COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS FUND

Three Year Trend Analysis of Community Investment Impact System Institutional Level Report Data

FY 2003-2005

UNITED STATES DEPARTMENT OF THE TREASURY

PREPARED BY

Financial Strategies & Research,
Office of Program and Policy
CDFI Fund, U.S. Department of the Treasury

Andrew Bershadker
Michael Bzdil
James Greer
Supapol Siris

DECEMBER, 2007

Message from the Director

I am pleased to share the Community Development Financial Institutions (CDFI) Fund's initial three-year trend analysis of data provided by CDFIs to the CDFI Fund through its Community Investment Impact System (CIIS) for fiscal years 2003 through 2005. CDFIs of all types — banks, credit unions, loan funds, and venture capital funds — in urban, rural, and Native communities across the country provided information on their assets, staffing, loans, investments, sources and cost of capital, financing of day-to-day activities, and impact in their communities. The CDFI Fund is indebted to the hundreds of CDFIs that provided this valuable data.

It is gratifying to see the continued health and vitality of CDFIs — as well as the many benefits that they bring to the communities they serve.

This report, covering fiscal years 2003 through 2005, shows that:

1) CDFIs are modest, yet growing, financial institutions with median total assets that increased 61.6 percent, from $5.2 to $8.3 million;
2) The total loan and investment portfolios of CDFIs increased about 40 percent, with depository CDFIs focusing their investment activity in commercial real estate, and non-depository CDFIs focusing on residential real estate development and mortgages;
3) CDFIs, like all financial institutions, primarily rely upon debt to finance their investments; CDFIs are able to borrow funds for capital at below market rates;
4) CDFIs continue to rely upon governmental (local, state, and federal) and philanthropic resources for a significant proportion of their operating revenues;
5) Basic financial ratios of CDFIs indicate that CDFIs are generally in good health, with a very low proportion of their loan and investment portfolio at risk of default; CDFIs consistently experience a default rate of under 1 percent and this figure is decreasing;
6) CDFIs provide numerous benefits to the low- and moderate-income communities that they serve in urban, rural, and Native communities across the country:
   a. An average of 62,000 jobs were created or maintained annually;
   b. CDFIs provided tens of thousands of individuals and businesses technical assistance on affordable housing and community economic development; and
   c. CDFIs financed over 90,000 units of housing during these three years, most of which were affordable housing units.

Together with this three-year trend analysis, the CDFI Fund is releasing three years of the CIIS Institution Level Report data with organizational identifiers for public release provided and selected data fields suppressed to maintain the privacy of CDFIs providing these data. The data and detailed codebooks to guide users are available for download at the CDFI Fund's website *www.cdfifund.gov*.

Donna Gambrell
Director

Table of Contents

APPENDICES:

Executive Summary

In June 2004, the Community Development Financial Institutions Fund (the "CDFI Fund") launched the Community Investment Impact System (CIIS), a web-based data collection system that certified community development financial institutions ("CDFIs"), starting with fiscal year 2003, use to report their annual performance information to the Fund.[1] This report will provide a trend analysis, the CDFI Fund's first, on institution level data reported by CDFIs over a three year period from 2003 to 2005. The trend analysis shows that CDFIs play a significant role in serving low income communities, areas frequently overlooked by traditional financial institutions.

CIIS collects two types of information: institutional level data and transaction level data. The Institutional Level data covers the organization's financial activity and position, ownership characteristics, staffing levels and composition, development services, loans sales and loan purchases, sources of capital, loans originated, and portfolio outstanding. The Transaction Level data provides details on the CDFI's specific lending and investing activities—the location and amount, as well as the type and terms, of each loan or investment, the race, gender, and in many cases, the credit scores of borrowers, and community impacts.

This three-year trend analysis is based solely upon CDFI Institution Level data. These data provide the basis of the Fund's analysis of the financial health of CDFIs, an assessment of the level and types of lending and investing activities CDFIs have engaged in during this period, a description and metrics of the sources and types of financial resources CDFIs use to provide financial services to their communities, and finally, a discussion of the many positive community impacts that CDFI investment activities bring to both urban and rural low and moderate income and Native communities across the country.

Subsequent reports will analyze the Transaction Level data CDFIs and community development entities ("CDEs") report to CIIS to examine the array of lending activities—business development and expansion and affordable housing lending—of CDFIs (and CDEs through the New Markets Tax Credit program) in economically challenged and socially distressed communities across the United States.

Only those CDFIs that had received funding from the CDFI Fund are required to report information to CIIS. Therefore the size and composition of the CDFIs analyzed in this report vary from year to year. This report analyzes data from 223 CDFIs in fiscal year 2003, 236 in fiscal year 2004, and 173 in fiscal year 2005. Across these years, there were 86 CDFIs that submitted information in each of these years. Some of the analysis in this report will only focus on these common 86 as they more clearly show certain trends. For the tables and graphs in which the analysis is for the common 86 CDFIs, the designation in the title will have "n=86".

---

[1] The certified CDFIs required to report their data through CIIS are those receiving Financial Assistance. Starting with the Fund's 2003 funding round, this requirement extends to FA awardees under the Native American CDFI Assistance Program. CDFIs receiving Technical Assistance, or BEA awards, are not required to report through CIIS. All Community Development Entities that receive a New Markets Tax Credit allocation are also required to report financial information and community impact data to CIIS.

All of the information submitted to CIIS is subject to a data cleansing process. Cleansing involves confirming that the financial data submitted to CIIS are consistent with the organization's financial statements, assuring that the data provided are as complete as possible, and performing a set of logical checks to assure that all data within a report are consistent. The table below shows the count of CDFIs by institution type reporting in CIIS over the trend period:

All Cases	2003	2004	2005
Banks	8	7	8
Credit Unions	28	29	22
Loan Funds	178	194	139
Venture Funds	9	6	4
	223	236	173

n=86	2003	2004	2005
Banks	6	6	6
Credit Unions	8	8	8
Loan Funds	71	71	71
Venture Funds	1	1	1
	86	86	86

This report also analyzes data by institution type, age, and size of CDFI. These breakouts demonstrate the differences between depository institutions (i.e. Banks and Credit Unions) and non-depository institutions (i.e. Loan Funds and Venture Capital Funds).

For this report, emerging CDFIs are those that have been operating for less than 10 years, maturing CDFIs have been operating for 10 to 18 years, and fully matured CDFIs have been operating for more than 18 years.

Similarly, small CDFIs are those with less than $5.0 million in total assets, medium CDFIs have $5.0 to $14.9 million in total assets, and large CDFIs have more than $14.9 million in total assets.

Following are the key findings, broken into specific trends, for each item of discussion in this report:

Relevant Trends:

- Most CDFIs are unregulated, non-depository loan funds; loan funds constitute about 80% of the CDFIs providing data to the Fund through CIIS.
- CDFIs have a short operating history with an average of 15 years of financing activity and a median of 10 years of financing activity.
- CDFIs are small employers with an average of about 15 FTEs, and a median of 6 FTEs.
- CDFIs are modestly-sized financial institutions with average total assets of just $23 million; there is some evidence however that CDFIs are growing—median total assets increased from $5.2 million in 2003 to $8.2 million in 2005 (a 57.7% increase).
- CDFIs provide services to a wide range of minority populations in excess of these groups' overall representation in the American population; these proportions remain consistent and high.
- CDFIs provide financial services to areas of persistent poverty; CDFIs provide services to both rural and urban areas and Native communities.

Trends Specific to Portfolio Outstanding:

- The total loan and investment portfolios of CDFIs is modestly increasing as CDFIs continue to make investments in low and moderate income communities across the country. Housing finance, including residential real estate development, mortgages, and home improvement loans collectively, form the heart of CDFI loans and investments.
- From data provided by 86 CDFIs that have provided data in all years covered by this report, the Fund estimates that the total dollar amount of CDFIs' portfolios outstanding grew by about 40% between 2003 and 2005.
- There are some notable differences in the portfolios of depository and non-depository CDFIs by purpose of loans. Banks and credit unions have more of their resources invested in commercial real estate development and consumer credit. The portfolios of loan funds are dominated by residential real estate development and mortgage loans.

Trends Specific to Capital Under Management:

- Depository institutions draw almost exclusively on debt, usually in the form of deposits from individuals, while non-depository institutions rely to a greater extent (roughly 30%) on equity, often obtained from depository institutions and government and corporate sources.
- Emerging CDFIs are more dependent on government sources than young and older CDFIs.
- CDFIs of all ages and sizes are able to borrow funds for capital at rates below market borrowing rates.

Trends Specific to Operating Revenue:

Earned Revenue:

- CDFIs generate income from their day-to-day business activities. Examples include interest income earned from portfolios, fee income from lending portfolios, interest on marketable securities, contract and training income, and other earned incomes.
- Banks and credit unions are self-sufficient. They consistently generate from business activities well over 90% of the revenues necessary to support their daily operations. In contrast, non-depository CDFI loan funds generate less than 60% of the total revenues they require to provide services to their clients.

Contributed Revenue:

- Includes grants or in-kind donations from philanthropies, religious institutions, government agencies, corporations, individuals, and others.
- Government, especially federal sources, provided nearly a third of all contributed operating revenues with philanthropy providing almost exactly one-fourth of these resources. Private sources, especially from corporations, are a somewhat more modest yet still important source of operating revenues for CDFIs at 14%.
- Older and larger CDFIs receive significantly larger sources of contributed revenue than younger and smaller CDFIs. Contributed revenue for fully matured CDFIs grew from roughly 45% to over 60% between 2003 and 2005 while larger CDFIs grew from 75% to 85% over the same period.

Trends Specific to Loan and Equity Investments:

- Over the trend period, the average loan or equity investment is over $9.5 million.
- Housing loans, at 43.7%, are consistently the largest share of all new loans and investment over the trend period.
- Depository institutions are making new loans and investments that are concentrated in business and consumer loans categories (roughly 45%) while non-depository institutions are making new loans and investments that are concentrated in residential real estate (over 60%).
- Older and larger CDFIs have more lending power than younger and smaller CDFIs. Over the trend period, between 65% and 70% of the total amount of new loans is made by CDFIs with 19 or more years of experience and over 85% of all new lending are made by CDFIs with assets of $15 million or more.

Trends Specific to Financial Strengths:

- Six financial ratios are analyzed in this report: 1) self-sufficiency; 2) deployment ratio; 3) portfolio at risk; 4) loan loss reserves; 5) net assets; and 6) loan loss experience.
- CDFIs are in generally good financial health.
- Self-sufficiency ratios are less than 1.0, indicating that CDFIs rely on unearned sources of income to cover expenses, but the self-sufficiency ratio is slowly rising.
- Deployment ratios are also rising, depending on the size and age of the CDFI.

- The percent of portfolio at risk is low, generally less than 3%, and falling. Loan loss ratios, indicating the percent of portfolio written off during the year, are also low, generally less than 1%, and falling. These two ratios are strong indicators of improving CDFI financial health.
- Loan loss reserve ratios and net asset ratios vary with the CDFI's institution type.

Trends Specific to Community Benefits:

- CDFIs continue to make investments and provide financing to businesses that create and maintain jobs in low- and moderate-income communities in rural and urban and Native areas. Over 185,000 jobs were created and maintained, an average of about 62,000 , during the three years of data reported by CDFIs analyzed here.
- CDFIs provide financing, technical assistance, and counseling annually to tens of thousands of individuals. On a per CDFI basis, affordable housing and consumer development counseling has increased over this three-year period.
- CDFIs financed over 90,000 units of housing during these three years, over 80,000 units of which were affordable housing units. CDFIs provided financing and counseling to over 12,000 first time home purchasers.

Introduction

The CDFI Fund was established through the Riegle Community Development and Regulatory Act of 1994 to promote economic revitalization and community development through investment in and assistance to different types of community development institutions. The Fund achieves its purpose in the following ways: 1) through its CDFI Programs by directly investing in, supporting and training CDFIs that provide loans, investments, financial services, and technical assistance to underserved populations and communities; 2) through its New Markets Tax Credit (NMTC) Program by providing allocation of tax credits to community development entities (CDEs) which enable them to attract investment from the private-sector and reinvest these amounts in low-income communities; 3) through its Bank Enterprise Award (BEA) Program by providing an incentive to banks to invest in their communities and in CDFIs; and 4) through its Native Initiatives by providing financial assistance, technical assistance, and training to Native CDFIs and other Native entities proposing to become or create Native CDFIs.

In June 2004, the Community Development Financial Institutions (CDFI) Fund launched the Community Investment Impact System (CIIS), a web-based data collection system that CDFIs use to report their annual performance information to the Fund. This report will provide a trend analysis on all facets of CDFIs (e.g. serving population/geographies, community benefits, development services, financials, etc.) that reported in CIIS over a three year period from 2003 to 2005. The report shows that CDFIs play a significant role in serving low income communities, areas often overlooked by traditional financial institutions.

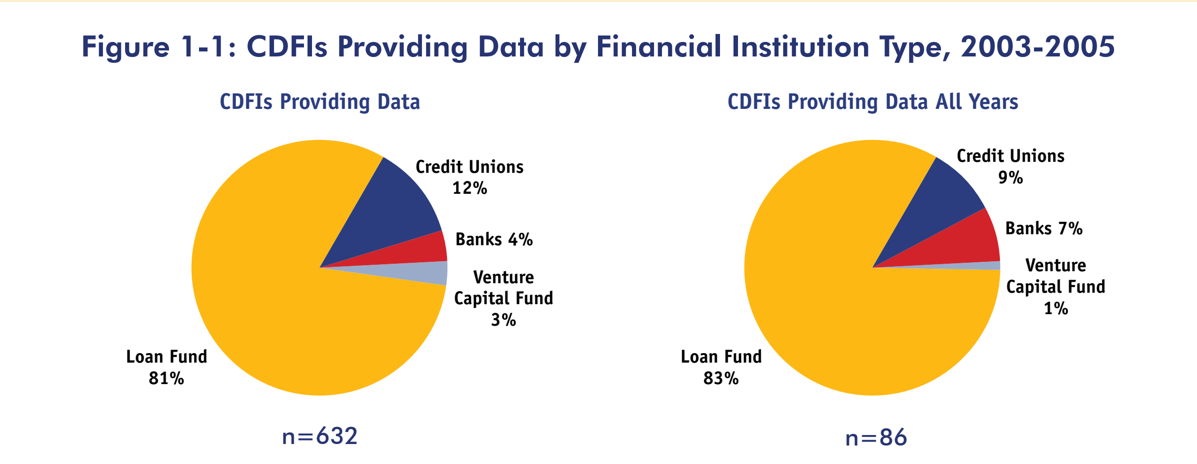
Only those CDFIs that have received funding from the CDFI Fund are required to report information to CIIS. Therefore the size and composition of the CDFIs analyzed in this report vary from year to year. This report analyzes data from 223 CDFIs in fiscal year 2003, 236 in fiscal year 2004, and 173 in fiscal year 2005. Across these years, there were 86 CDFIs that submitted information in each of these years. Some of the analysis in this report will only focus on these common 86 as they more clearly show certain trends. For the tables and graphs in which the analysis is for the common 86 CDFIs, the designation in the title will have "n=86".

Together with the publication of this report the CDFI Fund will release the underlying Institution Level Report CIIS data for fiscal years 2003, 2004, and 2005. These data files have been modified according to a privacy protocol adopted by the Fund to protect the privacy of CDFIs providing these data. Accordingly, all data fields providing identification have been suppressed and a new unique organizational identifier has been assigned to each CDFI. Aside from these modifications, however, these data sets are identical to the files used for all tables and graphics in this report.

Additional information on the CDFI Fund and its programs is available on the CDFI Fund's website at: **www.cdfifund.gov**.

1. CDFIs Included in Analysis

1-1: Financial Institution Type



This chapter provides an overview of the CDFIs that reported to CIIS in fiscal years 2003, 2004 or 2005. Four types of CDFIs provided data for this report: banks, credit unions, loan funds and venture capital funds. Bank and credit unions are regulated depository institutions. Loan funds and venture capital funds are unregulated non-depository financial institutions. Loan funds are typically non-profit organizations specializing in business, housing, and/or community facilities financing. Venture capital funds primarily invest the financial capital of third-party investors as equity in community oriented businesses.

Table 1-1: CDFIs Providing Data to CIIS (Cumulative)

	2003	2004	2005	Overall Percent	Reported All Years	Percent
Bank	8	7	8	3.6	6	7
Credit Union	28	29	22	12.5	8	9.3
Loan Fund	178	194	139	80.9	71	82.6
Venture Capital Fund	9	6	4	3	1	1.2
Total: All CDFIs	223	236	173		86	

As noted in the introduction, a somewhat different group of CDFIs reports their financial information to the CDFI Fund each year. In 2003, for instance, 223 CDFIs provided data; in 2004, 236, and in 2005, 173. Across these years, there were 86 CDFIs that submitted information in each of these years. Table 1-1 summarizes this information by type of financial institution.

For fiscal years 2003-2005, the distribution of financial institution types is nearly constant. Most of the reporting CDFIs are loan funds while 1 in 6 are depository institutions (3.6% banks and 12.5% credit unions) and 3% are venture capital funds. Moreover, the distribution by type of institution for those CDFIs that provided data in all years is similar to the overall proportions. Among those 86 CDFIs that provided data to CIIS in each of these three years, there is a higher percentage of credit union and loan funds and a lower percentage of banks and venture funds (see Table 1-1)

Table 1-2: Average and Median Age of Financing by Type of CDFI

Average	2003	2004	2005
Bank	46	51	49
Credit Union	25	27	29
Loan Fund	11	13	14
Venture Capital Fund	8	11	5
Total: All CDFIs	14	16	17
Median	**2003**	**2004**	**2005**
Bank	27	42	38
Credit Union	21	23	26
Loan Fund	9	10	11
Venture Capital Fund	5	5	4
Total: All CDFIs	10	12	11

Table 1-2 shows the average and median age (measured as years of providing financing) of the CDFIs by type of financial institution. CDFIs are and remain very young financial institutions, with a median age of just over 10 years in all three years. The average age is a little higher than the median and has increased slightly from 14 to 17 years. The depository CDFIs are significantly older than non-depositories. On average, banks have been actively financing for nearly 50 years while credit unions have been active for over 25 years. In contrast, loan funds, the most common form of CDFI, have been actively financing for about 10 years and venture capital funds have a median age of about five years. CDFI Venture Funds, unlike other financial institutions, have a clearly defined life expectancy (typically ten or twelve years). As such, unlike other CDFIs, the average or median age of CDFI Venture Funds likely will not change over time.

1-2: Staffing of CDFIs – Average & Median

Table 1-3: Staffing of CDFIs (Full Time Equivalent Employees)

Average	2003	2004	2005
Bank	46	50	52
Credit Union	10	12	14
Loan Fund	14	15	16
Venture Capital Fund	5	6	4
Total: All CDFIs	14	15	17
Median	**2003**	**2004**	**2005**
Bank	47	49	51
Credit Union	6	6	8
Loan Fund	6	6	7
Venture Capital Fund	3	5	4
Total: All CDFIs	6	6	7

Table 1-3 shows that CDFIs have generally small staffs. On average, CDFIs have about 15 full-time equivalent employees (FTEs) over these three years. However, the median number of FTEs underscores the small size of CDFIs: Banks have about 50 FTEs but nearly all other CDFIs, (credit unions, loan funds and venture funds), have only about 6 FTEs. Whether measured by average or median, the staff sizes of all types of CDFIs generally remained constant over time.

1-3: Total Assets – Average & Median

Table 1-4: Average and Median Total Assets by Type of CDFI

Average ($)	2003	2004	2005
Bank	106,375,500	127,607,714	152,770,250
Credit Union	11,014,541	13,402,211	16,945,765
Loan Fund	22,094,963	22,181,361	18,118,944
Venture Capital Fund	11,896,584	15,891,899	9,220,105
Total: All CDFIs	23,125,836	23,822,663	23,743,440
Median ($)	**2003**	**2004**	**2005**
Bank	109,100,500	123,251,000	138,019,000
Credit Union	5,731,833	6,028,842	9,962,869
Loan Fund	4,392,746	4,924,772	7,913,088
Venture Capital Fund	9,130,632	12,803,771	7,275,471
Total: All CDFIs	5,118,673	5,984,367	8,272,476
n =	223	236	173

Table 1-4 shows average and median total assets by type of financial institution. The average total assets for all CDFIs are about $23 million. Clearly, however, these averages are driven by a few large banks. For each type of CDFI except banks, the median total assets are less than $10 million in each year. In contrast, banks are much larger, having median total assets of over $100 million in fiscal year 2003 and increasing to almost $140 million in fiscal year 2005. Interestingly, loan funds have median total assets generally less than or equal to credit unions and venture capital funds, but their average total assets are twice as great in some years. This suggests that a few loan funds have much greater total assets than the median.

One finding is worth highlighting from the data presented here: median total assets (the best measure of "central tendency" of these data) overall, and by financial institution type, have grown over these three years. For all CDFIs this figure has grown from $5.2 million to $8.3 million—an increase of 61.6%. For loan funds, the most numerous of CDFIs, the comparable figures are $4.4 million to $7.9 million (80.1%). Banks and credit union CDFIs also experienced substantial increases in their median total assets. Venture Funds decreased their level of both average and median total assets, but this is to be expected. Venture funds, as they reach the end of their legal existence, intentionally shed equity assets as they return initial investments and profits to investors.

1-4: CDFIs and Minority Populations

Table 1-5: Minority, Women Owned/Controlled, or Faith-Based CDFIs

	Percent of CDFIs		
	2003	2004	2005
Minority	24.2	25.4	27.8
Women	16.1	21.2	17.9
Faith-Based	6.3	6.4	5.8
n=632			

Table 1-5 shows that a substantial proportion of CDFIs are owned or financially controlled by minorities or women. Consistently across these years, about one quarter of all CDFIs are minority controlled while about 15% to 20% are women owned or controlled. An additional 6% are faith-based CDFIs.

Table 1-6: CDFIs Serving Specific Racial/Ethnic Populations

Percent of CDFIs that Report Serving			
	2003	2004	2005
Native Americans	19.8	29.9	27.3
Asians	38.1	43.2	44.7
African Americans	68.6	69.2	70.9
Hawaiian	3.0	5.6	4.0
White	80.3	86.8	83.1
Latino	55.6	63.3	59.9

Table 1-6 shows that CDFIs not only provide financial services to low and moderate income communities, they serve a particularly diverse set of minority populations across the United States.

Particularly striking are the proportion of CDFIs that invest, make loans, and provide financial services to minorities far in excess to their representation across the country. As of July 1, 2005, Latinos comprised about 15% of the U.S. population, African Americans comprised almost 12%, Asians comprised just over 4%, and Native Americans and Hawaiians comprised 0.8% and 0.1% respectively.[2] In contrast, over 27% of CDFIs report providing services to Native American communities, while 71% and 60% of CDFIs provided services to African Americans and Latinos, respectively, in fiscal year 2005. The levels of service were only slightly lower in fiscal years 2004 and 2003.

1-5: CDFIs Serving Specific Geographies across the United States

Table 1-7: CDFIs Serving Specific Geographies
Percent of CDFIs That Report Serving

A. Areas of Persistent Poverty	2003	2004	2005
Appalachian	10.3	12.4	11.6
Colonias	4.5	3.0	3.5
Mississippi Delta	4.0	3.9	6.4
B. Rural and Urban Areas	**2003**	**2004**	**2005**
Rural Areas	60.5	62.8	61.1
Major Urban Areas	52.7	51.8	48.8
Minor Urban Areas	59.2	56.4	61.0

[2] Table 3: Annual Estimates of the Population by Sex, Race and Hispanic or Latino Origin for the United States: April 1, 2000 to July 1, 2005 (NC-EST2005-03). Source: Population Division, U.S. Census Bureau. Release Date: May 10, 2006.

CDFIs serve some of the poorest areas of the U.S. Table 1-7 is divided into two parts: the first part of the table shows the percentage of CDFIs that report serving specific areas of persistent poverty in the United State; the second portion of the table shows areas served by CDFIs by geography. The CDFIs that reported to CIIS in fiscal years 2003 to 2005 reported making loans and investments and providing financial services to counties of persistent poverty in Appalachia, the Texas, Arizona, New Mexico border, and the Lower Mississippi Delta. The second part of Table 1-7 confirms that CDFIs are providing services to both rural and urban communities: indeed, over 60% of CDFIs report serving rural areas generally. These shares have remained generally constant over the reporting period.

2. Portfolio Outstanding

An examination of CDFIs' loan and equity investment portfolios reveals the amount of financing by institution type, and the type of financing CDFIs are providing in communities they serve. The analysis in this section is based on the portfolios outstanding of CDFIs reporting in CIIS over this three year period.

