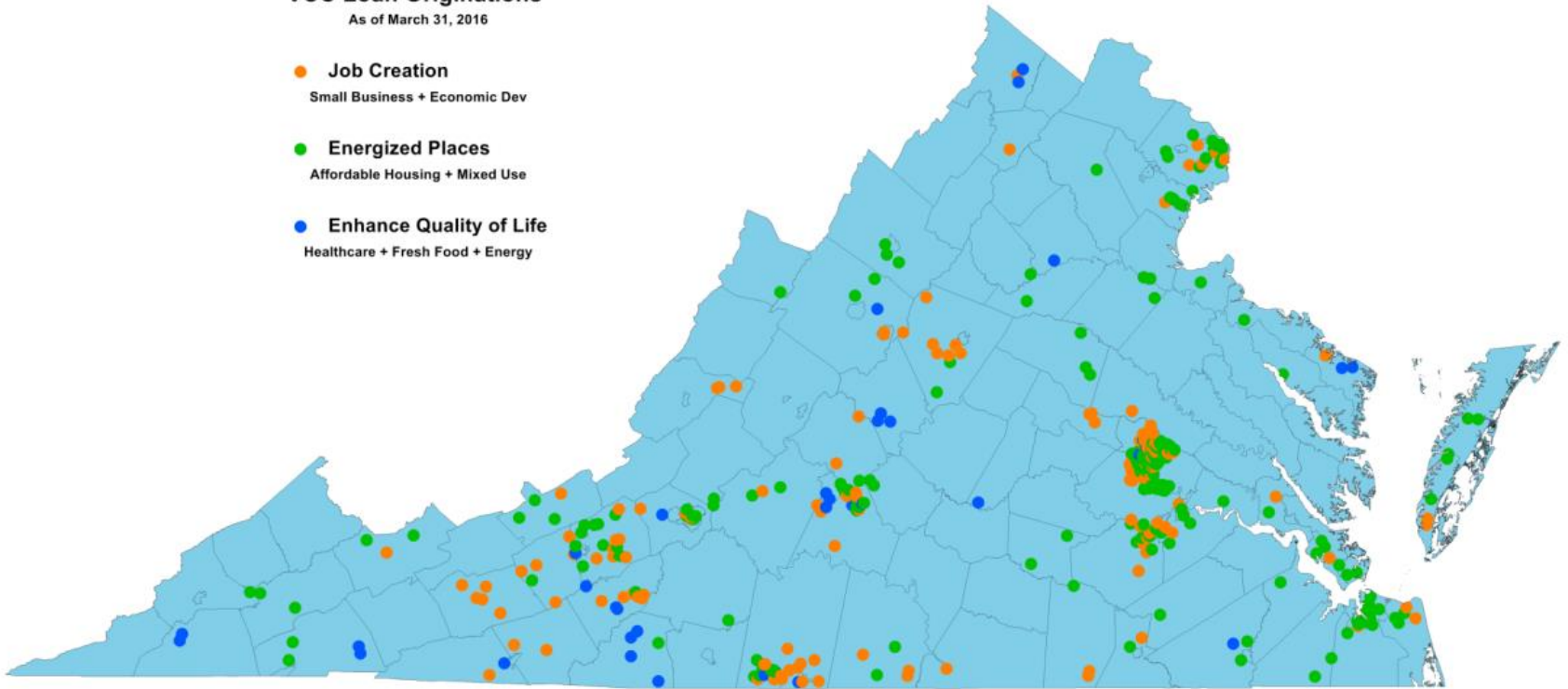


# VCC's Impact across Virginia

## VCC Loan Originations

As of March 31, 2016

- **Job Creation**  
Small Business + Economic Dev
- **Energized Places**  
Affordable Housing + Mixed Use
- **Enhance Quality of Life**  
Healthcare + Fresh Food + Energy



# Impact Data Tracked - Loans



## Impact Tracking Loan Originations

## Executive Summary

As of April 30, 2016

### Loan Originations

By Dollars & Count

	TOTALS	2016	2015	Pre-2015
<b>TOTALS (\$)*</b>	<b>\$330,244,355</b>	<b>\$11,449,788</b>	<b>\$60,596,002</b>	<b>\$259,132,420</b>
CCB	\$273,781,667	\$9,835,333	\$51,591,744	\$213,550,648
Internal Participations	(\$64,886,830)	(\$262,203)	(\$4,734,625)	(\$59,890,002)
VCC	\$121,349,518	\$1,876,658	\$13,738,883	\$105,471,774
<b>TOTALS (#)*</b>	<b>514</b>	<b>26</b>	<b>81</b>	<b>407</b>
CCB	269	18	55	196
VCC	245	8	26	211

