



Report on SBLF Participants' Small Business Lending Growth

***Submitted to Congress pursuant to Section 4106(3) of
the Small Business Jobs Act of 2010***



QUALIFIED SMALL BUSINESS LOAN GROWTH BY ALL PARTICIPANTS, CURRENT AND HISTORICAL

HIGHLIGHTS

- As of Q4 2018, the total cumulative net impact on qualified small business lending over baseline reported by current and former SBLF participants is \$19.1 billion.
- As of Q4 2018, the total cumulative net increase in qualified small business lending over baseline reported by current SBLF participants is \$1.3 billion, which represents a decrease in lending of approximately \$0.8 million quarter over quarter.
- As of March 1, 2019, 282 institutions with aggregate investments of \$3.81 billion have fully redeemed their SBLF Treasury investment and exited the program, and 5 institutions have partially redeemed \$13.4 million (or 66 percent of their SBLF securities) while continuing to participate in the program.

Breakout of Qualified Small Business Lending (QSBL) Growth at SBLF Participants, Current and Former ¹ (\$ Billions) ³											
	Q4 2011	Q4 2012	Q4 2013	Q4 2014	Q4 2015	Q4 2016	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Current Participants											
<i>Cumulative Net Increase in QSBL (Baseline - Q3 2011)²</i>	\$3.5	\$3.5	\$3.8	\$3.6	\$1.7	\$0.9	\$0.6	\$0.6	\$0.3	\$0.3	\$0.3
<i>Cumulative Net Increase in QSBL (Q3 2011 - Present)</i>	\$1.2	\$5.2	\$8.7	\$11.5	\$7.1	\$2.4	\$1.5	\$1.6	\$1.0	\$1.1	\$1.1
Total Cumulative Net Increase in QSBL	\$4.7	\$8.8	\$12.5	\$15.1	\$8.8	\$3.2	\$2.1	\$2.2	\$1.3	\$1.3	\$1.3
Former Participants											
Total Cumulative Net Increase in QSBL	\$0.0	\$0.1	-\$0.2	\$0.7	\$9.6	\$15.6	\$16.8	\$16.8	\$17.7	\$17.7	\$17.7
Current and Former Participants											
Total Cumulative Net Increase in QSBL	\$4.7	\$8.8	\$12.4	\$15.8	\$18.4	\$18.8	\$18.9	\$19.1	\$19.0	\$19.1	\$19.1

¹ Figures reflect lending conducted by redeemed participants over the course of their participation and held constant at the levels reported in the final period of their reporting to SBLF. When the SBLF program does not receive an updated QSBL report from an institution that has not redeemed its SBLF investment, the institution will be considered a former participant for the purposes of reporting lending growth. The institution's lending growth will be held constant and carried forward as of the final period of their QSBL reporting to the SBLF program. Two institutions, with unredeemed SBLF investments totaling \$44.7 million, did not report QSBL to the SBLF program in the quarter.

² As established in the Small Business Jobs Act of 2010 (Act), the baseline for measuring the change in small business lending is the average of the amounts reported for each of the four calendar quarters ended June 30, 2010.

³ Due to rounding, numbers presented in this document may not add up precisely to the totals provided

Please see Appendix A for additional information regarding background and the methodology used in this report.

APPENDIX A: BACKGROUND AND REPORT METHODOLOGY

BACKGROUND

This report is submitted to Congress pursuant to Section 4106(3) of the Act, which directs the Secretary of the Treasury to provide a quarterly written report on how institutions participating in the SBLF program have used the funds they received under the program.

Treasury invested more than \$4.0 billion in 332 institutions through the SBLF program. These amounts include investments of \$3.9 billion in 281 community banks and \$104 million in 51 CDLFs. Collectively, these institutions operate in more than 3,000 locations across 47 states and the District of Columbia. This report includes information on the 50 institutions that continued to participate in the program as of December 31, 2018 and submitted quarterly supplemental reports for the quarter, including 7 community banks and 43 CDLFs.¹

The SBLF program was designed using an incentive mechanism to encourage participant lending to small businesses.

- For community banks, the SBLF program was structured to encourage small business lending through a dividend or interest rate incentive structure. The initial rate payable on SBLF capital was, at most, 5 percent, and the rate fell to 1 percent if a bank's small business lending increased by 10 percent or more.² If a bank had not repaid the SBLF funding after four and a half years, the rate increased to 9 percent.
- For CDLFs, the SBLF program was structured to encourage small business lending through access to low-cost capital at a 2 percent interest rate. At the eight year anniversary, CDLFs have the option to extend the maturity of the investment for two years at a 9 percent interest rate.

