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S&P: CDFIs Demonstrate Strengths Post-Pandemic, But Are Equity Increases Only Temporary?

Key Takeaways

- We expect ratings to remain stable or improve over the next two years as rated CDFIs take steps to mitigate risks from inflationary pressure and rising interest rates.
- Some higher equity ratios in 2021 may prove temporary, and thus may not be the sole factors in potential near-term rating actions.
- On lending their recent influx of capital, we expect some CDFIs' equity to decrease relative to assets over time.
- Other credit factors such as asset quality and liquidity are likely to remain strong.

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