

INCLUSIV/CAPITAL

FIRST QUARTER 2024

IMPACT INVESTMENTS REPORT



/ inclusiv /

HELPING LOW-AND MODERATE INCOME PEOPLE AND
COMMUNITIES ACHIEVE FINANCIAL INDEPENDENCE
THROUGH CREDIT UNIONS



ABOUT INCLUSIV/CAPITAL

Inclusiv is the national CDFI intermediary for credit unions. Inclusiv mobilizes capital and invests in mission-driven credit unions to bridge access and credit gaps to strengthen financial inclusion, resiliency and ownership in underinvested communities.

Since the program's inception in 1982, Inclusiv has invested more than \$350 million in CDCUs and cooperativas to provide safe and trusted financial services, asset building and wealth creation through small business lending and affordable homeownership.

ABOUT THIS REPORT

As a mission-driven organization, Inclusiv reports our impact in terms of both financial and social metrics. Inclusiv is a non-profit membership organization and certified community development financial intermediary and our financial structure is comprised of several activities.

We report our statement of activities as a non-profit corporation, reflecting revenues and expenses in the areas of program, investment, consulting and administrative. The information contained in this report is based on preliminary, unaudited financial statements.

COMMUNITY DEVELOPMENT CREDIT UNIONS BRIDGE OPPORTUNITIES, BUILD ASSETS & DRIVE IMPACT



INCLUSIV'S MEMBERSHIP INCLUDES:

- 499 COMMUNITY DEVELOPMENT CREDIT UNIONS
- 256 MINORITY DESIGNATED CREDIT UNIONS & COOPERATIVAS
- 20.1 MILLION COMMUNITY MEMBERS SERVED
- \$292.1 BILLION IN COMMUNITY CONTROLLED ASSETS



FINANCIAL OVERVIEW

As of March 31, 2024 Inclusiv had \$103.4 million in assets, an increase of 6% from the prior year. Inclusiv managed \$84.5 million in investments in community development credit unions and cooperativas. Inclusiv has an allowance for loan loss of \$0.6 million, derived from historical loss rates, environmental variables and special reserves for individually impaired loans.

All investments, excluding loan participations and deposits placed through the Inclusiv Social Impact Deposits Platform, are reported on our balance sheet.

Revenues and expenses related to these investments are also separately reported on our income statement. As of March 31, 2024, Inclusiv reported \$0.8 million in unrestricted net income. Net interest income generated by Inclusiv/Capital and Inclusiv/Mortgage was \$0.3 million.

OPERATING RESULTS

REVENUES

At the end of the first quarter, Inclusiv reported \$3.3 million in revenue. Total revenue includes \$1.2 million in grants and contributions. Inclusiv's investment programs generated \$0.9 million in interest income. An additional \$0.8 million was generated from membership dues.

OPERATING EXPENSES & PROGRAM INVESTMENTS

Operating expenses cover all the direct costs of Inclusiv's programs, initiatives, management and investments in CDCUs. Inclusiv reported total expenses of \$2.4 million year-to-date. Expenses were \$0.9 million (28%) under budget as additional hirings and program related expenses incurred later than anticipated.

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March 31, 2024				
	3/31/2024	3/31/2023	Change	% Change
Total Assets	103,395,496	97,590,682	5,804,814	6%
Total Liabilities	70,415,672	66,668,629	3,747,043	5%
Total Net Assets	32,979,824	30,922,053	2,057,771	6%
Net Asset Ratio	32%	32%	0%	1%
Unrestricted Net Income	813,438	(65,739)	879,177	108%

