



Community Development
Financial Institution

2014 ANNUAL REPORT





DEAR SHAREHOLDERS & FRIENDS

Clearinghouse CDFI experienced a year of growth and validation over the past twelve months. We can say with confidence, and supported by third party certification, that we are meeting our mission and performing well financially. The priority of impact and profit is engrained in our mission, creating a double bottom line that has always been a part of our DNA. We could not be more pleased to say “our business model is working” and we have third party standards to prove it.

Balancing impact and profit is not an easy task. Asking others to opine on our performance takes courage. We recently asked Standard and Poor's Ratings Services (S&P Ratings) and B Lab, two distinctive and equally significant third party reviewers, to rate our performance. We are proud to announce our **'AA' Stable credit rating from S&P Ratings** and our designation as a **“Certified B Corp.”** Investors can know with confidence that our company has the capacity to meet its financial commitments yet still consistently operates with high social, economic, and environmental performance standards. These third party standards reinforce that we are running a successful, profitable business while doing good in the community.

We are pleased to report 2014 as our fifteenth consecutive year of profitability. Our history of strong earnings and financial performance continued with a pre-tax profit of over \$4.5 million. Parent company assets increased by 19% to \$192 million, and retained earnings increased by 21% over the previous year. For the tenth consecutive year, we issued dividends to all “Class A” shareholders, providing a consistent and reliable return on equity investments.

Our primary tool for impact and positive change comes from our Core and New Markets Tax Credit (NMTC) financing. In 2014, we funded 32 loans totaling over \$60 million through our direct lending, supporting a variety of impactful projects. These include: commercial facilities promoting revitalization; community facilities, faith-based, and educational facilities benefiting distressed communities; and affordable housing for low-income families. NMTC financing remained an important resource in 2014 for larger, more impactful projects. Much of the year was spent leading the effort to bring NMTCs to Nevada. Four separate projects totaling \$34 million were championed in 2014.

Our hallmark achievement for 2014 was our participation in United States Treasury Department's CDFI Fund Bond Guarantee Program. We closed the first bond ever issued in the amount of \$100 million, providing us with a source of long-term, fixed-rate debt capital. A total of \$23 million for multiple projects was drawn, including: a nonprofit K-12 school, a retail center in a blighted neighborhood, and a nonprofit fair housing organization. We expect to draw the remaining \$77 million over the next year, providing additional capital to increase loan growth and impact in our communities.

As Clearinghouse CDFI continues to grow, our ongoing success will be determined by our adaptability. As such, we also expanded our service area from California and Nevada to include Arizona, New Mexico, and all Sovereign Nations in the Western United States. Part of this expansion will be enhanced through our innovative partnership transaction with Arizona MultiBank. Meeting the significant credit needs of Native American populations will be a new challenge for us, but one worth taking.

We must maintain the perfect balance between risk and impact while providing innovative solutions and excellent customer service. Our double bottom line has become a triple bottom line including people, profit, and the planet. We must consider current and future generations in every action we take. The success of our company is due to your continued support and confidence. Thank you for your ongoing commitment to Clearinghouse CDFI. By continuing to work together, we can **“B the Change.”**



Douglas J. Bystry
President / CEO



Gary Dunn
Chairman of the Board

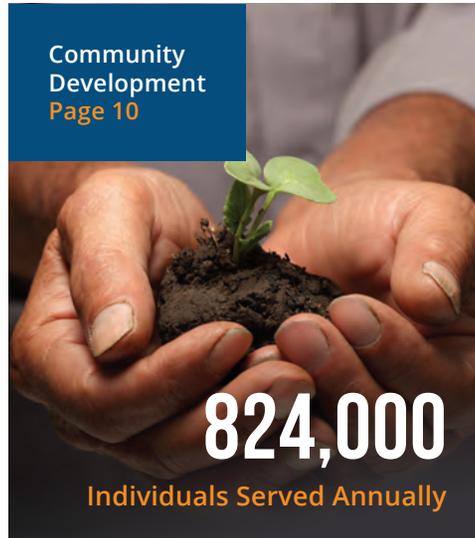
TABLE OF CONTENTS



New Markets Tax Credits
Page 6

\$438 MILLION
NMTC Allocation Deployed

This panel features a photograph of a modern, multi-story apartment building with a prominent red facade. The text is overlaid on a dark blue background in the top left corner and the bottom center.



Community Development
Page 10

824,000
Individuals Served Annually

This panel shows a close-up of hands holding a small green seedling in soil. The text is overlaid on a dark blue background in the top left corner and the bottom center.



Economic Opportunity
Page 12

12,000
Jobs Created

This panel depicts two smiling people in a kitchen setting. One person is wearing a white apron with the 'Bliss' logo. The text is overlaid on a dark blue background in the top left corner and the bottom right.



Affordable Housing
Page 8

12,400
Low-Income Residents Served

This panel shows a woman and a child sitting on a couch in a living room. The text is overlaid on a dark blue background in the top left corner and the bottom center.



Milestones & Financial Achievements
Page 14

1.1 BILLION
Total Lending

This panel features a hand holding a pen over a bar chart with an upward-trending arrow. The text is overlaid on a dark blue background in the top left corner and the bottom center.



Service Area Expansion
Page 17

18 SERVICE AREAS
4 States & Sovereign Nations

This panel shows a map of the United States with a green arrow pointing to the right. The text is overlaid on a dark blue background in the top left corner and the bottom center.

 @cdfi

 clearinghouse-cdfi

 ClearinghouseCDFI

Standard & Poor's Rating
Page 16

'AA' STABLE

Standard & Poor's Rating

B Corp
Certification
Page 18



Corporation **90%**
Employee Retention Rate

Investors, Boards,
& Committees
Page 20



16,000

Volunteer Hours

Financials
Page 26



\$195 MILLION

Current Total Assets

Building Healthy
Communities
Page 19



\$958,000

Charitable Contributions

CLEARINGHOUSE CDFI MISSION

Clearinghouse CDFI provides economic opportunities and improves the quality of life for lower-income individuals and communities through innovative and affordable financing that is unavailable in the conventional market.