2-1: Portfolio Outstanding by Institution Type

Table 2-1: Portfolio Outstanding by Institution Type (in $ millions)

	2003 n=223	2004 n=236	2005 n=173
Bank	487,694,665	499,174,000	705,843,000
Credit Union	222,725,239	269,690,617	176,321,962
Loan Fund	2,562,001,368	2,775,760,313	1,825,924,894
Venture Capital Fund	62,669,248	61,771,832	3,071,232
Total: All CDFIs	3,335,090,520	3,606,396,762	2,711,161,088

The CDFIs providing data to CIIS have a total portfolio of about $3 billion dollars of loans and investments in low and moderate income areas. Table 2-1 shows that the largest percentage is held by loan funds, and this remains true in all three fiscal years. The distributions in fiscal years 2003 and 2004 are nearly identical. In 2005, the level and share held by banks are somewhat higher (even though the total portfolio reported is somewhat lower). These observed changes in the total portfolio are largely the result of the specific institutions providing data each year—and the fact that this number changes from year to year. Specifically, because the number of CDFIs reporting in fiscal year 2005 declined by over 25%, the total dollar amount reported was also diminished (by 18.7%)

To more accurately gauge changes in the size of CDFIs' portfolio, we should examine the data for those 86 CDFIs that provided data in all three years. Additionally, Venture Funds will be disregarded in this analysis: Venture Funds reduce their total investments and sell assets as they reach maturity, and thus would distort the overall picture.

Table 2-2: Portfolio Outstanding, Banks, Credit Unions, and Loan Funds Providing Data in all Years, 2003-2005 (n=86)

	2003	2004	2005	Percent Change
Bank	383,654,268	433,056,000	485,805,000	26.6
Credit Union	62,308,814	61,193,704	61,952,918	-0.6
Loan Fund	796,713,603	1,019,758,444	1,256,626,294	57.7
Total	1,242,676,685	1,514,008,148	1,804,384,212	45.2

Table 2-2 shows that the total portfolio of these 86 CDFIs increased 45% from fiscal year 2003 to fiscal year 2005. The largest increase in both dollar and percentage terms occurred in loan funds. That group's portfolio rose $459.9 million, or 57.7%. This suggests that as CDFIs get older and become more established (even in a small window of three years), they are able to expand their lending resources to meet the needs of their market.

2-2: Portfolio Outstanding by Purpose[3]

Table 2-3: Portfolio Outstanding by Purpose

	2003 n=223	2004 n=236	2005 n=173	Weighted Average	Percent
Business - Fixed Asset	202,502,383	233,871,805	272,121,829	233,273,503	7.1%
Business - Working Capital	205,788,142	325,649,139	301,650,304	276,787,112	8.5%
Home Improvement	56,024,737	50,742,374	73,082,676	58,721,550	1.8%
Home Purchase	987,514,664	893,809,868	264,983,546	754,742,171	23.1%
Real Estate Construct., Commercial	184,270,891	239,934,294	399,820,450	264,059,873	8.1%
Real Estate Rehab., Commercial	81,331,044	157,628,780	137,114,118	125,091,705	3.8%
Real Estate Construct., Multi-Family	134,679,486	219,145,630	167,958,983	175,330,377	5.4%
Real Estate Construct., Single Family	89,431,869	106,579,152	136,778,892	108,795,467	3.3%
Real Estate Rehab., Multi-Family	802,744,872	843,549,676	385,968,257	703,896,105	21.6%
Real Estate Rehab., Single Family	53,523,189	56,093,001	56,815,773	55,384,095	1.7%
Consumer	159,345,731	186,427,685	252,258,040	194,891,887	6.0%
Other	377,933,512	292,965,358	262,608,221	314,636,424	9.6%
Total: All CDFIs	3,335,090,520	3,606,396,762	2,711,161,088	3,265,610,269	100.0%

[3] Loan or investment purpose is:
- Business Fixed Asset – tangible property for business operations that is not expected to be consumed or converted to cash;
- Business Working Capital – ongoing operating expenses;
- Home Improvement – renovation or other improvement to an owner-occupied home;
- Home Purchase – purchase of a primary residence;
- Real Estate Construction Commercial – predevelopment financing, construction or permanent financing, or acquisition without rehabilitation;
- Real Estate Rehabilitation, Commercial – rehabilitate office, retail, manufacturing, or community facility space;
- Real Estate Construction, Multiple Family – predevelopment financing or construction of multi-family housing;
- Real Estate Construction, Single Family – predevelopment financing or construction of single family housing;
- Real Estate Rehabilitation, Multiple Family – rehabilitate or acquire multiple family housing;
- Real Estate Rehabilitation, Single Family – rehabilitate or acquire single family housing;
- Consumer – personal loan to one or more individuals for educational, health,emergency, credit repair or other consumer purpose;
- Other – any loan or investment that is explicitly included in the above list.

See CDFI ILR Instructions at *http://www.cdfifund.gov/ciis/2006/FY2006CDFIILRinstructions020707.pdf*

Figure 2-1: Portfolio Outstanding by Purpose (Percent Distribution of Weighted Average Amount)

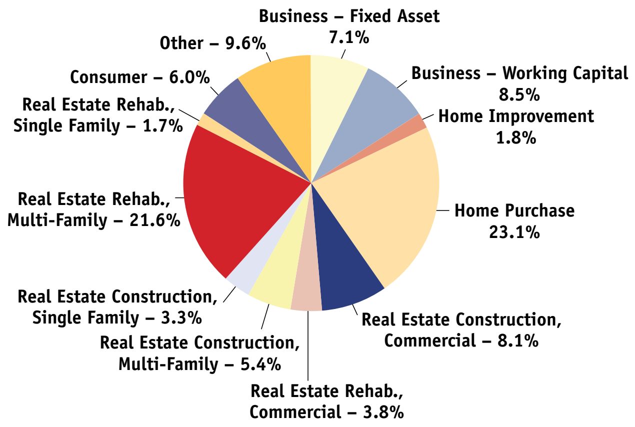


Table 2-3 and Figure 2-1 show that CDFIs make loans and investments for many different purposes: housing, business, real estate development, and consumer loans. On a weighted average basis, almost 57 percent of their portfolios are allocated to some form of housing development.[4] Loans (working capital and fixed asset) for businesses in low- and moderate-income areas comprise the second largest portion of CDFIs' portfolios (almost 16%). Commercial real estate development represents another 12% and consumer loans comprise about 6%. There was some reallocation of portfolios over time. For example, rehabilitation of multi-family housing, fell from $803 million (about 24% of portfolio outstanding) to $386 million (about 14%) and home purchase investments fell from $988 million (about 29.6% of portfolio outstanding) to $265 million (about 10%). In contrast, business investments rose from about 12% of portfolio outstanding to 21% and commercial real estate rose from 8% to 20%.

[4] Housing development includes real estate (single and multi-family rehabilitation and construction), home improvement, and home purchases.

2-3: Portfolio Outstanding (Depository vs. Non-Depository)

Table 2-4: Portfolio Outstanding by Purpose (Depository Only)

	2003 n=36	2004 n=36	2005 n=30	Weighted Average	Percent
Business	92,511,342	142,680,850	173,846,766	134,140,411	17%
Home	87,441,043	102,990,432	103,634,807	97,691,934	12%
Comm. Real Estate	103,815,270	244,610,325	267,607,244	201,681,752	26%
Resi. Real Estate	51,469,265	38,950,000	94,583,587	59,731,384	8%
Consumer	158,393,580	171,053,250	155,865,345	162,118,100	21%
Other	216,789,404	68,579,760	86,627,213	126,197,121	16%
Total: All CDFIs	710,419,904	768,864,617	882,164,962	781,560,702	100%

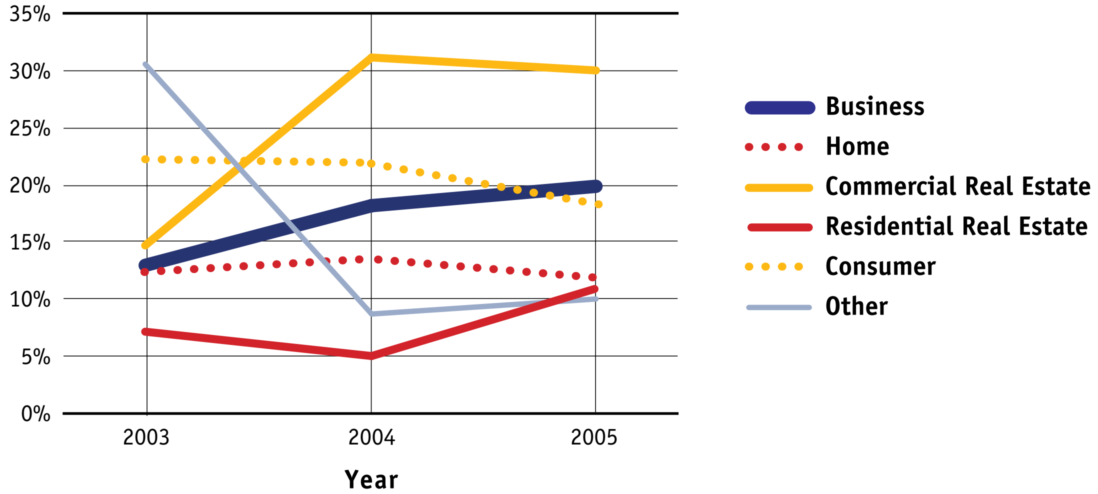
Table 2-5: Portfolio Outstanding by Purpose (Non-Depository Only)

	2003 n=187	2004 n=200	2005 n=143	Weighted Average	Percent
Business	315,779,183	416,840,094	399,925,367	376,618,969	15%
Home	956,098,358	841,561,810	234,431,414	718,163,108	29%
Comm. Real Estate	161,786,665	152,952,749	269,327,324	187,468,799	8%
Resi. Real Estate	1,028,910,151	1,186,417,459	652,938,317	986,905,414	40%
Consumer	952,151	15,374,435	96,392,695	32,145,462	1%
Other	161,144,108	224,385,598	175,981,008	189,011,985	8%
Total: All CDFIs	2,624,670,616	2,837,532,145	1,828,996,126	2,490,313,736	100%

Tables 2-4 and 2-5 provide a portrait of CDFI banks and credit unions (depository CDFIs) in contrast to the portfolios held by loan funds and venture funds (non-depository CDFIs). The portfolios of depository CDFIs are spread relatively evenly over business, home, consumer, and other types of investments. Commercial real estate comprises a slightly larger percent of investments (about 26% over the three years) while residential real estate comprises a slightly smaller percentage (8%). In contrast, residential real estate and home purchase investments together comprise almost 70% of the portfolio outstanding of non-depository CDFIs. Consumer investments barely register at 1%.

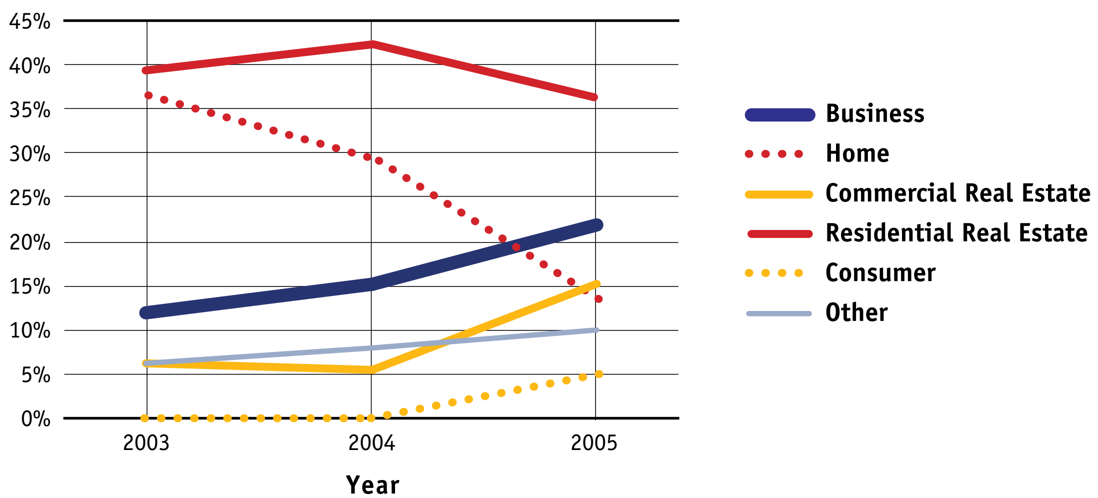
Some portfolio components are stable over time, while others vary considerably. For example, the home purchase component of depository CDFIs' portfolios rises about $16 million from fiscal year 2003 to fiscal year 2005. The consumer component rises about $13 million from fiscal year 2003 to fiscal year 2004, but then falls $15 million from fiscal year 2004 to fiscal year 2005. In contrast, the commercial real estate component more than doubles between fiscal year 2003 and 2005, rising from $104 million to $268 million. The "Other" component falls dramatically, from $217 million to $87 million over the same period. Figure 2-1 shows the percent distribution of portfolio by purpose for fiscal year 2003 to fiscal year 2005.

Figure 2-2: Portfolio Outstanding by Purpose
Percent Distribution by Fiscal Year (All Reporting CDFI Depositories)



Non-depository CDFIs are more variable than depository CDFIs. The home purchase component of their portfolios falls from $956 million in fiscal year 2003 to $234 million in fiscal year 2005, a decline of 75%. Consumer investments rose from less than $1 million to $96 million over the same period. Figure 2-2 shows the percent distribution of portfolio by purpose for fiscal year 2003 to fiscal year 2005.

Figure 2-3: Portfolio Outstanding by Purpose
Percent Distribution by Fiscal Year (All Reporting CDFI Non-Depositories)

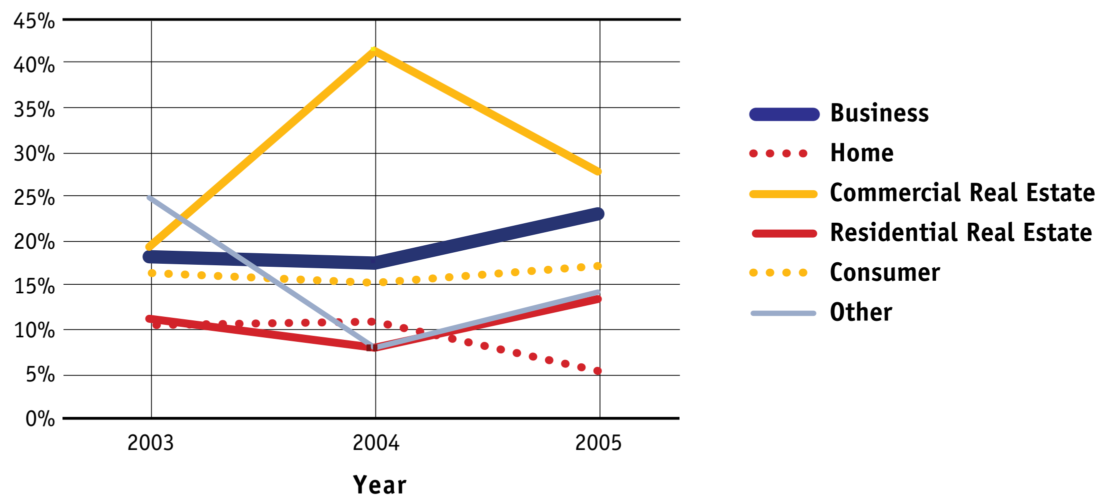


The most striking observation from Figure 2-3 is the dramatic decline in the home purchase component of non-depository CDFIs' portfolios. This component fell from over 35% to less than 15% over the three year period. Residential real estate fell slightly from about 40% to about 35%, while the remaining components all increased as a percentage of total portfolio outstanding.

Interestingly, the period being analyzed in this report corresponds almost exactly to the explosion of the sub-prime mortgage market. From 2003 through 2005, According to the Center for Responsible Lending, the volume of sub-prime mortgages grew from over $300 billion to $665 billion.[5] It is possible that non-CDFI sub-prime lenders crowded out CDFI lenders, who are quite likely to have been stricter in their lending practices and require education as a condition of the mortgage to their customers.

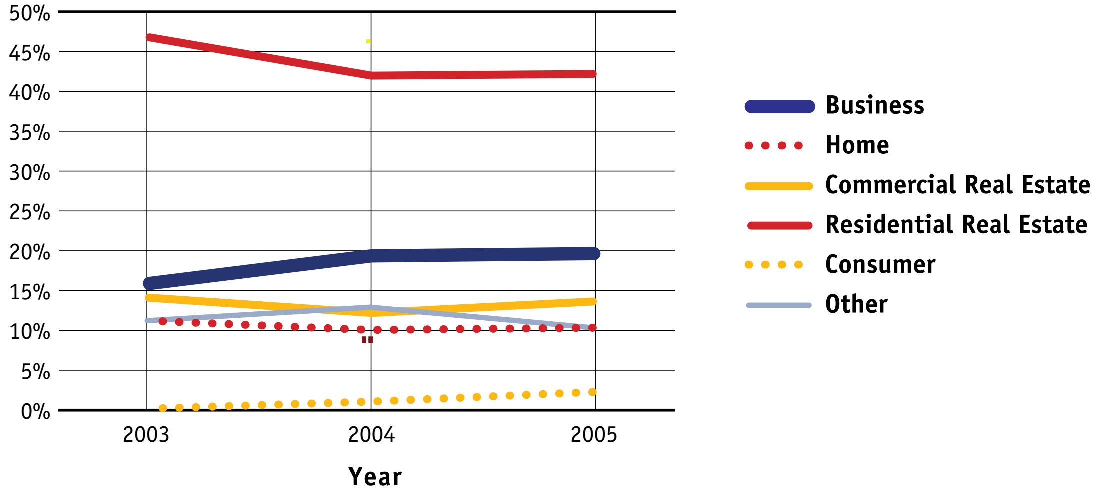
Much of the variability in portfolio distribution is due to the changing composition of the group of reporting CDFIs. Figures 2-4 and 2-5 show the percent distribution of portfolio by purpose for the 86 CDFIs that reported each year. For the 14 depository CDFIs that reported to CIIS in all three years, the distribution of portfolio by purpose remained generally constant. The obvious exception is commercial real estate, which jumped from about 19% to 41%, before falling to 28%. "Other" investments exhibit the opposite pattern, beginning the period at 25%, then falling to 8% before rising back to 14%. Seventy-two non-depository CDFIs reported to CIIS in fiscal years 2003, 2004 and 2005. They show remarkable constancy in the distribution of their collective portfolio. Even home purchase investments remained constant as a share of portfolio outstanding.

Figure 2-4: Portfolio Outstanding by Purpose
Percent Distribution by Fiscal Year (14 Repeat Reporting CDFI Depositories)



[5] Center for Responsible Lending, "Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners," December 2006.

Figure 2-5: Portfolio Outstanding by Purpose
Percent Distribution by Fiscal Year (72 Repeat Reporting CDFI Non-Depositories)



2-4: Portfolio Outstanding by Age

Table 2-6: Percent of Total Dollars in Portfolio Outstanding by Age of CDFI

All CDFIs	2003 n=223	2004 n=236	2005 n=173
Emerging	11.8%	13.3%	23.6%
Young	16.2%	14.5%	18.4%
Older	72.0%	72.1%	58.0%
CDFIs Reporting All Years (n=86)			
Emerging	20.5%	22.2%	22.7%
Young	18.5%	18.2%	14.2%
Older	61.0%	59.6%	63.1%

Table 2-6 shows the percent of total dollars in portfolio outstanding by the age of the CDFI, for fiscal years 2003 through 2005. The top panel shows the percents for all CDFIs that reported to CIIS, while the bottom panel shows only those that reported in every year. Both panels indicate a clear pattern: the fully matured CDFIs have the largest portfolios outstanding. Among all reporting CDFIs, the fully matured CDFIs generally have over 70% of the total portfolio dollars, although their share drops to 58% in fiscal year 2005. Among the 86 CDFIs that reported every year, the fully matured CDFIs generally have 60% of the total portfolio dollars.

2-5: Portfolio Outstanding – Conclusions/Summary

The total loan and investment portfolio of CDFIs is modestly increasing as CDFIs continue to make investments in low- and moderate-income communities across the country. From data provided by 86 CDFIs that had provided data in all years covered by this report, we estimate that the total dollar amount of CDFIs' portfolio outstanding grew by about 40% between fiscal years 2003 and 2005. Secondly, housing financing, residential real estate development, home mortgages, and home improvement loans collectively, form the heart of CDFI loans and investments. Lastly, there are some notable differences in the portfolios of depository and non-depository CDFIs by purpose of loans. Banks and credit unions have more of their resources invested in commercial real estate development and consumer credit. The portfolios of loan funds are dominated by residential real estate development and mortgage loans.

3. Capital Under Management

Capital under management is the total assets that CDFIs have available for lending and investing. CDFIs receive capital from a variety of sources, generally a wider variety than traditional financial institutions. Sources include banks and other depository institutions, all levels of government, government sponsored entities, philanthropies and religious organizations, and individuals. This chapter will analyze the capital under management for CDFIs that reported to CIIS in fiscal years 2003, 2004, and 2005.

3-1: Average Capital Under Management

Table 3-1 shows the average amount of capital under management by type of CDFI for the fiscal year 2003 to 2005 period.

Table 3-1: Average Capital Under Management by Institution Type

	2003	2004	2005
Bank	106,230,998	51,360,630	59,299,286
Credit Union	10,293,006	12,136,402	15,686,414
Loan Fund	18,161,580	14,071,629	12,502,032
Venture Capital Fund	13,169,334	15,444,487	9,500,585
Total: All CDFIs	19,849,864	14,986,387	15,030,855

The table shows that most CDFIs have relatively low levels of capital with which to make community investments. Reporting CDFIs had an average of $19.8 million under management in fiscal year 2003, while those reporting in 2004 and 2005 had about $15 million. Banks stand out from the other types of CDFIs in the amount of capital available. The eight banks that reported to the Fund averaged about $106 million under management in fiscal year 2003, while the seven banks that reported in fiscal year 2004 and the eight that reported in fiscal year 2005 averaged about $51 million and $59 million, respectively. The other types of CDFI are roughly similar in size to each other. Together, they averaged about $13 million in capital under management for the fiscal year 2003 to fiscal year 2005 period.

3-2: Form of Capital Under Management, Debt vs. Equity

Capital under management can be broadly classified into two forms: debt, which represents amounts borrowed by the CDFI from external sources and equity, which represents capital arising from grants or other forms of investment in the CDFI. Table 3-2 shows that in each year the larger percentage of capital under management is borrowed and this holds true whether the CDFI is a depository (a bank or credit union) or non-depository (a loan fund or venture capital fund).

Table 3-2: Debt and Equity Under Management

	2003		2004		2005	
	Total	Percent	Total	Percent	Total	Percent
Depositories	n=36		n=36		n=30	
Debt	958,090,296	92.9%	639,487,030	89.9%	754,952,005	92.1%
Equity	73,730,844	7.1%	71,993,043	10.1%	64,543,397	7.9%
Total	1,031,821,140		711,480,073		819,495,402	
Non-Depositories	n=187		n=200		n=143	
Debt	2,397,274,458	75.9%	1,942,381,879	69.9%	1,140,959,173	65.2%
Equity	759,225,665	24.1%	837,966,245	30.1%	609,821,599	34.8%
Total	3,156,500,123		2,780,348,124		1,750,780,772	

Although all CDFIs rely primarily on debt as their source of capital, non-depositories are significantly less dependent on debt and more dependent on equity than are depository institutions. In each year, the share of capital from equity investments is three times larger for non-depositories than depositories.

3-3: Sources of Capital Under Management[6]

As noted above, CDFIs can draw on many different sources of capital. Table 3-3 shows the amounts attributable to these sources for depository CDFIs and non-depository CDFIs. The amounts shown are weighted averages for the 2003 to 2005 period (weighted by the number of reporting CDFIs in each year).