The additional lending capacity provided by SBLF capital – coupled with the program's dividend or interest rate incentives in the case of community banks – encouraged institutions to increase small business lending. Because of the program's structure, increases in small business lending cannot be directly linked to the use of SBLF funds. However, the program's impact can be observed indirectly.

REPORT METHODOLOGY

This report provides information on changes in small business lending by SBLF participants as of December 31, 2018, relative to baseline levels. For each institution analyzed for this report, changes in lending are measured as the dollar value or percentage change, as noted, in lending between December 31, 2018 and the baseline period, unless otherwise specified.

¹ For accounting purposes, an SBLF investment remains outstanding and payable until it has been written-off. One institution, with an aggregate SBLF investment of \$37.9 million, remains in bankruptcy, after its bank subsidiary was closed by its state regulator and placed into FDIC receivership. One institution, with an aggregate SBLF investment of \$6.7 million, discontinued operations after its sole bank subsidiary was seized and sold in auction following a default on a loan secured by the stock of the subsidiary.

² The initial interest rate paid by S corporations and mutual institutions was, at most, 7.7 percent. If these institutions increased their small business lending by 10 percent or more, then the rate fell to as low as 1.5 percent. These interest rates equate to after-tax effective rates (assuming a 35% tax rate) equivalent to the dividend rate paid by C corporation participants.

Measurement of Small Business Lending

The Act defines “small business lending” as business loans that are (i) \$10 million or less in amount to businesses with \$50 million or less in revenue and (ii) included in one of the following categories:

- Commercial and industrial loans
- Owner-occupied nonfarm, nonresidential real estate loans (“owner-occupied CRE”)
- Loans to finance agricultural production and other loans to farmers (“agricultural production”)
- Loans secured by farmland (“farmland”)

The SBLF program terms provide for additional adjustments to the calculation of small business lending relating to net charge-offs and portions of loans guaranteed by the U.S. government or for which risk has been assumed by third parties, as well as mergers and acquisitions and purchases of loans.

Changes in small business lending are calculated as the difference between the level of loans outstanding as of December 31, 2018 and the baseline amount. Treasury publishes updated information quarterly in its Report on SBLF Participants’ Small Business Lending Growth (previously titled the SBLF Use of Funds Report). This report includes restatements of prior period institution-specific information in the report appendices. These resubmissions may yield minor differences in reporting, with each report including the most recent available data for the then-current period as well as all prior periods. Because the most recent information available for all periods is included in each quarterly report, Treasury does not generally revise prior period reports to reflect these resubmissions.

Beginning in late 2015, SBLF experienced a significant increase in redemptions by bank participants, likely in anticipation of the Act’s step-up in interest or dividend rates in Q1 2016. Redemptions of Treasury’s investments under the SBLF program continue to be the single largest driver of changes in total qualified small business lending. As institutions redeem from the SBLF program, their respective increases or decreases in lending over baseline are removed from total qualified small business loan growth calculations going forward.

When a SBLF participant exits the program³, the associated changes to qualified small business lending are removed from the total qualified small business growth for *current* participants in the quarter of redemption, as well as all future reporting periods. When presenting changes in qualified small business lending by *current and former* participants, small business lending balances by institutions that have redeemed are held constant and carried forward at the level reported in the final quarter prior to redemption. In certain instances where SBLF is unable to acquire updated QSBL reporting from a participating institution, the institution’s lending growth will be held constant and carried forward as of the final period of their reporting to the SBLF program. Two participants did not report QSBL growth to SBLF in the current period.

³ Through redemption, bankruptcy, insolvency, asset seizure, or closure by its regulator.

APPENDIX B: CHANGES IN LENDING SINCE INITIAL SBLF INVESTMENTS

The table on this page includes the aggregate increases in qualified small business lending by participants since the initial SBLF investments.⁴ Additionally, it shows quarter-over-quarter changes in the number of participants reporting lending in the five ranges of small business loan growth that correspond to various dividend or interest rates payable on SBLF securities. Please see Appendix C for institution-specific reporting of small business lending by SBLF participants.