ECLIPSE CINEMAS

**\$8.6 Million of
NMTC Allocation &
\$2.5 Million Loan
Las Vegas, NV**

One-Stop, Downtown
Entertainment Complex

Eclipse Cinema is the development of vacant land into a vibrant commercial and retail space. It will attract an estimated 4,400 individuals per week, helping revitalize this distressed area of Las Vegas.

Clearinghouse CDFI will provide \$8.6 million of New Markets Tax Credit allocation and a \$2.5 million loan for this \$19 million construction project. Development of this 72,000 sq. ft., mixed-use facility will create over 260 jobs and foster a true partnership between the for-profit business and nonprofit partners.

Eclipse Cinema will work with community partners to provide on the job training, highlight new career paths, and give back to the community. Five percent of net profits will be donated to local charities.

4,400 Individuals Attracted Weekly
to a Distressed Area

NEW MARKETS TAX CREDITS



WASHOE TRAVEL PLAZA

\$10 Million of Federal NMTC Allocation

\$2 Million of NV State NMTC Allocation

\$5.6 Million Loan - Washoe Reservation, NV

Sustainable Revenue Source for the Washoe Tribe of Nevada and California

The development of the Washoe Travel Plaza on Native American reservation land will produce a diversified and sustainable source of revenue for this Nevada and California tribe.

Clearinghouse CDFI will provide key financial resources to the project, including: \$10 million of Federal NMTC allocation, \$2 million of Nevada State NMTC allocation, and a \$5.6 million loan to the Washoe Tribe. This transaction is one of the first of its kind in the State of Nevada and will generate approximately 125 jobs in this low-income, tribal community.



TRI-COUNTIES COMMUNITY HOUSING CORPORATION

\$547,500

Arroyo Grande, CA

Affordable Housing for
Low-Income, Developmentally
Disabled Individuals

Tri-Counties Community Housing Corporation (TCCHC) is a nonprofit organization that enhances the quality of life for people with developmental disabilities by creating quality, affordable housing options in inclusive communities.

Clearinghouse CDFI provided financing for TCCHC to purchase a single-family home in Arroyo Grande, CA. This residence provides housing for six low-income, developmentally disabled residents and offers 24/7 care and support services.

24/7 Care and Support Services
for Low-Income Residents

AFFORDABLE HOUSING



12 Affordable, Mobile Home Rental Spaces for Migrant Workers



NOE ESPINOZA MOBILE HOME PARK

\$242,000 - Thermal, CA

Safe and Dignified Homes for Migrant Workers and Families

Clearinghouse CDFI provided construction financing for the rehabilitation of Espinoza Mobile Home Park in the East Coachella Valley. Park rehabilitation will deliver upgrades to accommodate additional mobile homes. New and updated systems will include: electrical, septic, water, and propane delivery.

The improvements made to the Espinoza Mobile Home Park will create 12 affordable, mobile home rental spaces and provide a safe community for migrant workers in the East Coachella Valley.



ORANGE COUNTY COMMUNITY HOUSING CORPORATION

\$1.14 Million
Santa Ana, CA

Nonprofit Organization
Serving Over 2,500
Individuals Annually

Orange County Community Housing Corporation (OCCHC) is a nonprofit organization that provides housing and educational assistance for low-income families.

Clearinghouse CDFI financed a \$1.14 million loan and provided a \$100,000 grant for OCCHC to acquire a new company headquarters.

The new facility will allow OCCHC to serve 850 additional individuals annually. The project will create or retain 17 construction jobs and secure 11 permanent, full-time positions.

850 Additional Individuals
Assisted Annually

COMMUNITY DEVELOPMENT



200+ Individuals Served through Parish Community Outreach



IGLESIA NUEVA FILADELFIA

\$315,000 - Sun Valley, CA

Parish Community Services Benefiting a Distressed Neighborhood

Iglesia Nueva Filadelfia was founded in 2007 by a group of families to provide religious services and community outreach in Sun Valley, CA.

Clearinghouse CDFI financed a \$315,000 loan to support Iglesia Nueva Filadelfia's community services, which include: educational classes, social activities, and fundraising events for the local impoverished population. The church currently includes over 200 parishioners.



EARTHBEAM FOODS

\$1.07 Million
Burlingame, CA

Strengthening a Small, Local
Business Offering Healthy
Food Options

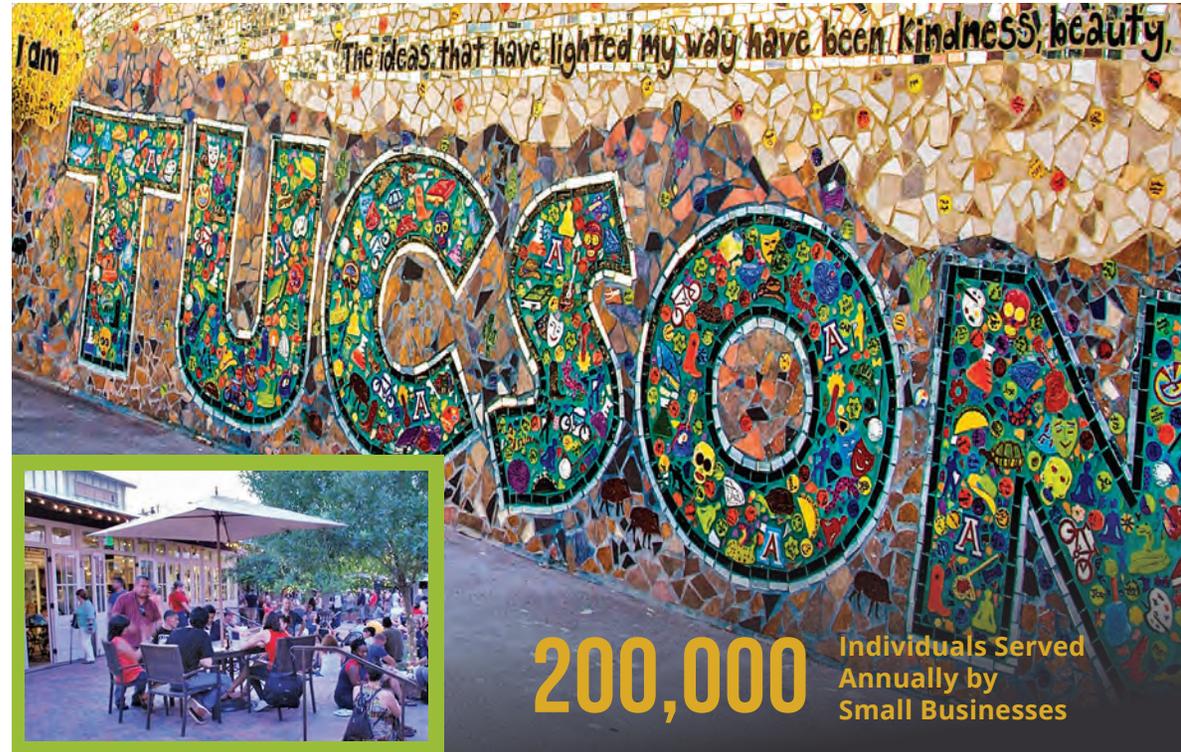
Earthbeam Foods is a locally
owned grocery store offering
organic produce and other
healthy food options for the
Burlingame community.