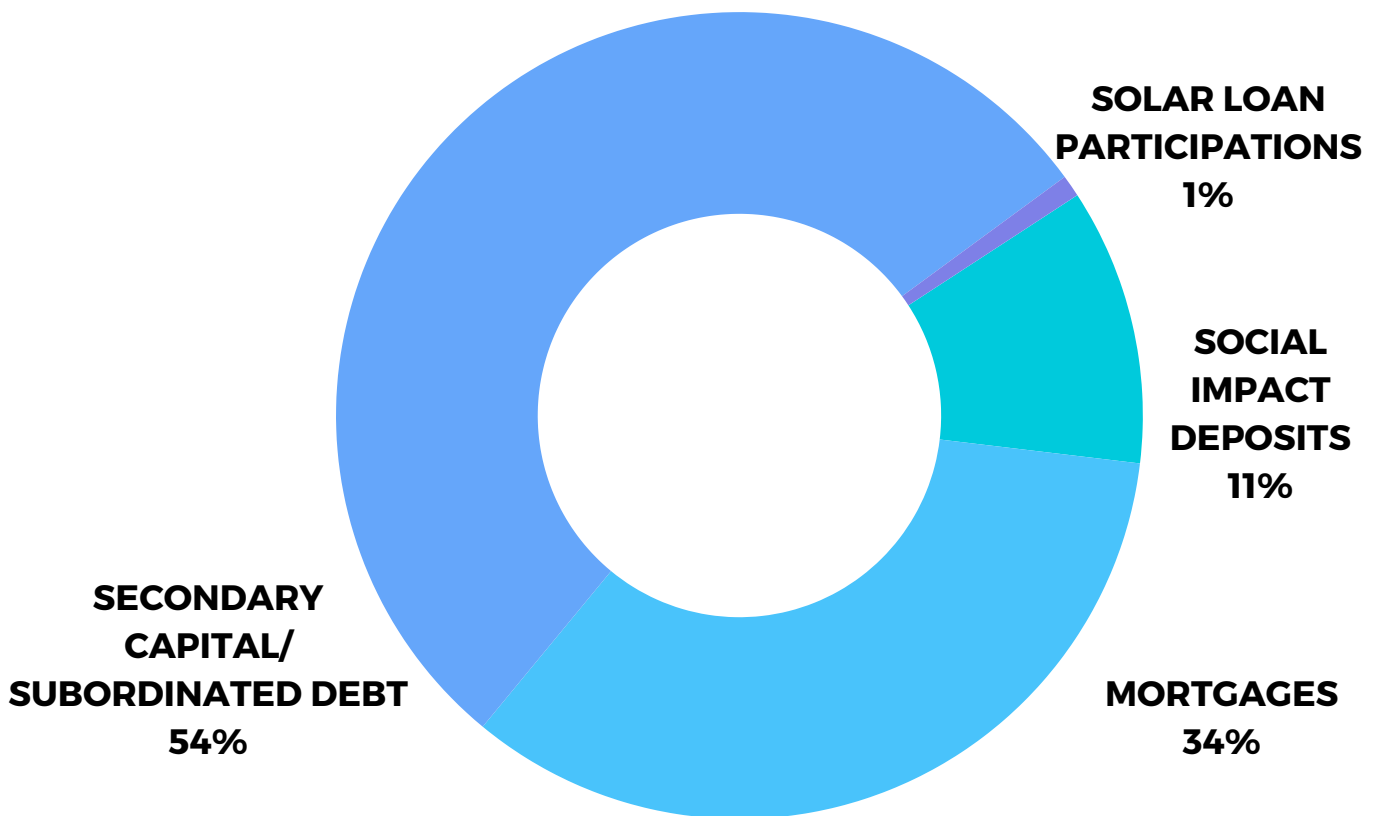
STATEMENT OF POSITION

Inclusiv's total assets were \$103.4 million as of March 31, 2024. Of these assets, Inclusiv held the following assets on its balance sheet: \$3.6 million in social impact deposits; \$45.6 million in secondary capital; \$28.8 million in mortgages; \$0.7 million in solar loan participations and \$22.8 million in cash and cash equivalents. Inclusiv also managed servicing for \$5.75 million in social impact deposits \$4.6 million secondary capital loan participations to National Cooperative Bank,

and \$29.5 million in secondary capital Inclusiv Secondary Capital Fund LLC, of which Inclusiv is the managing member. Inclusiv holds \$5,000,000 in preferred equity from the Kresge Foundation related to the aforementioned Fund.

Total liabilities at the end of the first quarter were \$70.4 million. Net assets at the end of the quarter were \$33.0 million, including \$22.4 million in unrestricted net assets.

INCLUSIV/CAPITAL PORTFOLIO AS OF MARCH 31, 2024



\$84.5 MM
INVESTMENTS UNDER MANAGEMENT

291
INVESTMENTS

\$6.0 MM
INVESTMENTS & COMMITMENTS
YTD 2024

CURRENT PORTFOLIO

SOCIAL IMPACT DEPOSITS: STRENGTHENING LOCAL ECONOMIES AND COMMUNITY RESILIENCY THROUGH OWNERSHIP

The US Index of Consumer Sentiments has continued to fluctuate as households remain uncertain about their financial well-being and their ability to manage the impacts of inflation. Households with means have started to use savings to account for the rising costs. However, with more than 56% of US households reportedly having less than \$1,000 in savings, low-wealth and under-resourced communities are deeply impacted by these changes.

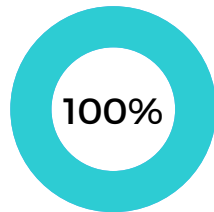
Community development credit unions, locally owned and led financial cooperatives, provide safe and affordable access to credit and development services to their members.

