



QUARTERLY IMPACT REPORT

Q2 2022

GENERATING IMPACT



Barāta Arabo Bey,
Community
Finance Director

CNote works with mission-driven financial institutions that are generating impact every day in their communities. As a certified B Corporation and a Delaware public benefit corporation, CNote has a public benefit purpose of advancing economic and social justice by unlocking access to impact investments.

We incorporate our values into everything we do – especially when we have the opportunity to grow team CNote. We are thrilled to introduce our new Community Finance Director, Barāta Arabo Bey. Barāta is a native of Pittsburgh and holds an MBA with a concentration in finance from Keller Graduate School of Management. He brings over 15 years of financial experience to CNote. Prior to his career in finance, Barāta served in the U.S. Army. Among other reasons, Barata joined CNote because of the company's alignment with his personal beliefs and goals for a more equitable world.

\$303M

assets on platform
as of 6/30/2022

Trend highlight: Impact investors take action to advance racial justice

2021 witnessed corporations making significant commitments to address racial injustices. In 2022, CNote has assisted corporations in turning their commitments into actions by using the power of their balance sheets to supporting mission-driven financial institutions. In particular, we are buoyed by the initiatives announced by PayPal to increase corporate finance department hiring to focus on impact investments and **by Apple's** investment of \$25M to support communities of color through the CNote platform.

CNote has had the opportunity to partner with these corporations to turn commitments into dollars available to meet needs for small business funding, homeownership loans, and affordable housing development in under-resourced communities. This quarter, CNote's impact-first framework and technology helped clients move millions of dollars into communities in scalable and sustainable ways.

IMPACT CASH™ SUPPORTS RACIAL EQUITY AND COMMUNITY NEEDS

CNote's Impact Cash is an insured cash management solution that provides clients a single management point for deposits targeting social impact. Deposits are deployed with a network of mission-driven depository institutions that support under-resourced communities with financial access. CNote continues to see sustained and increasing interest among institutional investors to align their cash with community lenders working to support racial equity. By utilizing our needs matching approach, CNote has been able to deploy long-term and stable deposits with mission-driven financial institutions that support BIPOC and, low- to-moderate income (LMI) communities and individuals, as well as women entrepreneurs.

Impact Cash deposits as of March 31, 2022 included:

- 53%**
toward lending to BIPOC borrowers
- 41%**
toward lending to LMI communities
- 62%**
of Financial Institutions are minority depository institutions

Sharing the impact of mission-driven depository institutions

CNote strives to help mission-driven financial institutions share the impact of their work in communities. Doing so opens the door to more opportunities for growth, visibility, and deeper partnerships with mission-aligned investors.

CNote hosted a [webinar with CUNA Strategic Services and One Detroit Credit Union](#) to discuss the business case for credit unions to share the difference they make in communities and how that can contribute to long-term success. In addition to the business case, One Detroit and CNote shared tangible examples with the type of impact data they've identified and what has resonated with investors.

CNote recently conducted a mapping assessment with our Impact Cash partners to identify the impact themes they would like to address. The most common impact themes aligned with the U.N. Sustainable Development Goals and are highlighted here.

SDG:



- Poverty alleviation



- Gender equality



- Job creation



- Financial inclusion & education
- Racial equity
- BIPOC community investment
- Economic development & mobility



- Affordable housing
- Community revitalization

Aligned CNote Impact Themes:

Enterprise investors

CNote welcomes our newest enterprise clients who are aligning their impact goals with CNote's network of mission-driven depository institution partners, including Apple, Xylem, Tegna, and AMD. In addition to its deposit commitment, Netflix has chosen to deepen its positive impact on under-resourced communities with a loan that seeks to support racial equity and disability equity.



CNOTE PARTNER SPOTLIGHT:

Self-Help Federal Credit Union provided the funding needed to keep Project Fighting Chance, a safe space and trauma resilience support system for youth in San Bernardino, California, open and supporting their community throughout the pandemic.

[Read more here.](#)

Project Fighting Chance

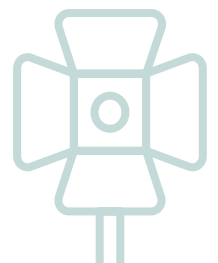


Education Credit Union



Education Credit Union, a Texas-based lender, is finding new ways to empower its community in addition to providing essential financial services.

[Read more here.](#)





CNote out and about: Credit unions and climate resilience: CNote attends Inklusiv Conference

Cat Berman (CNote CEO) and Yuliya Tarasava (CNote COO) were present at this year's Inklusiv Conference, which allowed them to connect with a collaborative group of mission-driven financial institutions and learn about new products and services being offered to low-income communities in this changing inflationary environment.

Key themes included:

A heightening focus on climate change initiatives for credit unions of all sizes, with an emphasis on services credit unions can provide low-income communities to increase climate-resilience.

Inklusiv joined forces with Experian North America. "Experian will provide credit education resources for consumers and small businesses in English and Spanish, and custom credit education training to help Inklusiv members serve their 17.2 million consumers."

Inklusiv announced a **historic partnership** with Deutsche Bank's Americas Foundation to "advance recovery and resiliency efforts in Puerto Rico."

FIXED INCOME PRODUCTS TO MATCH IMPACT WITH NEEDS

CNote continues to increase the impact that investors can have in under-resourced communities nationwide through our fixed income products which match community needs to impact interest. CNote leverages our team's deep community connections and expertise to connect and align with community development needs that CDFI loan funds identify in communities. Investments have been made with CDFIs working across the country to support and expand efforts to develop affordable housing, finance adaptations that allow people to remain in their homes, and finance small businesses to create jobs and wealth.

\$1M Deposited with Native-led CDFIs	\$400,800 of loans originated to Native borrowers
61 loans originated with CNote capital	97% of loans to women-led businesses
95% of loans to BIPOC borrowers	43% of loans to low- to moverate-income communities
134 Jobs created/retained	545 Affordable housing units created

Wisdom Fund Collaborative supports members to deepen lending to women entrepreneurs of color

Tiffany Taylor,
executive
director of the
Chicago-based
C3 Fund



CNote's Wisdom Fund Collaborative members are community leaders that meet bi-monthly to share how they're working to deepen, expand, and improve their lending to women entrepreneurs of color. Tiffany Taylor, executive director of the Chicago-based C3 Fund, presented at the Wisdom Fund Collaborative meeting in April. C3 Fund is an emerging minority-led CDFI focused on filling a gap in affordable housing development by providing capital to BIPOC and women real estate investors. Tiffany shared the shifts C3 Fund had made to deepen their impact by focusing on minority real estate investors, simplifying their pricing model, and adjusting their credit and experience thresholds to open lending up to more minority developers.

CNOTE PARTNER SPOTLIGHT:

Justine PETERSEN, a CDFI serving the greater St. Louis area, helps first time entrepreneurs like Toni Hopkins pursue their dreams of small business ownership and financial mobility.

[Read more here.](#)

Justine PETERSEN

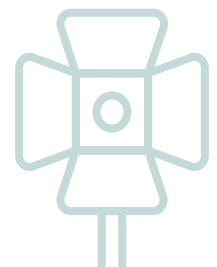


On the Road Lending



On the Road Lending is a CDFI that recognized having access to a personal vehicle provides people with better access to food, healthcare, education, and employment options. Their lending program prioritizes getting under-resourced communities mobile without breaking the bank.

[Read more here.](#)



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