Overview of the CDFI Industry, OFN, and the OFN Conference

Seth Julyan, Opportunity Finance Network

Agenda

- Conference information
- Opportunity Finance Network overview
- CDFI overview
Questions

- Why are you at the Conference?

- What is the one thing you hope to accomplish at the Conference?

OFN Conference: Highlights

- Plenaries
- CDFIs Invest Tours
- Congressional Welcome and Membership Meeting
- Breakout Sessions
  - 60 breakout sessions across 12 tracks
- Native Awards
- Networking
OFN Conference: Networking

- Over 1400 attendees!
  - This is the premiere industry event. It is an opportunity to meet and network with anyone in the industry.

- Numerous networking opportunities
  - Plenaries
  - Receptions
  - Breaks between sessions
  - OFN Expo
  - Native Awards
  - App

OFN Conference: App

- Easy to use
  - Build your agenda
  - Follow activity feed
  - Send email to other attendees
  - Rate sessions
Opportunity Finance Network

Leading national network of CDFIs investing in opportunities that benefit low-income, low-wealth, and other disadvantaged communities across America

- Founded in 1985
- 237 members and 154 allies
- Staff of 38
- 12 person board of directors
- Headquartered in Philadelphia and an office in D.C.

Opportunity Finance Network

- MONEY
  - $140mm in total assets
    - $600mm assets under management
  - Members-only financing fund
  - CDFI Bond Guarantee Program Qualified Issuer
  - CDFI Community Investment Fund
  - New sources of capital for CDFIs
    - Impact Investors
Opportunity Finance Network

▪ STRENGTH
  ▪ Trainings and capacity building programs
    ▪ Opportunity Fellows Program
    ▪ Wells Fargo Diverse Community Capital Knowledge Network
    ▪ New trainings
  ▪ Events
    ▪ OFN Conference
    ▪ Small Business Finance Forum
    ▪ Regional meetings
  ▪ New online community platform

Opportunity Finance Network

▪ VOICE
  ▪ Advocate for federal programs of importance to CDFIs
  ▪ #CDFIsInvest campaign
  ▪ Seek to influence public perception of CDFIs through brand, social media, and public relations
What is a Community Development Financial Institution (CDFI)?

- Private, mission-driven financial institution benefiting low-income, low-wealth, and other disadvantaged people & communities
- Serves customers that cannot meet conventional collateral or underwriting requirements
- Provides innovative financing products and/or services as well as technical assistance
- Creates economic opportunity in the form of
  - Jobs
  - Affordable housing units
  - Community services
  - Financial services for the underbanked and unbanked

About CDFIs

- CDFIs lend to:
  - Community Businesses—including small businesses, microenterprises, nonprofit organizations, commercial real estate, and affordable housing
  - Individuals

- CDFIs are 100% dedicated to delivering responsible, affordable financial products and services that benefit individuals and communities

- CDFIs are profitable but not profit-maximizing. They put community first, not the shareholder
A Bird’s Eye View of CDFIs

Source of Capital

Financial Return + Impact

Users of Capital

Regulatory Motivated Investors
Mission Motivated Investors
Policy Motivated Investors

Community Development Financial Institutions (CDFIs)

Borrowers
Small businesses, microenterprise, community service providers, housing developers, commercial real estate developer, and individuals

CDFI Institution Types

Depositories
- Community Development Banks
- Community Development Credit Unions

Non-Depositories
- Community Development Loan Funds
- Community Development Equity Funds
CDFI Institution Types

<table>
<thead>
<tr>
<th>Community Development Institution</th>
<th>CD Banks</th>
<th>CD Credit Unions</th>
<th>CD Loan Funds</th>
<th>CD Venture Capital Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>For-profit</td>
<td>Non-profit, Cooperative</td>
<td>Primarily nonprofit; some for-profit</td>
<td>Typically for-profit</td>
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<tr>
<td>Regulation</td>
<td>FDIC, Federal Reserve, OCC, OTS, and state banking agencies</td>
<td>National Credit Union Administration</td>
<td>Unregulated</td>
<td>Unregulated</td>
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<tr>
<td>Capitalization Structure</td>
<td>Insured deposits and equity</td>
<td>Insured deposits, secondary capital, and equity</td>
<td>Unsecured and secured debt, EQ2, and equity (grants)</td>
<td>Equity (and potentially debt)</td>
</tr>
<tr>
<td>Sectors Served</td>
<td>Loans and depository services for housing, business, commercial real estate, and consumer</td>
<td>Promote ownership of assets and savings for individuals; affordable credit and retail financial services</td>
<td>Loans for housing, microenterprise, small business, community facilities, and commercial real estate</td>
<td>Equity and debt with equity features to mid-sized businesses with high growth potential and social impact</td>
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</tbody>
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Number of Certified CDFIs

- Bank, Thrift, or Depository Institution Holding Company
- Venture Capital Fund
- Credit Union
- Loan Fund

Source: CDFI Fund Lists of Certified CDFIs 2006-2017
Regulated Bank and Credit Union Industry Size

5,812 Credit Unions

5,787 FDIC Insured Banks

2,491 Low Income Credit Unions

316 CDFI Credit Unions

157 Minority Depository Institutions (MDIs)

44 MDI CDFIs

139 CDFI Banks

Source: CDFI Fund Lists of Certified CDFIs July 31, 2017, FDIC Institution Directory, NCUA

CDFI Asset Growth

Total Assets of Certified CDFIs (Billions)


CDFIs by Total Assets


CDFI Customers

Higher percentages than conventional financial institutions to:

47% Women Borrowers
73% Low Income Borrowers
54% People of Color