

Opportunity Finance Network, Goldman Sachs' 10,000 Small Business Initiative Partner to Increase Small Business Lending

New Effort to Expand Small Business Lending Capacity of CDFIs

SAN FRANCISCO, November 4, 2010 – Opportunity Finance Network (OFN), the nation's leading network of community development financial institutions (CDFIs), and The Goldman Sachs Group Inc.'s *10,000 Small Businesses Initiative* today announced the *10,000 Small Businesses CDFI Small Business Financing Initiative*. The partnership will expand the small business lending capacity of CDFIs throughout the United States. CDFIs play a critical role in deploying capital to small businesses that are poised for growth but have limited access to traditional lenders.

CDFIs are market-based, private sector financial intermediaries that create opportunities for low-wealth and low-income individuals and institutions and spark growth in hard-to-serve markets across the nation. Launched in 2009, the Goldman Sachs *10,000 Small Businesses* initiative is investing \$500 million in small business growth by offering access to capital, business and management education and networks of mentors. The access to capital component of the program is investing \$300 million in CDFIs, an unprecedented commitment to CDFI small business financing. Current CDFI partners in the program include Seedco Financial in New York and the Valley Economic Development Center and the National Development Council in Southern California. Business and management education is provided by a network of community colleges.

OFN will manage the *CDFI Small Business Financing Initiative* which will strengthen individual CDFI's capability to lend to small businesses. Up to 25 high-potential and high-performing CDFIs will participate in targeted and in-depth training in areas including risk management, capitalization and product development. The capacity-building initiative will also provide select participants with an objective third party analysis of risk and financial performance through the CDFI Assessment and Rating System (CARS)[™], as well as disseminate best practices and resources to the broader CDFI industry. Goldman Sachs will fund the partnerships efforts with a grant of \$1 million over three years.

"We are committed to helping high-performing CDFIs finance small businesses to achieve direct economic benefits for low-wealth and low-income neighborhoods throughout the country," said Mark Pinsky, President and CEO of OFN. CDFIs have a 30-year history of performance in financing small business in challenging markets. We recognize that as the nation recovers from the recession the more CDFIs can do to support small business and kick-start job creation in the U.S. the better."

There is significant demand for lending capital on the part of small businesses, particularly those in underserved communities. Nearly 74% of CDFIs that are primarily focused on business lending reported receiving the same or more financing applications during the past quarter, according to OFN's second quarter 2010 CDFI Market Conditions Report.

“CDFIs need additional capacity to meet the high demand for small business lending in many underserved markets throughout the U.S.,” said Alica Glen, Managing Director and Head of the Urban Investment Group at Goldman Sachs. “This partnership between Goldman Sachs and OFN will help develop that capacity and provide important support to *10,000 Small Businesses*, which relies on CDFIs to supply capital to help stimulate the growth of these businesses and the communities they serve.”

In addition to access to capital, *10,000 Small Businesses* also provides participants with high quality business education developed in partnership with leading national business schools as well as business support services through partnerships with community colleges, business organizations and the people of Goldman Sachs.

“Because it is squarely focused on helping businesses grow and create jobs, *10,000 Small Businesses* already addresses an unmet need in the marketplace,” said Roberto Barragan President and CEO of Valley Economic Development Center. “This nationwide partnership with OFN will help expand the capacity of CDFIs in the communities that need it most.”

“We’ve already seen that the unique blend of capital, education and mentoring that are offered through *10,000 Small Businesses* can have real results in terms of business growth and job creation,” said Marc Morial, President of the National Urban League and a member of the *10,000 Small Businesses* Advisory Council. “Encouraging entrepreneurship is at the heart of the National Urban League’s economic empowerment mission, and I’m eager to see the CDFI Small Business Financing Initiative extend the reach of this program to more communities and more businesses.”

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Opportunity Finance Network (OFN), the leading network of private financial institutions, creates growth that is good for communities, investors, individuals, and the economy. Members of OFN are community development financial institutions (CDFIs) who deliver responsible lending to help low-wealth and low-income communities join the economic mainstream. Over the past 30 years, the opportunity finance industry has provided more than \$30 billion in financing to underserved markets nationwide. In 2008, OFN Members financed more than 200,000 jobs, 600,000 housing units, 50,000 businesses and microenterprises, and 6,000 community facility projects. More information is available at: www.opportunityfinance.net

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