### Economic Impact Data

\* Includes 23 REDC Loans as of April 2013

	TOTALS	2016	2015	Pre-2015
<b>Housing Units</b>				
Total Units	5,363	61	315	4,987
New Construction(#)	1,230	29	57	1,144
Rehab Projects (#)	4,133	32	258	3,843
Affordable Units	4,722	3	293	4,426
<b>Square Feet</b>				
Total Housing	5,023,005	101,016	260,850	4,661,139
New Construction(#)	1,518,700	76,817	62,644	1,379,239
Rehab Projects (#)	3,510,811	24,199	201,644	3,284,968
Affordable Units	4,194,899	4,595	250,980	3,939,324
<b>Total Commercial</b>	<b>2,031,802</b>	<b>49,075</b>	<b>43,135</b>	<b>1,939,592</b>
New Construction(#)	260,571	43,960	0	216,611
Rehab Projects (#)	1,771,231	5,115	43,135	1,722,981
Community Facilities	324,507	0	0	324,507
<b>Job Creation &amp; Retention</b> (count)				
Total Jobs	5,381	341	1,668	3,372
New Jobs	3,309	217	865	2,227
Retained Jobs	2,072	124	803	1,145
<b>Total Living Wage Jobs</b>	<b>3,601</b>	<b>278</b>	<b>1,084</b>	<b>2,239</b>
Living Wage New	1,909	162	262	1,485
Living Wage Retained	1,692	116	822	754

### Leveraged Dollars

	TOTALS	2016	2015	Pre-2015
<b>TOTALS (\$)</b>				
Leveraged Amount	\$468,265,238	\$20,914,903	\$39,726,115	\$406,690,365
Total Loans	\$330,244,355	\$11,449,788	\$60,596,002	\$259,132,420
Total Project Impact	\$798,509,593	\$32,364,691	\$100,322,117	\$665,822,785
Loan to Leverage Ratio	\$1 : \$1.42	\$1 : \$1.83	\$1 : \$0.66	\$1 : \$1.57
<b>CCB</b>				
Leveraged Amount	\$361,924,792	\$4,245,878	\$37,664,856	\$318,818,000
Total Loans	\$273,781,667	\$9,835,333	\$51,591,744	\$213,550,648
Total Project Impact	\$635,706,459	\$14,081,211	\$89,256,600	\$532,368,648
Loan to Leverage Ratio	\$1 : \$1.32	\$1 : \$0.43	\$1 : \$0.73	\$1 : \$1.49
<b>VCC</b>				
Leveraged Amount	\$382,084,192	\$17,237,033	\$39,194,235	\$325,915,127
Total Loans	\$121,349,518	\$1,876,658	\$13,738,883	\$105,471,774
Total Project Impact	\$503,433,710	\$19,113,691	\$52,933,118	\$431,386,901
Loan to Leverage Ratio	\$1 : \$3.15	\$1 : \$9.18	\$1 : \$2.85	\$1 : \$3.09

### Strategic Loan Focus

By Dollars & Count

	TOTALS	2016	2015	Pre-2015
Affordable Housing	\$112,577,220	\$1,115,100	\$11,100,941	\$100,361,179
Mixed Use	\$64,104,342	\$0	\$9,390,000	\$54,714,342
Economic Development	\$99,044,409	\$9,400,833	\$17,106,213	\$72,537,363
Community Facility	\$35,703,536	\$0	\$4,184,000	\$31,519,536

### Special Segment Impact

By Dollars

	TOTALS	2016	2015	Pre-2015
Minors	\$380,000	\$0	\$0	\$380,000
Seniors	\$14,212,500	\$0	\$4,820,000	\$9,392,500
Disabled	\$13,407,000	\$0	\$870,000	\$12,537,000

### BEA-Qualified Prospects\*

2016 CCB Loans Only

Fully Qualified	0	\$0	*Based on July 2013 Community Development Financial Institutions (CDFI) Bank Enterprise Awards (BEA) criteria
Highly Qualified	3	\$1,260,000	
Possibly Qualified	1	\$689,600	