Participant Changes in Qualified Small Business Lending Since Initial SBLF Investments (Q3 2011)											
	Q4 2011	Q4 2012	Q4 2013	Q4 2014	Q4 2015	Q4 2016	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Cumulative Increase in Small Business Lending (\$ in Billions)	\$1.2	\$5.2	\$8.7	\$11.5	\$7.1	\$2.4	\$1.5	\$1.6	\$1.0	\$1.1	\$1.1
Change in Small Business Lending (# of Participants)											
Under 2.5% or Reduced	156	65	31	16	10	6	6	6	7	7	7
2.5 to 4.9% Increase	46	17	9	6	5	2	0	0	0	0	0
5.0 to 7.4% Increase	45	17	8	6	3	0	1	1	0	0	0
7.5 to 9.9% Increase	27	20	12	4	3	2	0	1	0	0	0
10.0% or Greater Increase	58	201	238	242	141	56	49	48	47	43	43

⁴ In this analysis, the period of the SBLF investment is defined as Q3 2011 and is measured as the change in lending between September 30, 2011 and the most recent reporting period. The first four of Treasury's investments in SBLF participants were made in the quarter ended June 30, 2011, with all subsequent investments made in the quarter ended September 30, 2011.

APPENDIX C: INSTITUTION-SPECIFIC REPORTING ON SMALL BUSINESS LENDING BY SBLF PARTICIPANTS

Institutions Participating in SBLF

Report on Information from 12/31/2018 Quarterly Supplemental Reports transmitted with April 2019 Report

Institution				SBLF Funding Outstanding	Qualified Small Business Lending as of 12/31/2018				
Name	City	State	Bank or CDLF?		Baseline Level	Current Level	Increase (Decrease) over Baseline	% Change over Baseline	Resulting Rate
The Peoples Bank of Georgia (The Peoples Bank of Talbotton)	Talbotton	GA	Bank	390,000	5,943,000	16,120,000	10,177,000	171.24%	9.00%
Illinois State Bancorp, Inc.	Chicago	IL	Bank	6,684,000	60,188,000	72,287,000	12,099,000	20.10%	9.00%
MidSouth Bancorp, Inc.	LaFayette	LA	Bank	32,000,000	403,028,000	412,363,000	9,335,000	2.32%	9.00%
Enterprise Financial Services Group, Inc.	Allison Park	PA	Bank	5,000,000	87,306,000	87,830,000	524,000	0.60%	9.00%
Evolve Bancorp, Inc.	Cordova	TN	Bank	1,099,000	19,101,000	192,857,000	173,756,000	909.67%	9.00%
LCA Bank Corporation	Park City	UT	Bank	2,727,000	14,000	3,260,000	3,246,000	23185.71%	9.00%
Medallion Bank	Salt Lake City	UT	Bank	26,303,000	233,231,000	253,525,000	20,294,000	8.70%	9.00%
Main Street Launch (OBDC Small Business Finance)	Oakland	CA	CDLF	219,000	2,473,000	12,817,000	10,344,000	418.28%	2.00%
California Coastal Rural Development Corporation	Salinas	CA	CDLF	870,000	9,545,000	13,535,000	3,990,000	41.80%	2.00%
Low Income Investment Fund	San Francisco	CA	CDLF	7,490,000	26,595,000	176,362,000	149,767,000	563.14%	2.00%
Opportunity Fund Community Development	San Jose	CA	CDLF	2,236,000	5,935,000	102,718,000	96,783,000	1630.72%	2.00%
Valley Economic Development Center, Inc.	Van Nuys	CA	CDLF	661,000	11,450,000	35,392,000	23,942,000	209.10%	2.00%
Rural Community Assistance Corporation	West Sacramento	CA	CDLF	4,300,000	6,104,000	10,883,000	4,779,000	78.29%	2.00%
Colorado Enterprise Fund, Inc.	Denver	CO	CDLF	463,000	5,721,000	28,076,000	22,355,000	390.75%	2.00%
Capital for Change, Inc. (Greater New Haven Community Loan Fund)	New Haven	CT	CDLF	525,000	4,796,000	17,181,000	12,385,000	258.24%	2.00%
Partners for the Common Good, Inc.	Washington	DC	CDLF	1,009,000	4,888,000	8,050,000	3,162,000	64.69%	2.00%
BUILDING HOPE...A CHARTER SCHOOL FACILITIES FUND	Washington	DC	CDLF	2,091,000	23,190,000	44,002,000	20,812,000	89.75%	2.00%
Access to Capital for Entrepreneurs, Inc. (Appalachian Community Enter)	Cleveland	GA	CDLF	188,000	2,773,000	27,269,000	24,496,000	883.38%	2.00%
IFF	Chicago	IL	CDLF	8,294,000	108,261,000	250,430,000	142,169,000	131.32%	2.00%
