CDFI Program and NACA Program Awardees: A Snapshot in 2017

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COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND
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Introduction and Overview of Data

- This summary snapshot report and the accompanying data file is based on annual performance reports on 2017 activities submitted in 2018 by CDFI and NACA Program Financial Assistance and Technical Assistance awardees.
  - The study analyzes activities that occurred in FY 2017 as reported by the cohort of CDFI and NACA program award recipients.
  - Data is derived from the Institutional and Transactional Level Reports (ILR & TLR) submitted to the CDFI Fund through the Community Investment Impact System (CIIS).
- The CDFI institutional level data provides key summary data and comparisons by institution type.
- The transactional data demonstrates how CDFIs target distressed communities and underserved populations throughout the United States.

Key Findings

This annual snapshot of activities shows how CDFIs met and exceeded their mission to provide financial products and services to distressed communities and underserved populations.

- Nearly 75% of their lending portfolio was targeted to serve low-income families, high poverty communities, and underserved populations.
- Non-Metropolitan and rural areas accounted for 20% of lending, exceeding the national rural population share.
- Persistent poverty counties, both urban and rural, likewise accounted for more than 19% of all CDFI lending.

Furthermore, CDFIs provide vital development and financial counseling services to underserved populations to increase access to financial products for homeownership, affordable housing, consumer products, and business development.

Reporting CDFIs by Institution Type: 2017

Institution Type	CDFI	Percent
Bank	15	5.0%
Credit Union	47	15.8%
Loan Fund	232	77.9%
Venture Fund	4	1.3%
Total	298	100.0%

Source: CIIS-ILR

This report includes all CDFI Program and NACA Program award recipients that reported by 7/31/2018. It does not include 5 sponsoring entities that have limited reporting requirements under their assistance agreements.

Asset Size by Institution Type: 2017

Institution Type	N	Average	Median
Bank	15	$588,871,467	$187,522,000
Credit Union	47	$608,585,943	$111,620,978
Loan Fund	232	$40,656,047	$11,838,888
Venture Fund	4	$31,465,849	$14,032,714

Source: CIIS-ILR

In 2017, on average, regulated CDFIs were approximately more than 10 times larger than unregulated, non-depository CDFIs in terms of asset size.

CDFI Staff by Activity in 2017

	Bank			Credit Union			Loan Fund			Venture Fund		
	N	Staff	Percent	N	Staff	Percent	N	Staff	Percent	N	Staff	Percent
Lending/Investing	6	101	31.3%	44	924	23.5%	228	1,651	40.1%	4	16	38.4%
Development Services	5	37	11.4%	44	382	9.7%	213	983	23.9%	3	11	26.6%
Financial Services	5	99	30.7%	42	1,630	41.4%	0	0	0.0%	0	0	0.0%
Administration and Other Activities	6	86	26.6%	43	1,001	25.4%	225	1,478	35.9%	4	14	35.0%
Total		321	100.0%		3,938	100.0%		4,111	100.0%		40	100.0%

Source: CIIS-ILR

In 2017, credit unions dedicated more of their staff activities to financial services. Banks emphasized both lending and investing, and financial services. Loan funds and venture funds focused more on lending and investing and the provision of financial consulting and development services to CDFI clienteles.

CDFI Portfolio Outstanding by Loan Purpose in 2017

	Bank			Credit Union			Loan Fund			Venture Fund		
	N	Number of Loans	Percent	N	Number of Loans	Percent	N	Number of Loans	Percent	N	Number of Loans	Percent
Business and Micro	15	5,376	28.8%	21	1,199	0.1%	141	12,624	53.7%	2	152	81.7%
Commercial Real Estate	14	1,327	7.1%	8	340	0.0%	63	636	2.7%	0	0	0.0%
Consumer	3	7,980	42.7%	37	1,203,817	94.3%	31	4,145	17.6%	1	31	16.7%
Home Improvement and Purchase	9	1,818	9.7%	33	45,166	3.5%	52	4,379	18.6%	0	0	0.0%
Residential Real Estate	15	1,823	9.8%	9	207	0.0%	76	1,015	4.3%	0	0	0.0%
Other	8	353	1.9%	9	26,413	2.1%	42	703	3.0%	1	3	1.6%
Total		18,677	100.0%		1,277,142	100.0%		23,502	100.0%		186	100.0%

Source: CIIS-ILR and CIIS-TLR

In 2017, consumer lending was the major part of lending by banks and credit unions as measured by the number of loans. Loan funds and venture funds largely focused on business and microenterprise loans.