Clearinghouse CDFI
provided a \$1.07 million
loan for Earthbeam Foods to
continue providing nutritious
food options for over 200
customers daily.



200+ Customers Served Daily

ECONOMIC OPPORTUNITY



MERCADO SAN AGUSTIN

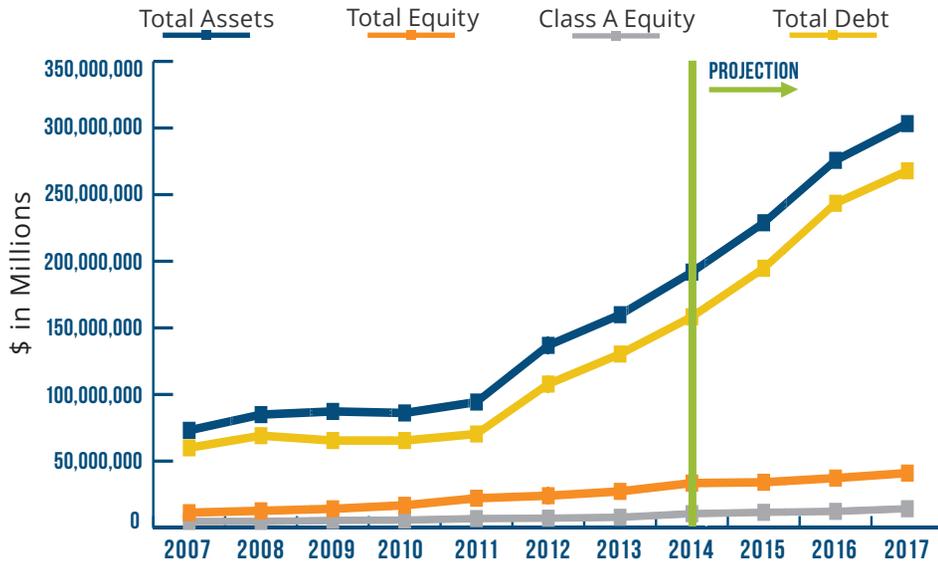
\$2.4 Million - Tucson, AZ

Sustainable Small Business Marketplace in the Heart of Tucson

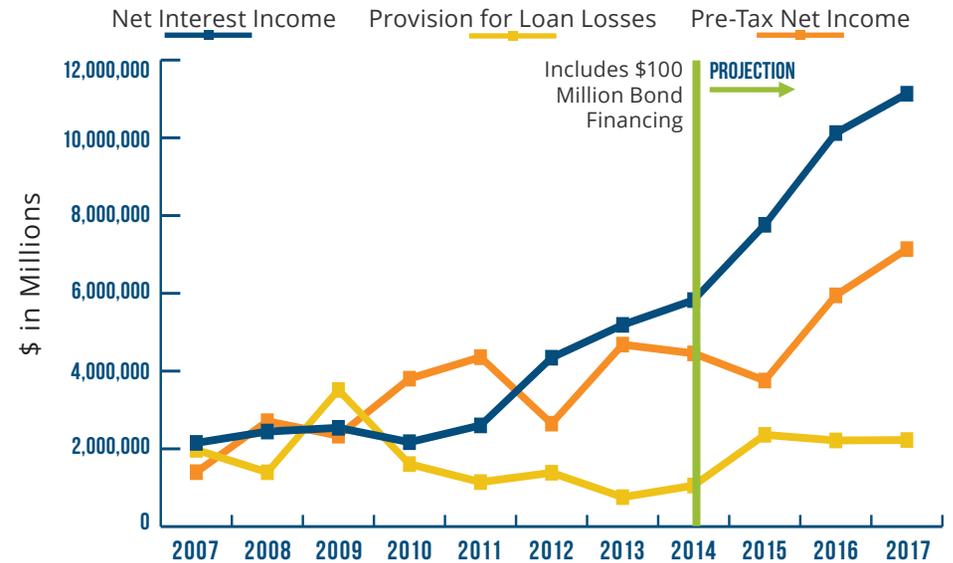
Mercado San Agustin is Tucson's only public marketplace. It offers a diverse selection of local artisan shops, restaurants, and weekly farmers markets.

Clearinghouse CDFI provided \$2.4 million in financing to help Mercado San Agustin continue serving a severely distressed area of Tucson. The Mercado San Agustin marketplace stimulates small business growth and operates as a "green facility" utilizing solar paneling and water conservation.