[6] Depository – Bank or other Regulated Financial Institution
- Corporate – Real Estate Developer or Investment Company or Utility
- CDFI Intermediary –a financial entity that meets CDFI Fund program eligibility requirements and whose primary business activity is the provision of financial products to CDFIs and/or emerging CDFIs
- Non-Depository Financial Institutions – Insurance Companies, Investment Banks, Pension or Venture Fund
- CDFI Fund – The CDFI Fund, Department of the Treasury
- Other Federal – any Federal agency other than the CDFI Fund
- GSE – Government Sponsored Entity
- Individuals
- Philanthropy – Foundations
- Religious Institution
- Other –any source not listed above

See CDFI ILR Instructions at http://www.cdfifund.gov/ciis/2006/FY2006CDFIILRinstructions020707.pdf

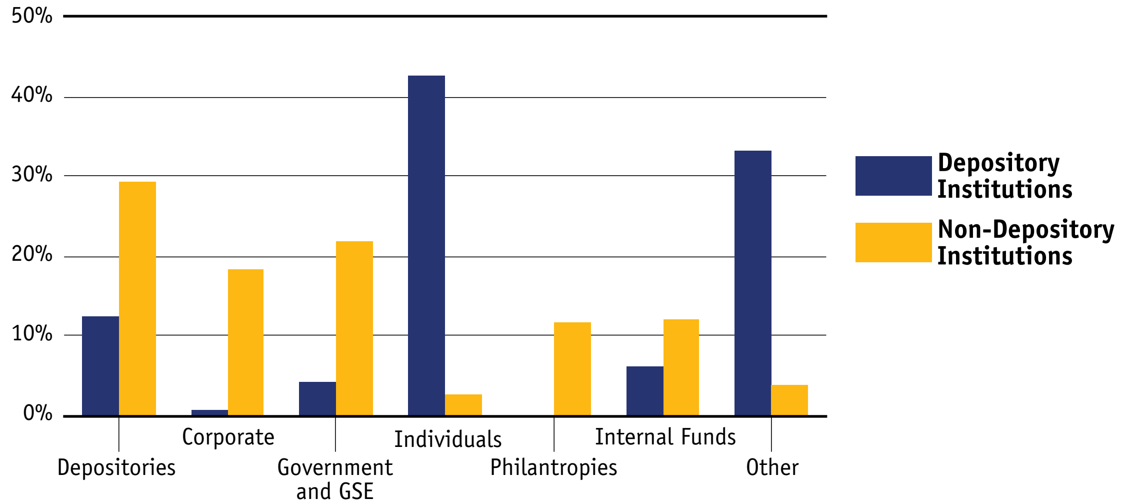
Table 3-3: Sources of Capital Under Management, Weighted Average of Amounts

	Depository CDFIs		Non-Depository CDFIs	
Source of Capital	**Dollars**	**Percent**	**Dollars**	**Percent**
Depository Institutions	107,353,653	12.5%	775,683,378	29.4%
Corporate Sources				
CDFI Intermediaries	1,568,646	0.2%	22,636,592	0.9%
Non-Depository Financial Institutions	85,234	0.0%	50,032,665	1.9%
All Other Corporations	3,840,951	0.4%	414,945,210	15.7%
Subtotal: Corporations	5,494,831	0.6%	487,614,468	18.5%
Government Sources				
CDFI Fund	1,602,565	0.2%	83,565,629	3.2%
Other Federal	1,127,767	0.1%	196,393,403	7.5%
State and Local	19,795,224	2.3%	134,698,240	5.1%
Subtotal: Government	22,525,555	2.6%	414,657,273	15.7%
GSEs	14,137,871	1.7%	162,275,676	6.2%
Individuals	365,719,612	42.7%	68,466,863	2.6%
Philanthropic Sources				
Non-Religious Institutions	710,353	0.1%	250,732,955	9.5%
Religious Institutions	707,611	0.1%	60,375,994	2.3%
Subtotal: Philanthropy	1,417,965	0.2%	311,108,949	11.8%
Internal Funds	54,281,588	6.3%	317,576,033	12.1%
Other	285,379,766	33.3%	97,894,339	3.7%
Total: All CDFIs	856,310,840	100.0%	2,635,276,978	100.0%

The table shows significant differences in the sources of capital for banks and credit unions in contrast to loan and venture funds. As might be expected, depository CDFIs do not rely on other depository institutions as a source of capital to the same degree as non-depository CDFIs. In general, depository CDFIs receive capital from a narrower group of capital sources than do non-depository CDFIs. The largest single source of capital for non-depository CDFIs is depository institutions. About 29% of non-depository capital under management is derived from this source. The remaining capital under management is spread across other sources. All corporate sources total 18.5%, government sources total 15.7%, internally generated funds total 12.1% and philanthropic sources total 11.8%. The relatively large shares (as compared to the shares for depository CDFIs) attributable to corporate, internal, and philanthropic sources stress the importance these private organizations play in funding non-depository CDFIs.

In contrast, depository institutions raised over 40% of their capital from individuals, mostly through bank deposits and credit union shares. (Non-depository institutions raised only 2.6% of their capital under management from individuals.) An additional 12.5% of capital was received from other depository institutions and 6.3% was generated from internal funds. All corporate, government, GSEs, and philanthropic sources together accounted for only 5.1% of capital under management. The large remaining share (33.3%) was attributed to "other" sources by the reporting institutions. Figure 3-1 presents these distributions for major categories of capital source.

Figure 3-1: Distribution of Capital Under Management, Weighted Average



3-4: Public Sources of Capital Under Management

Figure 3-2: Public Sources of Capital Under Management – 2003

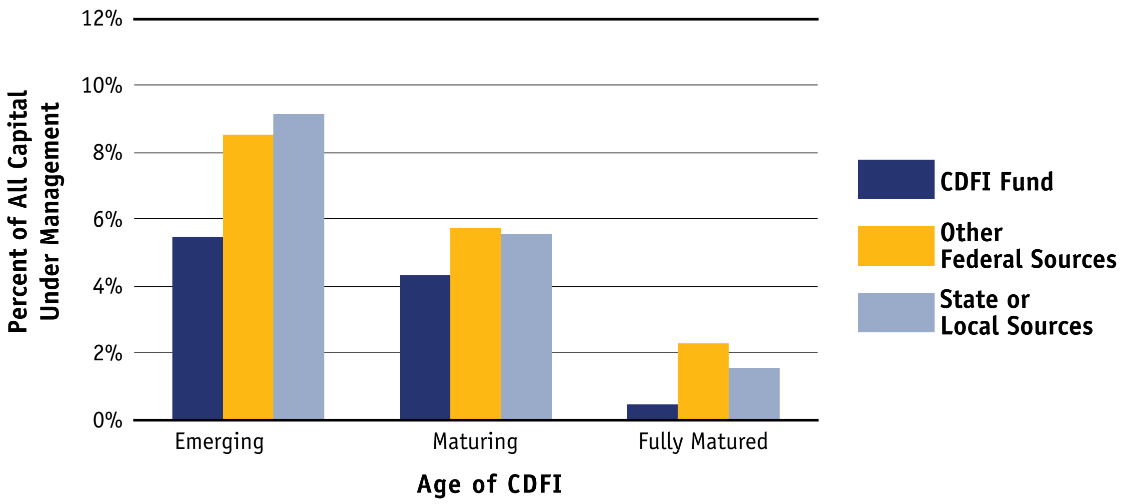


Figure 3-3: Public Sources of Capital Under Management – 2004

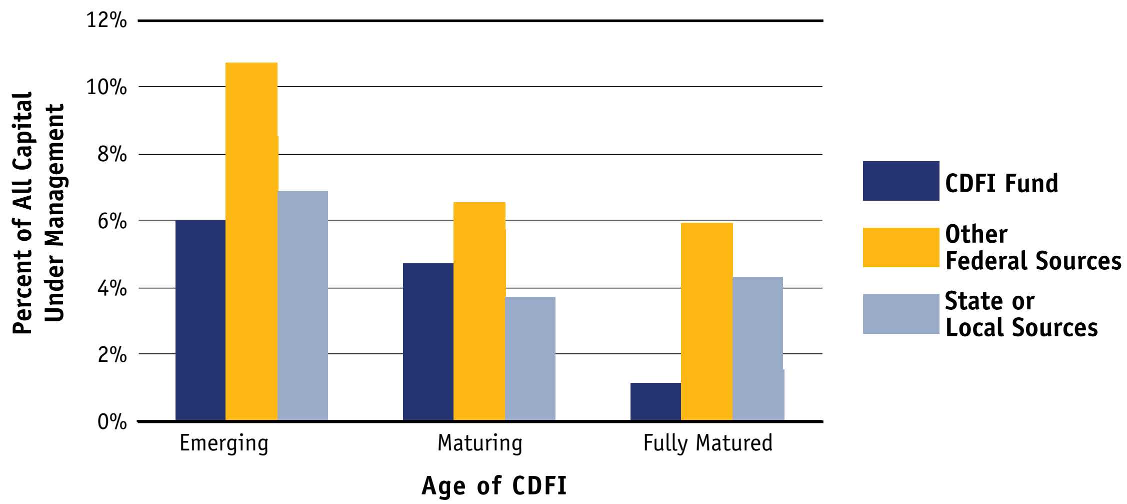
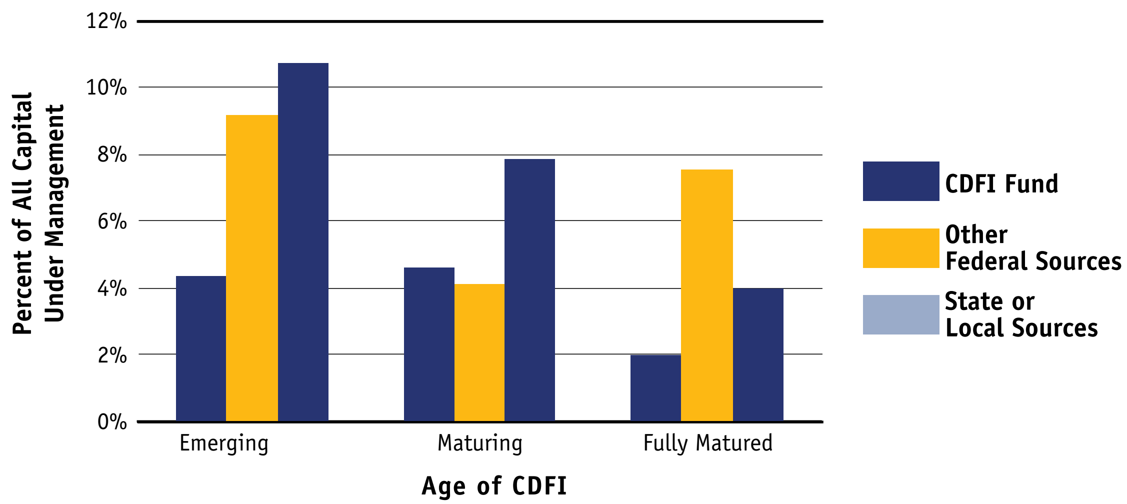


Figure 3-4: Public Sources of Capital Under Management – 2005



Figures 3-2 through 3-4 show the percent of capital under management arising from public sources for fiscal year 2003, 2004 and 2005, broken out by age of CDFI. Emerging CDFIs are those that have been making community investments for less than ten years. Maturing CDFIs have been making investments for ten to eighteen years while fully matured CDFIs have been active for more than eighteen years.

The figures show that government grants and awards to CDFIs represent a modest share of capital under management, never rising above 25% of total capital for any aged group of CDFIs. However, emerging CDFIs are more dependent on government support than their older, more established counterparts. Interestingly, the percent of capital from the CDFI fund tends to be constant over time, within an age cohort. For emerging CDFIs, capital from the Fund comprises about 6% of their total in fiscal years 2003 and 2004, before dropping to 4% in fiscal year 2005. For mature CDFIs, the Fund provides about 4% of capital under management in each year, while for the oldest CDFIs, the Fund provides around 1% to 2% each year.

3-5: Cost of Borrowed Capital

Figure 3-5: Weighted Average Cost of Debt by Age of CDFI

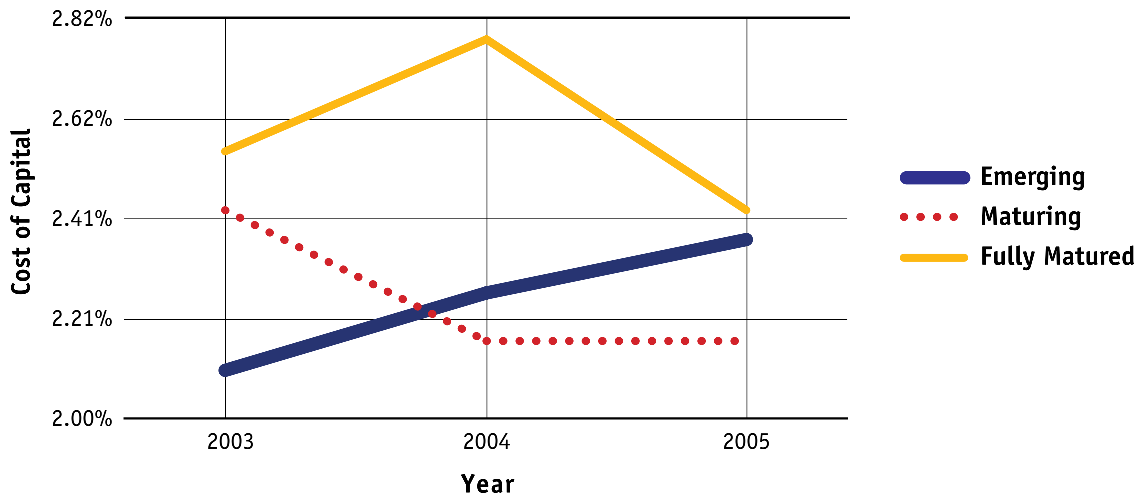


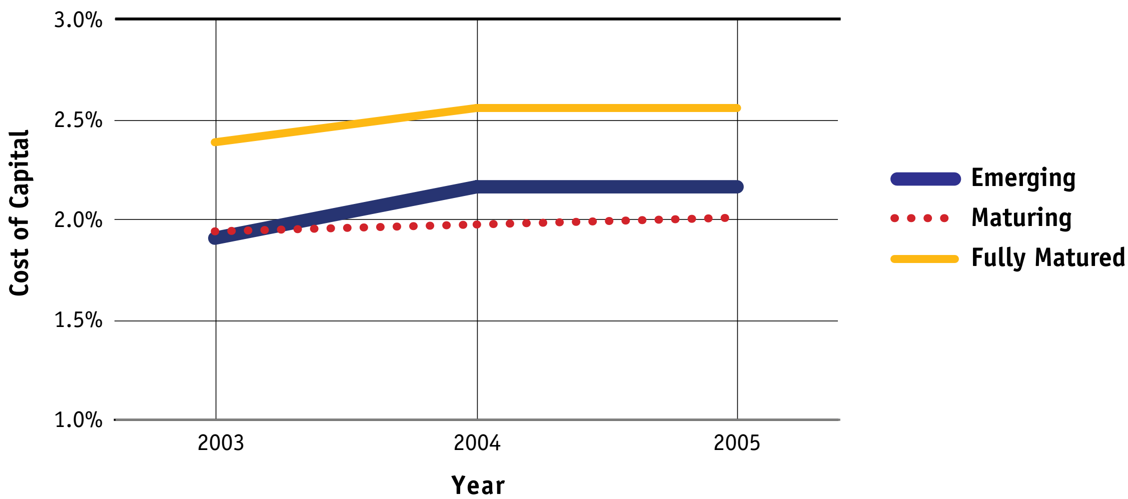
Figure 3-5 shows that CDFIs are generally able to borrow capital more cheaply than mainstream borrowers. The weighted average interest rates on a 10-year Treasury note were 4.01, 4.27 and 4.29 percent in 2003, 2004 and 2005, respectively. Similarly, the weighted average Prime Lending rate charged by banks was 4.12 in 2003, 4.34 in 2004 and 6.19 in 2005.[7] The table shows no specific trends in the cost of borrowed capital, although fully matured CDFIs tend to have higher borrowing costs than emerging and maturing CDFIs. In 2004, for example, the average cost of borrowed capital was almost 2.8% for fully matured CDFIs, but only about 2.2 percent for emerging and maturing CDFIs. Although not repeated here, previous analyses have suggested that emerging CDFIs have lower costs of capital for two reasons. First, they are more able to borrow funds at a low or no cost as philanthropic organizations help them get started. Second, since they were formed in a higher interest rate environment than newer CDFIs,

[7] Economic Report of the President for 2007, Table B-73.

fully matured CDFIs may have simply borrowed at higher rates and not refinanced into more recent, lower rates. Finally, this discrepancy in borrowing costs between the emerging and fully matured CDFIs seems to be declining. In fiscal year 2005, the borrowing costs for these two groups of CDFIs were both about 2.4%.

The difference in borrowing costs is clearer when we look solely at the 86 CDFIs that provided data for all years. Figure 3-6 shows that fully matured CDFIs pay on average about half a percentage point more for borrowed capital than do emerging and maturing CDFIs.

Figure 3-6: Weighted Average Cost of Debt by Age of CDFI (86 Repeat CDFIs Only)



3-6: Capital – Conclusions/Summary

CDFIs draw on a wide variety of sources for their capital. Depository institutions (banks and credit unions) draw almost exclusively on debt, usually in the form of deposits from individuals, while non-depository institutions (loan funds and venture capital funds) rely to a greater extent (roughly 30%) on equity, often obtained from depository institutions and government and corporate sources. When examined by age, we find that emerging CDFIs (those that have been active for less than ten years) are more dependent on government sources than maturing (10 to 18 years) and fully mature (more than 18 years) CDFIs. Finally, CDFIs of all ages and sizes are able to borrow capital at rates below market borrowing rates.

4. Operating Revenue (Earned and Contributed)

CDFIs, as all financial institutions, require operating revenue to cover their day-to-day overhead costs, such as salaries, rent, and utilities.

In this trend analysis we analyze two sources of operating revenue – earned and contributed revenues – from fiscal year 2003 through fiscal year 2005. Earned revenue is income CDFIs generate from their day to day business activities. Examples of earned revenue include interest income earned from portfolios, fee income from lending portfolios, interest on marketable securities, as well as contract and training income. Contributed revenue includes grants or in-kind donations from philanthropies, religious institutions, government agencies, private corporations, individuals, and others given to cover operating costs.

4-1: Sources of Earned Revenue

Table 4-1: Earned Income as a Percentage of Total Income by Institution Type

	2003	2004	2005
n=	223	236	173
Bank	98.7%	96.5%	99.3%
Credit Union	92.1%	89.4%	89.9%
Loan Fund	50.2%	50.8%	43.0%
Overall	57.0%	56.0%	53.0%

Figure 4-1: Earned Income as a Percentage of Total Income by Institution Type

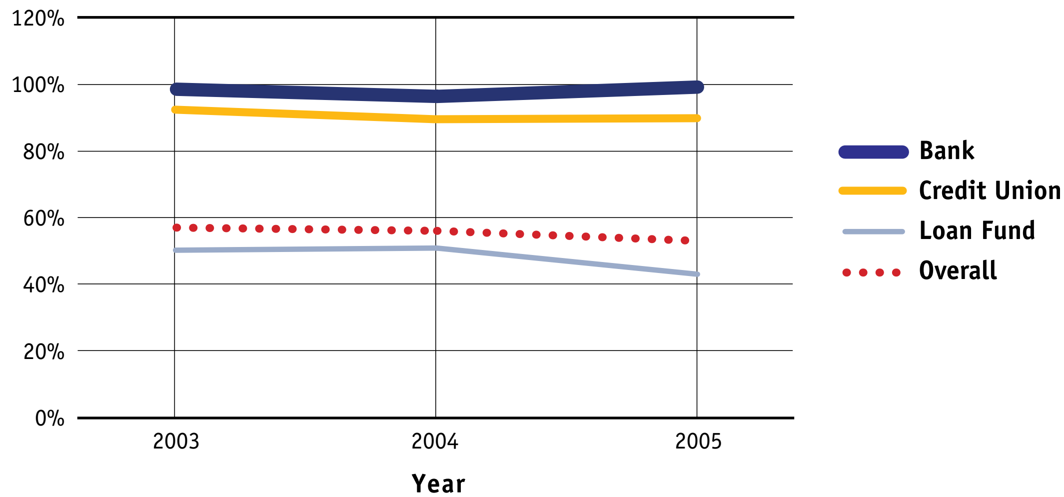


Table 4-1 and Figure 4-1 show earned income as a percent of total income for three types of CDFI, as well as the overall rate. The figure and table show that the depository CDFIs (banks and credit unions) generate most of their income from internal sources. The earned income of depository CDFIs is consistently 90% or more of total income. In contrast non-depository CDFIs (loan funds and venture capital funds) are more reliant on external sources. Earned income for those CDFIs is generally 50% to 60% of total income.

Table 4-2: Sources of Earned Revenue (Depository vs. Non-Depository)

	Depositories		Non-Depositories	
	Total $	%	Total $	%
Interest Income Earned on Portfolio	171,052,188	63.9%	377,255,911	48.1%
Fee Income from Lending Portfolio	40,538,425	15.2%	79,015,517	10.1%
Interest from Marketable Securities	41,576,500	15.5%	47,126,082	6.0%
Contract and Training Income	3,758,442	1.4%	124,739,483	15.9%
Other Earned Income	10,567,300	4.0%	155,723,178	19.9%
Total: All CDFIs	267,492,855	100.0%	783,860,171	100.0%

Figure 4-2: Sources of Earned Revenue (Depository vs. Non-Depository)

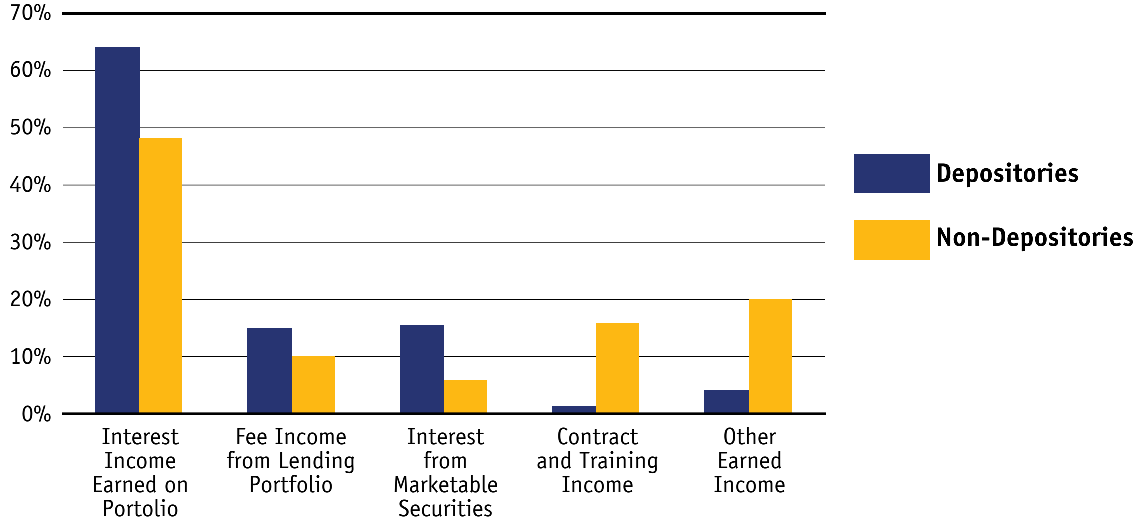


Table 4-2 and Figure 4-2 show the levels and distribution of earned income by type of such income. The table and figure show that in addition to the differences in earned income as a share of total income shown in Table 4.1 and Figure 4-1, depository and non-depository CDFIs have significant differences in source of earned income. Interest income earned on portfolio comprises the largest share of earned income for both depositories and non-depositories, but this share is larger for banks and credit unions (about 64%) than for loan funds and venture capital funds (48%). Non-depository CDFIs earn a larger share of income from contract and training and other sources (about 16% and 20% respectively) than do depository CDFIs.

4-2: Sources of Contributed Revenue[8]

As we have already seen, the majority of CDFIs are non-depository institutions (mostly loan funds), and these entities generate less than half of their revenues from interest payments and fees. Thus, most CDFIs are dependent upon other, contributed sources of revenue, to maintain their day to day operations. Table 4-3 shows the sources of contributed (or un-earned) revenue for all CDFIs from fiscal year 2003 to fiscal year 2005. Figure 4-3 also shows the distribution of total contributed revenue for the fiscal year 2003 to 2005 period at a slightly higher level of source aggregation.