By reinvesting deposits and making loans to community members and small businesses, CDCUs support local wealth building by expanding homeownership, job creation and entrepreneurship, environmental resiliency and pathways to financial health. Inclusiv works with institutional investors committed to financial inclusion to invest alongside their values and directly invest in building strong opportunities and resiliency in underinvested communities through the Inclusiv Social Impact Deposits Platform.

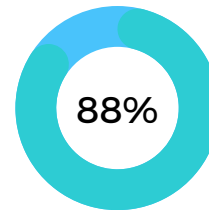
As of March 31, 2024, Inclusiv facilitated more than \$226 million in social impact deposits to strengthen community-based lending, asset building and wealth creation through CDCUs.

SOCIAL IMPACT DEPOSITS PLATFORM: Q1 2024 IMPACT AT A GLANCE

681,335
MEMBERS SERVED



**LOW-INCOME
EARNING
COMMUNITIES**



**LED BY AND SERVE
COMMUNITIES OF
COLOR**

HOW DO SOCIAL IMPACT DEPOSITS IMPACT COMMUNITIES?

CDCUS REINVEST
DEPOSITS TO CREATE
WEALTH LOCALLY BY
MAKING AFFORDABLE
LOANS TO EXPAND
HOMEOWNERSHIP, SMALL
BUSINESSES,
ENVIRONMENTAL
SUSTAINABILITY AND SAFE
AND AFFORDABLE ACCESS
TO CREDIT.



**12,763 HOMEOWNERS
\$2.1 BILLION IN MORTGAGES
50% OFFER FIRST-TIME
HOMEBUYER PROGRAMS**



**\$815.1 MILLION IN LOANS
1,799 SMALL BUSINESSES AND
LOCAL DEVELOPMENT PROJECTS**



**28% OFFERING/ PROCESS OF
DEVELOPING GREEN AND
RENEWABLE ENERGY LOANS**

CDCU IMPACT PROFILE: HAWAII FIRST FCU

EMPOWERING OUR COMMUNITY BY SERVING HAWAII FIRST!



Designations: Low-income · CDFI · Native Hawaiian · Minority Depository
Total Assets: \$61.9 million
Total Loans: \$49.0 million
Total Members: 6,900
Location: Kamuela and Hilo, HI

Kamuela is known for its vibrant and luscious landscapes, which are home to *paniolo* (Hawaiian for cowboys). With more than 70 years of history, Hawaii First Federal Credit Union was organized by their founding *paniolo* as Kamuela Community Federal Credit Union, with the vision to help people to save and to also help those in need. Though their name has changed, the credit union has maintained its commitment to the people of Hawaii, stewarding resources and advancing their vision of “help, hope and happiness” through holistic financial and development services.

Led by Laura Aguirre, President/ CEO and Mary Ann Otake, COO, Hawaii First has been a leader in creating deep community partnerships and innovative programs to serve the multifaceted needs of the communities they serve. The credit union is the first Blue Zones approved worksite and launched the first Financial Empowerment Center in Hawaii. Further, Hawaii First also provided \$11.3 million in loans to advance Native Hawaiian homeownership. These partnerships and valued services reflect Hawaii First’s strong relationships and trust cultivated over the years.



Photo Credit: Hawaii First FCU

Hawaii First FCU partners on community development initiatives across the Island and hosts workshops and convenings at their Community Resource Center (CRC).

Pictured above are Hawaii First FCU members at CRC as they participated in IT Reuse Hawai'i.

“It was such a rewarding day to provide hope and a laptop to each of these community members,” Laura Aguirre, President/ CEO, Hawaii First FCU. She added it also reduces waste going to landfills.

“The IT Reuse Hawai'i Pilot Project is a partnership of IT Reuse Hawai'i, Hawai'i Community College, PCs for People and Hawaii First FCU's Community Resource Center to refurbish computers to support low-income individuals and families in achieving their life goals. It seeks to strengthen resilience by retaining assets on island, reduce electronic waste, and enhance IT education,” Mary Ann Otake, COO, Hawaii First FCU.

CURRENT PORTFOLIO

SECONDARY CAPITAL & SUBORDINATED DEBT

BUILDING EQUITY BY CATALYZING COMMUNITY-CENTERED GROWTH

Inclusiv/Capital manages a total of \$52.2 million in secondary capital and subordinated debt to strengthen CDCU asset and wealth building initiatives for communities that are underserved by mainstream financial institutions. Secondary capital, a form of subordinated debt, is a loan that is treated as equity capital for regulatory purposes. These investments catalyze sustainable growth and inclusive community impact initiatives.

These loans support the capital position of credit unions, enabling them to leverage deposits on a 10:1 basis to increase capital and build stronger, vibrant local economies.

