

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 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.

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*



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WHAT WE DO



Fair and
transparent
personal
banking



Empowered
business and
nonprofit banking



Mission –
driven



beneficial state bank

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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



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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



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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



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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



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



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DEPOSIT / SAVINGS DATA

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



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CONSUMER LOAN DATA

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



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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**



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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



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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 CO₂ (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 CO₂ reduction conversion (6.89551×10^{-4} metric tons CO₂ / 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**

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**Impact Team
Monthly Review**

- Ownership
- Practices
- Detailed impact metrics



**Impact / Engagement Team
Interview / Survey**

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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

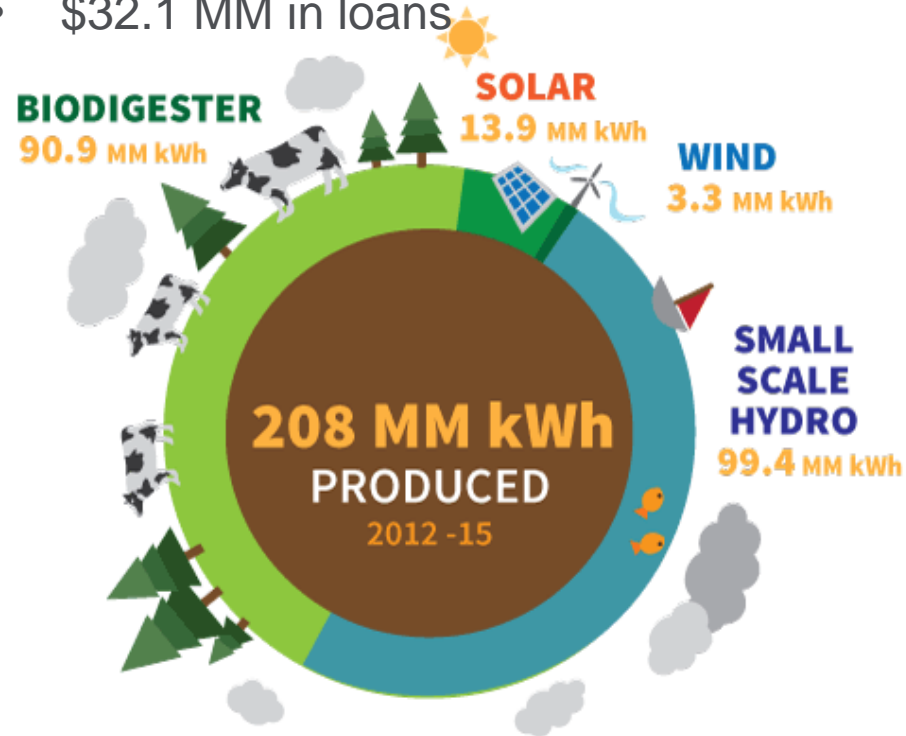
- \$65.7 MM in loans

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.



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LAUREN CREW PHOTOGRAPHY