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## **BENEFICIAL STATE BANCORP REINCORPORATES AS A PUBLIC BENEFIT CORPORATION**

*- Using banking as a force for good, the triple-bottom-line bank  
goes a step further and solidifies long-term mission alignment -*

OAKLAND, Calif. – Oct. 23, 2018 – Beneficial State Bank (Beneficial State) today announced that its holding company, Beneficial State Bancorp, converted to a Delaware Public Benefit Corporation (PBC). PBCs are a new legal structure designed to protect long-term mission alignment and value creation, allowing businesses to pursue social justice and environmental well-being at the same time they thrive economically. Beneficial State Bancorp is the first bank holding company to be a Delaware PBC. Morrison & Foerster LLP advised on the conversion.

Beneficial State opened for business in 2007 and was certified as a B Corporation™ in 2012. This year Beneficial State surpassed \$1 billion in assets and released its 10-year anniversary impact report highlighting how deposits support high-impact lending throughout California, Oregon and Washington.

“We have a unique ownership structure. We are a for-profit bank whose economic rights are majority owned by a nonprofit, Beneficial State Foundation. The Foundation, in turn, will reinvest any distributed bank profits back into the communities that the bank serves,” shared co-founder and CEO, Kat Taylor. “Nonetheless, we deemed it essential for us to take our structure a step further and convert Beneficial State Bancorp into a PBC in solidarity with our fellow B Corps™. Being able to use business as a force for good depends on business leaders having the tools to ensure they can prioritize their employees, the environment and the community while operating in a safe and sound manner. Beneficial State Bancorp’s board will have a fiduciary responsibility to the bank’s mission and goals, in addition to its other responsibilities.

Beneficial State is certified as a B Corporation™ with a parent PBC. There are more than 7,000 benefit corporations in the U.S., a plurality of which are incorporated as Delaware PBCs, which must meet the highest standards of legal accountability. In addition, there are almost 2,600 Certified B Corporations™ in the U.S., which are further distinguished by their commitments to meet the highest standards of overall verified impact performance. A few examples of well-known benefit corporations include Method, Kickstarter, Plum Organics, King Arthur Flour, This American Life, Year-Up and Patagonia.

“In the United States, directors of for-profit companies are legally required to act solely for the ultimate purpose of maximizing the financial returns to shareholders,” said Jay Coen Gilbert, co-founder of B Lab, the nonprofit behind the B Corporation™ certification. “Mission-driven and other socially conscious businesses, impact investors and social entrepreneurs are constrained by this legal framework, which does not fully accommodate for-profit entities whose mission and impact is central to their business model.”

### **About Beneficial State Bank**

Beneficial State Bank (Beneficial State) is a state-chartered, federally insured and for-profit bank. Its economic rights are majority-owned by the non-profit, Beneficial State Foundation, which is in turn permanently governed in the public interest. That ownership allows the bank to prove and maintain an innovative model for banking that generates benefit for people and the planet and avoids harm to any while being financially safe and sound.

In 2010, Beneficial State acquired ShoreBank Pacific, integrating the pioneering environmentally sustainable bank into Beneficial State's triple-bottom-line organization. Beneficial State Bancorp completed a partial stock purchase of Albina Community Bank (Albina) in 2013 to provide critical capital for a legendary Portland institution, and in February 2018, Beneficial State completed its merger with Albina. In June of 2016, Beneficial State acquired Pan American Bank to serve communities in the Central Valley and Los Angeles markets of California.

Today, the combination of Beneficial State and Albina has grown to \$1.034 billion in assets, 253 colleagues, and 17 locations in California, Oregon, and Washington. Beneficial State is both a Community Development Financial Institution (CDFI) as designated by the US Treasury and a Certified B Corporation™, with Beneficial State ranking among the world's top B Corps™ since becoming a Certified B Corporation™ in 2012. For additional information, visit <http://www.beneficialstate.com>. Member FDIC Insured, Equal Housing Lender.

### **About PBCs**

A Delaware PBC is a for-profit corporation with modified corporate governance provisions. This new governance model creates a solid foundation for long-term mission alignment and value creation by making additional commitments to higher standards of purpose, accountability, and transparency. It protects mission through capital raises and leadership changes, creates more flexibility when evaluating strategic options, and prepares businesses to lead a mission-driven life post-IPO.

**Purpose:** PBCs commit to creating public benefit and sustainable value in addition to generating profit. This sustainability is an integral part of their value proposition.

**Accountability:** PBCs are committed to considering the company's impact on those materially affected by its conduct as well as its stockholders' economic interests and its social or environmental purpose.

**Transparency:** PBCs are required to report regularly to stockholders, which may be made publicly available, on how the company is considering and balancing these interests.

Delaware's PBC statute was passed in July 2013 with an amendment enacted in 2015. Over 1,000 companies have elected to become Delaware PBCs since enactment, and more PBCs have been incorporated in Delaware than benefit corporations in any other state. To date, Delaware PBCs have attracted more investment than other states' benefit corporations. Visit [www.benefitcorp.net](http://www.benefitcorp.net) for more information.

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