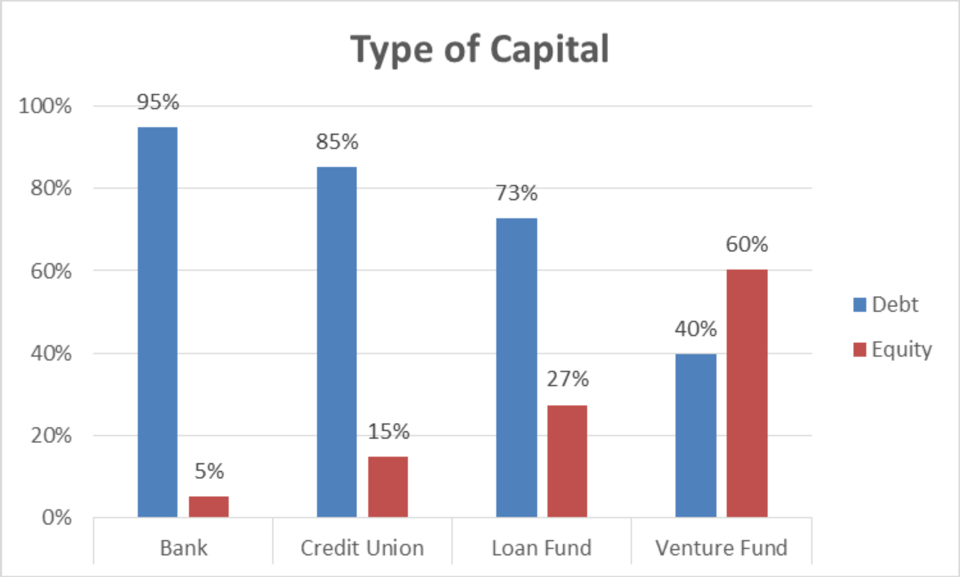
CDFI Source of Capital in 2017

	Bank			Credit Union			Loan Fund			Venture Fund		
	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent
Depository Institution	3	$290,763,399	21.2%	12	$4,248,275,285	16.1%	150	$2,974,928,252	41.6%	1	$4,187,149	4.2%
Corporation	1	$10,415,873	0.8%	4	$43,350,000	0.2%	86	$402,586,193	5.6%	1	$1,000,000	1.0%
Government	2	$24,701,166	1.8%	26	$141,783,368	0.5%	165	$1,338,585,614	18.7%	3	$14,996,254	15.1%
GSE	0	$0	0.0%	1	$109,700	0.0%	10	$30,213,533	0.4%	0	$0	0.0%
Individuals	1	$1,022,120,384	74.4%	21	$6,060,953,788	23.0%	42	$125,490,888	1.8%	0	$0	0.0%
Philanthropy	0	$0	0.0%	6	$7,385,301	0.0%	122	$713,822,332	10.0%	2	$3,000,000	3.0%
Internal Funds	1	$26,117,000	1.9%	29	$14,736,331,513	56.0%	103	$1,146,451,728	16.0%	2	$57,771,583	58.2%
Other	0	$0	0.0%	7	$1,073,572,488	4.1%	51	$414,181,493	5.8%	1	$18,358,332	18.5%
Total		$1,374,117,822	100.0%		$26,311,761,443	100.0%		$7,146,260,033	100.0%		$99,313,318	100.0%

Source: CIIS-ILR
Note: Corporation category includes CDFI intermediaries, non-depository financial institutions, and all other corporations; Government category includes CDFI Fund, other federal entities, and local and state entities.

