

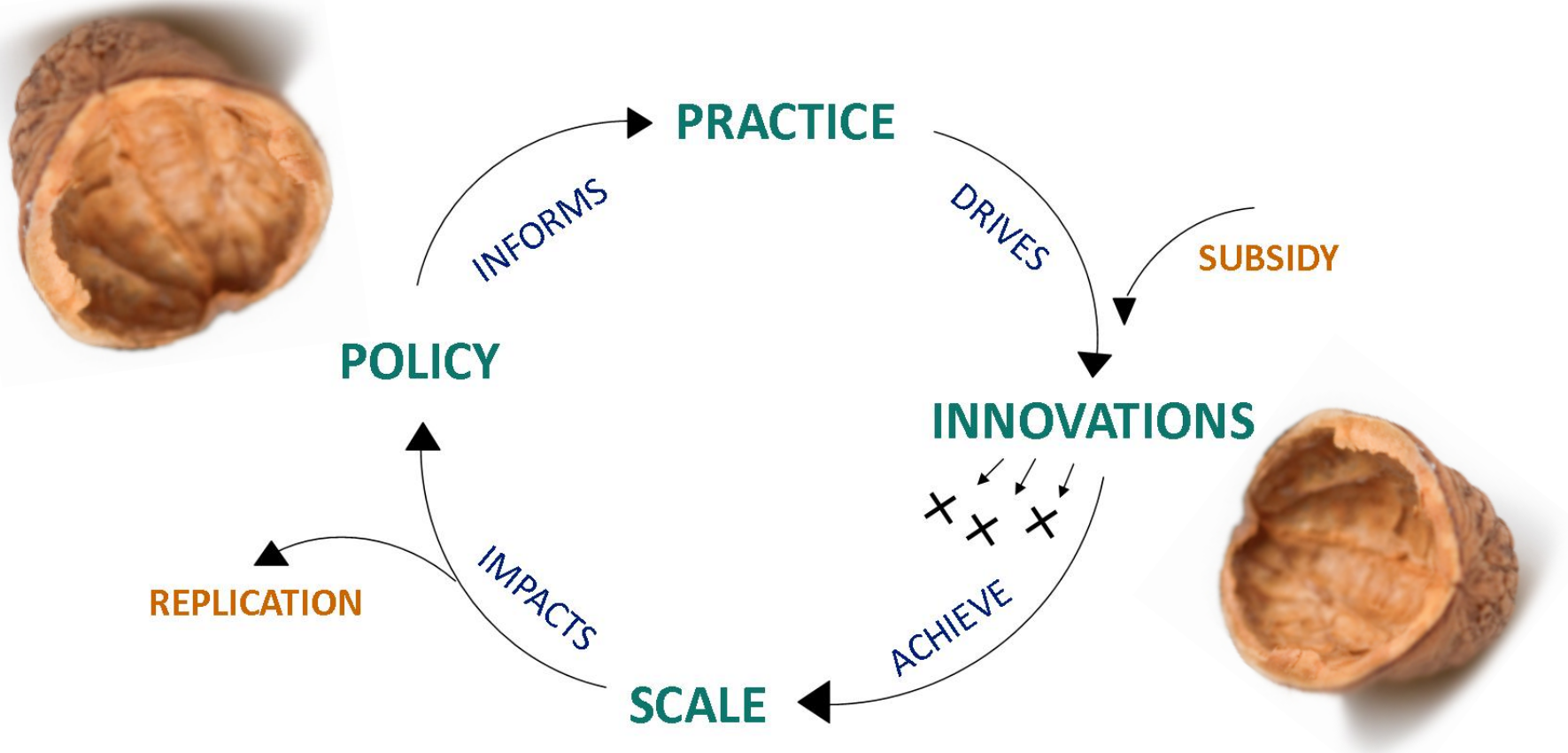


Sometimes You Gotta Wrestle with the Bicycle

Mission: *To create and protect ownership and economic opportunity for all, especially people of color, women, rural residents and low-wealth families and communities.*

- Founded in 1980 in Durham, NC
- Originally created to encourage and provide capital to support democratic capitalism (coops, worker-owned businesses etc.)
- Growth & Scale success due to: 1) mission focus; 2) creative lending initiatives while exercising sound credit underwriting prudence; and , more recently, credit union merger expansion.