As of April 30, 2016

Page 1 of 6 Pages

# Impact Data Tracked – Service Activity



## Impact Tracking Service Activity

## Executive Summary

As of March 31, 2016

### Total Activity

	TOTALS	2016	2015	Pre-2015
Total Hours	15,593	748	3,965	10,881
# Activities	5,851	281	1,636	3,931
# Organizations	1,352	145	569	868
<b>LMI Benefit: (Number of Hours)</b>				
-Affordable Housing	3,123	132	584	2,407
-LMI Services	1,851	30	369	1,453
-Economic Dev.	10,020	503	2,838	6,680
-LMI Revitalization	471	28	101	342
<b>Community Impact: (Total Number)</b>				
-Participants	21,458	690	7,016	13,752
-Businesses/Orgs	4,636	227	1,721	2,688
-Jobs	246	2	24	220

### Service Activity by Focus Area & Type : Comparison of 2016 & 2015 (Number of Hours)

2016 Activity	1:1	Workshops	Outreach	Boards
Affordable Housing	79	4	21	29
Community Facility	10	0	2	0
Community Planning	41	9	25	0
Economic Development	110	6	100	54
Ed/Collab Leadership	11	14	49	10
Mixed-Use Project	6	0	3	0
Savings/Financial Ed	0	0	0	0
Fresh Food	108	2	9	0

2015 Activity	1:1	Workshops	Outreach	Boards
Affordable Housing	323	12	146	103
Community Facility	84	0	20	0
Community Planning	50	8	25	21
Economic Development	770	257	1,020	282
Ed/Collab Leadership	61	57	155	61
Mixed-Use Project	85	0	2	0
Savings/Financial Ed	3	4	2	0
Fresh Food	0	0	0	0

### Service Hours by Focus Areas

Service Focus Areas	TOTALS	2016	2015	Pre-2015
Affordable Housing	3239	139	584	2516
Community Facility	358	12	104	242
Community Planning	1145	75	103	967
Economic Development	7934	269	2335	5331
Ed/Collab Leadership	1267	84	334	849
Mixed-Use Project	401	9	87	305
Savings/Financial Ed	588	0	9	579
Fresh Food	119	119	0	0
Not Coded	534	41	408	85

### Service Hours by Regions (Cooper Center Definitions)

	TOTALS	2016	2015	Pre-2015
Central Virginia	548	4	91	453
Eastern Virginia	919	11	58	851
Hampton Roads	1,232	154	376	703
Northern Virginia	764	10	89	665
Richmond Area	6,208	307	1,646	4,256
Roanoke Area	2,131	154	487	1,491
Shenandoah	514	1	68	446
South Piedmont	747	31	182	534
Southside	590	4	39	548
Southwest	605	27	121	458
Unidentified	1,338	812	305	174

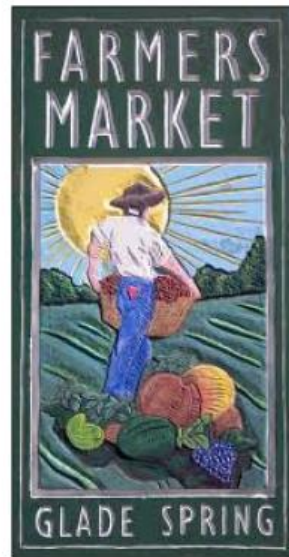
### Top 7 Organizations By Total Service Hours

Organization	Total Hours	# Activities
Jefferson Davis Corridor Small Business Program	387	116
RVA B Corp Community	204	44
Alleghany Highlands	99	28
Governor's Housing Conference	90	19
My Southwest Virginia Opportunity	88	27
Downtown Christiansburg Inc.	80	29
5-points Community Farm Market	79	34

- CDFI's provide financial consulting – VCC is for organizations, not individuals
- We track:
  - activity
  - to whom
  - focus area
  - # of participants
  - geographic impact
- Done through monthly electronic service reporting from all employees



## VCC Efforts in Three Rural Communities and Accelerant Model of Community Revitalization



VCU Center for Urban and Regional Analysis

July 16, 2014



# Staffing/Software/Cost

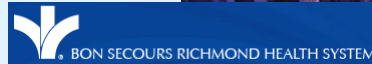
- 2 staff people (part-time IT, full-time impact office)
- Database driven now, but migrating to Salesforce
- Cost: approximately \$100,000/yr. for staff support
- Benefits:
  - Increased Investors & Funders
  - Brand Enhancement
  - Employee Recruiting and Engagement
  - Customized Community Reporting for more business leads