Table 4-3: Sources of Contributed Revenue (All CDFIs)

	2003	2004	2005	Total	Percent
n =	223	236	173		
Corporation – CDFI Intermediaries	262,216	98,841	1,877,836	2,238,893	0.3
Corporation – Non-Depository Financial Institution	1,032,952	759,017	404,991	2,196,960	0.3
Corporation – Other	39,479,498	42,652,159	31,142,680	113,274,337	13.5
Sub-Total Private	40,774,666	43,510,017	33,425,507	117,710,190	14.0
Depository Institutions	8,360,270	13,288,415	7,985,750	29,634,435	3.5
CDFI Fund	12,727,838	12,459,662	17,376,900	42,564,400	5.1
Other Federal Sources	74,606,601	47,501,008	22,855,340	144,962,949	17.2
State or Local Govt.	22,798,237	30,896,786	18,200,203	71,895,226	8.5
Sub-Total Government	110,132,676	90,857,456	58,432,443	259,422,575	30.8
GSE	4,648,773	637,700	4,963,841	10,250,314	1.2
Individuals	3,044,464	2,341,738	1,609,858	6,996,060	0.8
Other	17,904,544	88,671,932	100,871,625	207,448,101	24.6
Philanthropy – Non-Religious Institution	61,830,441	73,735,721	71,770,497	207,336,659	24.6
Philanthropy – Religious Institution	1,878,905	314,977	1,071,983	3,265,865	0.4
Philanthropy	63,709,346	74,050,698	72,842,480	210,602,524	25.0
Total: All CDFIs	248,574,739	313,357,956	280,131,504	842,064,199	100.0

[8] Depository – Bank or other Regulated Financial Institution
- Corporate – Real Estate Developer or Investment Company or Utility
- CDFI Intermediary –a financial entity that meets CDFI Fund program eligibility requirements and whose primary business activity is the provision of financial products to CDFIs and/or emerging CDFIs
- Non-Depository Financial Institutions – Insurance Companies, Investment Banks, Pension or Venture Fund
- CDFI Fund – The CDFI Fund, Department of the Treasury
- Other Federal – any Federal agency other than the CDFI Fund
- GSE – Government Sponsored Entity
- Individuals
- Philanthropy – Foundations
- Religious Institution
- Other –any source not listed above

See CDFI ILR Instructions at http://www.cdfifund.gov/ciis/2006/FY2006CDFIILRinstructions020707.pdf

Figure 4-3: Sources of Operating Revenue, 2003-2005 (All CDFIs)

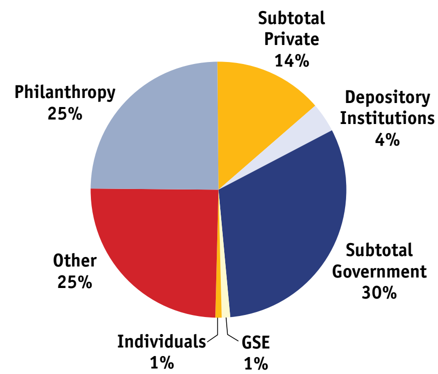


Figure 4-3 shows that CDFIs rely significantly upon resources from all levels of government and philanthropy to finance their day to day operations. Over these three years, government, especially federal sources, provided nearly a third of all contributed operating revenues with philanthropy providing one-fourth of these resources. Private sources, especially corporations, provided 14% of operating revenue.

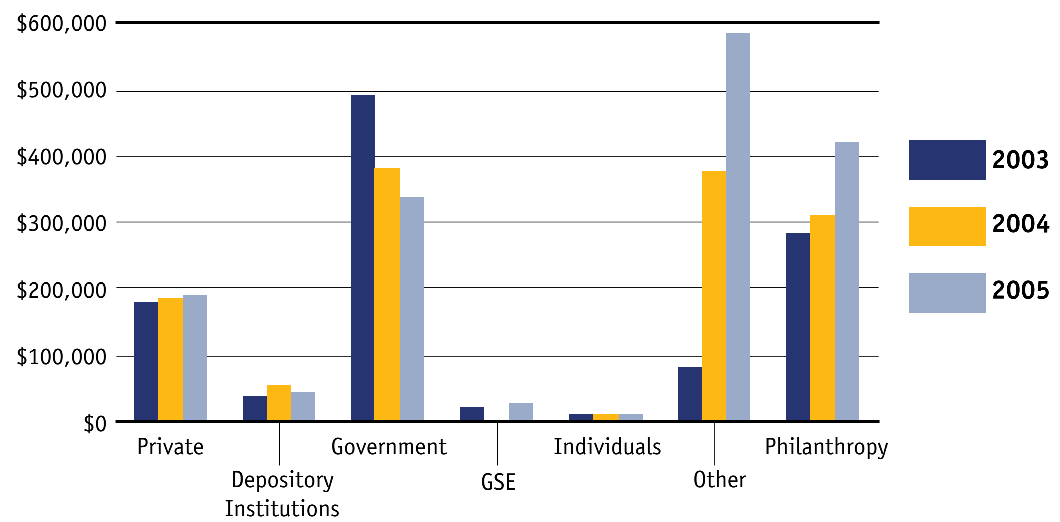
Table 4-4 and Figure 4-4 show the average dollar amounts of contributed revenue for fiscal years 2003, 2004, and 2005. Examining these average figures allows us to compare the sources of revenue across these three years. Four sources of contributed revenue remained relatively constant over the period, and three of those four provided relatively low levels of support. Private sources provided just under $200,000 per year per CDFI, depository institutions provided about $50,000 per year per CDFI, while individuals and GSEs provided less than $30,000 per year per CDFI.

The three other sources provided most of the dollars of contributed revenue, and they varied considerably over the three year period. Government sources provided nearly $500,000 per CDFI in fiscal year 2003, but this declined to about $340,000 by fiscal year 2005. In contrast, philanthropies contributed about $286,000 per CDFI in fiscal year 2003 and $421,000 in fiscal year 2005. Finally, other sources contributed only $80,000 per CDFI in fiscal year 2003, but grew to the largest source by fiscal year 2005 (almost $600,000).

Table 4-4: Average Dollar Amount of Contributed Revenue per CDFI

	2003	2004	2005
n =	223	236	173
Private	$182,846	$184,364	$193,211
Depository Institutions	$37,490	$56,307	$46,160
Government	$493,869	$384,989	$337,760
GSE	$20,847	$2,702	$28,693
Individuals	$13,652	$9,923	$9,306
Other	$80,289	$375,729	$583,073
Philanthropy	$285,692	$313,774	$421,055

Figure 4-4: Average Dollar Amount of Contributed Revenue per CDFI



Figures 4-5 and 4-6 show the distribution of contributed revenue for depository CDFIs (Figure 4-5) and non-depository CDFIs (Figure 4-6). Note that overall, the levels of contributed revenue for depository and non-depository CDFIs are significantly different. Depository CDFIs received about $12 million in contributed revenue for fiscal year 2003 to fiscal year 2005 period, while non-depository CDFIs received $830 million.

Figure 4-5 – Sources of Contributed Revenue, 2003-2005 (Depository CDFIs Only) (Total Contributed Revenue = $11.9 million)

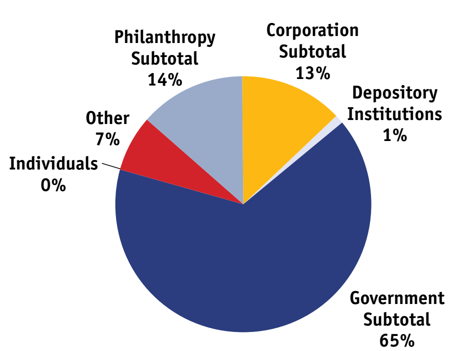
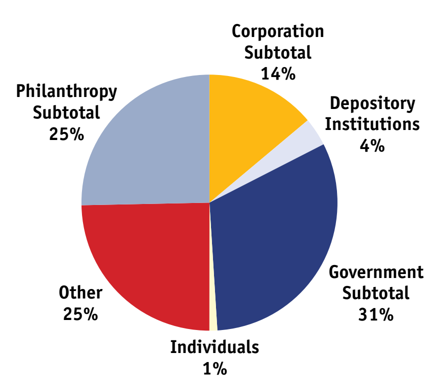


Figure 4-6: Sources of Contributed Revenue, 2003-2005 (Non-Depository CDFIs Only) (Total Contributed Revenue = $830.2 million)



These figures show the distributions of contributed revenue differ greatly between depository and non-depository CDFIs. Fully 65% of contributed revenue to depository CDFIs is obtained from government sources, while only 31% of contributed revenue to non-depository CDFIs is obtained from those sources. In contrast, philanthropies account for 25% of contributed revenue for non-depository CDFIs and only 14% for depository CDFIs. Corporations and individuals account for a small percent of contributed revenue for both types of CDFIs.

We can further explore the differences between depository and non-depository CDFIs by separating government sources of contributed revenue into its components. This disaggregation is shown in Figures 4-7 and 4-8. First note that the total contributed revenue received by non-depository CDFIs (about $252 million) is far greater than the amount received by depository CDFIs (about $8 million). Turning to the figures, we see that the CDFI Fund accounts for over 70% of the government-source contributed revenue received by depository CDFIs, contrasted with 14% of government-source revenue received by non-depository CDFIs. Non-depository CDFIs receive over half of their government-source revenue from federal sources other than the CDFI Fund. State and local sources account for a larger percentage of contributed revenue at non-depositories (27%) than depositories (9%), while government-sponsored entities account for generally small percentages at both types.

Figure 4-7: Sources of Contributed Government Revenue, 2003-2005 (Depository CDFIs Only)
(Total Contributed Revenue from Government Sources = $7.7 million)

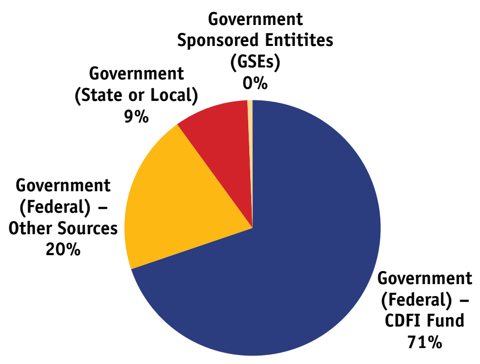


Figure 4-8: Sources of Contributed Government Revenue, 2003-2005 (Non-Depository CDFIs Only)
(Total Contributed Revenue from Government Sources = $251.8 million)

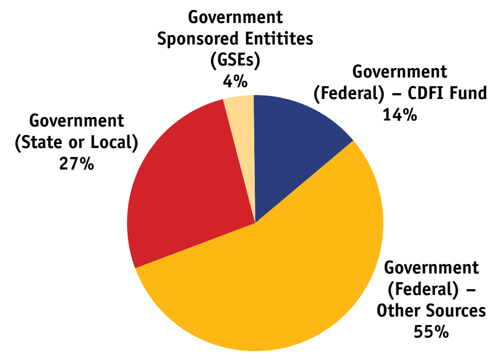


Table 4-5 shows the full distributions of contributed revenue by source for both depository and non-depository CDFIs, where contributed revenue has been totaled over the fiscal year 2003 to 2005 period.

Table 4-5: Sources of Contributed Revenue, 2003-2005 (Depository vs. Non-Depository CDFIs)

	Depositories		Non-Depositories	
Depositories (Bank or Credit Union)	**Total $**	**%**	**Total $**	**%**
Corporation – CDFI Intermediaries	1,502,984	12.7	735,909	0.1
Corporation – Non-Depository Financial Institution	17,077	0.1	2,179,883	0.3
Corporation – Other	19,233	0.2	113,255,104	13.6
Depository Institutions	160,309	1.3	29,474,126	3.6
Government (Federal) - CDFI Fund	5,381,293	45.3	37,183,107	4.5
Government (Federal) - Other Sources	1,562,398	13.2	143,400,551	17.3
Government (State or Local)	725,632	6.1	71,169,594	8.6
Government Sponsored Entities (GSEs)	39,740	0.3	10,210,574	1.2
Individuals	6,260	0.1	6,989,800	0.8
Other	847,729	7.1	206,600,372	24.9
Philanthropy – Non-Religious Institution	1,611,882	13.6	205,724,777	24.8
Philanthropy – Religious Institution	1,198	0.0	3,264,667	0.4
Total: All CDFIs	11,875,735	100.0	830,188,464	100.0

4-3: Sources of Contributed Revenue by Age and Size

Figure 4-9: Sources of Contributed Revenue by Age

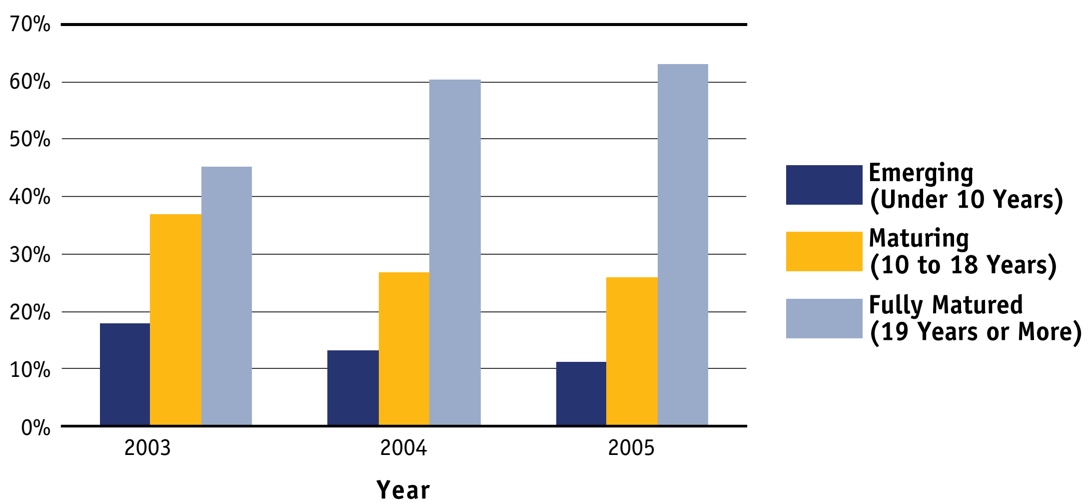
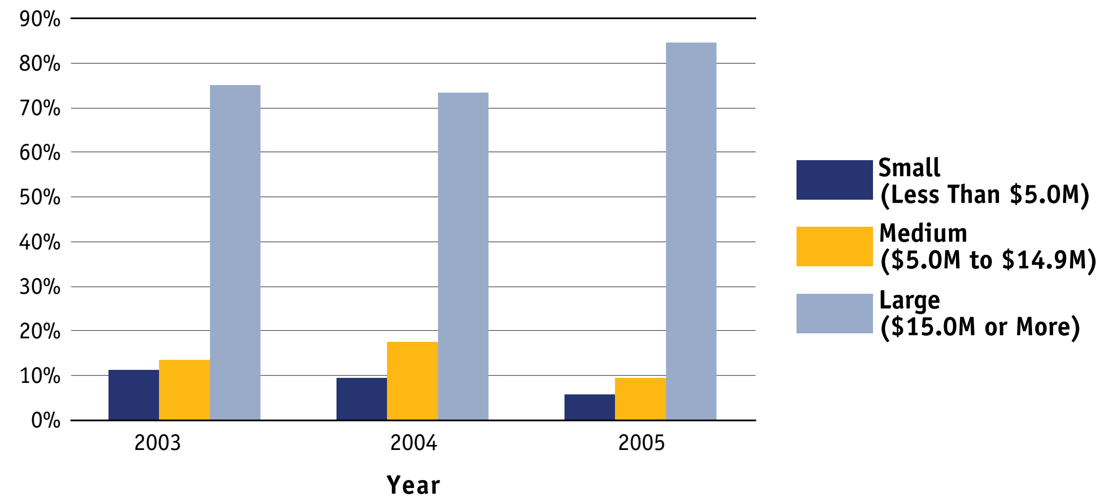


Figure 4-10: Sources of Contributed Revenue by Size



From Figures 4-9 and 4-10, it is clear that older and larger CDFIs receive significantly larger proportion of contributed revenue than younger and smaller CDFIs. Older CDFIs increased their contributed revenue from roughly 45% to over 60% between 2003 and 2005 while larger CDFIs went from 75% to 85% over the same period. This might be attributed to older and larger CDFIs receiving funds from a larger number of sources whereas younger and smaller CDFIs are more likely to obtain their contributed revenue from a single or limited number of sources.

4-4: Operating Revenue – Conclusions/Summary

Earned revenue is income CDFIs generate from their day to day business activities. Examples include interest income earned from portfolios, fee income from lending portfolios, interest on marketable securities, contract and training income, and other earned incomes. Banks and credit unions are and remain quite self-sufficient. They consistently generate well over 90% of the revenues necessary to sustain their daily operations. In contrast, non-depository CDFI loan funds earn less than 60% of the total revenues needed to fund operations.

Contributed revenue includes grants or in-kind donations from philanthropies, religious institutions, government agencies, private corporations, individuals, and others. Government, especially federal sources, provided nearly a third of all contributed operating revenues with philanthropy providing one-fourth of these resources. Private sources, especially corporations, provide 14% of operating revenues for CDFIs. Older and larger CDFIs receive significantly larger amounts of contributed revenue than younger and smaller CDFIs. Older CDFIs increased their contributed revenue from roughly 45% to over 60% between 2003 and 2005, while larger CDFIs went from 75% to 85% over the same period.

5. Loan and Equity Investments Originated

Table 5-1 shows that from fiscal year 2003 to fiscal year 2005, those CDFIs that reported to CIIS originated over $1 billion in loans and equity investments per year, for a total of $4.5 billion over the 3 year period. Loan funds originated the largest share of this activity (60%). Banks originated about 28% of new loans and equity investments, while credit unions and venture capital funds together originated about 10%. On average, each CDFI originated about $7.3 million in new investment each year

Table 5-1: Loan and Equity Investments Originated by Type of CDFI

	2003	2004	2005	All	Percent
n=	223	236	173		
Bank	$408,993,152	$413,521,756	$490,830,865	$1,313,345,773	28.6%
Credit Union	$168,140,418	$162,820,560	$94,051,135	$425,012,113	9.3%
Loan Fund	$1,095,843,508	$1,253,399,058	$457,919,367	$2,807,161,933	61.2%
Venture Fund	$15,063,021	$24,969,939	$1,007,500	$41,040,460	0.9%
Total: All CDFIs	$1,688,040,099	$1,854,711,313	$1,043,808,867	$4,586,560,279	100.0%
Average: All CDFIs	$7,569,687	$7,858,946	$6,033,577	$7,257,216	

Table 5-2: Average Dollar Amount of Loan and Equity Investments (n=86)

Year	2003	2004	2005
Bank	$60,132,288	$62,695,031	$66,036,904
Credit Union	$5,044,105	$4,234,596	$4,328,050
Loan Fund	$6,106,828	$6,370,293	$5,428,629
Venture Fund	$782,919	$897,947	$1,005,000
Total (n=86)	$9,715,282	$10,037,625	$9,503,296

Table 5-1 reports data for the entire group of reporting CDFIs. Table 5-2 reports the average loan and equity investments for the 86 CDFIs that reported every year, by type of CDFI. The table shows that, on average, banks generated the most activity, an average of over $60 million per bank per year. Loan funds and credit unions averaged about $6 million and $4.5 million respectively. Venture capital funds averaged just under $1 million per year.

5-1: Loan and Equity Investments by Purpose[9]

Table 5-3: Loan and Equity Investments by Purpose

Year	2003	2004	2005	Total	Percent
N =	223	236	173		
Business – Fixed Asset	$149,034,308	$114,359,785	$140,211,934	$403,606,027	8.8%
Business – Working Capital	$158,619,739	$192,967,013	$100,479,959	$452,066,711	9.9%
Sub-Total	$307,654,047	$307,326,798	$240,691,893	$855,672,738	18.7%
Home Improvement	$21,320,075	$22,075,068	$11,005,259	$54,400,402	1.2%
Home Purchase	$146,418,090	$176,807,937	$136,199,099	$459,425,126	10.0%
Sub-Total	$167,738,165	$198,883,005	$147,204,358	$513,825,528	11.2%
Real Estate Construct., Commercial	$86,665,597	$146,889,363	$90,743,208	$324,298,168	7.1%
Real Estate Rehab., Commercial	$44,370,953	$27,287,563	$34,250,908	$105,909,424	2.3%
Sub-Total	$131,036,550	$174,176,926	$124,994,116	$430,207,592	9.4%
Real Estate Construct., Multi-Family	$544,224,063	$145,722,160	$66,449,987	$756,396,210	16.5%
Real Estate Construct., Single Family	$88,011,885	$75,077,617	$70,503,003	$233,592,505	5.1%
Real Estate Rehab., Multi-Family	$104,583,223	$609,438,882	$92,029,245	$806,051,350	17.6%
Real Estate Rehab., Single Family	$69,835,881	$73,015,692	$63,800,587	$206,652,160	4.5%
Sub-Total	$806,655,052	$903,254,351	$292,782,822	$2,002,692,225	43.7%
E. Consumer	$116,160,602	$125,628,030	$94,170,090	$335,958,722	7.3%
F. Other	$158,795,683	$145,442,203	$143,965,588	$448,203,474	9.8%
Total: All CDFIs	$1,688,040,099	$1,854,711,313	$1,043,808,867	$4,586,560,279	100.0%

[9] Loan or investment purpose is:

- Business Fixed Asset – tangible property for business operations that is not expected to be consumed or converted to cash;
- Business Working Capital – ongoing operating expenses;
- Home Improvement – renovation or other improvement to an owner-occupied home;
- Home Purchase – purchase of a primary residence;
- Real Estate Construction Commercial – predevelopment financing, construction or permanent financing, or acquisition without rehabilitation;
- Real Estate Rehabilitation, Commercial – rehabilitate office, retail, manufacturing, or community facility space;
- Real Estate Construction, Multiple Family – predevelopment financing or construction of multi-family housing;
- Real Estate Construction, Single Family – predevelopment financing or construction of single family housing;
- Real Estate Rehabilitation, Multiple Family – rehabilitate or acquire multiple family housing;
- Real Estate Rehabilitation, Single Family – rehabilitate or acquire single family housing;
- Consumer – personal loan to one or more individuals for educational, health,emergency, credit repair or other consumer purpose;
- Other – any loan or investment that is explicitly included in the above list.

See CDFI ILR Instructions at http://www.cdfifund.gov/ciis/2006/FY2006CDFIILRinstructions020707.pdf

Table 5-3 and Figure 5-1 show that residential real estate lending comprised the largest share of new loans and investments for the fiscal year 2003 to fiscal year 2005 period. Specifically, loans for the construction or rehabilitation of residential real estate constitute the single largest share of new loans and investments at 43.7%, while mortgage lending adds an additional 11.2%. This is followed by business loans and investments which represent 18.7% of all new loans and investment over the trend period.

