

The CDFI Data Project

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NEW REPORT: U.S. COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS INVESTED \$3.5 BILLION IN 2004

***CDFIs Linked to 28,000 Jobs, 43,000 Affordable Housing Units,
20,000 Avoided Payday Loans, and Financial Access for
123,000 Unbanked Individuals.***

PHILADELPHIA, PA.//May 22, 2006//U.S. community development financial institutions invested \$3.5 billion in 2004 to create a wide range of economic opportunities in American communities that often are overlooked by traditional financial institutions, according to a major new report released today by the CDFI Data Project (CDP). CDFIs are specialized financial institutions that create economic opportunity for individuals and small businesses, including affordable housing, job creation, construction of community facilities, and access to financial services for unbanked individuals.

According to the CDP report, entitled "Providing Capital, Building Communities, Creating Impact," CDFI investments in 2004 achieved the following impacts:

- Financing and other assistance for 6,887 businesses that created or maintained 28,330 jobs;
- Building or renovating 43,160 units of affordable housing;
- Building or renovating 470 community facilities in economically disadvantaged communities; and
- Providing 20,653 alternatives to payday loans and helping 122,755 low-income individuals open their first bank account.

The CDFI Data Project (CDP) report analyzes data collected from 517 community development financial institutions making it one of the largest data sets ever collected in the CDFI industry. The CDP comprises eight leading CDFI associations: Aspen Institute, Association for Enterprise Opportunity, Coalition of Community Development Financial Institutions, Community Development Venture Capital Alliance, CFED, National Community Investment Fund, National Federation of Community Development Credit Unions, and Opportunity Finance Network.

Chairman of the CDFI Data Project Mark Pinsky said: **"The CDFI industry continues to grow, innovate and change, while retaining its focus on strong financial performance and increasing impact in emerging domestic markets throughout the United States. CDFIs in our sample had \$12.2 billion in financing outstanding, which is a historic best ever, and this combines with the lowest level of losses in the past**

five years of 0.55 percent to represent excellent performance overall. This new report shows that community development financial institutions are cornerstones of opportunity and hope in hundreds of communities across the United States.”

CDFIs focus on niche domestic markets throughout the United States that are not adequately served by conventional financial markets. The CDP report found that CDFI customers were 53 percent female, 58 percent minority, and 70 percent low-income—all of which reflect much higher percentages than are true for “mainstream” financial institutions.

CDFIs finance transactions in low-income communities in a prudent and effective way. CDFIs are adept at managing risks through a combination of solid capital structures and loan loss reserves, close monitoring of portfolios, and technical assistance. In 2004, CDFIs in this study had a net charge-off ratio of 0.55 percent, which rivals the net charge-off ratio of 0.56 percent for all U.S. financial institutions.

Supported by the Fannie Mae Foundation, the Ford Foundation, and the John D. and Catherine T. MacArthur Foundation, the CDP brings together leading organizations in the CDFI industry to ensure access and use of data to improve practice and attract resources to the CDFI field.

To review a full copy of the CDP report, go to the Opportunity Finance Network website: http://www.communitycapital.org/community_development/finance/cdfi_data_project.html.

ABOUT THE CDFI DATA PROJECT PARTNERS

Aspen Institute (www.fieldus.org) is a national nonprofit that disseminates best practices and educates policymakers, funders, and others about microenterprise.

Association for Enterprise Opportunity (www.microenterpriseworks.org) is a national member-based trade association of more than 500 microenterprise development programs.

Coalition of Community Development Financial Institutions (www.cdfi.org) is the lead organization in the United States that promotes the work of CDFIs.

Community Development Venture Capital Alliance (www.cdvca.org) is a certified CDFI intermediary that serves community development venture capital funds through training, financing, consulting, research, and advocacy.

CFED (www.cfed.org) is a national nonprofit that promotes asset building and economic opportunity strategies, primarily in low-income and distressed communities.

National Community Investment Fund (www.ncif.org) is a certified CDFI that channels equity, debt, and information to locally owned banks, thrifts, and selected credit unions with a primary purpose of community development.

National Federation of Community Development Credit Unions (www.cdccu.coop) is a certified CDFI intermediary that serves more than 200 low-income credit unions across the United States.

Opportunity Finance Network (www.opportunityfinance.net) is a leading national network that finances, trains, consults with, and advocates for CDFIs.

CONTACT: Patrick Mitchell at (703) 276-3266 or pmitchell@hastingsgroup.com.