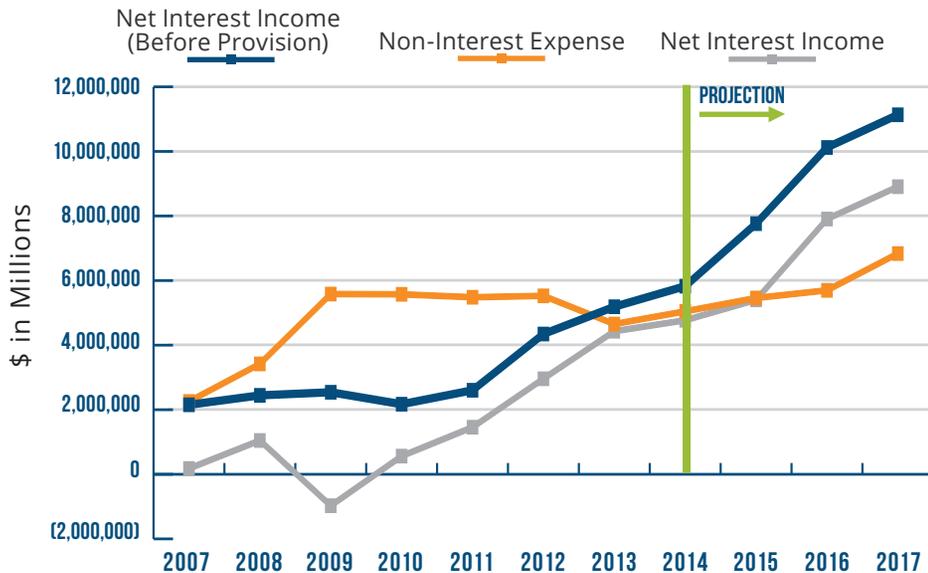
ASSETS - DEBT - EQUITY



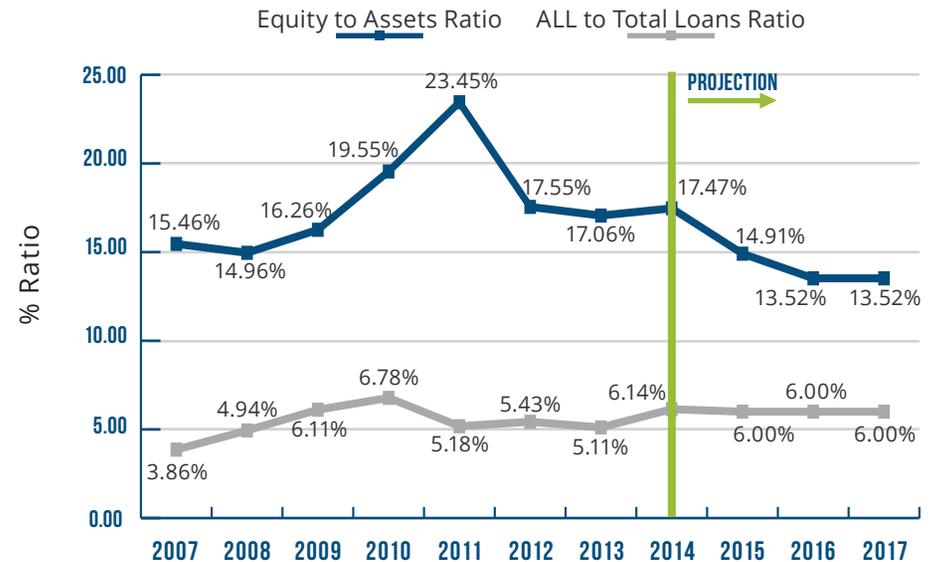
NET INTEREST INCOME, PRE-TAX INCOME



NET INTEREST INCOME VS. NON-INTEREST EXPENSE



KEY RATIOS



MILESTONES & FINANCIAL ACHIEVEMENTS

FIRST TO CLOSE—CDFI FUND BOND GUARANTEE PROGRAM: \$100 MILLION

In 2014, Clearinghouse CDFI closed the first bond ever issued through the United States Treasury Department's CDFI Fund Bond Guarantee Program (BGP) in the amount of \$100 million.

Bond funds provide Clearinghouse CDFI with a source of long-term, fixed-rate capital. Our

borrowers benefit from the longer term loans. The fixed-rate capital positively impacts low-income and distressed communities over the long-term.

Clearinghouse CDFI has currently drawn a total of \$23 million for multiple projects. These projects include **Fair Housing Council of**

Riverside County in California and **Lake Mead Christian Academy** in Nevada.

We expect to draw the remaining \$77 million over the next year to finance additional projects throughout California, Nevada, Arizona, New Mexico, and Sovereign Nations.



FAIR HOUSING COUNCIL OF RIVERSIDE COUNTY

\$467,000 - Riverside, CA

Nonprofit Organization Providing Housing Education for First-Time Homebuyers & Landlords



LAKE MEAD CHRISTIAN ACADEMY

\$4.97 Million - Henderson, NV

K-12 School and Infant Day Care with One of Nevada's Highest Graduation Rates

\$2.7 MILLION

Class A Shares Issued in 2014
Highest Amount Ever Issued in a Single Year

\$1.1 BILLION

Total Loans Funded Since Inception

S&P RATING

STANDARD & POOR'S RATINGS SERVICES ASSIGNS 'AA' STABLE CREDIT RATING TO CLEARINGHOUSE CDFI



"This strong rating validates our corporate commitment to financial performance and demonstrates that community development lending, when properly underwritten and structured, is a sustainable business model," said Clearinghouse CDFI President and CEO, Douglas Bystry.

First CDFI to obtain a corporate rating from S&P Ratings

We are proud to announce that Clearinghouse CDFI is the nation's first non-depository CDFI to be assigned a credit rating from Standard & Poor's Ratings Services (S&P Ratings). Our 'AA' issuer credit rating indicates to investors Clearinghouse CDFI's "very strong capacity to meet financial commitments."

"This strong rating validates our corporate commitment to financial performance and demonstrates that community development lending, when properly underwritten and structured, is a sustainable business model," said

Clearinghouse CDFI President and CEO, Douglas Bystry. "We hope this rating will allow us to increase our lending efforts in low-income and distressed communities where we operate."

