

# 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



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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



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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

## AS OF TUESDAY

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

## AS OF YESTERDAY, WITH PAN AM

- 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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# 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 market stall. On the table, there is a large pie in a foil pan, a vase of purple and white flowers, and several cardboard boxes. The background is a busy market with other people and stalls.



# 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

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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**

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**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

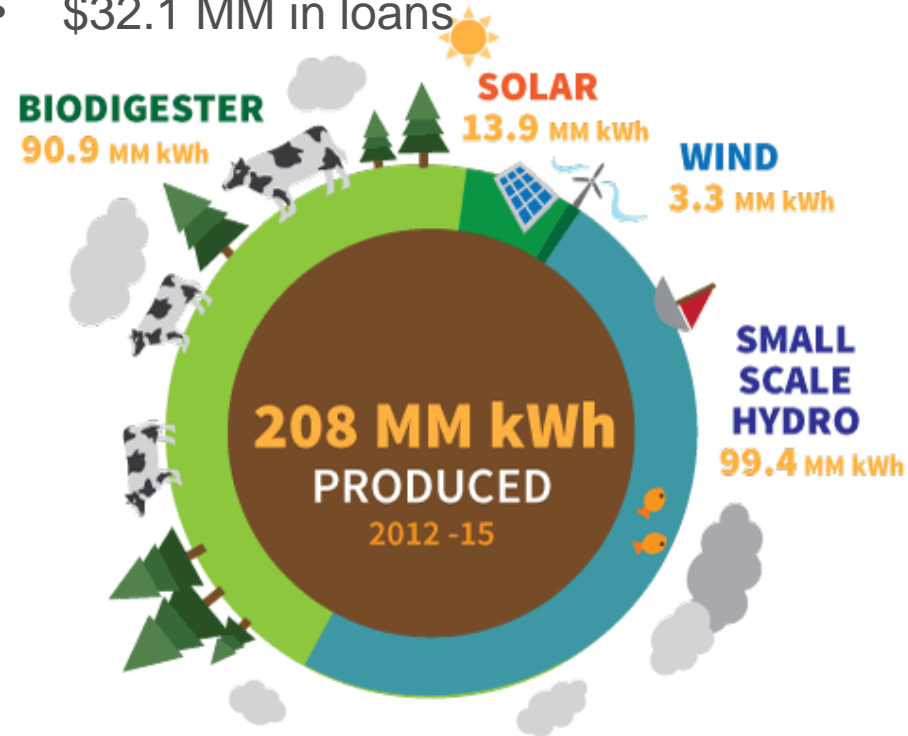
- \$65.7 MM in loans

## 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.



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LAUREN CREW PHOTOGRAPHY