Figure 5-1: Loan and Equity Investments by Purpose

(Percent of Total Investments 2003-2005)

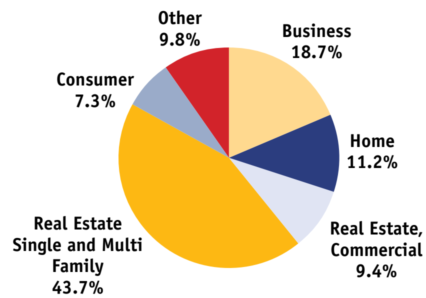


Table 5-4: Loan and Equity Investments by Purpose (Depository vs. Non-Depository)

Depository	2003	2004	2005	Total	Percent
A. Business	$163,081,427	$138,404,414	$172,806,373	$474,292,214	27.3%
B. Home	$85,185,751	$51,779,176	$26,328,961	$163,293,888	9.4%
C. Comm. Real Estate	$59,024,450	$150,956,862	$85,243,245	$295,224,557	17.0%
D. Resi. Real Estate	$83,024,347	$58,143,869	$112,960,148	$254,128,364	14.6%
E. Consumer	$114,909,663	$124,061,185	$94,032,873	$333,003,721	19.2%
F. Other	$71,907,932	$52,996,810	$93,510,400	$218,415,142	12.6%
Total: All CDFIs	$577,133,570	$576,342,316	$584,882,000	$1,738,357,886	100.0%

Non-Depository	2003	2004	2005	Total	Percent
A. Business	$144,572,620	$168,922,384	$67,885,520	$381,380,524	13.4%
B. Home	$82,552,414	$147,103,829	$120,875,397	$350,531,640	12.3%
C. Comm. Real Estate	$72,012,100	$23,220,064	$39,750,871	$134,983,035	4.7%
D. Resi. Real Estate	$723,630,705	$845,110,482	$179,822,674	$1,748,563,861	61.4%
E. Consumer	$1,250,939	$1,566,845	$137,217	$2,955,001	0.1%
F. Other	$86,887,751	$92,445,393	$50,455,188	$229,788,332	8.1%
Total: All CDFIs	$1,110,906,529	$1,278,368,997	$458,926,867	$2,848,202,393	100.0%

Figure 5-2: Loan and Equity Investments by Purpose (Depository vs. Non-Depository CDFI)

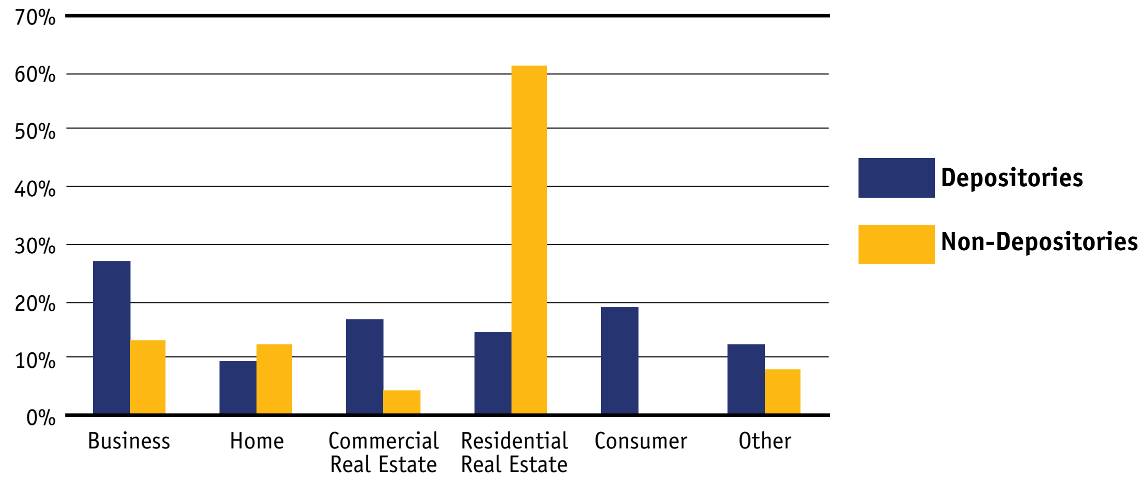
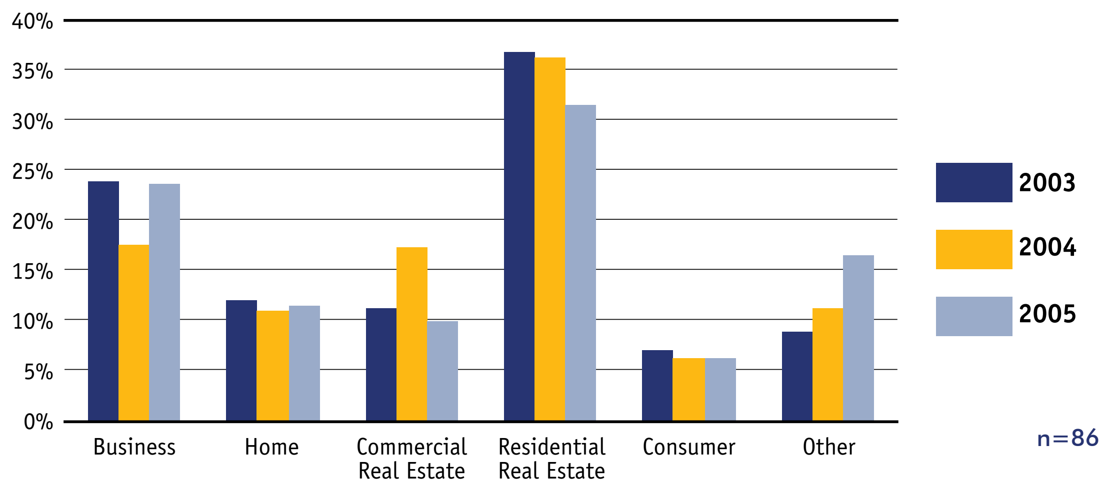


Table 5-4 and Figure 5-2 show the distribution of loans and equity investments by purpose for depository and non-depository CDFIs. They show that depository CDFIs have a generally even distribution of investments. Business loans and equity investments comprise about 27% of depository CDFI activity, while consumer loans are second at about 19%. Home mortgage lending comprise the smallest share at 9%. In contrast, the activity of non-depository CDFIs is highly concentrated in residential real estate investments. Over 60% of their new loans and equity investments are made for single- or multi-family construction or rehabilitation. Business loans and equity investments comprise the second largest share, at 13%.

Table 5-5: Loan and Equity Investments by Purpose (n=86)

	2003	2004	2005
Business Loans	23.9%	17.7%	23.7%
Home Mortgages	12.1%	11.0%	11.6%
Commercial Real Estate	11.2%	17.4%	9.9%
Resi. Real Estate	36.9%	36.3%	31.7%
Consumer Loans	7.0%	6.3%	6.4%
Other	8.9%	11.3%	16.7%
n=86	100.0%	100.0%	100.0%

Figure 5-3: Loan and Equity Investments by Purpose



To highlight the trend in loan and equity investments by purpose, Table 5-5 and Figure 5-3 limit the analysis to those 86 CDFIs that reported to CIIS in every year. The table and figure show that residential real estate investments comprised the largest share of investment in each year, but that the share declined slightly, from 37% to 32%. "Other" loans and investments rose from 9% to over 16%. The remaining categories were generally mixed. Home mortgage and consumer lending were unchanged at about 12% and 6.5%, respectively. Commercial real estate lending rose to 17% in fiscal year 2004, from 11% in fiscal year 2003 and back to 10% in fiscal year 2005.

5-2: Loan and Equity Investments by Age and Size

Table 5-6: Loan and Equity Investments by Age and Size

	2003		2004		2005	
Age	**Total**	**Percent**	**Total**	**Percent**	**Total**	**Percent**
A. Emerging (10 Years or Less)	$265,702,739	15.7%	$298,643,415	16.1%	$294,966,472	28.3%
B. Maturing (11 to 17 Years)	$317,041,748	18.8%	$252,669,813	13.6%	$47,215,839	4.5%
C. Fully Matured (18 Years or More)	$1,105,295,612	65.5%	$1,303,398,085	70.3%	$701,626,556	67.2%
Size	**Total**	**Percent**	**Total**	**Percent**	**Total**	**Percent**
A. Small (Less than $5.0M)	$89,712,990	5.3%	$68,721,532	3.7%	$40,191,216	3.9%
B. Medium ($5.0 to $14.9M)	$116,278,740	6.9%	$139,695,500	7.5%	$76,900,053	7.4%
C. Large ($15.0M or more)	$1,482,048,369	87.8%	$1,646,294,281	88.8%	$926,717,598	88.8%
Total: All CDFIs	$1,688,040,099		$1,854,711,313		$1,043,808,867	

Table 5-5 shows the distributions of loan and equity investments for fiscal year 2003 to fiscal year 2005 by age and size of CDFIs. As expected, the older and larger CDFIs have the highest levels of financing activity. Between 65% and 70% of the total amount of new financing is made by CDFIs with 18 or more years of experience. Over 85% of all new financing is made by CDFIs with assets of $15 million or more over the trend period.

Table 5-7: Loan and Equity Investments by Age and Purpose

	Emerging	Maturing	Fully Matured
Business	33.5%	21.3%	14.0%
Home	16.4%	19.5%	8.1%
Commercial Real Estate	16.6%	8.2%	7.6%
Residential Real Estate	16.5%	30.9%	53.7%
Consumer	6.3%	2.4%	8.6%
Other	10.6%	17.6%	8.0%
Total	100.0%	100.0%	100.0%

Figure 5-4: Loan and Equity Investments by Age and Purpose

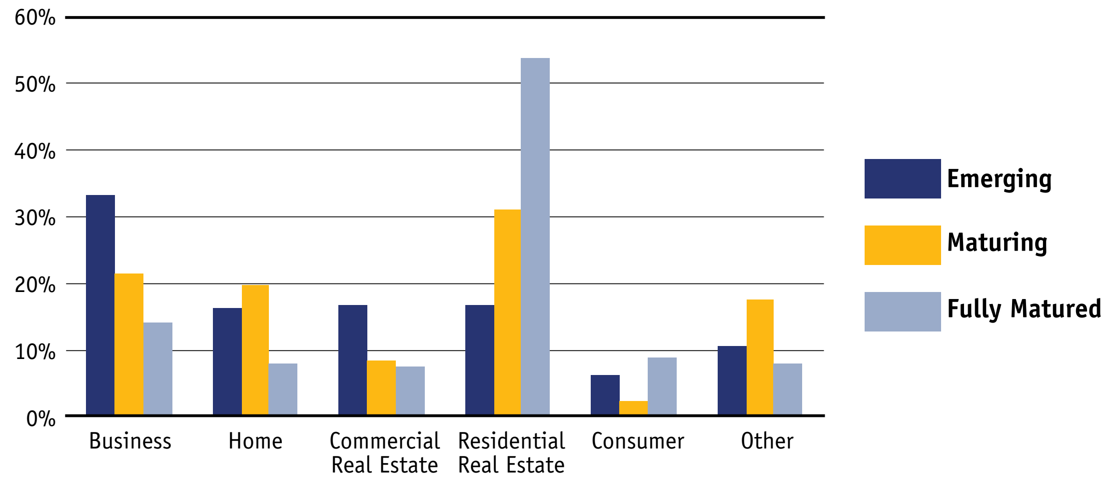


Table 5-6 and Figure 5-4 show a cross-tabulation of financing purpose by age of CDFIs. Residential real estate exhibits the strongest correlation with age. Just over 16% of the dollar value of new financing originated by emerging CDFIs is in residential real estate. In contrast, over half the dollar value of new financing generated by older CDFIs is for that purpose. Business investment exhibits the opposite correlation. Emerging CDFIs place about 33% of their new financing in businesses, while only 14% of new financing at older CDFIs goes to businesses. This analysis may indicate that older CDFIs have greater resources at their disposal to undertake large real estate financings while emerging CDFIs have not yet amassed the capital to make such large-scale loans or investments.

5-3: Loan and Equity Investments – Conclusion/Summary

On average, CDFIs reporting to CIIS originated over $1 billion in loans and equity investments over the fiscal year 2003 to fiscal year 2005 period. The average loan or investment by depository CDFI banks increased in this period from $54.4 thousand in fiscal 2003, to $70.3 thousand in 2004, and growing to $86.0 thousand in 2005. The average loan or investment for loan funds varies throughout this period from between $90.0 to $106.5 thousand.

Residential real estate investments comprise over 43% of all new investment during the period. Home purchase investments comprise an additional 11% while business investment adds another 19%. Depository institutions make new loans and investments that are concentrated in business and consumer activity (roughly 45%) while non-depository institutions concentrate investment in residential real estate (over 60%). Older and larger CDFIs have more investing power than younger and smaller CDFIs. Over the trend period, between 65% and 70% of the total amount of new investment is made by CDFIs with 19 or more years of experience and over 85% of all new investment is made by CDFIs with assets of $15 million or more.

6. Financial Strength of CDFIs

In this chapter, we look at several financial ratios to measure the overall health of the CDFIs reporting to CIIS.

6-1: Self-Sufficiency Rate

The self-sufficiency rate measures the extent to which an organization is covering its operating expenses through earned income rather than through grants or other contributions. A self-sufficiency rate of 100% indicates that a CDFI is earning sufficient income to cover expenses in a particular fiscal year. The self-sufficiency rate is defined as:

Self-sufficiency Rate = Total Earned Income/Total Expenses[10]

Table 6-1 shows the overall self-sufficiency ratios of all reporting CDFIs and of those CDFIs that reported every year for fiscal years 2003 to 2005.

Table 6-1: Overall Self-Sufficiency Ratio of CDFIs

Fiscal Year	n	Total Revenue	Total Expenses	Self-Sufficiency Rate
A. All CDFIs, All Years				
2003	223	$330,610,485	$559,234,478	59%
2004	236	$403,922,635	$584,031,706	69%
2005	173	$316,819,906	$493,371,511	64%
B. Only CDFIs Reporting Data in all Years, 2003-2005				
2003	86	$145,199,456	$311,857,256	47%
2004	86	$186,156,823	$317,572,386	59%
2005	86	$208,557,484	$338,516,751	62%

The table shows that as a whole, CDFIs are not fully self-sufficient. Their earned income does not support their operating expenses. Keeping in mind that the pool of reporting CDFIs varies in size and composition over time, the table shows that the self-sufficiency ratio averages about 65 percent. However, when we limit the analysis to just those CDFIs that reported every year, we see a distinct improvement in the self-sufficiency of CDFIs, from 47% to 62% between 2003 and 2005.

[10] Earned Income consists primarily of: interest income on portfolios, fee income earned from lending portfolio and retail financial services, interest earned on cash & marketable securities, and contract, training, and consulting income.

Table 6-2 shows self-sufficiency rates by institution type for fiscal year 2003 to fiscal year 2005. As expected, banks and credit unions are more than self-sufficient, while loan and venture capital funds have self-sufficiency ratios just over 50%.

Table 6-2: Self-Sufficiency Rate by Institution Type

	2003	2004	2005
Bank	112%	116%	115%
Credit Union	101%	102%	98%
Loan Fund	52%	63%	53%
Venture Capital Fund	51%	56%	49%

Table 6-3 shows self-sufficiency ratios by age and size of reporting CDFI for fiscal years 2003 through 2005.[11]

Table 6-3: Self-Sufficiency Rate by Age and Size

Sufficiency Rate by Age (All CDFIs)	2003	2004	2005
A. Emerging (10 Years or Less)	46%	58%	65%
B. Maturing (11 to 17 Years)	46%	57%	53%
C. Fully Matured (18 Years or More)	69%	77%	68%
Sufficiency Rate by Size (All CDFIs)	**2003**	**2004**	**2005**
A. Small (Less than $5.0M)	40%	48%	39%
B. Medium ($5.0 to $14.9M)	51%	48%	52%
C. Large ($15.0M or more)	62%	75%	68%

Turning first to the top panel, fully matured CDFIs show significantly higher self-sufficiency ratios than do emerging or maturing CDFIs in fiscal years 2003 and 2004. Emerging and maturing CDFIs have nearly identical ratios in both 2003 and 2004, although interestingly, the ratios for all three age groups are significantly higher in 2004 than in 2003. The picture changes somewhat in fiscal year 2005. The self-sufficiency ratio for emerging CDFIs continues its upward trend, reaching 65%, while the ratios for maturing and fully mature CDFIs drop to 53% and 68%, respectively.

Turning to the bottom panel, the patterns of self-sufficiency ratios across size of CDFIs are generally clear, while the patterns over time are less so. In all three years, the largest CDFIs have the highest self-sufficiency ratios, reaching 75% in 2004. The smallest CDFIs have the lowest self-sufficiency ratios. Small CDFIs in fiscal year 2005 have a ratio of 39%. The only aberration appears for the medium sized CDFIs in 2004. Their self-sufficiency ratio is identical to that for small CDFIs (48%), far lower than the large CDFIs.

[11] The CDFIs that reported total assets are not necessarily the same CDFIs that reported age, even though both fields are "required" fields under CIIS.

6-2: Deployment Ratio

The deployment ratio measures the extent to which a CDFI's capital under management is actually deployed in loan and equity investments. It would be expected that CDFIs would have a high proportion of resources available for lending and investment as fully utilized as possible, as only resources that are deployed into investments or loans can generate revenues for the CDFI as well as accomplish their community development mission. The deployment ratio is defined as:

Deployment Ratio = Total Loan and Investment Portfolio Outstanding/ Total Capital Under Management

Table 6-4: Deployment Ratio

Fiscal Year	N	Total Portfolio	Total Capital	Deployment Ratio
2003	211	$3,273,639,480	$4,188,321,263	78%
2004	233	$3,606,396,762	$3,491,828,197	103%
2005	171	$2,711,161,088	$2,570,276,174	105%

Table 6-4 shows the total portfolio, the total capital under management, and the ratio between those two measures for all reporting CDFIs for fiscal years 2003 to 2005. The table shows that the overall CDFI deployment ratio is relatively low in 2003 (about 78%) but then surpasses 100% in 2004 and 2005.

The increase in deployment ratio can also be seen when we look at the 86 CDFIs that provided data in all three years. This is shown in Table 6-5.

Table 6-5: Deployment Ratio (n=86)

Fiscal Year	n	Total Portfolio	Total Capital	Deployment Ratio
2003	84	$1,220,479,179	$1,820,261,729	67%
2004	85	$1,517,054,941	$1,560,022,662	97%
2005	85	$1,807,442,944	$1,763,580,515	102%

For these 86 CDFIs (not all of whom provided data on portfolio and capital), the deployment ratio rose from 67 percent to 102 percent.

Table 6-6: Deployment Ratio by Age

Deployment Ratio by Age (All CDFIs)	2003	2004	2005
A. Emerging (10 Years or Less)	64%	75%	102%
B. Maturing (11 to 17 Years)	73%	69%	99%
C. Fully Matured (18 Years or More)	82%	124%	110%
Deployment Ratio by Age (86 CDFIs)	**2003**	**2004**	**2005**
A. Emerging (Under 10 Years)	65%	98%	109%
B. Young (10 to 18 Years)	78%	71%	83%
C. Older (19 Years or More)	65%	109%	106%

Turning first to the top panel of Table 6-6, the table shows that deployment ratio is loosely correlated with age – older, fully mature CDFIs have generally higher deployment ratios than emerging and maturing CDFIs. The table also suggests a convergence over time. In fiscal year 2003, the deployment ratios for fully matured CDFIs were 18 percentage points higher than emerging CDFIs. In fiscal year 2004, the difference had risen to 50 percentage points, but by fiscal year 2005 the difference had fallen back to 8 percentage points.

The bottom panel of the table limits the analysis to the 86 CDFIs that supplied data in all three years. Here, the differences by age of CDFI are less pronounced. Emerging CDFIs have lower deployment ratios than both maturing and fully mature CDFIs. And in fiscal year 2005, emerging CDFIs have the highest deployment ratio. The trends over time, however, are somewhat clearer. Emerging CDFIs show a definite upward trend in deployment ratio and all three groups have higher deployment ratios at the end of the period than at the beginning.

Table 6-7 shows deployment ratios by size of CDFI.

Table 6-7: Deployment Ratio by Size of CDFI

Deployment Ratio by Size (All CDFIs)	2003	2004	2005
A. Small (Less than $5.0M)	65%	69%	79%
B. Medium ($5.0 to $14.9M)	67%	68%	86%
C. Large ($15.0M or more)	80%	111%	110%
Deployment Ratio by Size (86 CDFIs)	**2003**	**2004**	**2005**
A. Small (Less than $5.0M)	65%	68%	81%
B. Medium ($5.0 to $14.9M)	64%	67%	77%
C. Large ($15.0M or more)	67%	102%	106%

The top panel of the table shows that deployment ratio generally increases with the size of the CDFI. Although small- and medium-size CDFIs have generally similar deployment ratios, the largest CDFIs have ratios that are significantly higher. The bottom panel shows that this generally holds true when we limit the analysis to the 86 CDFIs that reported in all years. Although the deployment ratios in 2003 are essentially the same, large CDFIs have significantly higher ratios than small- and medium-size CDFIs in 2004 and 2005.

6-3: Portfolio At Risk

A CDFI's portfolio at risk is an important ratio that measures the proportion of loans that are 60 days (for credit unions) or 90 days (for all other types of CDFI) past-due and therefore at some risk of going into default. For all CDFIs except credit unions, the ratio is defined as:

Portfolio at Risk = Total Balance of Loans Outstanding with Payments 90 Days or More Past Due/Total Outstanding Loan Portfolio.

For credit unions, the ratio is defined as:

Portfolio at Risk = Total Balance of Loans Outstanding with Payments 60 Days or More Past Due/Total Outstanding Loan Portfolio.

Table 6-8 shows the overall portfolio at risk (PAR) for all CDFIs and the 86 that reported in every year, for fiscal years 2003 to 2005.

Table 6-8: Portfolio at Risk

Portfolio at Risk (All CDFIs)				
Fiscal Year	n	Balance Past Due ($)	Total Portfolio ($)	Risk Rate
2003	211	$83,828,164	$3,335,090,520	2.5%
2004	223	$101,405,405	$3,606,396,762	2.8%
2005	169	$27,855,743	$2,711,161,087	1.0%
Portfolio at Risk (86 CDFIs)				
Fiscal Year	n	Balance Past Due ($)	Total Portfolio ($)	Risk Rate
2003	81	$35,128,084	$1,247,185,179	2.8%
2004	84	$32,657,849	$1,517,054,941	2.2%
2005	85	$20,809,165	$1,807,442,944	1.2%

The table shows that portfolio at risk is generally between 2.0 and 3.0 percent of total portfolio, and the bottom panel shows a general downward trend among the 86 that reported in every year. For those CDFIs the PAR falls from 2.8% to 2.2% to 1.2%.

Table 6-9: Portfolio at Risk by Type of Financial Institution

2003	Bank	Credit Union	Loan Fund	Venture Capital Fund
Balance	6,356,000	4,514,635	71,063,436	1,894,093
Portfolio	487,694,665	222,725,239	2,562,001,368	62,669,248
Risk Rate	1.3%	2.0%	2.8%	3.0%
2004	**Bank**	**Credit Union**	**Loan Fund**	**Venture Capital Fund**
Balance	3,110,000	5,161,791	90,550,567	2,583,047
Portfolio	499,174,000	287,050,559	2,758,400,371	61,771,832
Risk Rate	0.6%	1.8%	3.3%	4.2%
2005	**Bank**	**Credit Union**	**Loan Fund**	**Venture Capital Fund**
Balance	7,342,000	4,072,053	16,441,690	0
Portfolio	705,843,000	337,796,977	1,643,031,950	24,489,160
Risk Rate	1.0%	1.2%	1.0%	0.0%

Table 6-9 shows that portfolio at risk varies somewhat by type of financial institution. Banks generally have the lowest PAR; loan funds and venture capital funds are slightly higher.[12] Portfolio at risk generally trends downward for each type of financial institution.

Table 6-10: Portfolio at Risk by Age and Size

Portfolio at Risk by Age (All CDFIs)	2003	2004	2005
A. Emerging (10 Years or Less)	2.3%	1.7%	0.5%
B. Maturing (11 to 17 Years)	3.2%	3.5%	0.8%
C. Fully Matured (18 Years or More)	2.4%	2.9%	1.3%
Portfolio at Risk by Size (All CDFIs)	**2003**	**2004**	**2005**
A. Small (Less than $5.0M)	5.6%	3.7%	2.2%
B. Medium ($5.0 to $14.9M)	4.0%	3.6%	1.6%
C. Large ($15.0M or more)	2.3%	2.7%	0.9%

Table 6-10 shows portfolio at risk by age and size of CDFI for fiscal years 2003 to 2005. Turning to the top panel, we see few clear trends in PAR. Turning to the bottom panel, we see that lower PARs do correspond to larger CDFIs. Small CDFIs have a PAR of over 5% in 2003, falling to about 2 percent in 2005. The largest CDFIs have PARs of 2% and 3% in 2003 and 2004, but only about 1% in 2005.

[12] The 0% PAR for venture capital funds in fiscal year 2005 is most likely a function of the relatively low number of reporting funds.