S&P Ratings cited the following deciding factors in issuing the 'AA' Stable credit rating to Clearinghouse CDFI:

- Minimal loss exposure, which can be absorbed through our reserves and unrestricted equity
- Extremely low-risk debt profile
- A strong history of loan performance dating back to the institution's founding
- Consistent profitability and total-equity-to-total-assets ratio
- Consistent growth in loans and assets
- Experienced and prudent management

"We hope this investment grade rating will attract additional investors, particularly socially conscious and 'impact' investors, who have been unaware of the financial strength of community development lenders and the opportunity to directly invest in this sector," said Bystry.



SERVICE AREA EXPANSION

NEW CLEARINGHOUSE CDFI SERVICE AREA INCLUDES: CA, NV, AZ, NM & SOVEREIGN NATIONS IN THE WESTERN U.S.



Clearinghouse CDFI is effectively increasing its scope and impact by expanding its service area throughout the Western United States. A strategic partnership between Clearinghouse CDFI and **Arizona MultiBank Community Development Corporation** was initiated in 2014 to combine resources and deliver a wide range of loan products throughout the state of Arizona.

Arizona MultiBank, an initiative of the Arizona Bankers Association in 1991, provides financing and access to technical assistance to support and promote small business, affordable housing, and economic development in Arizona.

Clearinghouse CDFI has already successfully provided financing products in Arizona that complement and enhance, but do not compete with those offered by Arizona MultiBank.

Clearinghouse CDFI and Arizona MultiBank recognize and welcome this unique business opportunity to partner, further their shared purpose, and increase their overall community development impact.

ARIZONA MULTIBANK *Community Development Corporation*

Investors:

- Wells Fargo Bank
- Bank of America
- JPMorgan Chase
- Bank of the West
- BMO Harris Bank
- National Bank of Arizona
- Nordstrom fsb
- U.S. Bancorp
- First Financial Bank, N.A.
- Arizona Business Bank
- BBVA Compass Bank
- Johnson Financial Group
- Northern Trust Bank
- Bridgeview Bank Group
- Comerica
- FDIC as Receiver
- Meridian Bank
- Mohave State Bank
- Mutual of Omaha Bank

B CORP CERTIFICATION

A FORCE FOR GOOD – CLEARINGHOUSE CDFI ACHIEVES B CORP CERTIFICATION



Redefining Success in Business

It is with determination, solid values, and hard work that Clearinghouse CDFI obtained B Corp certification in 2014. B Corp certification distinguishes Clearinghouse CDFI as a company that is using business as a force for good. As a B Corp, we aim to transcend traditional notions of business success: maximizing profits and maximizing returns to people and the planet.



Obtaining B Corp Certification

B Lab, the nonprofit that certifies B Corps, required a rigorous Impact Assessment of Clearinghouse CDFI business practices. This assessment included a thorough evaluation of our governance, workforce, community, and environmental practices. Such a comprehensive assessment allows other businesses to confidently rely on this certification and distinguish B Corps from other businesses.

Our Commitment to “B the Change”

As a mission based CDFI, we have always operated with a commitment to create positive change. Now, with our B Corp certification, other businesses can quickly and reliably identify Clearinghouse CDFI as a company that is making a profit while doing good.

We hope that our commitment to meet higher standards of social and environmental performance, transparency, and accountability will inspire other businesses to join us in this movement. Together, we can redefine success in business.

BUILDING HEALTHY COMMUNITIES



Monarch School - Received \$2,000 from Clearinghouse CDFI as part of a \$50,000 grant. A portion sent 8th graders to science camp at Catalina Island Marine Institute.



Santiago Little League - Received a \$3,500 Sponsorship from Clearinghouse CDFI to update field equipment.



El Sol Science and Arts Academy - Received a \$3,000 Sponsorship from Clearinghouse CDFI for school programs.



Share Our Selves Adopt-a-Family - Clearinghouse CDFI donated clothing, food, and gifts for a family of seven struggling to meet basic needs. Staff also volunteered their time at the annual Santa's Workshop to provide 4,436 deserving children with over 10,000 new and wrapped toys, bikes, and other presents.



INVESTORS / LENDERS



- Class A Investor
- Class C Investor
- CRA Fund
- NMTC Investor
- Lender



- Class A Investor
- CRA Fund
- Depositor
- Lender



- Class A Investor
- Lender



- Class A Investor



- Class A Investor
- Class C Investor
- Depositor



- Class A Investor
- Depositor
- NMTC Investor
- Lender



- Class A Investor



- Class A Investor
- NMTC Investor
- Lender



- Class A Investor



- Class A Investor
- CRA Fund



- Class A Investor



- Class A Investor



- Class A Investor
- Depositor
- Lender



- Class A Investor
- NMTC Investor
- CRA Fund



- Class A Investor
- CRA Fund



- Class A Investor
- NMTC Investor
- Depositor



- Class A Investor



- Class A Investor



- Class A Investor
- Lender



- Class A Investor
- CRA Fund
- NMTC Investor
- Lender

INVESTORS / LENDERS



- Class A Investor
- NMTC Investor
- Lender



- Class A Investor
- Lender



- Class A Investor



A member of MUFG, a global financial group

- Class A Investor
- Class C Investor
- Lender



- Class A Investor



- Depositor



- Class C Investor



- NMTC Investor



- Lender



It's a privilege to serve you™

- Class C Investor



- Class A Investor



- Lender



- Depositor



- Lender



- Lender



- Class C Investor
- Lender



Erich & Hannah Sachs Foundation

- Depositor



- BGP Qualified Issuer
- Lender



- Lender



- Depositor

CLEARINGHOUSE CDFI BOARD OF DIRECTORS AND EXECUTIVE TEAM



Left to
Right

Mark Rebal - California Republic Bank; Henry Walker - Farmers & Merchants Bank; Alva Diaz - Wells Fargo Bank; Keith Thomas - Royal Business Bank; Terrin Ensle - Stearns Lending, Inc.; David Levy, Secretary - Fair Housing Council of Orange County; Pat Neal - Neal Estate, Inc.; Douglas J. Bystry - Clearinghouse CDFI; Susan Montoya - First Bank; Jay Harrison - Clearinghouse CDFI; Kristy Ollendorff - Clearinghouse CDFI; Gary Dunn, Chairman - Banc of California; Ray Nayar - AOF/Pacific Affordable Housing; Glen Pacheco - ProAmerica Bank; Alan Orechwa - Clearinghouse CDFI; J. Chris Walsh - Sunwest Bank. **Not Pictured:** Cloyd Phillips - Community Services Agency Development Corporation; Carol Parry Fox - Corporate Social Responsibility Associates