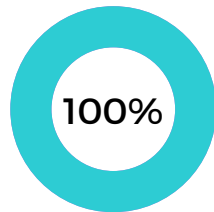
Inclusiv's portfolio is comprised of 27 CDCUs and cooperativas representing \$16.0 billion in community-owned assets. One hundred percent of these funds are directly invested into communities earning low-incomes; more than 50% of CDCUs and cooperativas engaged in this initiative are minority depository institutions and are led by and/or serve primarily communities of color.

Members engaging in Inclusiv/Capital subordinated debt initiatives use the funds to sustain growth, expand markets and reach into underinvested communities, and innovate and scale products designed to enable under-resourced communities and small businesses to strengthen their economic mobility.

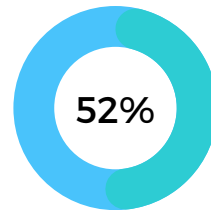
SUBORDINATED DEBT: IMPACT AT A GLANCE

SUSTAINING GROWTH · EXPANSION INTO UNDERINVESTED COMMUNITIES · INNOVATE AND SCALE SOLUTIONS TO BUILD VIBRANT LOCAL ECONOMIES

1,140,085
MEMBERS SERVED



LOW-INCOME EARNING COMMUNITIES



LED BY AND SERVE COMMUNITIES OF COLOR

FOR CDCUS AND COOPERATIVAS, EQUITY IS MORE THAN A LINE ON THE BALANCE SHEET, IT IS CATALYTIC CAPITAL THAT CAN DEEPEN COMMUNITY RESILIENCE AND THRIVING.



29,350 HOMEOWNERS
\$4.7 BILLION IN MORTGAGES
56% OFFER FIRST-TIME HOMEBUYER PROGRAMS



\$1.6 BILLION IN LOANS
3,149 SMALL BUSINESSES AND LOCAL DEVELOPMENT PROJECTS

60X

EACH DOLLAR IS REINVESTED IN COMMUNITY LOANS SIXTY TIMES OVER A 5-YEAR PERIOD



48% OFFERING GREEN AND RENEWABLE ENERGY LOANS

CURRENT PORTFOLIO

INCLUSIV/ MORTGAGE:

BUILDING GENERATIONAL WEALTH AND EQUITY THROUGH HOMEOWNERSHIP

As of March 31, 2024, the Inclusiv/ Mortgage portfolio was comprised of \$28.8 million in mortgages, providing affordable homeownership and wealth building opportunities to 189 households across the country.

Inclusiv/ Mortgage serves to narrow the wealth gap by providing capital and training to CDCUs to strengthen their capabilities to provide affordable homeownership opportunities. Homeowners with

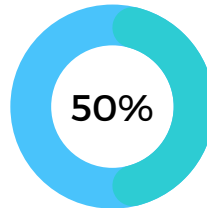
mortgages financed through Inclusiv/ Mortgage increased their equity by \$21.5 million, that is, an average of \$114k per homeowner.

Credit unions and partners participating in Inclusiv/Mortgage provide equitable homebuyer products and programs including those designed for Low-to-Moderate income, ITIN, and First time Homebuyers by offering flexible program criteria, fair rate structures and reduced mortgage insurance requirements.

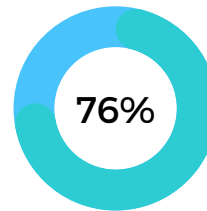
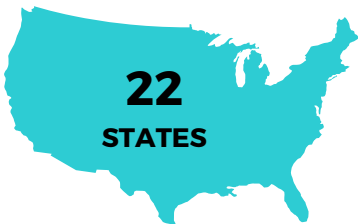
INCLUSIV/ MORTGAGE: IMPACT AT A GLANCE



189 HOMEOWNERS
\$28.8 MILLION
56% OFFER FIRST-TIME HOMEBUYER PROGRAMS



HOMEOWNERS OF COLOR



LOW- AND MODERATE-INCOME HOMEOWNERS

\$21.5 MILLION INCREASE IN EQUITY
\$114K AVERAGE INCREASE PER HOMEOWNER

ABOUT INCLUSIV



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Inclusiv helps low- and moderate-income people and communities achieve financial independence. Inclusiv is a certified community development financial institution (CDFI) intermediary that provides capital, builds capacity, develops innovative products and services and advocates for the community development credit unions in our network.

With more than 500 credit union members holding over \$284 billion in community-controlled assets, Inclusiv's network serves 20 million residents of low-income urban, rural and reservation-based communities across the US.

Founded in 1974, Inclusiv is headquartered in New York, NY, with offices in Madison, WI, Atlanta, GA, Albuquerque, NM and San Juan, PR.