In 2017, banks and credit unions received most of their capital from customer deposits/shares. Loan funds mainly received capital from depository institutions. Venture funds received most of their capital from internal sources, such as equity investments.

CDFI Type of Capital in 2017



Source: CIIS-ILR

In 2017, venture funds were the only group that received the majority of capital in the form of equity.

Contributed Operating Revenue Sources 2017

	Bank			Credit Union			Loan Fund			Venture Fund		
	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent
Depository Institutions	0	$0	0.0%	2	$438,333	2.9%	100	$42,178,500	10.8%	1	$25,500	2.7%
Corporation	0	$0	0.0%	0	$0	0.0%	87	$47,576,215	12.2%	1	$473,265	49.5%
Government	1	$13,500	100.0%	17	$14,471,043	94.9%	145	$155,328,346	39.8%	1	$411,370	43.1%
GSE	0	$0	0.0%	0	$0	0.0%	10	$1,818,793	0.5%	0	$0	0.0%
Individuals	0	$0	0.0%	1	$1,000	0.0%	86	$7,840,554	2.0%	1	$2,000	0.2%
Philanthropy	0	$0	0.0%	3	$334,002	2.2%	128	$118,098,214	30.3%	0	$0	0.0%
Other	0	$0	0.0%	0	$0	0.0%	61	$17,514,767	4.5%	1	$43,164	4.5%
Total		$13,500	100.0%		$15,244,378	100.0%		$390,355,389	100.0%		$955,299	100.0%

Source: CIIS-ILR
Note: Corporation category includes CDFI intermediaries, non-depository financial institutions, and all other corporations; Government category includes CDFI Fund, local, state, and other federal entities.

In 2017, as in other years, the sources of contributed operating revenue varied considerably by institution type. Prominent sources include government, philanthropy and depository institutions.

CDFI Source of Earned Revenue in 2017

	Bank			Credit Union			Loan Fund			Venture Fund		
	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent
Interest Income Earned on Portfolio	15	$314,829,000	64.2%	47	$940,459,561	62.5%	226	$336,436,214	50.9%	3	$3,642,307	35.8%
Fee Income from Lending Portfolio	15	$61,454,000	12.5%	47	$224,290,460	14.9%	208	$103,397,637	15.6%	3	$2,666,868	26.2%
Interest from Marketable Securities	15	$39,459,000	8.0%	47	$72,351,520	4.8%	169	$13,378,750	2.0%	3	$101,433	1.0%
Contract and Training Income	0	$0	0.0%	46	$267,563,618	17.8%	129	$160,012,254	24.2%	3	$3,383,485	33.3%
Other Earned Income	15	$74,667,000	15.2%	0	$0	0.0%	135	$48,282,686	7.3%	4	$366,601	3.6%
Total		$490,409,000	100.0%		$1,504,665,159	100.0%		$661,507,541	100.0%		$10,160,694	100.0%

Source: CIIS-ILR

In 2017, income earned from lending activities was a prominent source of earned revenue for all CDFI types. Venture funds also earned significant income from contract and training services.

CDFI Operating Expenses in 2017

	Bank			Credit Union			Loan Fund			Venture Fund		
	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent	N	Amount	Percent
Interest Expenses	15	$33,185,000	9.0%	47	$180,306,393	14.2%	196	$130,645,145	14.0%	2	$661,313	6.2%
Loan Loss Provision	15	$20,074,000	5.4%	46	$138,535,621	10.9%	188	$75,727,914	8.1%	2	$72,213	0.7%
Salaries and Benefits for Staff	15	$172,941,000	46.7%	47	$485,985,247	38.4%	220	$432,269,512	46.4%	4	$5,747,350	53.9%
Professional Fees	15	$106,317,000	28.7%	47	$77,495,453	6.1%	222	$94,753,045	10.2%	4	$2,138,215	20.0%
Other	15	$37,939,000	10.2%	47	$384,599,749	30.4%	223	$197,506,948	21.2%	4	$2,045,427	19.2%
Total		$370,456,000	100.0%		$1,266,922,463	100.0%		$930,902,564	100.0%		$10,664,518	100.0%

Source: CIIS-ILR

In 2017, salaries and benefits for staff made up the largest share of operating expenses for all CDFI types.