CLEARINGHOUSE CDFI WELCOMES NEW BOARD OF DIRECTORS CHAIRMAN, GARY DUNN



Gary Dunn serves as Senior Vice President and Community Development Officer (CDO) for Banc of California. Mr. Dunn has over 35 years of experience in the financial services industry. He has produced “Outstanding” CRA ratings for his employers for the last 20 years. As the CDO, he designs, implements, manages, and documents a comprehensive CRA program that incorporates formulating policies and procedures that best serve the credit needs of the company’s assessment areas.

Mr. Dunn’s community and civic involvements include service as a member of the Board of

Directors for Clearinghouse CDFI (Board Chair), Junior Achievement of Southern California, NeighborWorks of Orange County (Board President), Affordable Housing Clearinghouse (Board Vice President), Bankers Small Business CDC of San Diego (Board Treasurer), Mary Erickson Community Housing (Board President), Small Business Financial Development Corporation of Orange County (Board President), OASIS Center International (Board Vice President), Los Angeles Conservation Corps, and OC Relations Advisory Board. He is also a member on various committees for these organizations and others.

COMMUNITY / NEW MARKETS TAX CREDIT ADVISORY BOARD:

Member Highlight

| | |
|-------------------------|--|
| David Levy | Board of Directors Liaison |
| Stanley Tom | Area: Central Valley |
| Delores Brown | Area: Los Angeles County |
| Frank Hawkins, Jr. | Area: Southern Nevada |
| Mike McCraw | Area: San Diego/Imperial County |
| Andrew P. Michael, Esq. | Area: San Francisco Bay Area |
| Alan Woo | Area: Orange County |
| Tim Johnson | Area: At Large |
| Dr. Raymond Turner | Area: Inland Empire |
| Chuck Prince | Area: Nevada |
| Karlene Hunter | Area: Sovereign Nations |
| Lynn Trojahn | Area: New Mexico |
| Andrew W. Gordon | Area: Arizona |



Clearinghouse CDFI
Partner Since
2004

MIKE MCCRAW

San Diego / Imperial County

"I have enjoyed serving on the Clearinghouse CDFI NMTA Advisory Board helping to ensure ethnic and socio-economic diversity in their lending efforts. It has been with the help of our faith-based CDC, EVCDC, and California Southern FDC that I have been able to bring critically needed project financing to San Diego and Imperial Counties."

CLEARINGHOUSE CDFI LOAN COMMITTEE

| | | |
|---------------------|--|------------------------|
| Glen Pacheco, Chair | | ProAmerica Bank |
| Gary Dunn | | Banc of California |
| Melody Winter Head | | OCCHC Advisory Board |
| Waheed Karim | | US Bank |
| Wesley Wolf | | Wolf & Company Inc. |
| Patricia Dixon | | Plaza Bank |
| Kevin Hooks | | Las Vegas Urban League |
| Alan Orechwa | | Clearinghouse CDFI |

Member Highlight



Clearinghouse CDFI
Partner Since
2000

GLEN PACHECO

ProAmerica Bank

"It has been my pleasure to work with Doug Bystry and the staff of Clearinghouse CDFI. I have experienced with great admiration the steady growth and expansion of their services. The combined enthusiasm and desire to make a difference in the communities they serve in California and Nevada has been an inspiration to watch."

Member Highlight



Clearinghouse CDFI
Partner Since
2006

SUSAN MONTOYA

First Bank

"Our focus at Clearinghouse CDFI has always been to address unmet credit needs & help communities thrive. We accomplish this and so much more! Just ask our borrowers. As a long-standing board member, investor, and shareholder I am proud of the work we do and the difference we continue to make."

CLEARINGHOUSE CDFI PURCHASE/REHAB/RESALE BOARD

Susan Montoya, Chair | First Bank

| | | |
|-------------------|--|-----------------------------------|
| Gary Dunn | | Banc of California |
| Pat Neal | | Neal Estate, Inc. |
| Toni Dwyer | | Osher Lifelong Learning Institute |
| Elsa Monte | | Pacific Western Bank |
| Kristy Ollendorff | | Clearinghouse CDFI |

CLEARINGHOUSE CDFI ASSET REVIEW COMMITTEE:

| | | |
|-----------------------|--|------------------------------|
| Glen Pacheco, Chair | | ProAmerica Bank |
| Elsa Monte | | Pacific Western Bank |
| Sean Birney | | JP Morgan Chase Bank |
| John Marder | | First Bank |
| Lorena Mendez-Quezada | | Wells Fargo Bank |
| David Sharp | | Pacific Western Bank |
| Terrin Enssle | | Stearns Lending, Inc. |
| Mark Rebal | | California Republic Bank |
| Wilson Mach | | First General Bank |

Member Highlight



Clearinghouse CDFI
Partner Since
2009

TERRIN ENSSLE

Stearns Lending, Inc.

"I am proud to have been a Clearinghouse CDFI Board member for six years. Through innovative financing programs, Clearinghouse CDFI has made a significant impact on communities and families in California and Nevada. The Asset Review Committee monitors the performance of the lending and investment portfolios, and management's strategies to work through challenges in the portfolios."

Member Highlight



Clearinghouse CDFI
Partner
Since
Inception

DAVID LEVY

Fair Housing Council of OC

"Community development that benefits the underserved is a path to justice. I recall the words of Dr. King: 'It is not possible to be in favor of justice for some people and not be in favor of justice for all people.'"