6-4: Loan Loss Reserve Ratio

The loan loss reserve ratio measures the amount of assets kept in reserve by a CDFI to cover loan losses. It is expressed as a proportion of the total loan portfolio outstanding and is defined as:

Loan Loss Reserve Ratio = Loan Loss Reserve/Total Outstanding Loan Portfolio

Table 6-11: Loan Loss Reserve Ratio by Institution Type (All CDFIs)

2003	Bank	Credit Union	Loan Fund	Venture Capital Fund	All CDFIs
Reserve	9,045,000	2,639,374	130,010,004	6,043,312	151,631,330
Portfolio	487,694,665	222,725,239	2,562,001,368	62,669,248	3,372,972,252
Ratio	1.9%	1.2%	5.1%	9.6%	4.4%
2004	**Bank**	**Credit Union**	**Loan Fund**	**Venture Capital Fund**	**All CDFIs**
Reserve	10,961,000	2,697,741	173,370,585	6,833,563	193,862,889
Portfolio	499,174,000	287,050,559	2,758,400,371	61,771,832	3,606,396,762
Ratio	2.2%	0.9%	6.3%	11.1%	5.4%
2005	**Bank**	**Credit Union**	**Loan Fund**	**Venture Capital Fund**	**All CDFIs**
Reserve	11,661,000	3,103,590	106,610,965	1,006,946	122,382,501
Portfolio	705,843,000	337,796,977	1,643,031,950	24,489,160	2,711,161,088
Ratio	1.7%	0.9%	6.5%	4.1%	4.5%

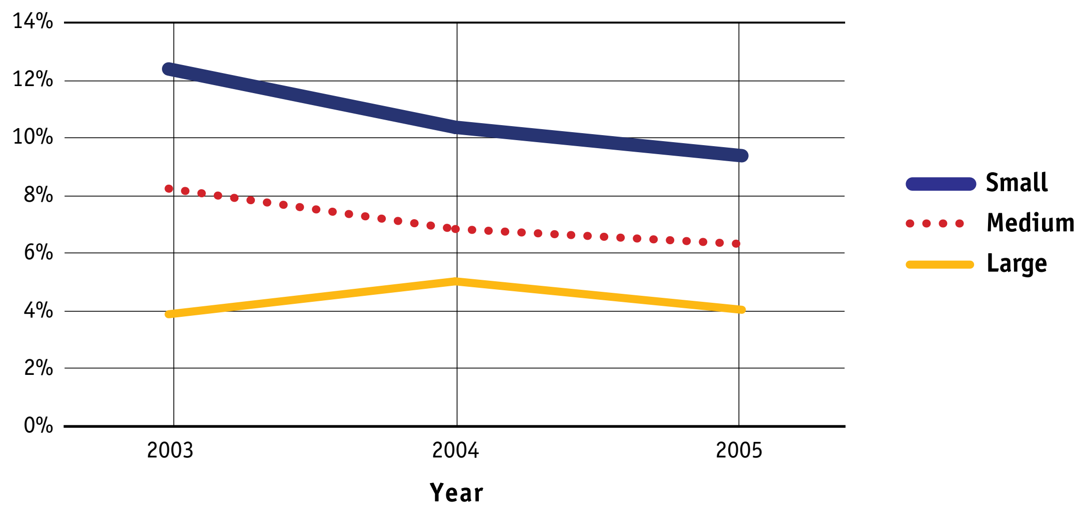
Table 6-11 shows total reserves, total portfolio and the loan loss reserve ratio. Venture capital funds have a significantly higher percent of reserves than the other types of CDFIs while credit unions have a lower percent, which is to be expected as a result of their different business strategies. As regulated depository institutions, banks seem to behave much like credit unions, while unregulated loan funds behave like venture capital funds. Loan loss reserve ratios are generally stable over time. Venture capital funds show a drop in the ratio from fiscal year 2004 to fiscal year 2005, but this is most likely due to the characteristics of the reporting institutions rather than an underlying trend in venture capital CDFIs broadly.

Table 6-12: Loan Loss Reserve Ratio by Age and Size

Loan Loss Reserve Ratio by Age (All CDFIs)	2003	2004	2005
A. Emerging (10 Years or Less)	8.2%	5.0%	4.7%
B. Maturing (11 to 17 Years)	8.1%	7.3%	6.0%
C. Fully Matured (18 Years. or More)	3.0%	5.1%	4.0%
Loan Loss Reserve Ratio by Size (All CDFIs)	**2003**	**2004**	**2005**
A. Small (Less than $5.0M)	12.4%	10.3%	9.4%
B. Medium ($5.0 to $14.9M)	8.0%	6.7%	6.3%
C. Large ($15.0M or more)	3.8%	5.0%	4.1%

Table 6-12 shows loan loss reserve ratios by age and size of CDFIs. The patterns by age are relatively weak. Fully mature, older CDFIs tend to have lower loan loss reserve ratios than do emerging and maturing CDFIs, but in fiscal year 2004, fully mature and emerging CDFIs had essentially equal ratios. The relationship was strongest in fiscal year 2003 when emerging and young CDFIs had ratios of over 8%, while older CDFIs had a ratio of about 3%. The patterns by size are much clearer. The largest CDFIs have the lowest loan loss reserve ratios. This may indicate that, as CDFIs grow, their portfolios become more stable and thus they can keep a smaller percent of assets in reserve to cover losses. Figure 6-1 also shows the loan loss reserve ratio by size of CDFIs.

Figure 6-1: Loan Loss Ratio by Size of CDFI



6-5: Net Asset Ratio

The Net Asset Ratio provides a measure of the current financial strength of the CDFI. It is defined as:

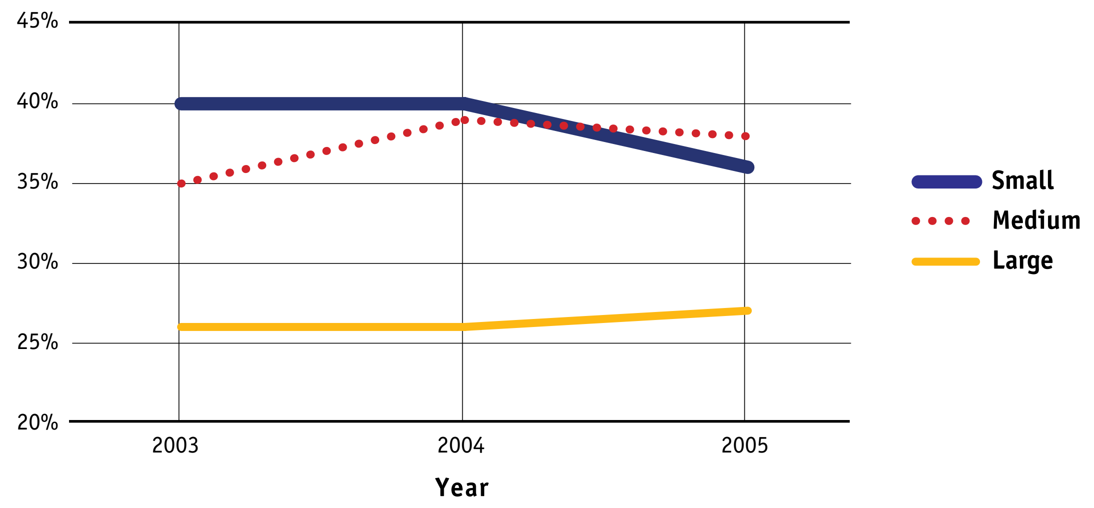
Net Asset Ratio = Net Assets/Total Assets,
where net assets = total assets minus total liabilities.

Table 6-13: Net Asset Ratio by Age (Depository vs. Non-Depository)

Net Asset Ratio by Age - Depository (All CDFIs)	2003	2004	2005
A. Emerging (10 Years or Less)	11%	10%	11%
B. Maturing (11 to 17 Years)	11%	8%	14%
C. Fully Matured (18 Years or More)	15%	10%	9%
Net Asset Ratio by Age - Non Depository (All CDFIs)	**2003**	**2004**	**2005**
A. Emerging (10 Years or Less)	42%	40%	40%
B. Maturing (11 to 17 Years)	49%	51%	51%
C. Fully Matured (18 Years or More)	24%	27%	37%

Table 6-13 shows the net asset ratio of depository and non-depository CDFIs, by age, for fiscal years 2003 through 2005. The patterns by age and over time are not particularly strong, but non-depository CDFIs have higher net asset ratios than do depository CDFIs in all years and for all ages. A simple average of the table entries shows that depository CDFIs have a net asset ratio of about 11% while non-depository CDFIs have a net asset ratio of about 40%. Non-depositories rely more on equity for their capital sources than do non-depositories. Since the net asset ratio is essentially assets from equity divided by total assets, those institutions that rely on heavily on equity will have a higher net asset ratio.[13]

Figure 6-2: Net Asset Ratio by Size of CDFI



[13] Note however that the regulations governing depositories, which require certain loan, deposit, and capital requirements, partially drive this result.

Figure 6-2 shows the trends in net asset ratio by size of CDFI. The trends over time showed that small- and medium-sized CDFIs have net asset ratios between 35% and 40% in each year, while large CDFIs have net asset ratios just over 25%. The larger CDFIs tend to be regulated depository institutions and rely less on equity financing than do smaller loan and venture capital funds.

6-6: Loan Loss Ratio

The loan loss ratio serves as an indicator of how well a financial institution is able to manage the risk in any financial transaction with a customer. The loan loss ratio indicates the amount of financing activity that has been charged off as a loss. It is important to note that CDFIs vary widely in their policies concerning loan write-offs. Some CDFIs may label a loan as unrecoverable once it is 90 days past due, while others might wait 120 days or longer. The loan loss ratio is defined as:

Loan Loss Ratio = Net Amount Charged Off/Total Loans Outstanding

Table 6-14 shows the loan ratios of all CDFIs from fiscal year 2003 through fiscal year 2005.

Table 6-14: Loan Loss Ratio of All CDFIs

Fiscal Year	N	Net Amount Charged Off	Total Portfolio Outstanding	Ratio
2003	211	$21,359,960	$3,335,090,520	0.6%
2004	223	$20,642,205	$3,606,396,762	0.6%
2005	169	$6,799,247	$2,711,161,088	0.3%

The table shows that loan loss ratios are quite low, less than 1%. Furthermore, they are generally falling, from about 0.6% to 0.3%. Although exact comparisons are not available, these ratios compare favorably with delinquency and foreclosure rates published by Fannie Mae and Freddie Mac. Fannie Mae reports a "Serious Delinquency Rate" on conventional single family homes of 0.79% as of December 31, 2005 and a foreclosure rate of 0.2% for the year ended December 31, 2005.[14] Similarly, Freddie Mac reports a delinquency rate of 0.69% as of December 31, 2005.[15]

Table 6-15 shows Loan Loss Ratios by age and size of CDFI, from 2003 through 2005.

[14]Federal National Mortgage Association, Form 10-K for the Fiscal Year Ended December 31, 2006, Table 37, Page 131 and Table 39, Page 133.

[15]Federal Home Loan Mortgage Corporation, Annual Report to Shareholders for 2006, Table 42, Page 75.Table 6-15 shows Loan Loss Ratios by age and size of CDFI, from 2003 through 2005.

Table 6-15: Loan Loss Ratios by Age and Size

Loan Loss Ratio by Age (All CDFIs)	2003	2004	2005
A. Emerging (10 Years or Less)	0.9%	0.8%	0.2%
B. Maturing (11 to 17 Years)	1.7%	1.5%	0.3%
C. Fully Matured (18 Years or More)	0.3%	0.4%	0.3%
Loan Loss Ratio by Size (All CDFIs)	**2003**	**2004**	**2005**
A. Small (Less than $5.0M)	2.5%	1.8%	1.3%
B. Medium ($5.0 to $14.9M)	1.4%	2.0%	0.5%
C. Large ($15.0M or more)	0.5%	0.4%	0.2%

The top panel shows that, in general, fully mature CDFIs have lower Loan Loss Ratios than do emerging and maturing CDFIs. Interestingly, maturing CDFIs have lower ratios than do emerging CDFIs. Similarly, the bottom panel of Table 6-15 shows that larger CDFIs have much lower Loan Loss Ratios than do small- and medium-sized CDFIs. Larger CDFIs may simply be better at either originating loans that will have fewer problems or at working with borrowers than their smaller counterparts.

The trend in Loan Loss Ratio is downward for all three size groups. Large CDFIs cut their loan loss ratio to 0.2% from 0.5%, while small CDFIs trimmed their loan loss ratio to 1.3% from 2.5%. However, the most dramatic changes occurred for medium-sized CDFIs. After rising to 2.0% from 1.4%, the loan loss ratio for this group dropped 75% to 0.5%.

6-7: Financial Strengths – Conclusions/Summary

Overall, the six ratios analyzed in this chapter suggest that CDFIs are in generally good financial health. The self-sufficiency ratios are less than one, indicating that CDFIs rely on unearned sources of income such as grants and charitable donations to cover expenses, but they are slowly rising. Deployment ratios are also rising, depending on the size and age of the CDFI. The percent of portfolio at risk is low, generally less than 3%, and falling. Loan loss ratios, indicating the percent of portfolio written off during the year, are also low, generally less than 1%, and declining. These two ratios are strong indicators of CDFI financial health. Finally, loan loss reserve ratios and net asset ratios vary with the CDFI's institution type.

7 Benefits to the Community

CDFIs provide many benefits to the communities they serve. Real estate investments help expand the supply of housing, especially affordable housing. Business investments (micro and small business loans) help establish and expand businesses in low and moderate income communities. Mortgages to individuals help support home ownership among a population that may not have access to traditional mortgage finance sources.

Other important benefits CDFIs bring to their communities include:

- Training and counseling for businesses and individuals.
- Counseling for families buying their first home.
- Basic savings and checking accounts to individuals who have not been served by banks, credit unions, and mainstream financial institutions. These include Individual Development Accounts, ATMs and check cashing and alternatives to pay day loans.
- Financing of community facilities such as schools and child care centers.

The jobs CDFIs help create and maintain are among the most important benefits these institutions bring to their communities. Small businesses are a primary source of employment in the United States and small businesses funded by CDFIs, both rural and urban, serve the same purpose. CDFIs make loans to a diverse assortment of businesses. From 2003 through 2005, CDFIs provided loans valued at $469.2 million to over 8000 businesses, an average of about $58,000 per business loan.

Table 7-1 shows the wide variety of businesses supported by CDFI loans. The leading types of businesses to which CDFIs made loans were: full service restaurants (3.6% of loans), hotels and motels offering lodging (3.1%), food manufacturing (2.3%) and limited service restaurants (2.0%). Several business loan categories represent activity in clearly rural locations, postharvest crop activities (1.7%), and logging (1%). It is also worth noting that supermarkets, which represent an especially important asset to any community but are frequently absent from low-income neighborhoods, are also frequent beneficiaries of CDFI investment and lending.

Table 7-1: Business Lending by CDFIs (2003-2005)

NAICS Code	NAICS Title	N	Percent
722110	Full-Service Restaurants	47	3.6
721110	Hotels and Motels	41	3.1
311513	Food Manufacturing	30	2.3
722211	Limited-Service Restaurants	27	2.0
324191	Petroleum Manufacturing	23	1.7
115114	Postharvest Crop Activities	22	1.7
624410	Child Day Care Services	20	1.5
812112	Beauty Salons	19	1.4
238990	Specialty Trade Contractors	18	1.4
332710	Machine Shops	17	1.3
445120	Convenience Stores	17	1.3
445110	Supermarkets and Grocery Stores	16	1.2
236118	Residential Remodelers	14	1.1
713990	Amusement and Recreation	14	1.1
113310	Logging	13	1.0
453220	Gift and Souvenir Stores	13	1.0
541512	Computer Systems Services	13	1.0
811111	Automotive Repair	13	1.0
325188	Chemical Manufacturing	12	0.9
722213	Snack and Beverages	12	0.9
236115	New Single-Family Housing Construction	11	0.8
111333	Strawberry Farming	10	0.8
484110	General Freight Trucking	10	0.8
561720	Janitorial Services	10	0.8

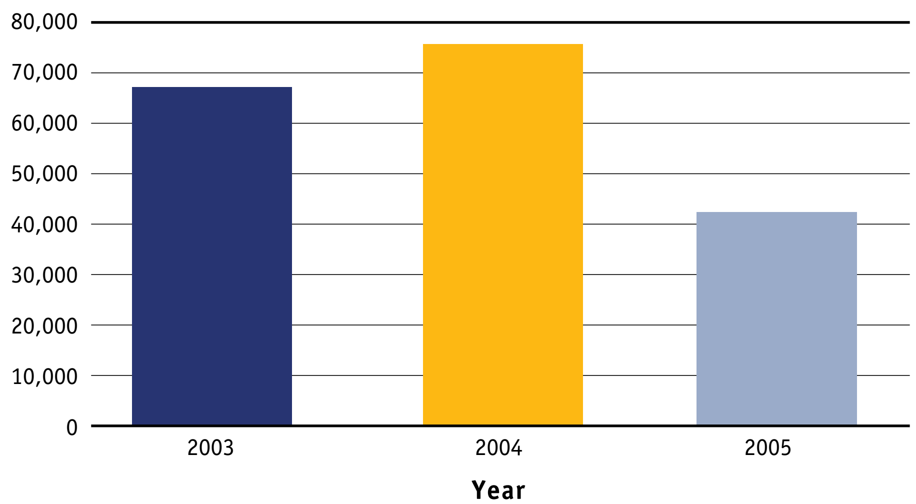
7-1: Category of Benefits

Table 7-2 summarizes some of the basic benefits CDFIs have provided to their communities over the trend period.

Table 7-2: Employment and Other Community Benefits Reported by CDFIs

	Number of CDFIs	Jobs Created and Maintained	Housing Financed	Affordable Housing Financed	First Time Homebuyers
2003	223	67,244	39,769	34,611	5,353
2004	236	75,789	35,155	31,671	4,964
2005	173	42,483	16,165	14,906	2,085
Total		185,516	91,089	81,188	12,402

Figure 7-1: Total Number of Jobs Created and Maintained



n= 223 (2003), 236 (2004), 173 (2005)

Jobs are one of the most important benefits CDFIs or any community development institution or financial institution can bring to the communities they serve. Although they are very small financial institutions, the CDFIs analyzed here report over 185,000 jobs created and maintained, an average of about 62,000 per year for fiscal year 2003 to fiscal year 2005. There is a wide variance across years (ranging between 67,000 in 2003 to 42,000 in 2005), but this is caused in part by different cohorts of CDFIs reporting into CIIS each year.[16] For example, the number of reporting CDFIs declined over 22% from fiscal year 2003 to fiscal year 2005. Additionally, the mix of types—banks, credit unions, loan, and venture funds—as well as the size of CDFIs varies from year to year. As this mix changes, so does the number of jobs reported. CDFIs provide financing for residential development and mortgage loans CDFIs financed over 90,000 housing units during these three years, over 80,000 units of which were classified as affordable housing. During this same period, CDFIs provided financing and counseling to over 12,000 first time home purchasers.

[16] Note that limiting the analysis to the 86 CDFIs that reported to CIIS in each year would be of limited help in identiing trends. Even among those 86, different CDFIs supplied information on community benefits in each year.

7-2: Training and Counseling Services

CDFIs provide valuable training and counseling services to the low and moderate income communities they serve. CDFIs are required to provide such "development services" to become certified by the Fund. CDFIs provide a range of types of development services. These services include technical assistance, training, and financial counseling to potential and actual borrowers and customers of the array of financial services offered by CDFIs. These services reach many borrowers and households in the communities served by CDFIs. Indeed, for all years of data analyzed in this report, CDFIs reported providing these development and counseling services to over 100,000 persons per year.

Figure 7-2 shows the distribution of services to clients by type of service. For example, over 40% of CDFI clients received affordable housing technical assistance and training, while 26% received consumer development services and counseling. An additional 15% of clients received economic development services. Table 7-3 shows the total number of clients and clients per CDFI receiving each type of development service for fiscal year 2003 to fiscal year 2005. On a per-CDFI basis, for all types of service (except "Other"), CDFIs aided more clients in fiscal year 2005 than in fiscal year 2003.

Figure 7-2: Development Services Clients by Type of Service (Cumulative)

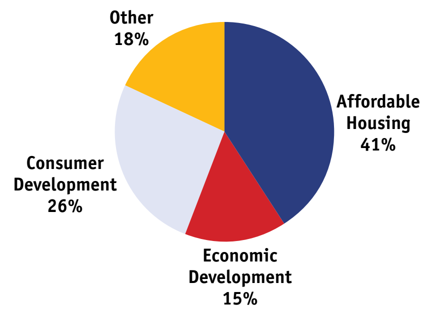


Figure 7-3 represents graphically the number of clients per CDFI for each type of service. It shows that while the number of clients per CDFI receiving economic development services remained essentially constant, the number per CDFI receiving housing counseling increased 71%, from 472 to 807. The number per CDFI receiving consumer development services dropped from 639 to 252 then rebounded to 869.

Table 7-3: Number of Clients Receiving Development Services from CDFIs

	2003		2004		2005	
	Total Clients	Clients/CDFI	Total Clients	Clients/CDFI	Total Clients	Clients/CDFI
Affordable Housing	55,211	472	55,576	545	66,186	807
Economic Development	26,418	189	22,074	189	18,133	216
Consumer Development	59,469	639	18,638	252	36,504	869
Other	51,199	985	9,247	220	15,776	451
Total	192,297		105,535		136,599	

Figure 7-3: Clients Receiving Development Services per CDFI

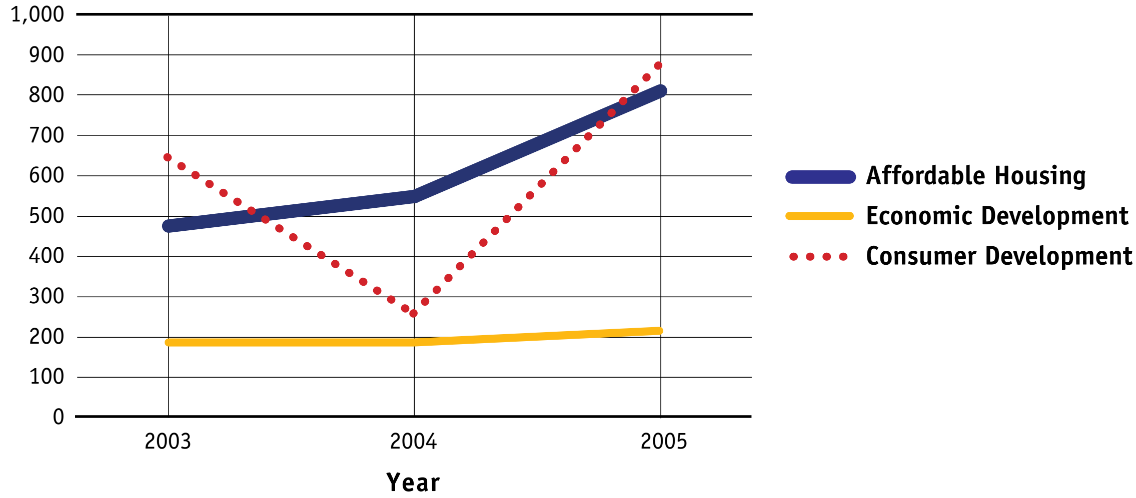
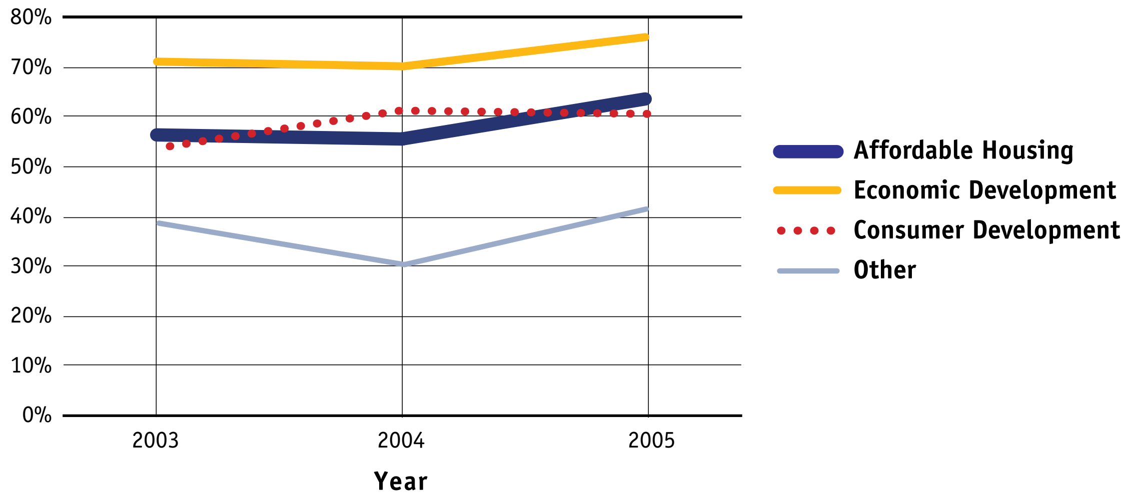


Table 7-4 examines service provision at the CDFI level. The table shows that CDFIs provide at least one kind of development service. In fiscal year 2003, about 56% of CDFIs provided affordable housing counseling, about 71% provided economic development services and about 54% provided consumer development services. By fiscal year 2005, each type of service was offered by a larger percentage of CDFIs. Sixty-three percent of CDFIs were offering affordable housing services, over 75% were offering economic development services, and 61% were offering consumer development services. Figure 7-4 shows this information graphically.

Table 7-4: CDFIs Offering Development Service by Type

	2003	2004	2005
Economic Development	71.30%	70.34%	75.72%
Affordable Housing	56.05%	55.08%	63.01%
Consumer Development	54.26%	61.86%	61.27%
Other	38.57%	30.08%	41.62%

Figure 7-4: Percent of CDFIs Offering Different Development Services



7-3: Statistical Analysis – Relationship between Age/Size to Benefits

In this section the Fund examines the relationship, if any, that exists between the size of CDFIs, or the length of time CDFIs have been involved in financing, and the types and levels of benefits CDFIs bring to the communities they serve. Examining this relationship enables the Fund to ask, for instance, whether more experienced CDFIs with larger assets performed better at job creation in low and moderate communities than CDFIs with lower assets and/or a shorter operating track record? Similarly, do a sufficient number of larger CDFIs with many years financing experience provide numerous mortgages, especially affordable housing mortgages, that we can see a significant relationship between the age and size of CDFI and these community benefits?