CDFI Financials in 2017

	Bank		Credit Union		Loan Fund		Venture Fund	
	N	Average	N	Average	N	Average	N	Average
Self-Sufficiency Rate	15	134.4%	47	116.6%	227	70.4%	4	80.8%
Net Assets Rate	14	12.2%	46	10.8%	225	52.5%	4	64.6%
Leverage Ratio	14	7.6	46	9.5	224	1.7	4	1.3
Operating Liquidity Ratio	15	6.2	47	7.0	227	7.3	4	6.2

Source: CIIS-ILR

Note: Self-Sufficiency Rate=Earned Revenues/Operating Expenses; Net Assets Rate=Total Equity/Total Assets; Leverage Ratio=Total Liabilities/Total Equity; Operating Liquidity Ratio=Cash Available/(.25*(Operating Expenses – Loan Loss Provision))

In 2017, regulated CDFIs had a higher rate of self-sufficiency and a higher leverage ratio compared to unregulated CDFIs. However, unregulated CDFIs maintained a higher rate of net assets.

CDFI Impact: Development Service Activity in 2017

	Bank			Credit Union			Loan Fund			Venture Fund		
	N	Client	Percent	N	Client	Percent	N	Client	Percent	N	Client	Percent
Affordable Housing Service	5	616	5.4%	23	7,314	5.0%	98	62,797	26.0%	1	40	5.6%
Economic Development Service	5	3,262	28.7%	10	4,975	3.4%	145	70,436	29.1%	4	659	92.8%
Consumer Development Service	4	7,482	65.7%	36	120,531	81.7%	69	72,154	29.8%	1	11	1.5%
Other Service	1	25	0.2%	7	14,729	10.0%	48	36,533	15.1%	0	0	0.0%
Total		11,385	100.0%		147,549	100.0%		241,920	100.0%		710	100.0%

Source: CIIS-ILR
Note: Affordable housing services include housing technical assistance and homeownership counseling. Economic development services include business technical assistance and real estate technical assistance. Consumer development services include credit counseling and financial education.

In 2017, banks and credit unions emphasized providing consumer development services while venture funds mainly focused on economic development services. Loan funds did not focus on a specific service, and instead provided all services equally.

CDFI Impact: Target Market in 2017

	Bank (N=14)		Credit Union (N=35)		Loan Fund (N=182)		Venture Fund (N=3)		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Investment Area (IA)	$1,606,924,865	57.3%	$880,646,617	39.9%	$1,723,626,223	68.7%	$67,176,740	90.3%	$4,278,374,445	56.4%
Low Income Targeted Population (LITP)	$2,072,216	0.1%	$62,143,571	2.8%	$148,453,106	5.9%	$15,000	0.0%	$212,683,893	2.8%
Other Targeted Population (OTP)	$0	0.0%	$32,855,311	1.5%	$96,098,361	3.8%	$0	0.0%	$128,953,672	1.7%
IA Enduser	$618,738,133	22.1%	$41,243,083	1.9%	$84,707,731	3.4%	$7,222,311	9.7%	$751,911,258	9.9%
LITP Enduser	$0	0.0%	$2,677,424	0.1%	$233,881,052	9.3%	$0	0.0%	$236,558,476	3.1%
OTP Enduser	$0	0.0%	$0	0.0%	$1,096,679	0.0%	$0	0.0%	$1,096,679	0.0%
Non-Distressed Area	$575,877,680	20.5%	$1,154,620,661	52.4%	$222,088,549	8.8%	$0	0.0%	$1,952,586,890	25.7%
N/A	$0	0.0%	$30,252,249	1.4%	$50,000	0.0%	$0	0.0%	$30,302,249	0.4%
Total	$2,803,612,894	100.0%	$2,204,438,916	100.0%	$2,510,001,701	100.0%	$74,414,051	100.0%	$7,592,467,562	100.0%

Source: CIIS-TLR, Census Tract 2010
Note: End users are third-party beneficiaries from CDFI loans and investments. They include OTP, LITP, and IA end users. “N/A” means missing geographical information. Due to confidentiality considerations, banks and credit unions are not required to report consumer loans in TLR and therefore such transactions were not included in the analysis.