CLEARINGHOUSE CDFI ALCO COMMITTEE

Terrin Enssle, Chair | Stearns Lending, Inc.

David Levy | Fair Housing Council of OC

Susan Montoya | First Bank

Alan Orechwa | Clearinghouse CDFI

Douglas J. Bystry | Clearinghouse CDFI

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

ASSETS

| | 2014 | 2013 |
|---|-------------|--------------|
| Cash and cash equivalents | 39,448,000 | 23,345,000 |
| Certificates of deposit | \$ - | \$ 1,019,000 |
| Loans receivable, net | 137,344,000 | 122,540,000 |
| Accrued interest receivable | 716,000 | 596,000 |
| Other receivables and prepaid expenses | 2,370,000 | 1,987,000 |
| Due from related parties | 416,000 | 1,818,000 |
| Deferred taxes | 4,420,000 | 3,832,000 |
| Fixed assets, net | 207,000 | 324,000 |
| Investment in distressed single family properties | 399,000 | 1,159,000 |
| Investment in other companies | 4,400,000 | 4,080,000 |
| Deferred financing costs | 701,000 | - |
| Restricted cash | 1,437,000 | 773,000 |

TOTAL ASSETS

\$ 191,858,000 \$ 161,473,000

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

| | | |
|--|--------------|--------------|
| Accounts payable and accrued expenses | \$ 2,388,000 | \$ 3,082,000 |
| Accrued interest payable | 366,000 | 297,000 |
| Lines of credit | 6,500,000 | 8,100,000 |
| Interest-bearing deposits | 550,000 | 550,000 |
| Non-interest-bearing deposits | 1,050,000 | 1,450,000 |
| Other notes payable | 56,559,000 | 57,328,000 |
| Federal Home Loan Bank of San Francisco advances | 35,000,000 | 25,000,000 |
| Notes payable, Class A stockholders | 37,927,000 | 37,927,000 |
| CDFI Fund Bond Guarantee Program | 18,000,000 | - |
| Due to related parties | 4,000 | 149,000 |

TOTAL LIABILITIES

158,344,000 133,883,000

STOCKHOLDERS' EQUITY

| | | |
|----------------------------|------------|------------|
| Common stock, no par value | | |
| Class A | 10,544,000 | 7,834,000 |
| Class C | 3,580,000 | 3,580,000 |
| Retained earnings | 19,390,000 | 16,176,000 |

TOTAL STOCKHOLDERS' EQUITY

33,514,000 27,590,000

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 191,858,000 \$ 161,473,000

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

| | 2014 | 2013 |
|---|---------------------|---------------------|
| INTEREST INCOME | | |
| Interest on loans receivable | \$ 9,447,000 | \$ 7,619,000 |
| Interest-bearing deposits | 90,000 | 131,000 |
| Total interest income | 9,537,000 | 7,750,000 |
| INTEREST EXPENSE | (3,711,000) | (3,114,000) |
| Net interest income | 5,826,000 | 4,636,000 |
| PROVISION FOR LOAN LOSSES | | |
| Provision for loan losses | (1,056,000) | (758,000) |
| Net interest income after provision for loan losses | 4,770,000 | 3,878,000 |
| NON-INTEREST INCOME | | |
| Other loan fees | 1,156,000 | 910,000 |
| Grant income | 1,347,000 | - |
| Investment income | 163,000 | 74,000 |
| Income from investment in distressed single family properties | 118,000 | 1,008,000 |
| Management fees | 2,116,000 | 2,632,000 |
| Sponsor fees | 193,000 | 1,049,000 |
| Gain on sale of other real estate owned | - | 11,000 |
| Flow-through income from investments in other companies | 32,000 | 296,000 |
| Total non-interest income | 5,125,000 | 5,980,000 |
| NON-INTEREST EXPENSES | | |
| Compensation and related benefits | 3,608,000 | 3,328,000 |
| Insurance | 319,000 | 259,000 |
| Professional fees | 298,000 | 194,000 |
| Depreciation | 119,000 | 99,000 |
| Rent | 187,000 | 169,000 |
| Charitable contributions | 132,000 | 176,000 |
| General and administrative | 777,000 | 710,000 |
| CRA Investment Fund II support | - | 159,000 |
| Total non-interest expense | 5,440,000 | 5,094,000 |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 4,455,000 | 4,764,000 |
| PROVISION FOR INCOME TAXES | (1,135,000) | (1,800,000) |
| NET INCOME | \$ 3,320,000 | \$ 2,964,000 |

COMBINING BALANCE SHEET

December 31, 2014

| ASSETS | <u>CRA Fund</u> | <u>CRA Fund II</u> | <u>Combined Balance</u> |
|--|----------------------|---------------------|-------------------------|
| Cash and cash equivalents | \$ 537,840 | \$ 219,031 | \$ 756,871 |
| Due from CDFI | 2,487 | - | 2,487 |
| Accrued interest receivable | 55,762 | 14,882 | 70,644 |
| Restricted cash | 197,817 | 74,191 | 272,008 |
| Loans receivable, net | 16,891,187 | 7,328,249 | 24,219,436 |
| TOTAL ASSETS | \$ 17,685,093 | \$ 7,636,353 | \$ 25,321,446 |
| LIABILITIES AND MEMBERS' EQUITY | | | |
| Liabilities | | | |
| Due to Clearinghouse CDFI | | | |
| Management fee payable | \$ 65,005 | \$ 21,712 | \$ 86,717 |
| Other payables | 36,786 | 15,436 | 52,222 |
| Total liabilities | <u>101,791</u> | <u>37,148</u> | <u>138,939</u> |
| Members' equity | 17,583,302 | 7,599,205 | 25,182,507 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$ 17,685,093 | \$ 7,636,353 | \$ 25,321,446 |