# Who We Report to



HERNDON FOUNDATION



## Board of Directors



**Gregory Fairchild**  
E. Thayer Bigelow Associate  
Professor, University of Virginia,  
Garden Graduate School of Business



**Robert Gilliam, Jr.**  
Retired Bank President & CEO



**Dixon Hanna**  
Retired Associate  
Provost, Virginia Tech



**James Harkness**  
Retired Bank President & CEO



**Jane Henderson**  
President & CEO, VCC



**Florence Kingston**  
Director, Department of  
Development, City of  
Newport News



**Chuck Mills**  
CEO, Salera Employee  
Benefits Solutions



**Mary Dwyer Pembroke**  
Director and Senior Counsel,  
Government Relations, Discover



**William Shelton**  
Director, VA Department of Housing  
and Community Development



**Alvin Smuzynski**  
Retired President and CEO, Wesley  
Housing Development Corporation





Creating and Protecting Ownership and Economic Opportunity

# BUILDING SYSTEMS TO MEASURE IMPACT

TRACY COX • IMPACT REPORTING MANAGER

# SELF-HELP'S FOUR "LINES OF SERVICE"



## Financial Services

State CU est. in NC in 2004;  
Federal CU in CA chartered in 2008.  
40 branches in 4 states  
21 mergers in 12 years  
Over **\$1 Billion in** assets  
More than 120,000 members



## Lending

Direct home purchase  
Nonprofit community facilities: charter schools, childcare, health care  
Commercial real estate  
Small businesses  
Healthy foods access  
Solar  
Affordable housing development



## Real Estate Development

Acquire and rehab key properties  
Developed 300+ single family lots  
24 commercial properties with 1M sqft

- Branches
- Multi-tenant office
- Charter school
- Senior living



## Center for Responsible Lending (CRL)

Federal and state policy research on predatory lending and consumer issues

### Issues include:

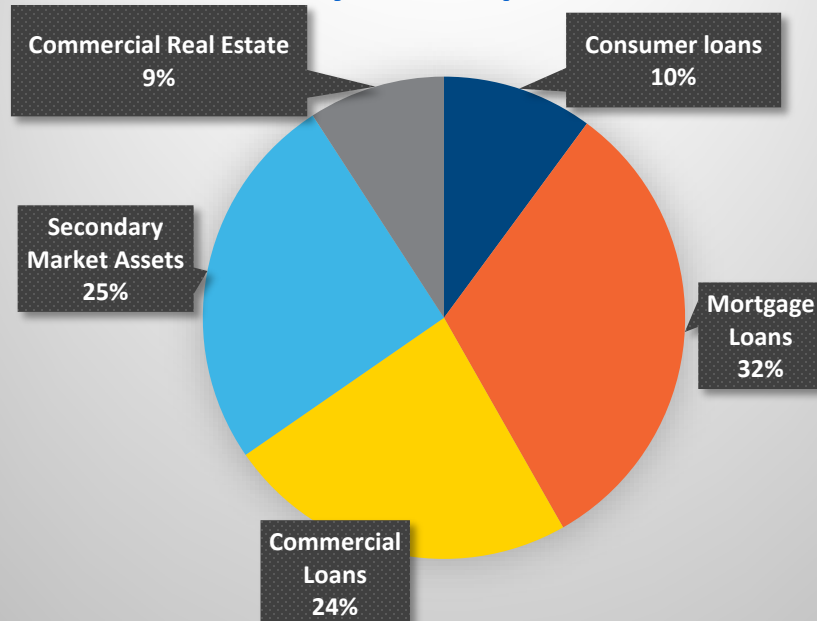
- Payday lending
- Mortgage reform
- Car title lending
- Credit/debit card lending
- Student loans
- Debt consolidation

