



MISSION DRIVEN BANK FUND

OBJECTIVE

We seek to drive growth and financial resiliency in the mission-driven bank sector by providing capital and support to mission-driven banks that extend credit and financial services to lower-wealth communities, rural communities, and communities of color across the United States. The Fund hopes to drive significant growth and financial resiliency in the mission-driven bank sector that translates into demonstrated progress in closing the racial income and wealth gap over the Fund's life.

TARGET MARKET

The Fund's universe is any FDIC-insured institution that is designated as a Minority Depository Institution (MDI) or Community Development Financial Institution (CDFI). The universe comprises over 300 institutions, most of which are small (<\$500mm assets) and privately owned with limited access to capital. The Fund plans to provide technical services and deploy capital within our defined universe in assets, liabilities, equity, and off-balance sheet vehicles in institutions that will drive mission-aligned impact.

Mission-driven banks



- Total Assets: \$419.5bn
- Total Equity: \$39.2bn
- Less than 1/3rd of Black- and Hispanic- owned banks received Emergency Capital Investment Program (ECIP) funding from the Treasury Dept.

Background

In September 2021, the Federal Deposit Insurance Corp. (FDIC) encouraged the development of a Mission Driven Bank Fund, a private investment vehicle to support insured Minority Depository Institutions (MDIs) and Community Development Financial Institutions (CDFIs). As anchor investors, Microsoft and Truist agreed to lead the investment fund and hire a fund manager.

In late 2022, after a competitive process, the anchor investors appointed Elizabeth Park Capital Management and Calvert Impact as co-general partners of the Fund, with Elizabeth Park Capital Management serving as lead fund adviser and Calvert Impact, Strategic Value Bank Partners serving as sub-advisors.



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FUND STRUCTURE & TERMS

Target Size	\$500 million; target second close 1Q 2024
Term	10-year life, two one-year extensions
Net Return	2-4% p.a.
Min investment	\$5 million, with GP exceptions
Fund Qualifications	Public welfare investment, CRA consideration
Management fee	Progressive: first \$250 million, 2%; \$250 - 500 million, 1.75%; \$500 million and above, 1.5%
Impact allocation	Starting, after year 5, up to .50% of committed capital
General Partners	Affiliates of Elizabeth Park Capital Management and Calvert Impact



A DIFFERENTIATED FUND

Impact Measurement and Management framework supports impact objectives to improve the sustainability and resiliency of bank and financial service products in LMI communities



FLEXIBLE INVESTMENT PRODUCTS

Customized financial solutions across assets, liabilities, equity, and off-sheet vehicles are customized to maximize impact and meet the needs of the specific financial institution.



TECHNICAL SERVICES

A robust network of specialized technical service providers to build organizational capacity, resiliency, and sustainability



RISK MITIGATION

Diversified portfolio across geography, portfolio positions, and financial products diversifies risk



FUND LIFE

The 10-year fund duration allows organizations to scale, improve and increases the opportunity for timely exits

GENERAL PARTNERS



Lead Fund Advisor

Established in 2008, Elizabeth Park Capital Management (Elizabeth Park) is an institutional- focused, independent, and privately held alternative asset manager managing long/short equity, long-only, and bespoke products focusing on U.S. banks. EPCM uses propriety models, processes, and framework to analyze banks and construct investment portfolios. The firm supports community bank technology investment through a partnership with Strandview Capital and the Btech Consortium Fund. More at elizabethparkcm.com.



Subadvisor

Calvert Impact is a global nonprofit investment firm that helps investors and financial professionals invest in solutions that people and the planet need. During its 25+ year history, Calvert Impact has mobilized over \$4 billion to grow local community and green finance organizations through its flagship Community Investment Note™ and structuring services. Calvert Impact uses its unique position to bring the capital markets and communities closer together. More at calvertimpact.org.