COMBINING STATEMENT OF OPERATIONS

For the Year Ended December 31, 2014

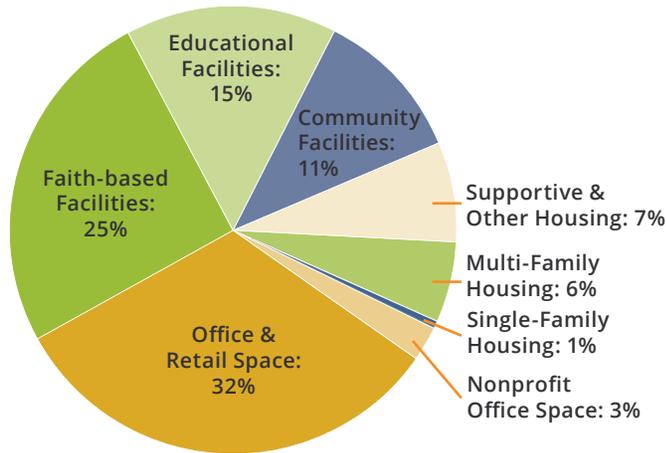
| INTEREST INCOME | <u>CRA Fund</u> | <u>CRA Fund II</u> | <u>Combined Balance</u> |
|------------------------------------|---------------------|--------------------|-------------------------|
| Interest income - loans receivable | \$ 1,508,985 | \$ 538,202 | \$ 2,047,187 |
| NON-INTEREST INCOME | | | |
| Loan processing income | 5,110 | 75 | 5,185 |
| Income tax refund | - | 749 | 749 |
| Total non-interest income | <u>5,110</u> | <u>824</u> | <u>5,934</u> |
| EXPENSES | | | |
| Management fees | <u>274,286</u> | <u>113,882</u> | <u>388,168</u> |
| Total expenses | 274,286 | 113,882 | 388,168 |
| NET INCOME | \$ 1,239,809 | \$ 425,144 | \$ 1,664,953 |

SELECTED FINANCIAL INFORMATION

CORE LENDING

As we broaden our areas of lending, faith-based and retail sectors have grown substantially over the past two years. While historically we have focused our efforts on housing and nonprofit lending, we are now expanding into sectors underserved by traditional lenders.

2014 CORE LENDING PORTFOLIO



CORE LENDING VOLUME



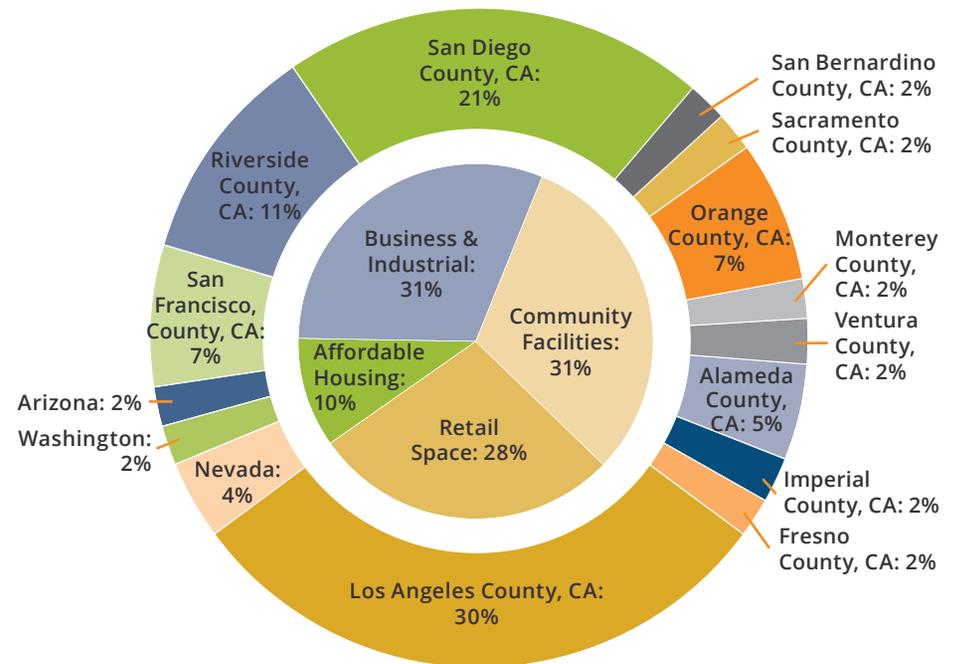
NEW MARKETS TAX CREDITS

Clearinghouse CDFI is one of the premier providers of New Markets Tax Credits (NMTCs) in the nation. We have participated in this federal program since its inaugural round in 2002, and have deployed \$438 million of Qualified Equity Investments (QEIs) since that time.

2014 was another pioneering year for Clearinghouse CDFI as we structured four new, exciting transactions in Nevada. These transactions will combine \$34.6 million in Federal NMTC allocation with \$8 million of Nevada State NMTCs. This is another "first," as the company continues to expand its innovative products to new, underserved communities.

NMTC LENDING PORTFOLIO

Since Inception





south county DISTANCE
3 A

3 A

Clearinghouse CDFI

Clearinghouse CDFI

Clearinghouse CDFI

Clearinghouse CDFI

Clearinghouse CDFI

Clearinghouse CDFI

B
change

**BUILDING HEALTHY COMMUNITIES
PROVIDING INNOVATIVE SOLUTIONS
CREATING FINANCIAL STRENGTH
FUNDING DREAMS FOR TOMORROW**



A SPECIAL THANK YOU TO OUR
PLATINUM SPONSOR:



CLEARINGHOUSE CDFI OFFICES

Main Office

23861 El Toro Road Suite 401
Lake Forest, CA 92630
Main: (949) 859-3600

Oakland

505 14th Street Suite 900
Oakland, CA 94612
Main: (510) 557-5077

Los Angeles

5670 Wilshire Boulevard 18th Floor
Los Angeles, CA 90036
Main: (323) 533-0119

Las Vegas

2300 W. Sahara Avenue Suite 1100
Las Vegas, NV 89102
Main: (702) 522-2283

www.clearinghousecdfi.com