

## Case Study

### Beneficial State Bank's Values-Based Practices

*Reimagining banking by aligning capital with economic mobility, financial inclusion, and environmental regeneration—centering people, place, and shared prosperity.*

#### Introduction

Across the United States, families, small businesses, nonprofits, and climate-forward enterprises face persistent barriers to fair financial services. Traditional banking models often prioritize short-term returns over long-term community wellbeing, limiting access to credit for entrepreneurs of color, immigrants, nonprofit organizations, and businesses that generate clear social or environmental benefits, often for all of us.

Beneficial State Bank was founded to demonstrate a different approach. As a mission-driven, triple-bottom-line Community Development Financial Institution (CDFI) and B Corp, the bank uses finance as a tool to advance economic mobility and regenerate the environment, while maintaining financial sustainability.

The examples featured in the following video profile, including small business owners, affordable housing developers, immigrant families, and renewable energy partners, illustrate how this model impacts various industries and benefits an ever-growing number of lives. The approach relies on relationship-based banking that aligns access to capital with real community needs.





## The Challenge

Communities across California, Oregon, and Washington face interconnected challenges, including:

- Rising housing costs that outpace income growth
- Limited access to patient, flexible capital for small businesses and nonprofits
- Systemic barriers to credit for immigrants, entrepreneurs of color, and justice-impacted individuals
- A financial system that continues to fund extractive practices while underinvesting in climate solutions

Traditional underwriting, narrow definitions of creditworthiness, and short-term risk horizons often exclude financially capable, mission-focused borrowers who are vital to local economies.

Beneficial State Bank recognizes that meaningful impact depends not only on who receives capital, but also on how lending decisions are made and which outcomes are prioritized.

## The Approach

Beneficial State Bank centers its work around a unified mission framework built on three core impact pillars:

- Uniting for Economic Mobility
- Regenerating the Environment
- Building a Better Banking System

Rather than offering a single program for each pillar, the bank embeds its mission across all lines of business, striving for a cohesive, values-aligned banking practice.

Core elements of the model include:

### 1. Mission-Aligned Lending

In 2024, more than 90 percent of all lending directly advanced the bank's mission, with 65 percent of lending dollars deployed in low-income communities. Importantly, 100% of lending upheld the bank's community development mandate — actively investing in communities and doing no harm, as required of all certified CDFIs.

### 2. Relationship-Based Underwriting

Beneficial State Bank evaluates borrowers holistically, considering lived experience, community context, and long-term sustainability alongside financial



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metrics. This [approach](#) supports entrepreneurs, nonprofits, and families who are often overlooked by traditional banks.

### 3. Flexible, Inclusive Products

Examples highlighted in client videos and spotlights include:

- Small business and SBA lending that enables ownership, stability, and generational wealth building
- ITIN-based auto loans that expand credit access for immigrant families
- Affordable housing finance that supports low-income housing, including deed-restricted units
- Renewable energy lending that advances climate resilience and community ownership

### 4. Values-Aligned Partnerships

The bank works closely with nonprofit developers, other B Corps, cooperatives, and public agencies, serving as a long-term financial partner rather than a transactional lender.

## The Impact

### For Communities

Data from Beneficial State Bank's [2024 Impact Report](#) highlights tangible outcomes of their model:

- \$103.5 million in mission-driven loans originated in 2024
- 657 affordable housing units supported in 2024, with over 17,000 units financed since the bank's inception
- \$18 million in small business loans, enabling expansion, job creation, and community ownership
- ITIN auto loans comprise approximately 12 percent of the auto loan portfolio, with stronger performance and fewer charge-offs than standard loans
- \$170.9 million in environmental loan balances, including for renewable energy projects, green buildings, and climate resilience initiatives

Client stories featured from Beneficial State Bank demonstrate the compounding effects of equitable access to capital:

- Entrepreneurs securing property ownership and stabilizing operating costs
- Families lowering transportation expenses and building credit
- Nonprofits delivering housing, legal aid, and essential wrap-around services
- Communities benefiting from cleaner energy and lower utility costs



## For the Financial Institution

In the 2024 report, Beneficial State Bank demonstrates that social/environmental impact and financial performance can go hand in hand:

- Assets grew to \$1.94 billion, a 12.8 percent year-over-year increase
- Strong capital, liquidity, and regulatory performance
- Second consecutive Outstanding CRA rating
- Continued recognition as a national leader in values-based and ethical banking

The bank's video storytelling, which centers on its clients' work, has reinforced credibility, transparency, and trust by showcasing lived outcomes rather than abstract commitments.

## Lessons Learned

1. **Mission must guide operations, not just sit alongside**  
Embedding impact criteria into underwriting, portfolio management, and governance strengthens consistency and accountability.
2. **Flexible underwriting expands opportunity without increasing risk**  
ITIN lending, relationship-based assessment, and patient capital—designed into products rather than treated as exceptions—can outperform traditional products when designed intentionally.
3. **People- and place-based lending builds durable impact**  
Borrowers aligned with community outcomes and supported through technical assistance create long-term economic and social returns that extend beyond individual transactions.
4. **Storytelling matters**  
Videos and other forms of communication that center on borrower voice humanize impact, build trust, and help shift norms across the financial sector.

## Looking Ahead

Beneficial State Bank is continuing to refine and scale its model through a new mission framework, expanded impact measurement, and deeper investment in economic equity and climate resilience.

In partnership with Beneficial State Foundation, the bank's long-term vision is to transform the industry so that banks fostering shared prosperity become the norm rather than the exception.



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## Call to Action

Inspired by how Beneficial State Bank is aligning its entire balance sheet with community, environmental, and economic outcomes? Here are two ways to take the next step:

- **Connect with our team** at [Beneficial State Foundation](#) to explore how a values-based, mission-driven approach could take shape at your institution.
- **Explore the [Equitable Bank Standards](#)** for actionable guidance—starting with the social impact lending practices highlighted in this case study (03.A.01–06).

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## Connect with Beneficial State Foundation

Learn more about how financial institutions can drive inclusive, community-led growth through values-based practices: [beneficialstate.org](https://beneficialstate.org)