
Fitch Inaugural Peer Review Highlights Solid Financial Profiles of U.S. CDFIs.

Fitch Ratings-San Francisco/New York/Chicago-11 October 2023: The end of federal stimulus, dwindling private funding sources and a looming recession will spell some bumps for U.S. community development financial institutions (CDFIs), though Fitch Ratings' inaugural peer review for the sector says CDFIs are well-prepared for the coming headwinds.

Fitch economists are calling for a mild recession in the first half of 2024. As a result, CDFI loan performance may deteriorate from current levels, though loan losses are expected to remain manageable. Nonetheless, CDFIs are well-positioned to face current headwinds, according to Senior Director Karen Fitzgerald.

"Delinquency and loss rates have stayed relatively low over the past five years despite pandemic-related stress while CDFI balance sheets have grown substantially, averaging nearly 7% annually," said Fitzgerald. "Debt levels are also up over the last five years, albeit at a more moderate clip, due largely to more readily available public and private sources of funding from pandemic-related aid and relief programs."

However, with U.S. federal aid coming to a close and private funding also drying up to some extent, CDFIs will increasingly turn to bond markets to raise capital. This will likely increase CDFIs' cost of funds, though their funding mix should still allow them to offer credit at rates consistent with their mission while maintaining a sufficient equity cushion.

Fitch's inaugural 'Community Development Financial Institutions (CDFI) Peer Review' is available at 'www.fitchratings.com'.

Contact:

Karen Fitzgerald
Senior Director
+1-415-796-9959
Fitch Ratings, Inc.
One Post Street Suite 900
San Francisco, CA 94104

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com