In 2017, CDFI Program and NACA Program awardees made nearly three-quarters of their loans and investments in distressed areas (investment areas) and underserved populations (LITP, OTP), which exceed the statutory threshold of 60 percent.

CDFI Impact: Persistent Poverty Counties in 2017

	Bank (N=14)		Credit Union (N=35)		Loan Fund (N=182)		Venture Fund (N=3)		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Persistent Poverty County	$951,447,465	33.9%	$167,781,354	7.6%	$282,039,092	11.2%	$53,462,632	71.8%	$1,454,730,543	19.2%
Non-persistent Poverty County	$1,852,165,463	66.1%	$2,002,274,611	90.8%	$2,219,413,209	88.4%	$20,951,422	28.2%	$6,094,804,705	80.3%
N/A	$0	0.0%	$34,382,930	1.6%	$8,549,381	0.3%	$0	0.0%	$42,932,311	0.6%
Total	$2,803,612,928	100.0%	$2,204,438,895	100.0%	$2,510,001,682	100.0%	$74,414,054	100.0%	$7,592,467,559	100.0%

Source: CIIS-TLR

Note: Persistent poverty counties are defined as any county that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990, 2000, and the 5-year American Community Survey (2011-2015). "N/A" means missing geographical information. Since banks and credit unions are not required to report consumer loans in the TLR, these transactions were not included in the analysis.

In 2017, CDFI Program and NACA Program awardees made over 19 percent of their loans and investments in persistent poverty counties, exceeding the share of the population living in persistent poverty counties (7.6 percent).

CDFI Impact: Geography in 2017

	Bank (N=14)		Credit Union (N=35)		Loan Fund (N=182)		Venture Fund (N=3)		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Metropolitan Statistical Area	$1,823,532,863	65.0%	$1,923,079,116	87.2%	$2,282,845,997	90.9%	$2,890,226	3.9%	$6,032,348,202	79.5%
Micropolitan Statistical Area	$645,489,137	23.0%	$129,570,712	5.9%	$143,084,861	5.7%	$36,923,208	49.6%	$955,067,918	12.6%
Rural Non-Designated Area	$334,590,887	11.9%	$117,406,167	5.3%	$75,521,442	3.0%	$34,600,616	46.5%	$562,119,112	7.4%
N/A	$0	0.0%	$34,382,930	1.6%	$8,549,381	0.3%	$0	0.0%	$42,932,311	0.6%
Total	$2,803,612,887	100.0%	$2,204,438,925	100.0%	$2,510,001,681	100.0%	$74,414,050	100.0%	$7,592,467,543	100.0%

Source: CIIS-TLR, Feb 2013 OMB metro/non-metro designation
Note: "N/A" means missing geographical information. Since banks and credit unions are not required to report consumer loans in the TLR, these transactions were not included in the analysis.

In 2017, CDFI Program and NACA Program awardees reported that approximately 20 percent of their loans and investments were in Micropolitan and Rural non-designated areas which, together, make up Non-Metropolitan areas†. This share exceeded the percentage of the population living in Non-Metropolitan areas (15 percent).

† CDFI activities in non-metropolitan areas represent only CDFI transactions for 2017 and are not comparable to the published data for 2012 which included cumulative activities from 2003 to 2012.

Transition from CIIS to New Data Collection

- This is the last year of reporting and publishing CDFI data derived from the CIIS ILR and TLR reports.
- The CIIS data series has been collected and published by the CDFI Fund from 2003 through 2017.
- CIIS reporting was replaced in September 2018 by the Awards Management Information System Compliance and Performance Reporting (ACPR) system.
  - The ILR was eliminated as most of the data is now collected in the Annual Certification Report.
  - In the TLR, CDFIs now only report on new loans originated in the fiscal year and a new Consumer Loan Purpose table has been developed for use by banks and credit unions to report deployment to their target markets.