Self-Help in a Nutshell



Self-Help, A Family of Organizations committed to financial access



- Self-Help is now the largest CDFI in the country, with over **\$1.8 billion** in assets, serving close to **100,000** members and **\$450 million** in net worth.
- **\$6.4 billion** invested in more than 87,000 families, individuals and organizations since 1980.

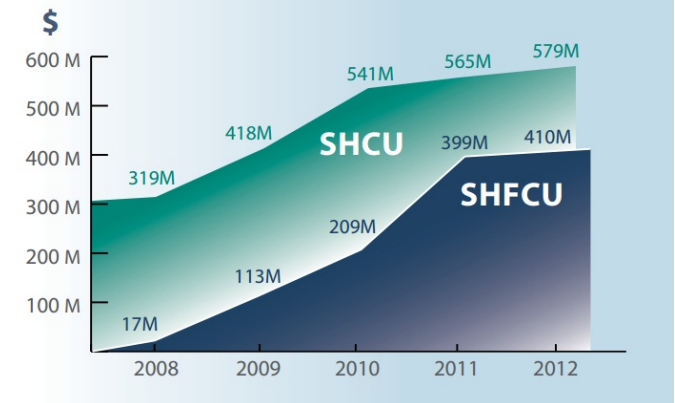


Self-Help's Financial Strength



- **Much of the growth from our two credit unions has remained strong and resilient** even during the financial crisis of the past five years. The combined assets of our credit unions grew by almost 300 percent between 2008 and 2012.
- **All member deposits are invested in loans.** As of 9/30/2014, SHCU has \$568 million of member deposits. Loan-to-share ratio for both credit unions is 70%.
- Each member account is **insured up to \$250,000** by the National Credit Union Association.
- SHCU's **loan net charge-off ratio** as of 9/30/14 was 0.62% (losses / average loans). It was the same in Q1 2013. *For comparison in 2008 it was 0.68%, rose to 1.24% in 2010 and declined in each subsequent year.*
- SHCU at 9/30/14 had a **loan loss reserve** of \$11.64 million, which is 2.96% of loans and 1.74% of assets, and a net worth ratio of 12.99%.

FIVE YEAR ASSET GROWTH



Self-Help's Four Main "Lines of Service"

Community Lending

Impact areas:

- Single Family mortgages
- Access to healthy foods
- Charter Schools
- Alternative energy
- Affordable housing
- Small businesses
- Nonprofit facilities (Childcares, Churches)
- Commercial real estate
- Consumer loans

Retail Financial Services via SHCU & SHFCU (branches NC, CA & IL)

State CU est. in NC in 1984; grown through 8 mergers.

- **17** full-service branches
- **\$650 MM** assets
- **51,000** members

Federal CU est. in CA 2010 grown through 7 mergers.

- 20 branches
- **\$560 MM assets**
- **49,500** members

Real Estate Development

Acquire and rehab key properties to promote community and economic development.

- Retail branches
- Multi-tenant office
- Charter school facilities for low-income students
- Affordable housing
- Single Family homes
- Senior living
- Adaptive, historic reuse

Center for Responsible Lending (CRL) (2002)

Federal and state policy research and advocacy on predatory lending and consumer issues:

- Payday lending
- Mortgage reform
- Car title lending
- Credit/debit card lending
- Student loans
- Debt consolidation



Sector Analysis Strategy and Process



Strategy

Combine mission impact and financial sustainability:

Define a list of potential lending sectors like Child Care and Charter Schools where Commercial Lending can achieve mission impact directly to borrowers and their communities and support Self-Help's financial sustainability by making its lending activities more efficient by accumulating depth and expertise in specific market areas.

Process

Knowledge and Research

Learn by Doing

Continue to investigate potential sectors that will, if positive, provide a road map for marketing and working in that sector and, if negative, provide the data that identifies the obstacles for working in particular markets.

Sector Analysis

4 steps → short list



STEP 1: Context

STEP 2: Key Players

STEP 3: Opportunities for Self-Help

STEP 4: Outreach Strategy

STEP 3: Opportunities for Self-Help

Key Questions:

Is this a good sector for S-H?

Look for:

“Niches” within the sector? (What value to we bring to borrowers)

Does it fit our mission? (Measurable positive impact on S-H target communities and individuals; Policy implications; Create jobs)

Deal Flow

Would potential borrowers want SH's loans

Size of the market?

Capital needs? Loan size?

Is there enough demand?

Competition: Who are we competing with?

Availability of Innovation Capital (grants, PRI's)

Other funding opportunities?

Possible Partnerships?