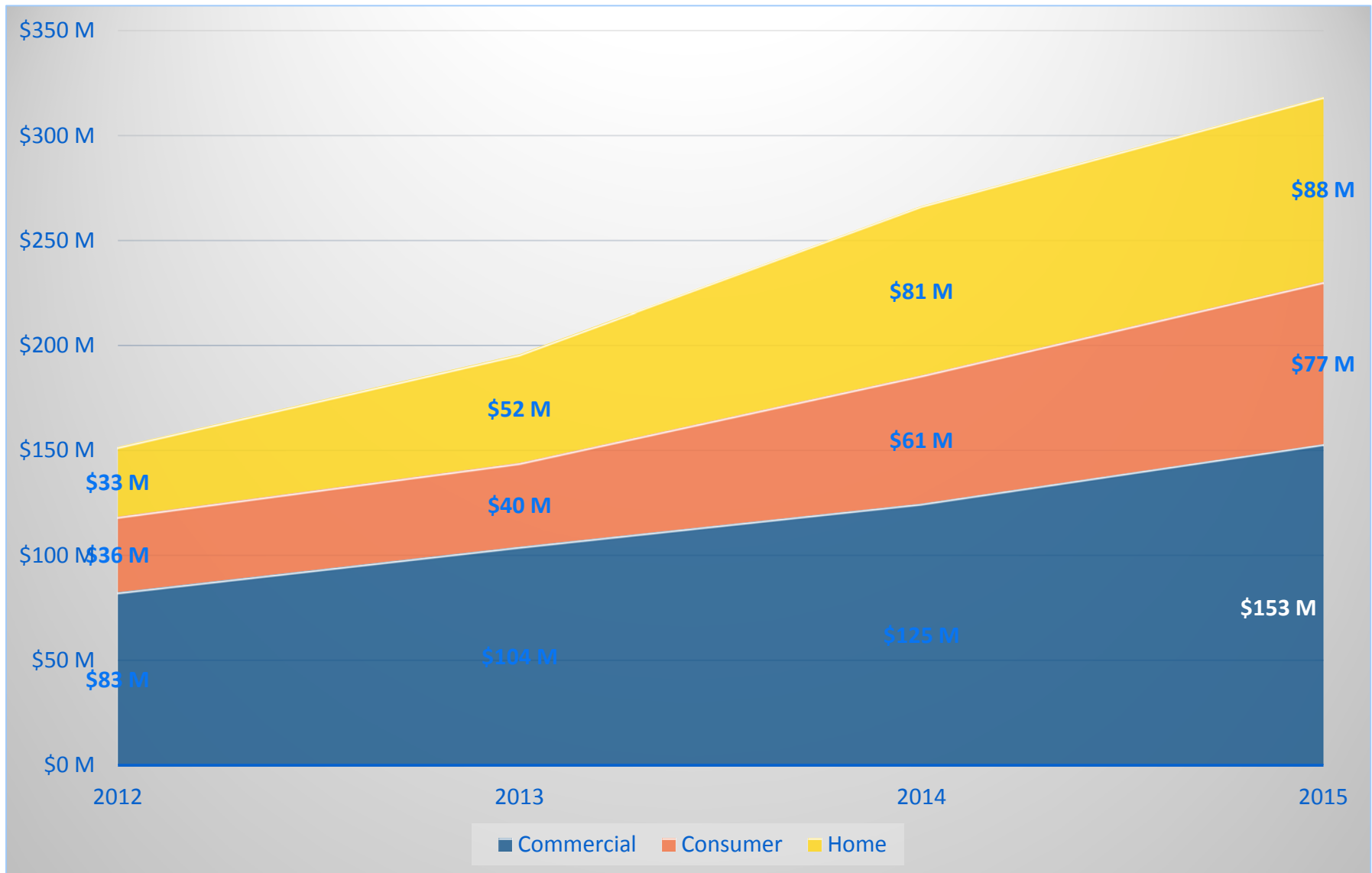


## TOTAL ASSETS

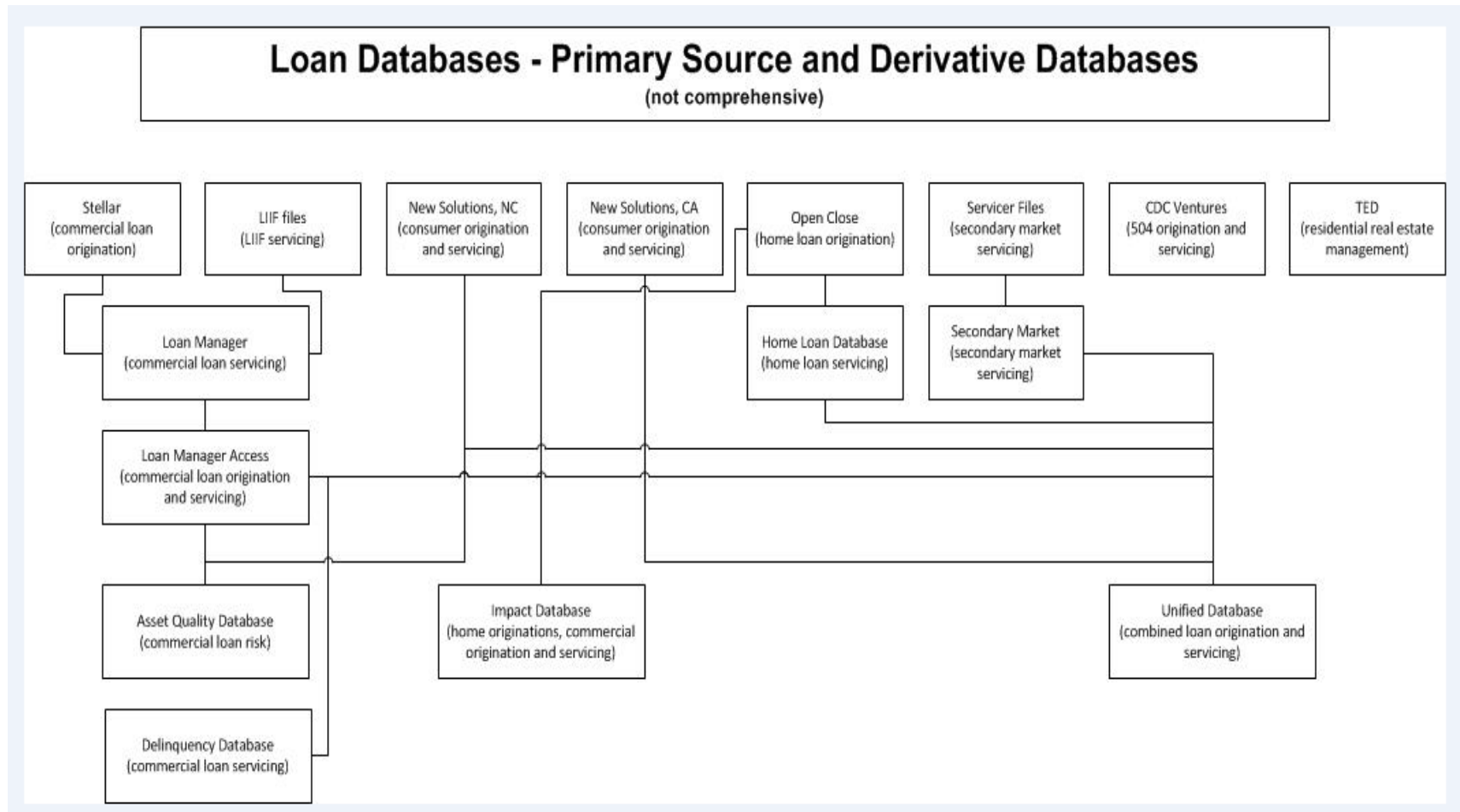


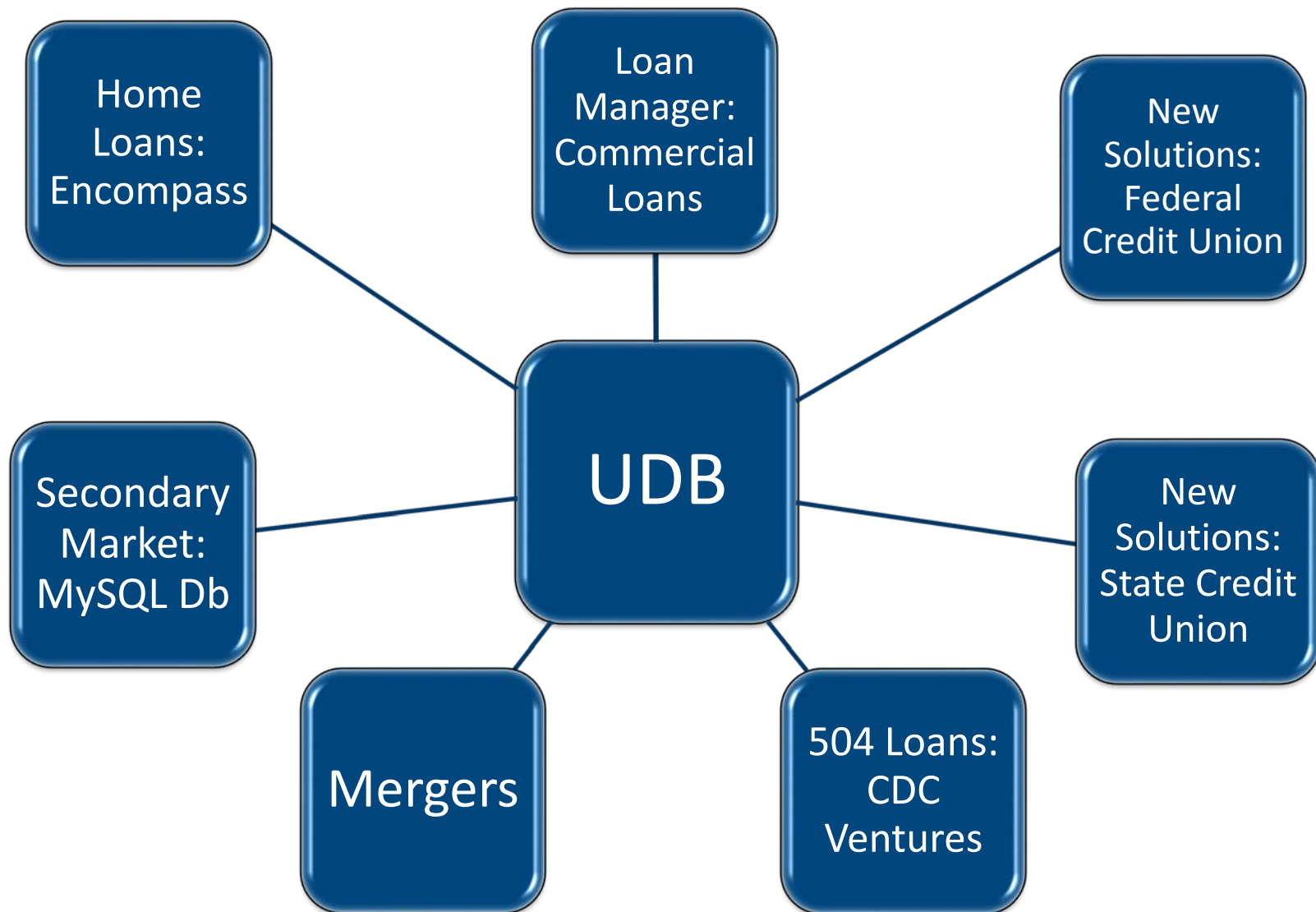
## Community Development Assets

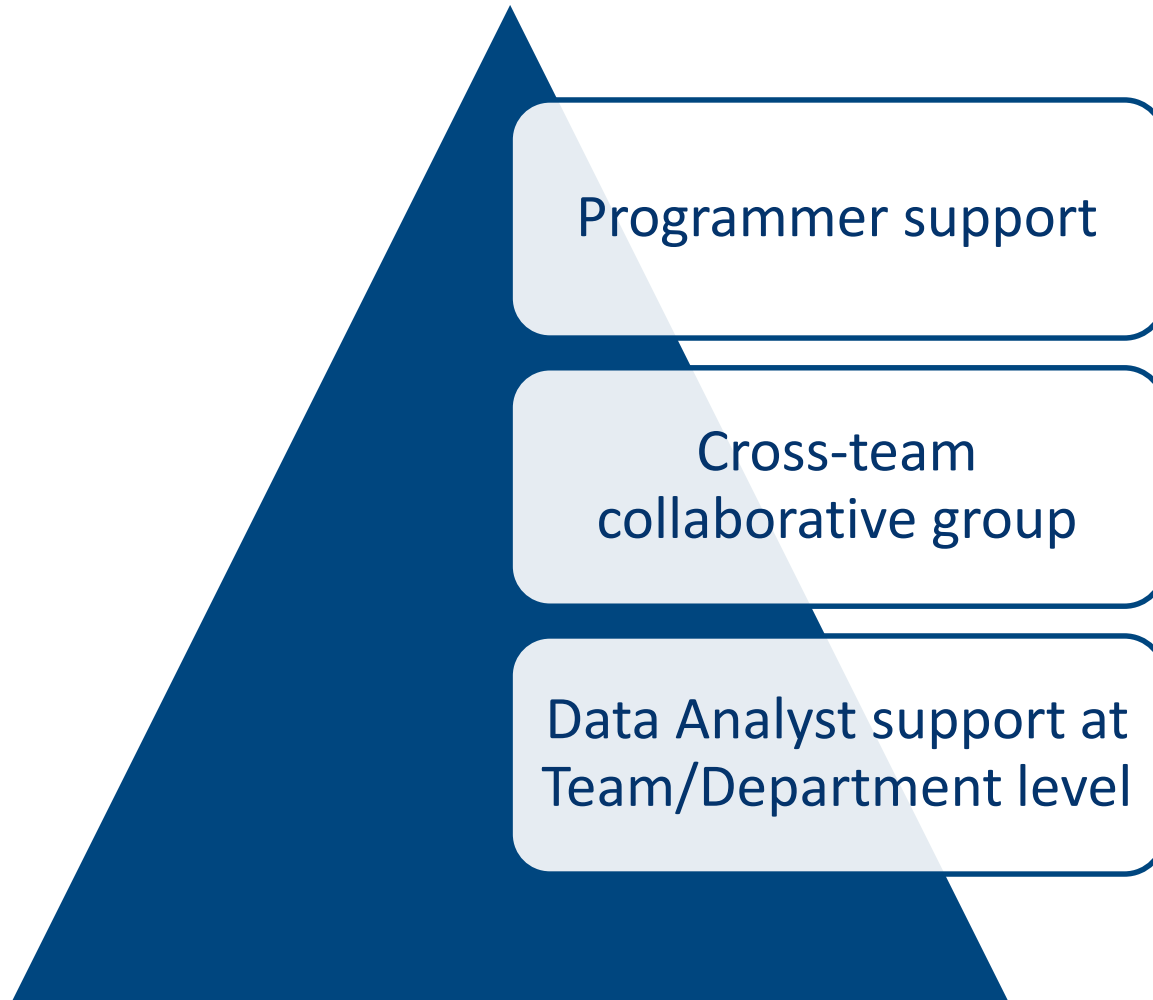












# COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

[www.cdfifund.gov](http://www.cdfifund.gov)



## CDFI Fund: Demonstrating Impact

**2016 CDBA Peer Forum**  
**Best Practices in Building Systems to Demonstrate Impact**  
June 1, 2016

PRESENTED BY  
Greg Bischak  
PRESENTED ON  
June 1, 2016,

# Overview of CDFI Fund's Impact Reporting Systems



## **Awards Management Information System (AMIS) and the CDFI Fund's data collection system**

- The CDFI Fund launched AMIS in 2015.
- Over the course of the next two years, the CDFI Fund will integrate all of its data collections into one platform, including
