

# CDFIS AND BANKS: NATURAL PARTNERS

## *Aligning Capital, Community Knowledge, and Long-Term Impact*

CDFIs and banks are natural partners whose complementary strengths expand access to capital and financing for community development. Banks provide significant financial resources, liquidity, and scale, while CDFIs contribute deep local knowledge, specialized underwriting, and strong relationships in communities that may be harder for traditional institutions to reach. This collaboration allows banks to deploy capital more effectively in underserved markets, while CDFIs help ensure financing is structured in ways that meet local needs.

The following stories illustrate how banks and CDFIs combine liquidity, balance sheet strength, and community-rooted underwriting to deliver financing that reaches underserved markets while maintaining strong performance and accountability. The stories describe collaborative investments in rural Appalachian Kentucky that expanded healthcare access and created jobs after a hospital closure and a \$25 million bank investment expected to support up to \$250 million in small business financing nationwide.

### *Annual Impact*

- Banks are one of the largest providers of capital to CDFIs, supplying an estimated \$15–\$25 billion annually in loans, deposits, and equity-equivalent investments that strengthen CDFI balance sheets and expand lending in underserved communities.

## REBUILDING CARE AND OPPORTUNITY IN APPALACHIAN KENTUCKY

### EXPANDING HEALTHCARE ACCESS THROUGH CDFI-BANK COLLABORATION

#### **Rural Appalachian Kentucky**

CDFI: KENTUCKY HIGHLANDS INVESTMENT CORPORATION (KHIC)

KHIC, a CDFI serving rural Appalachian Kentucky, partners with banks and philanthropic organizations to expand access to capital in communities long underserved by traditional finance. Through joint investments, loan participations, and flexible funding, KHIC launched new lending programs for small businesses, healthcare organizations, and community facilities, increasing credit access and supporting local employers. These collaborations led to increased loans and investments in distressed areas, the creation of quality jobs, and greater economic stability in communities recovering from major disruptions.



One example of this CDFI-bank-community partnership is Dayspring Family Health Center in Williamsburg, KY. With support from KHIC, Dayspring expanded services in a low-income, medically underserved area that had been severely affected by the closure of the local hospital. Residents who previously faced limited access to care - particularly primary, dental, and behavioral health services - benefited directly from the expansion. The project created 23 new jobs, with more than half filled by low-income individuals, helping address persistent poverty and high unemployment while stabilizing healthcare access after a major disruption. By enabling the development of a comprehensive care facility, KHIC's investment strengthened the local economy, improved health outcomes, and supported long-term community resilience by addressing interconnected health and economic needs.