Step Check:

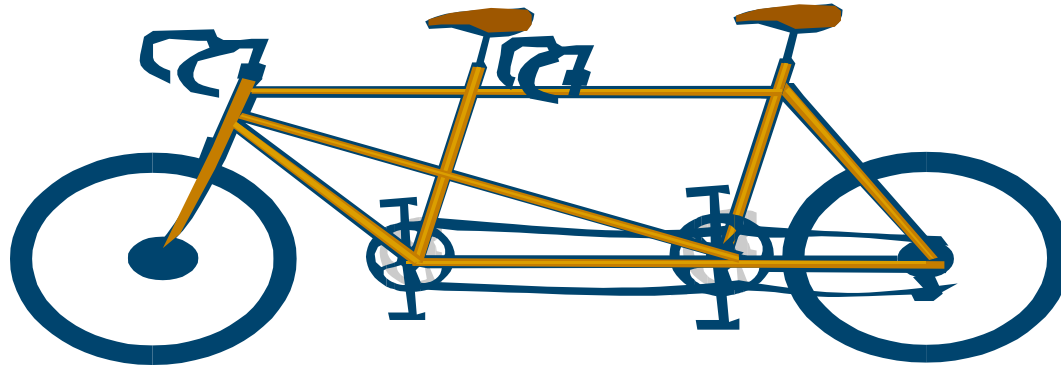
Is S-H ready to go? If YES → Continue to Step 4.

Deal Flow Question

- How much is sufficient?
- How much to cover staff costs?
- Last yr. ballpark was ~\$2-3M/LO
- Sector should support BDO and part of CCO
- \$4.5-5M in loans/yr???
- Availability of subsidy to SH to offset costs

Creating and protecting ownership and economic opportunity

*Figures from rough analysis done in 2010.



Impact

- Job creation
- Rural economic development
- Public health (less adult & childhood obesity)
- Access to Capital for Innovative Entrepreneurs

Economic Case

- Lending opportunity based on following strengths of clients:
 - Fundamentals of business (management)
 - Financial viability (business model)
 - Borrower has to have skin in the game

New Healthy Food Lending

\$1.5 million to Eastern Carolina Organics



transformed an East Durham 26,000 ft² brownfield site into a new organic produce distribution center to grow and expand its business.

- Incubator space for small business startups
- \$356,000 Energy Features (lights, envelope, cooler compressor)



“Now with this new warehouse, the growth of ECO is in the hands of our innovative farmers and loyal customers, enabling us to make a greater impact on the food system through our supply of local organic food from North Carolina family farms.” - Sandi Kronic, Executive Director



4/2011
\$6MM assets
2,500 members



9/2008
\$4MM assets
2,800 members



6/2009
2 branches
\$41MM assets
12,000 members



1/2010
\$7MM assets
3,000 members



1/2011
9 branches
\$161MM assets
16,500 members





1/2010
2 branches
\$34MM assets
8,000 members



6/2010
\$23MM assets
4,000 members



1/2010
Pilot branch (start up)



7/2012
CT Prospera LA
5 branches (purchased)



2013 Hubert H. Humphrey Civil and Human Rights Award to CEO & Founder, Martin Eakes

2012 MacArthur Award for Creative and Effective Institutions given to Center for Responsible Lending;

2011 Visionaries Award to Martin Eakes

2009 Ned Gramlich Lifetime Achievement Award for Responsible Lending

2004 One of 14 best organizations building economic opportunity for African Americans by USSIF (formerly Social Investing Forum Foundation) and Co-op America

2004 Social Capitalist Award. One of top 20 groups changing the world.

Self-Help's Awards



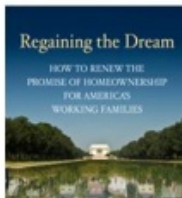
Featured Appearance!
On pgs. 33-34 of Marjorie Kelly's new book

OWNING OUR FUTURE

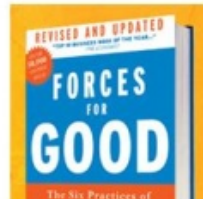


The Emerging Ownership Revolution

Journeys to a Generative Economy



2012 published by UNC Center for Community Capital. "Regaining the Dream" uses data from Self-Help's home lending and model of mortgage lending to tell the story of how to fix what went wrong in our housing finance system.



2007 (Revised 2012) Self-Help is featured as one of 12 exemplary high-impact non-profits profiled in this award winning book, cited as "Top 10 Business book of the year" by *The Economist*.