Because different groups of CDFIs provide data through CIIS each year and only a modest number of CDFIs report community benefits, it is difficult to pose questions using only a single year of CIIS data. Accordingly, the Fund includes community benefit data submitted by CDFIs for any year of the three years (either fiscal years 2003, 2004, or 2005) for which there is data. For any one CDFI, only one data point from one of the three years was included for this analysis. Furthermore, if a CDFI reported community benefits data for more than one year, the lowest figure of the two or three years of data was accepted. Missing values were ignored. For example, if a CDFI reported in fiscal year 2003 that 250 jobs were created or maintained by businesses in their portfolio, provided no data in fiscal year 2004, and a jobs figure of 1250 in fiscal year 2005, then this analysis uses 250 as the estimate of jobs created.

Table 7-5: Relationship Between Size of CDFI and Job Creation

	Asset Category			Total (Column %)
	Small (Less than $5.0M)	Medium ($5.0 to $14.9M)	Large ($15.0M or more)	
Less than 15 Jobs Created	30	4	5	39
Row Percentage	45.45	13.79	20.83	32.77
15 to 70 Jobs Created	25	13	4	42
Row Percentage	37.88	44.83	16.67	35.29
More than 70 Jobs Created	11	12	15	38
Row Percentage	16.67	41.38	62.50	31.93
Total	66	29	24	119
Row Percentage	55.46	24.37	20.17	100.00

Chi-square $p < .001$
Cramer's $V = .313$

Table 7-5 shows the results of a cross tabulation between the size of CDFIs providing data (by total assets) and the number of jobs reported created or maintained in our data. The top number in each cell is the count of observations meeting the cell's criteria. For example, 30 CDFIs report assets of less than $5 million and less than 15 jobs created. The second entry in the cell is the cell percentage. Continuing the example, the 30 observations in the upper left cell represent 25% of all CDFIs in the table. The third entry in each cell is the row percent, i.e., the percent of the total observations in the row that the observations in the cell comprise. Again, the 30 observations in the upper left cell comprise about 77% of the observations in the row. The final number in each cell is the column percent. The 30 observations in the upper left cell comprise about 45% of the observations in the first column.

The table shows a moderate but significant relationship between the asset size of CDFIs and the jobs created by businesses in the portfolios of those CDFIs. Small CDFIs are very likely to have made only a few business loans while larger CDFIs usually have many such loans in their portfolio and are hence supporting businesses that are creating jobs. Nonetheless, it is striking that many small CDFIs are in fact having notable success in providing loans to businesses that are maintaining and creating relatively high levels of employment. About 17% of CDFIs with total assets under $5.0 million reported creating 70 FTEs per CDFI (the highest category in the cross tabulation table). The basic conclusion to derive from this table is not simply that larger CDFIs have a somewhat better history in creating employment but that most CDFIs have a successful record creating jobs.

In Table 7-6, we examine the relationship between the age of a CDFI and its ability to facilitate employment growth. Like Table 7-5, Table 7-6 presents a cross tabulation between groupings of CDFIs by age and the job creation they report to the Fund. (The cell entries follow the same pattern as Table 7-5).

Table 7-6: Relationship Between Operating History of CDFI and Job Creation

	Age of CDFI			
	Emerging (Under 10 Years of Operating History)	Maturing (10 to 18 Years of Operating History)	Mature (19 Years or More of Operating History)	Total (Column %)
Less than 15 Jobs Created	26	4	9	39
Row Percentage	38.24	17.39	32.14	32.77
15 to 70 Jobs Created	28	9	5	42
Row Percentage	41.18	39.13	17.86	35.29
More than 70 Jobs Created	14	10	14	38
Row Percentage	20.59	43.48	50.00	31.93
Total	68	23	28	119
Row Percentage	57.14	19.33	23.53	100.00

Chi-square p<.05
Cramer's V =.225

The relationship between length of operating history and jobs created is somewhat weaker than asset size and jobs created. The simple correlation between age and job growth is just V = .224. Nevertheless, there are some interesting findings in this table. Young CDFIs with less than 10 years of financing generally report modest job creation. Among the 39 CDFIs that report creating less than 15 jobs, 26 (about 67%) are under 10 years old. However, among the 68 emerging CDFIs, about one-fifth report more than 70 jobs created.

Table 7-7 shows the relationship between size of CDFI and the number of home buyers that received counseling in support of the purchase of an affordable home.

Table 7-7: Relationship Between Size of CDFI and Affordable Housing Purchasers

	Size of CDFI			
	Small (Less than $5.0M)	Medium ($5.0 to $14.9M)	Large ($15.0M or more)	Total (Column %)
Less than 15 Jobs Created	23	7	10	40
Row Percentage	53.49	23.33	19.61	32.26
15 to 70 Jobs Created	8	6	6	20
Row Percentage	18.60	20.00	11.76	16.13
More than 70 Jobs Created	12	17	35	64
Row Percentage	27.91	56.67	68.63	51.62
Total	43	30	51	124
Row Percentage	34.68	24.20	41.13	100.00

Chi-square $p < .005$
Cramer's V = .270

Table 7-7 shows that the relationship between the asset size of a CDFI and the number of services provided to home buyers is positive. Large CDFIs tend to provide these services to larger numbers of people. For example, large CDFIs represent nearly 55% of those that provide housing counseling to 80 or more individuals each year. Furthermore, among the large CDFIs that provide housing finance services, almost 70% report assisting 80 or more people. Among those that assist less than 40 buyers, more than half (over 57%) are small CDFIs, and among small CDFIs that assist homebuyers, over half (over 53%) report assisting 40 buyers or less

7-4: Benefits – Conclusions/Summary

CDFIs make investments and provide financing to businesses that create and maintain jobs in low and moderate communities in rural and urban areas. Due to the varying size and composition of the group of reporting CDFIs, there is no discernable trend in job retention and creation. Clearly, the 185,000 jobs indicated by the CDFIs that did report represent a substantial benefit to the communities in which they are located. CDFIs provide financing, technical assistance, and counseling annually to tens of thousands of individuals. On a per CDFI basis, affordable housing and consumer development counseling have increased over this three year period. Finally, there are modest but positive relationships between the size or age of a CDFI and the community benefits it brings to the community it serves.

Appendix A.
METHODOLOGY

The data analyzed for this report were collected from the reporting period fiscal year ending in 2003 through 2005 through the Fund's Community Investment Impact System (CIIS). CIIS is the web-based data collection system that CDFIs use to submit their annual performance and compliance data to the Fund. This report analyzes the data CDFIs provided from their fiscal year 2003 through 2004 activity.

CIIS includes two reports. The Institutional Level Report covers the organization's financial activity and position, ownership characteristics, staffing levels and composition, development services, loans sales and loan purchases. For CDFIs that are not completing a Transaction Level Report, the Institutional Level Report includes details on each loan or investment a CDFI makes, including borrower and project addresses, borrower socio-economic characteristics, loan or investment terms, repayment status, and community development outcomes.

This report analyzes data from 223 (2003), 236 (2004), 173 (2005) CDFIs over the trend period. Across these years, there were 86 CDFIs that submitted information in each of these years. For non-regulated CDFIs, only data collected through CIIS is included in the databases that are analyzed in this report. For banks and credit unions that reported into CIIS, their CIIS data is supplemented by the data they reported to the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), respectively.

The Fund requires CIIS users to respond to every applicable question in the Institution Level Report, though some questions "don't know" and/or "not applicable" are allowable responses. The Transaction Level Report includes mandatory, conditionally required, and optional questions. Transaction Level Reports are considered to be complete as long as all mandatory and applicable conditionally required questions are answered.

In this report, the number of observations for a particular analysis may be less than the 223 (2003), 236 (2004), 173 (2005), based on the reporting year. There are three reasons for this. First, the question may not be applicable to all CDFIs. For example, a business lender will not answer "housing units created" questions. Second, although the Fund encourages organizations to collect and report all of the requested data, some report "don't know" and leave optional questions bank. Third, for a small number of CDFIs, the Fund could not get definitive responses to all questions during the data cleansing process described below.

All of the information submitted via CIIS is subject to a data cleansing process. Cleansing involves confirming that the financial data submitted to CIIS are consistent with the organization's financial statements, assuring that the data provided are as complete as possible, and performing a set of logical checks to assure that all data within a report are consistent. A good example of a logical check is verifying that Total Investment Capital is equal to or greater than Gross Loans Receivable on an organization's balance sheet. If inconsistencies, apparent inaccuracies, or gaps are found in the data, the CDFI is contacted and asked to provide corrections. During the cleansing process, CDFIs were contacted to clarify and in some cases correct their responses.

Once data cleansing is completed, the Fund extracts the data into a statistical program call SAS (Statistical Analysis Software). SAS is useful for mathematical and logical manipulation of data, storing data into databases, and performing statistical analysis. Using SAS, frequencies (a distribution of the occurrence of values of a single variable or field) were performed on the age (in terms of the number of years of financing) and total assets of CDFIs. There distributions were used to categorize CDFIs into groups by age and size of total assets. These categories were repeatedly used in the analysis throughout this report. The following is the age and size categorization as designated by the Fund:

AGE:

- Emerging (10 Years or Less)
- Maturing (11 to 17 Years)
- Fully Matured (18 Years or More)

ASSET SIZE:

- Small (Less than $5.0M)
- Medium ($5.0 to $14.9M)
- Large ($15.0M or more)

Appendix B.
EXPLANATION OF STATISTICAL TERMS USED

CHI-SQUARE:

Chi-square is a measure of the statistical significance of the relationship between two variables. The magnitude of chi-square varies with both the significance of the relationship and the number of cases involved in the analysis. Therefore, a probability statement, or p-value (such as $p=0.03$), is always calculated with the chi-square. The p-value represents the probability (from 0 to 1) that the measure of chi-square is due to random variation alone. It is the p-value that allows the analyst to interpret the relationship as statistically significant or not. The conventions are typically to accept as significant $p<0.05$ or (a more stringent test) $p<0.001$.

CRAMER'S V (i.e. Cramér-von-Mises Criterion):

Cramer's V is a frequently used measure of correlation or association between two variables. Cramer's V varies only between +1.0 and -1.0 where +1.0 is a perfect positive correlation between two variables and -1.0 is a perfect negative assocation. A rule of thumb when interpreting Cramer's V is that V=.75 or higher is a very strong assocation, V=.60 or higher is a strong association, V=.4 or higher is a moderate association, and V=.25 or less is a weak association.

MEAN:

The mean is the average score calculated by summing the values of a single variable (such as number of years old) and then dividing by the total number of cases. If there is especially large variance (the difference between the minimum and maximum value) in the observations, the mean might not be a particularly useful measure of central tendency. Indeed, for particularly skewed data (such as income information), the average is a rather poor measure of central tendency.

For example: The mean of these five values 1, 2, 4, 7, 135 = 149 / 5 = 29.8

The average, in this case, of these five values far exceed all but one of the values, which demonstrates the possible distorted measure an average of a highly skewed set of values can represent.

MEDIAN:

The median, along with the mean, is a statistical measure of central tendency of a single variable. Unlike the mean, which is the arithmetic center of the distribution of a variable, the median is the absolute mid point of the distribution. The median is that value where exactly one-half of the distribution is lower than this value and exactly one-half is higher than this value.

Using the same example above, the median is four, the middle value. One-half of the distribution is above this value; one-half is below. Very frequently, especially when the total variance of any single variable is high (viz., there is a very large difference between the minimum and maximum value), the median is much better estimate of central tendency of a particular variable.

Appendix C. GLOSSARY

AFFORDABLE HOUSING: *Affordable housing* activities: (a) promote the supply of housing through the provision of acquisition, pre-development financing, construction, rehabilitation, permanent and other similar financing, and related development services, and/or (b) increase homeownership opportunities through the provision of first mortgage financing, subordinated mortgages (for home purchase and rehabilitation) and related development services. The housing must be the primary residence of a household or family that qualifies as low-income and that household or family must not pay more than 30 percent of their income on housing.

APPALACHIA: Appalachia is a 200,000-square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. A complete list of the Appalachian counties can be found on the Fund's website in the CDFI Investment Mapping FY 2005 CIIS Glossary System (CIMS). Users can access CIMS through the organization's myCDFIFund account at www.cdfifund.gov.

BUSINESS FIXED ASSET: A loan or investment that will be used to pay for any tangible property used in the operation of a business, but not expected to be consumed or converted into cash in the ordinary course of events. Commonly financed fixed assets include machinery and equipment, furniture and fixtures, and leasehold improvements.

BUSINESS WORKING CAPITAL: A loan or investment that will be used to cover any ongoing operating expenses of a business such as payroll, rent or utility expenses.

BUSINESS TECHNICAL ASSISTANCE: Assisting borrowers with business plan development including developing record keeping accounting systems, understanding critical expenses, applying for licenses or permits, accessing government and corporate procurement processes, and other related services.

COLONIAS: The Colonias include select counties in Arizona, California, New Mexico, and Texas. A complete list of the counties in the Colonias can be found on the Fund's website in the CDFI Investment Mapping System (CIMS). Users can access CIMS through the organization's myCDFIFund account at www.cdfifund.gov.

COMMERCIAL REAL ESTATE: Real property with intended commercial use, including retail, office, industrial, and community facilities.

COMMUNITY FACILITY: A facility in which health care, childcare, educational, cultural or social services are provided.

DEVELOPMENT SERVICES: A CDFI's activities that promote community development and are integral to the CDFI's provision of financial products. Such services prepare or assist current or potential borrowers or investees to utilize the financial products of the organization. Such services include, for example: financial or credit counseling to individuals for the purpose of facilitating home ownership, promoting self-employment, or enhancing consumer financial management skills; or technical assistance to borrowers or investees for the purpose of enhancing business planning, marketing, management, and financial management skills.

ECONOMIC DEVELOPMENT SERVICES: Services that support the development and retention of jobs and the start up and growth of businesses through (i) loans, equity investments and other similar financing to for-profit small businesses, microenterprises, and commercial real estate other than community facilities, (ii) related development services, and (iii) community organization support.

ELECTRONIC TRANSFER ACCOUNT (ETA): The U.S. Department of the Treasury designed the ETA as a low-cost account for individuals to receive their Federal payments electronically. Generally a nyone who receives (or represents someone who receives) one of these Federal Government payments is eligible to receive his or her monthly payments electronically through an ETA: Social Security, Supplemental Security Income (SSI), Veterans Benefits, Civil Service Wage Salary or Retirement Payments, Military Wage Salary or Retirement Payments, Railroad Retirement Board Payments, or DOL / Black Lung. For additional information go to http://www.eta- find.gov/Index.htm.

EQUITY EQUIVALENT INVESTMENT (EQ2): A loan that meets the following characteristics: (1) at the end of the initial term, the loan must have a definite rolling maturity date that is automatically extended on an annual basis if the borrower continues to be financially sound and carry out a community development mission; (2) periodic payments of interest and/principal may only be made out of the borrower's available cash flow after satisfying all other obligations; (3) failure to pay principal or interest (except at maturity) will not automatically result in a default of the loan agreement; (4) the loan must be subordinated to all other debt except for the equity-equivalent loans.

EQUITY-LIKE FEATURE: Equity-like features offer some upside potential over and above the return of principal and interest on the loan. The equity-like feature or kicker can be tied either to future revenues (royalties or participation agreement) or to equity (convertible debt or debt with warrants), or may include an interest rate that adjusts based on the borrower's performance.

FAITH-BASED ORGANIZATION: An organization whose founding (through capitalization or otherwise), governance, or membership is derived from a religious institution.

FINANCIAL EDUCATION: *Financial education* covers such topics as household budgeting, strategies for saving, benefits of saving, retirement accounts, and investments.

FINANCIAL SERVICES: Checking or savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit-taking, safe deposit box services, and other similar services.

FINANCIAL STATEMENTS: Financial reports that reflect the financial condition of an organization at a specific point in time. Generally, such statements consist of balance sheets or statements of financial position; income and expense statements; statements of cash flows and, if applicable, auditors' opinion letters and any reports of findings (management letter), single audit reporting package (i.e., report on compliance with requirements applicable to each major program and on internal controls over compliance in accordance with OMB Circular A- 133), or any letters prepared by the auditor in compliance with OMB Circular A- 133.

FINANCING ENTITY: An entity whose predominant business activity is the provision, in arms-length transactions, of financial products, Development Services, and/or other similar financing. Such entity may be a: 1) depository institution holding company; 2) insured depository institution or state insured credit union; or 3) An organization which is deemed by the Fund to have such a predominant business activity as a result of analysis of its financial statements, organizing documents, and any other information required to be submitted as part of its application, use of personnel and total assets.
See 12 CFR § 1805.201(b)(2).

FIRST ACCOUNTS: A low-cost account and such other services designed to expand access to financial services for low- and moderate-income individuals, provided pursuant to grants made under the Consolidated Appropriations Act, 2001 (Public Law 106-554, 114 Stat. 2763, 2763A-126), and the Department of Transportation and Related Agencies Appropriations Act, 2001 (Public Law 106-346, 114 Stat. 1356, 1356A-44). For additional information go to www.treas.gov/firstaccounts/.

FULL TIME EQUIVALENTS (FTEs): An employee that works at least a 35-hour workweek. In calculating the number of full-time equivalents, part- time employees should be combined to full-time equivalents. For example, two part-time employees that each work 17.5 hours/week should be combined to count as one full-time equivalent.

GOVERNMENT SPONSORED ENTITY (GSE): A *government sponsored entity (GSEs)* is a privately held corporation with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Members of these sectors include students, farmers and hom-eowners, among others. GSEs include the Federal Home Loan Banks (FHL Banks), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal National Mortgage Association (Fannie Mae), among others.

HOMEOWNERSHIP COUNSELING: Assisting borrowers, who are new or existing homeowners, make informed decisions related to budgeting, selecting a home; types of mortgage insurance; homeowner tax benefits; equity build up; home maintenance, energy conservation, and foreclosure prevention.

HOUSING TECHNICAL ASSISTANCE: Assisting a housing developer to: Determine the financial feasibility of the housing property (such as cash flow projections, asset management, and identifying additional financing from public and private sources); conduct site reviews (such as environmental assessments, pre-condition surveys for rehabilitation, and evaluation of project location); and manage the construction project (such as ensuring construction standards, building codes and understanding restrictions).

INDIVIDUAL DEVELOPMENT ACCOUNT (IDA): IDAs are matched savings accounts, similar to 401(k)s that can be used by low-income households to purchase homes, seek post secondary education, capitalize small businesses, fund retirement accounts, or engage in other types of economic development activities.

ITIN (INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER): An identification number issued by the IRS for tax paying purposes to individuals who do not have a social security number. For additional information refer to www.irs.gov or http://www.irs.gov/newsroom/article/0,,id=112728,00.html.

LOW-INCOME OWNED OR CONTROLLED: A business that is more than 50% owned or controlled by 1 or more Low-Income persons. If the business is a for-profit, refer to the owners. If a business is a non-profit, then if more than 50% of the Board of Directors are low-income, OR if the most senior manager (Executive Director, Chief Executive Officer, General Partner, or Managing Member) is low-income, then the non-profit is a low-income owned or controlled business.

LOWER MISSISSIPPI DELTA: A 240-county/parish area in an eight-state region comprising parts of Mississippi, Louisiana, Alabama, Arkansas, Tennessee, Kentucky, Missouri, and Illinois. A complete list of the counties in the Lower Mississippi Delta can be found on the Fund's website in the CDFI Investment Mapping System (CIMS). Users can access CIMS through the organization's myCDFIFund account at www.cdfifund.gov.

MAJOR URBAN AREA: A Metropolitan Statistical Area (MSA) with a population equal to or greater than 1 million, including both central city and surrounding suburbs

MATRICULA CONSULAR: An official identification card which is issued by the Mexican Government through its Consular Offices. The document only proves that the bearer is of Mexican nationality and is living outside of Mexico.

MINOR URBAN AREA: Metropolitan Statistical Area with population less than 1 million. Includes both central city and surrounding suburbs.

MINORITY OWNED OR CONTROLLED: A business that is more than 50% owned or controlled by one or more minorities. If the business is a for- profit concern, more than 50% of its owners must be minorities; if the business is a nonprofit concern, more than 50% of its board of directors must be minorities (or, its Chief Executive Officer, Executive Director, General Partner, or Managing Member must be minority).

NATIVE AMERICAN AREAS: Native American Areas and similar entities are defined as American Indian Reservations (federal and state); Off-Reservation Trust Lands; Oklahoma Tribal Statistical Areas; Alaska Native Regional Corporations or Village Statistical Areas; and Hawaiian Homelands.

PAYDAY LOAN: Short-term loans secured by individual's pay check, often at a high interest rate.

REAL ESTATE TECHNICAL ASSISTANCE: Assisting borrowers to determine financial feasibility of commercial property acquisition or expansion (such as cash flow projections asset management and identifying additional financing from public and private sources); site reviews (such as environmental assessments and evaluation of project location); and construction management (such as ensuring construction standards, building codes and understanding restrictions).

REMITTANCE PROGRAMS: Programs that allow customers to transfer or send funds to people in foreign countries. Often used by immigrants to provide financial support to their friends and family in their country of origin.

SECONDARY CAPITAL: Monies committed to an uninsured account with a low-income designated credit union for a minimum of five years. Funds in the secondary capital account (including both principal and interest earned) must be available to cover operating losses realized by such credit unions (i.e. losses that exceed its net available reserves and undivided earnings).

SECONDARY MARKET: A market in which an investor purchases a security from another investor rather than the issuer, subsequent to the original issuance in the primary market.

TARGET MARKET: For the CDFI Program, an Investment Area(s), a Low-Income Targeted Population or an Other Targeted Population.

WOMEN-OWNED OR CONTROLLED: A business that is more than 50% owned or controlled by 1 or more women. If the business is a for- profit concern, 50% or more of its owners must be women; if the business is a nonprofit concern, 50% or more of its board of directors must be women (or, its Chief Executive Officer or Executive Director, General Partner, or Managing Member must be a woman).

