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
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
WHAT WE DO

- Fair and transparent personal banking
- Empowered business and nonprofit banking
- Mission-driven
We strive to ensure

ALL BENEFIT, NO HARM

We direct at least

75% of our loans to

cchangemakers –
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
CHANGEMAKERS
FOUR CATEGORIES WE SEEK

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

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

- Location
- Amount
- Use (Car)
- Impact of Use (Transportation to work > obtain / retain job)
- Fees Paid / Comparison / Savings
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
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
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 C02 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
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

Impact Team Monthly Review
- Ownership
- Practices
- Detailed impact metrics

After Loan is Booked

2. Impact / Engagement Team Interview / Survey
   - Additional practices
   - Ownership details
   - Individual /unique outcome metrics

3. 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
- Sources
  - Interview
  - Loan docs
  - External sources (HUD, EPA)
- Data added to Salesforce record for loan
- Clients served
- kWh produced
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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After Loan is Booked
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

Biodigester 90.9 MM kWh
Solar 13.9 MM kWh
Wind 3.3 MM kWh
Small Scale Hydro 99.4 MM kWh
208 MM kWh produced 2012-15
build something beautiful.