  - the Annual Certification Report,
  - all program applications,
  - the Community Investment Impact System (CIIS), and
  - the Allocation Tracking System (ATS).



# CDFI Fund's Reporting Systems cont.



**Certification Application Data Collection through AMIS:** In 2017 applicants for CDFI and CDE certification will be able to submit their applications electronically for the first time through a web interface in AMIS.

- The launch of a web-based interface for certification application will help to establish an integrated data base on all certified CDFIs and to publish comprehensive data on the universe of CDFIs.
  - Establish standardized terms and definitions across programs
  - Create a simplified annual recertification process
  - Reduce internal burden of recertifying CDFIs every three years
  - Enhance Target market data collection and validation
  - Provide comprehensive data on the Certified CDFI industry

# CDFI Fund's Reporting Systems cont.



## **All CDFI Fund Program Applications will be collected through AMIS:**

- Beginning in FY2016 through 2017, AMIS will be built out to accept applications for all CDFI Fund Programs.
- The objective is to improve the application experience, eliminate redundancy in data collections, and enhance the efficiency and effectiveness of the application review and award decision-making process.

# CDFI Fund's Reporting Systems cont.



## The Community Investment Impact System:

- A Request for Public Comment on the CIIS data collection will be issued in the fall of 2016.
- The CIIS system will be integrated into AMIS in late 2017 through early 2018 which should improve ease of use and enhance processing power and speed of submission.

# CDFI Fund's Reporting Systems cont.



## **CDFI Program Assessment and Risk Management Research (ARM) Project:**

- Integrate data collected from Certification, program applications, and awardee compliance reporting in order to develop comprehensive assessment and risk management procedures.
- Create tools to assist the CDFI Fund in managing and monitoring risk across the life cycle of the CDFI and NACA Programs. Data and tools to be developed will:
- Facilitate and improve the CDFI Certification and Award Application review process of the certification application and CDFI Program award decisions;
- Enhance monitoring of compliance risk among CDFI and NACA Program recipients;
- Provide CDFI industry-wide data analytics to provide insights into the universe of Certified CDFIs and awardees.