Appendix D.
MATRIX OF FINDINGS

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
Proportion of CDFIs			
Banks	8	7	8
Credit Unions	28	29	22
Loan Funds	178	194	139
Venture Funds	9	6	4
	223	236	173
Average Total Assets			
Banks	106,375,500	127,607,714	152,770,250
Credit Unions	11,014,541	13,402,211	16,945,765
Loan Funds	21,857,197	21,860,592	17,768,279
Venture Funds	11,896,584	15,891,899	9,220,105
	23,125,836	23,822,663	23,743,440
Median Total Assets			
Banks	109,100,500	123,251,000	138,019,000
Credit Unions	5,731,833	6,028,842	9,962,869
Loan Funds	4,362,267	4,738,094	7,547,661
Venture Funds	9,130,632	12,803,771	7,275,471
	5,118,673	5,984,367	8,272,476
Average FTEs			
Banks	46	50	52
Credit Unions	10	12	14
Loan Funds	14	15	16
Venture Funds	5	6	4
	14	15	17
Non-Profit Percentage			
Depositories	16.08%	17.01%	17.37%
Non-Depositories	83.91%	82.98%	82.62%
Faith Based	14	15	10
Minority Owned	54	60	48
Women Owned	36	50	31
Faith Based Percent	6.28%	6.36%	5.78%
Minority Owned Percent	24.22%	25.42%	27.75%
Women Owned Percent	16.14%	21.19%	17.92%

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
CDFIs Serving Specific Racial/Ethnic Populations:			
African American	153	162	122
Alaska Native	4	7	3
American Indian	44	70	47
Asian	85	101	77
Hawaiian	6	13	7
Hispanic	124	148	103
Non Hispanic	112	140	104
Pacific Islander	17	28	20
White	179	203	143
Percent CDFIs Serving Specific Racial/Ethnic Populations:			
African American	68.61%	68.64%	70.52%
Alaska Native	1.79%	2.97%	1.73%
American Indian	19.73%	29.66%	27.17%
Asian	38.12%	42.80%	44.51%
Hawaiian	2.69%	5.51%	4.05%
Hispanic	55.61%	62.71%	59.54%
Non Hispanic	50.22%	59.32%	60.12%
Pacific Islander	7.62%	11.86%	11.56%
White	80.27%	86.02%	82.66%
CDFIs Serving Specific Geographies			
Appalachia	23	29	20
Colonias	10	7	6
Hot Zones	138	154	108
Major Urban	116	120	84
Minor Urban	129	132	105
Lower Mississippi Delta	9	9	11
Native Amerivan Areas	25	35	28
Rural Areas	133	147	105
Percent of CDFIs Serving Specific Geographies			
Appalachia	10.31%	12.29%	11.56%
Colonias	4.48%	2.97%	3.47%
Hot Zones	61.88%	65.25%	62.43%
Major Urban	52.02%	50.85%	48.55%
Minor Urban	57.85%	55.93%	60.69%
Lower Mississippi Delta	4.04%	3.81%	6.36%
Native Amerivan Areas	11.21%	14.83%	16.18%
Rural Areas	59.64%	62.29%	60.69%

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
Portfolio Outstanding by Institution Type (Total)			
Bank	487,694,665	499,174,000	705,843,000
Credit Union	222,725,239	269,690,617	176,321,962
Loan Fund	2,562,001,368	2,775,760,313	1,825,924,894
Venture Capital Fund	62,669,248	61,771,832	3,071,232
	3,335,090,520	3,606,396,762	2,711,161,088
Portfolio Outstanding by Institution Type (Average)			
Bank	51,619	67,166	76,143
Credit Union	7,088	8,639	8,996
Loan Fund	78,790	64,401	42,351
Venture Capital Fund	133,339	130,873	139,601
	45,155	43,861	37,652
Portfolio Outstanding by Purpose of Loan (in Percentage)			
Business	12.24%	15.51%	21.16%
Home	31.28%	26.19%	12.46%
Commercial Real Estate	7.96%	11.02%	19.80%
Residential Real Estate	32.39%	33.97%	27.57%
Consumer	4.77%	5.16%	9.30%
Other	11.33%	8.12%	9.68%
	100.00%	100.00%	100.00%
Average Total Amount of Capital Under Management			
Banks	106,230,998	51,360,630	59,299,286
Credit Unions	10,293,006	12,136,402	15,686,414
Loan Funds	18,161,580	14,071,629	12,502,032
Venture Funds	13,169,334	15,444,487	9,500,585
	19,849,864	14,986,387	15,030,855
Median Total Amount of Capital Under Management			
Banks	105,315,698	34,171,300	54,580,550
Credit Unions	5,132,102	5,143,338	8,595,187
Loan Funds	3,116,728	3,820,495	5,690,015
Venture Funds	9,621,375	11,039,983	7,855,084
	4,180,078	4,278,368	6,866,529
Percent Debt and Equity Capital Under Management			
Percent Debt			
Depositories	92.84%	89.86%	92.11%
Non-Depositories	75.94%	69.85%	65.16%
Percent Equity			
Depositories	7.16%	10.14%	7.89%
Non-Depositories	24.06%	30.15%	34.84%

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
Sources of Capital Under Management (in Percentage of Total)			
Corporation – CDFI Intermediaries	0.48%	0.74%	1.02%
Corporation – Non-Depository Financial Institution	1.10%	1.52%	1.97%
Corporation – Other	14.62%	13.36%	3.82%
Depository Institutions	23.52%	27.75%	24.56%
Government (Federal) – CDFI Fund	1.80%	2.80%	3.10%
Government (Federal) – Other Sources	3.73%	6.96%	7.28%
Government (State or Local)	3.26%	4.67%	6.44%
Government Sponsored Entities (GSEs)	10.31%	1.05%	1.48%
Individuals	11.66%	11.56%	15.42%
Internal Funds	10.80%	10.51%	10.66%
Other	11.10%	8.81%	14.65%
Philanthropy – Non-Religious Institution	6.22%	8.33%	7.16%
Philanthropy – Religious Institution	1.34%	1.87%	2.38%
	100.00%	100.00%	100.00%
Public Sources of Capital Under Management			
Government (Federal) – CDFI Fund	75,662,678	97,802,365	79,809,587
Government (Federal) – Other Sources	156,543,448	243,262,624	187,156,656
Government (State or Local)	136,643,133	163,154,961	165,545,048
	368,849,259	504,219,950	432,511,291
Government (Federal) – CDFI Fund	20.51%	19.40%	18.45%
Government (Federal) – Other Sources	42.44%	48.25%	43.27%
Government (State or Local)	37.05%	32.36%	38.28%
	100.00%	100.00%	100.00%
Weighted Average Cost of Capital			
All CDFIs	1.87%	1.65%	1.58%
Loan Funds Only	1.94%	1.69%	1.63%
Weighted Median Cost of Capital			
All CDFIs	1.24%	1.13%	1.30%
Loan Funds Only	1.38%	1.31%	1.46%
Earned Revenue as a Percentage of Total Operating Revenue			
Banks	98.65%	96.49%	99.30%
Credit Unions	92.10%	89.36%	89.92%
Loan Funds	50.22%	50.81%	42.98%
Venture Funds	67.20%	96.35%	99.92%

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
Sources of Earned Revenue (in Percentage of Total)			
Interest Income on Portfolio	61.32%	50.06%	45.24%
Fee Income	11.19%	11.63%	11.22%
Interest Income on Cash and Securities	7.79%	6.79%	11.20%
Contract and Training Income	6.66%	14.57%	15.01%
Other Earned Revenue	13.02%	16.92%	17.31%
	100.00%	100.00%	100.00%
Sources of Contributed Operating Revenue (in Percentage of Total)			
Depository Institutions			
Private	42.43%	16.91%	56.02%
Public	57.57%	83.09%	43.98%
Non-Depository Institutions			
Private	55.86%	71.96%	79.48%
Public	44.14%	28.04%	20.52%
Loans Originated in the Past Year by Institution Type (Total)			
Bank	408,993,152	413,521,756	490,830,865
Credit Union	168,140,418	162,820,560	94,051,135
Loan Fund	1,095,843,508	1,253,399,058	457,919,367
Venture Capital Fund	15,063,021	24,969,939	1,007,500
	1,688,040,099	1,854,711,313	1,043,808,867
Loans Originated in the Past Year by Institution Type (Average)			
Bank	54,431	70,291	85,960
Credit Union	8,628	9,173	9,818
Loan Fund	97,817	106,464	90,177
Venture Capital Fund	143,457	235,565	201,500
	44,064	52,228	51,237
Loans Originated in the Past Year (in Percentage of Total)			
Business	18.22%	16.57%	23.05%
Home	9.93%	10.72%	14.10%
Commercial Real Estate	7.76%	9.39%	11.97%
Residential Real Estate	47.78%	48.70%	28.04%
Consumer	6.88%	6.77%	9.02%
Other	9.40%	7.84%	13.79%
	100.00%	100.00%	100.00%

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
Loans Originated by Depositories (in Percentage of Total)			
Business	28.25%	24.01%	29.54%
Home	14.76%	8.98%	4.50%
Commercial Real Estate	10.22%	26.19%	14.57%
Residential Real Estate	14.38%	10.08%	19.31%
Consumer	19.91%	21.52%	16.07%
Other	12.45%	9.19%	15.98%
	100.00%	100.00%	100.00%
Loans Originated by Non-Depositories (in Percentage of Total)			
Business	13.01%	13.21%	14.79%
Home	7.43%	11.50%	26.33%
Commercial Real Estate	6.48%	1.81%	8.66%
Residential Real Estate	65.13%	66.10%	39.18%
Consumer	0.11%	0.12%	0.02%
Other	7.82%	7.23%	10.99%
	100.00%	100.00%	100.00%
Average Amount of Loans Originated, All CDFIs			
Business	45,823	45,815	66,215
Home	31,877	38,484	61,005
Commercial Real Estate	204,745	263,505	444,819
Residential Real Estate	378,711	564,887	311,803
Consumer	5,238	6,470	7,779
Other	114,571	74,243	144,110
Average Amount of Loans Originated, Loan Funds Only			
Business	29,429	29,471	33,200
Home	25,621	35,541	56,563
Commercial Real Estate	416,460	307,619	334,490
Residential Real Estate	462,975	677,354	370,768
Consumer	1,017	2,629	3,347
Other	159,673	140,651	197,091
Financial Strengths of CDFIs			
Average Self Sufficiency Rate			
Banks	112.00%	116.00%	115.00%
Credit Unions	101.00%	102.00%	98.00%
Loan Funds	52.00%	63.00%	53.00%
Venture Funds	51.00%	56.00%	49.00%
	59.12%	69.16%	64.22%

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
Average Self Sufficiency Rate by Size and Age			
Small	40.00%	48.00%	39.00%
Medium	51.00%	48.00%	52.00%
Large	62.00%	75.00%	68.00%
Emerging	46.00%	58.00%	65.00%
Maturing	46.00%	57.00%	53.00%
Fully Matured	69.00%	77.00%	68.00%
Deployment Rate by Size and Age			
Small	65%	69%	79%
Medium	67%	68%	86%
Large	80%	111%	110%
Emerging	64%	75%	102%
Maturing	73%	69%	99%
Fully Matured	82%	124%	110%
Portfolio At Risk by Size and Age			
Small	5.58%	3.73%	2.15%
Medium	4.02%	3.61%	1.63%
Large	2.27%	2.69%	0.90%
Emerging	2.28%	1.66%	0.47%
Maturing	3.21%	3.45%	0.83%
Fully Matured	2.39%	2.90%	1.32%
Loan Loss Ratio by Size and Age			
Small	2.54%	1.76%	1.29%
Medium	1.38%	2.02%	0.47%
Large	0.51%	0.37%	0.18%
Emerging	0.94%	0.79%	0.22%
Maturing	1.74%	1.46%	0.28%
Fully Matured	0.34%	0.35%	0.26%
Loan Loss Reserve Ratio by Size and Age			
Small	12.40%	10.29%	9.38%
Medium	7.96%	6.71%	6.33%
Large	3.83%	5.04%	4.07%
Emerging	8.24%	4.98%	4.72%
Maturing	8.14%	7.27%	5.96%
Fully Matured	2.97%	5.07%	3.97%
Net Asset Ratio by Size and Age			
Small	40.00%	40.00%	36.00%
Medium	35.00%	39.00%	38.00%
Large	26.00%	26.00%	27.00%

Matrix of Findings, All Cases (2003-2005)

	2003	2004	2005
Emerging	34.00%	30.00%	28.00%
Maturing	41.00%	46.00%	48.00%
Fully Matured	22.00%	23.00%	24.00%
Community Benefits			
Jobs Created or Maintained	67,244	75,789	42,483
Housing Units Developed	39,769	35,155	16,165
Affordable Housing Units Developed	34,611	31,671	14,906
Financing for First Time Home Buyers	5,353	4,964	2,085
Projected Square Feet of Commercial Real Estate	3,660,345	6,977,683	882,664
Development Services Provided			
Housing Technical Assistance	90	101	82
Homeownership Counseling	92	98	71
Business Technical Assistance	139	147	117
Real Estate Technical Assistance	62	78	60
Financial Education	114	143	101
Credit Counseling	96	117	80
Other Services	86	71	72
Percent Development Services Provided			
Housing Technical Assistance	40.36%	42.80%	47.40%
Homeownership Counseling	41.26%	41.53%	41.04%
Business Technical Assistance	62.33%	62.29%	67.63%
Real Estate Technical Assistance	27.80%	33.05%	34.68%
Financial Education	51.12%	60.59%	58.38%
Credit Counseling	43.05%	49.58%	46.24%
Other Services	38.57%	30.08%	41.62%
Development Services Clients			
Affordable Housing	55,211	55,576	66,186
Economic Development	26,418	22,074	18,133
Consumer Financial Services	29,469	18,638	36,504
Other	51,199	9,247	15,776
	162,297	105,535	136,599

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
Proportion of CDFIs			
Banks	6	6	6
Credit Unions	8	8	8
Loan Funds	71	71	71
Venture Funds	1	1	1
	86	86	86
Average Total Assets			
Banks	110,168,333	128,701,667	134,876,167
Credit Unions	10,591,880	12,240,512	13,892,400
Loan Funds	21,832,593	23,736,983	26,143,550
Venture Funds	9,130,632	7,820,657	8,762,784
	26,802,207	29,805,588	32,387,802
Median Total Assets			
Banks	109,100,500	130,871,500	138,019,000
Credit Unions	5,219,076	5,785,305	5,719,430
Loan Funds	7,555,072	9,576,490	11,785,225
Venture Funds	9,130,632	7,820,657	8,762,784
	8,995,007	10,054,633	11,929,726
Average FTEs			
Banks	44	51	49
Credit Unions	13	16	15
Loan Funds	19	21	22
Venture Funds	6	5	5
	20	23	23
Non-Profit Percentage			
Depositories	12.72%	12.72%	12.72%
Non-Depositories	87.27%	87.27%	87.27%
Faith Based	6	6	7
Minority Owned	16	15	18
Women Owned	12	16	19
Faith Based Percent	6.98%	6.98%	8.14%
Minority Owned Percent	18.60%	17.44%	20.93%
Women Owned Percent	13.95%	18.60%	22.09%

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
CDFIs Serving Specific Racial/Ethnic Populations:			
African American	58	63	61
Alaska Native	1	1	3
American Indian	20	20	23
Asian	37	45	42
Hawaiian	1	3	1
Hispanic	52	55	49
Non Hispanic	52	54	56
Pacific Islander	8	12	11
White	73	73	73
Percent CDFIs Serving Specific Racial/Ethnic Populations:			
African American	67.44%	73.26%	70.93%
Alaska Native	1.16%	1.16%	3.49%
American Indian	23.26%	23.26%	26.74%
Asian	43.02%	52.33%	48.84%
Hawaiian	1.16%	3.49%	1.16%
Hispanic	60.47%	63.95%	56.98%
Non Hispanic	60.47%	62.79%	65.12%
Pacific Islander	9.30%	13.95%	12.79%
White	84.88%	84.88%	84.88%
CDFIs Serving Specific Geographies			
Appalachia	11	12	10
Colonias	4	2	2
Hot Zones	55	61	61
Major Urban	44	48	45
Minor Urban	55	51	53
Lower Mississippi Delta	7	7	7
Native Amerivan Areas	16	11	12
Rural Areas	61	62	56
Percent of CDFIs Serving Specific Geographies			
Appalachia	12.79%	13.95%	11.63%
Colonias	4.65%	2.33%	2.33%
Hot Zones	63.95%	70.93%	70.93%
Major Urban	51.16%	55.81%	52.33%
Minor Urban	63.95%	59.30%	61.63%
Lower Mississippi Delta	8.14%	8.14%	8.14%
Native Amerivan Areas	18.60%	12.79%	13.95%
Rural Areas	70.93%	72.09%	65.12%

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
Portfolio Outstanding by Institution Type (Total)			
Bank	383,654,268	433,056,000	485,805,000
Credit Union	62,308,814	61,193,704	61,952,918
Loan Fund	796,713,603	1,019,758,444	1,256,626,294
Venture Capital Fund	4,508,494	3,046,793	3,058,732
	1,247,185,179	1,517,054,941	1,807,442,944
Portfolio Outstanding by Institution Type (Average)			
Bank	50,329	61,374	62,339
Credit Union	6,524	6,762	8,029
Loan Fund	62,117	55,819	53,448
Venture Capital Fund	155,465	190,425	152,937
	41,533	44,112	46,297
Portfolio Outstanding by Purpose of Loan (in Percentage)			
Business	16.74%	19.12%	21.05%
Home	10.63%	10.29%	8.38%
Commercial Real Estate	16.36%	22.02%	18.30%
Residential Real Estate	34.32%	31.17%	33.90%
Consumer	5.84%	5.84%	6.75%
Other	16.08%	11.53%	11.58%
	100.00%	100.00%	100.00%
Average Total Amount of Capital Under Management			
Banks	120,612,197	44,091,068	62,557,365
Credit Unions	9,725,795	11,177,538	13,464,832
Loan Funds	16,135,023	17,087,331	18,151,070
Venture Funds	9,942,750	9,942,750	9,942,750
	21,669,782	18,353,208	20,748,006
Median Total Amount of Capital Under Management			
Banks	113,021,288	29,852,650	57,981,353
Credit Unions	4,513,634	5,104,233	4,939,027
Loan Funds	6,194,711	7,236,771	8,496,142
Venture Funds	9,942,750	9,942,750	9,942,750
	6,463,042	8,364,932	9,942,750
Percent Debt and Equity Capital Under Management			
Percent Debt			
Depositories	91.90%	84.88%	93.30%
Non-Depositories	72.09%	65.19%	64.56%
Percent Equity			
Depositories	8.10%	15.12%	6.70%
Non-Depositories	27.91%	34.81%	35.44%

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
Sources of Capital Under Management (in Percentage of Total)			
Corporation – CDFI Intermediaries	0.69%	0.89%	1.13%
Corporation – Non-Depository Financial Institution	2.21%	2.69%	2.52%
Corporation – Other	3.21%	3.69%	3.63%
Depository Institutions	26.82%	29.98%	24.21%
Government (Federal) – CDFI Fund	2.02%	3.79%	2.95%
Government (Federal) – Other Sources	5.15%	8.45%	6.97%
Government (State or Local)	4.36%	5.99%	6.77%
Government Sponsored Entities (GSEs)	1.56%	1.60%	1.22%
Individuals	12.61%	7.69%	10.91%
Internal Funds	11.01%	13.41%	11.54%
Other	20.77%	8.37%	16.78%
Philanthropy – Non-Religious Institution	7.18%	10.44%	8.51%
Philanthropy - Religious Institution	2.36%	2.94%	2.80%
	100.00%	100.00%	100.00%
Public Sources of Capital Under Management			
Government (Federal) – CDFI Fund	36,885,538	59,186,598	52,158,611
Government (Federal) – Other Sources	93,762,087	131,913,027	122,940,632
Government (State or Local)	79,477,872	93,541,816	119,545,678
	210,125,497	284,641,441	294,644,921
Government (Federal) – CDFI Fund	17.55%	20.79%	17.70%
Government (Federal) – Other Sources	44.62%	46.34%	41.73%
Government (State or Local)	37.82%	32.86%	40.57%
Weighted Average Cost of Capital			
All CDFIs	1.78%	1.65%	1.64%
Loan Funds Only	1.84%	1.68%	1.66%
Weighted Median Cost of Capital			
All CDFIs	1.35%	1.40%	1.30%
Loan Funds Only	1.43%	1.64%	1.44%
Earned Revenue as a Percentage of Total Operating Revenue			
Banks	98.16%	95.92%	98.97%
Credit Unions	81.33%	77.43%	83.15%
Loan Funds	36.74%	35.75%	39.04%
Venture Funds	99.58%	100.00%	99.88%

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
Sources of Earned Revenue (in Percentage of Total)			
Interest Income on Portfolio	56.46%	46.30%	46.56%
Fee Income	13.06%	12.15%	12.23%
Interest Income on Cash and Securities	9.98%	9.70%	10.96%
Contract and Training Income	5.89%	18.59%	17.09%
Other Earned Revenue	14.60%	13.25%	13.13%
	100.00%	100.00%	100.00%
Sources of Contributed Operating Revenue (in Percentage of Total)			
Depository Institutions			
Private	34.94%	15.45%	75.37%
Public	65.06%	84.55%	24.63%
Non-Depository Institutions			
Private	55.29%	80.52%	84.41%
Public	44.71%	19.48%	15.59%
Loans Originated in the Past Year by Institution Type (Total)			
Bank	360,793,730	376,170,185	396,221,421
Credit Union	40,352,839	33,876,766	34,624,398
Loan Fund	433,584,783	452,290,836	385,432,669
Venture Capital Fund	782,919	897,947	1,005,000
	835,514,271	863,235,734	817,283,488
Loans Originated in the Past Year by Institution Type (Average)			
Bank	49,847	65,501	77,706
Credit Union	7,188	7,455	8,579
Loan Fund	82,824	84,288	104,851
Venture Capital Fund	55,923	128,278	251,250
	46,158	55,124	63,776
Loans Originated in the Past Year (in Percentage of Total)			
Business	23.89%	17.68%	23.67%
Home	12.05%	10.95%	11.61%
Commercial Real Estate	11.19%	17.38%	9.85%
Residential Real Estate	36.89%	36.32%	31.68%
Consumer	7.03%	6.32%	6.42%
Other	8.92%	11.33%	16.74%

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
Loans Originated by Depositories (in Percentage of Total)			
Business	34.32%	23.18%	34.51%
Home	13.74%	5.72%	1.03%
Commercial Real Estate	12.82%	32.66%	11.30%
Residential Real Estate	18.65%	14.17%	20.37%
Consumer	14.51%	13.11%	12.18%
Other	5.92%	11.13%	20.59%
	100.00%	100.00%	100.00%
Loans Originated by Non-Depositories (in Percentage of Total)			
Business	14.27%	12.70%	11.59%
Home	10.49%	15.69%	23.41%
Commercial Real Estate	9.68%	3.54%	8.24%
Residential Real Estate	53.73%	56.36%	44.30%
Consumer	0.11%	0.18%	0.00%
Other	11.69%	11.51%	12.44%
	100.00%	100.00%	100.00%
Average Amount of Loans Originated, All CDFIs			
Business	58,439	55,024	75,846
Home	31,526	33,593	62,750
Commercial Real Estate	175,157	255,178	479,490
Residential Real Estate	219,859	313,584	327,829
Consumer	6,517	7,203	7,493
Other	138,361	108,205	173,857
Average Amount of Loans Originated, Loan Funds Only			
Business	33,103	31,189	29,050
Home	25,006	31,092	62,877
Commercial Real Estate	389,697	446,857	490,518
Residential Real Estate	250,709	393,591	390,023
Consumer	2,009	2,576	1,926
Other	186,723	201,420	254,396
Financial Strengths of CDFIs			
Average Self Sufficiency Rate			
Banks	109%	115%	117%
Credit Unions	89%	93%	97%
Loan Funds	36%	49%	51%
Venture Funds	43%	51%	174%

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
Average Self Sufficiency Rate by Size and Age			
Small	36%	50%	47%
Medium	38%	51%	56%
Large	48%	60%	63%
Emerging	47%	63%	79%
Maturing	44%	48%	43%
Fully Matured	47%	62%	63%
Deployment Rate by Size and Age			
Small	65%	68%	81%
Medium	64%	67%	77%
Large	67%	102%	106%
Emerging	65%	98%	109%
Maturing	78%	71%	83%
Fully Matured	65%	109%	106%
Portfolio At Risk by Size and Age			
Small	3.63%	4.24%	1.69%
Medium	2.00%	2.24%	2.38%
Large	2.87%	2.10%	1.03%
Emerging	1.70%	1.08%	0.44%
Maturing	2.53%	3.78%	0.82%
Fully Matured	3.28%	2.05%	1.48%
Loan Loss Ratio by Size and Age			
Small	0.84%	1.05%	0.32%
Medium	1.42%	1.58%	0.71%
Large	0.29%	0.39%	0.18%
Emerging	0.45%	0.51%	0.18%
Maturing	0.27%	0.99%	0.31%
Fully Matured	0.43%	0.33%	0.22%
Loan Loss Reserve Ratio by Size and Age			
Small	11.32%	11.94%	9.54%
Medium	5.65%	6.29%	7.57%
Large	5.09%	4.79%	4.50%
Emerging	4.46%	4.23%	3.66%
Maturing	7.34%	7.40%	7.82%
Fully Matured	4.98%	4.65%	4.63%

Matrix of Findings, n=86 (2003-2005)

	2003	2004	2005
Net Asset Ratio by Size and Age			
Small	39%	40%	38%
Medium	37%	40%	37%
Large	32%	30%	30%
Emerging	39%	33%	30%
Maturing	53%	54%	55%
Fully Matured	35%	36%	38%
Community Benefits			
Jobs Created or Maintained	43,057	39,515	37,326
Housing Units Developed	24,476	24,994	13,888
Affordable Housing Units Developed	22,132	23,443	12,684
Financing for First Time Home Buyers	2,208	3,171	1,558
Projected Square Feet of Commercial Real Estate	2,358,006	5,998,152	744,964
Development Services Provided			
Housing Technical Assistance	45	45	48
Homeownership Counseling	37	39	37
Business Technical Assistance	53	56	56
Real Estate Technical Assistance	35	34	27
Financial Education	43	47	51
Credit Counseling	32	39	40
Other Services	36	20	34
Percent Development Services Provided			
Housing Technical Assistance	52.33%	52.33%	55.81%
Homeownership Counseling	43.02%	45.35%	43.02%
Business Technical Assistance	61.63%	65.12%	65.12%
Real Estate Technical Assistance	40.70%	39.53%	31.40%
Financial Education	50.00%	54.65%	59.30%
Credit Counseling	37.21%	45.35%	46.51%
Other Services	41.86%	23.26%	39.53%
Development Services Clients			
Affordable Housing	42,978	39,941	59,325
Economic Development	11,367	10,740	11,199
Consumer Financial Services	30,434	6,360	25,694
Other	38,257	5,761	9,821
	123,036	62,802	106,039

COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS FUND

UNITED STATES DEPARTMENT OF THE TREASURY

VISIT THE FUND AT:

www.cdfifund.gov