Federation of Appalachian Housing Enterprises, Inc.	Berea	KY	CDLF	2,063,000	4,137,000	3,298,000	(839,000)	-20.28%	2.00%
Community Ventures Corporation	Lexington	KY	CDLF	1,045,000	3,451,000	16,724,000	13,273,000	384.61%	2.00%
Community Health Center Capital Fund, Inc. (Capital Link, Inc.)	Boston	MA	CDLF	198,000	1,420,000	7,802,000	6,382,000	449.44%	2.00%
Boston Community Loan Fund, Inc.	Roxbury	MA	CDLF	4,410,000	11,378,000	63,778,000	52,400,000	460.54%	2.00%
Enterprise Community Loan Fund, Inc.	Columbia	MD	CDLF	8,817,000	8,849,000	76,726,000	67,877,000	767.06%	2.00%
Coastal Enterprises, Inc.	Brunswick	ME	CDLF	2,316,000	19,487,000	49,933,000	30,446,000	156.24%	2.00%
Nonprofits Assistance Fund	Minneapolis	MN	CDLF	686,000	6,979,000	19,307,000	12,328,000	176.64%	2.00%
Community Reinvestment Fund, Inc.	Minneapolis	MN	CDLF	5,100,000	44,689,000	41,895,000	(2,794,000)	-6.25%	2.00%
Mountain BizCapital, Inc.	Asheville	NC	CDLF	197,000	2,190,000	9,557,000	7,367,000	336.39%	2.00%
Nebraska Enterprise Fund	Oakland	NE	CDLF	197,000	1,454,000	9,203,000	7,749,000	532.94%	2.00%
Leviticus 25:23 Alternative Fund, Inc.	Elmsford	NY	CDLF	750,000	2,218,000	2,921,000	703,000	31.70%	2.00%
TruFund Financial Services (Seedco Financial Services, Inc.)	New York	NY	CDLF	2,500,000	33,651,000	20,500,000	(13,151,000)	-39.08%	2.00%
Primary Care Development Corporation	New York	NY	CDLF	4,000,000	33,280,000	12,615,000	(20,665,000)	-62.09%	2.00%
Economic and Community Development Institute, Inc.	Columbus	OH	CDLF	53,000	2,728,000	19,711,000	16,983,000	622.54%	2.00%
Citizen Potawatomi Community Development Corporation	Shawnee	OK	CDLF	490,000	6,505,000	25,552,000	19,047,000	292.81%	2.00%
Community First Fund	Lancaster	PA	CDLF	862,000	11,002,000	30,149,000	19,147,000	174.03%	2.00%
The Reinvestment Fund, Inc.	Philadelphia	PA	CDLF	11,708,000	113,268,000	245,300,000	132,032,000	116.57%	2.00%
Northside Community Development Fund	Pittsburgh	PA	CDLF	250,000	2,190,000	3,221,000	1,031,000	47.08%	2.00%
Charleston Citywide Local Development Corporation	Charleston	SC	CDLF	1,000,000	1,799,000	6,408,000	4,609,000	256.20%	2.00%
South Carolina Community Loan Fund (Lowcountry Housing Trust, Incor)	North Charleston	SC	CDLF	392,000	96,000	11,244,000	11,148,000	11612.50%	2.00%
Rural Electric Economic Development, Inc.	Madison	SD	CDLF	1,230,000	11,116,000	20,768,000	9,652,000	86.83%	2.00%
Northeast South Dakota Economic Corporation	Sisseton	SD	CDLF	325,000	11,758,000	14,678,000	2,920,000	24.83%	2.00%
CEN-TEX Certified Development Corporation	Austin	TX	CDLF	489,000	3,435,000	5,438,000	2,003,000	58.31%	2.00%

Institutions Participating in SBLF

Report on Information from 12/31/2018 Quarterly Supplemental Reports transmitted with April 2019 Report

Institution			Bank or CDLF?	SBLF Funding Outstanding	Qualified Small Business Lending as of 12/31/2018				
Name	City	State			Baseline Level	Current Level	Increase (Decrease) over Baseline	% Change over Baseline	Resulting Rate
PeopleFund	Austin	TX	CDLF	500,000	9,900,000	15,433,000	5,533,000	55.89%	2.00%
ECDC Enterprise Development Group	Arlington	VA	CDLF	320,000	1,402,000	5,463,000	4,061,000	289.66%	2.00%
Capital Impact Partners (NCB Capital Impact)	Arlington	VA	CDLF	8,218,000	95,578,000	192,688,000	97,110,000	101.60%	2.00%
Vermont Community Loan Fund, Inc.	Montpelier	VT	CDLF	1,247,000	12,787,000	18,022,000	5,235,000	40.94%	2.00%
Craft3 (ShoreBank Enterprise Group, Pacific)	Ilwaco	WA	CDLF	1,867,000	24,108,000	99,720,000	75,612,000	313.64%	2.00%
Impact Seven, Incorporated	Almena	WI	CDLF	4,000,000	13,344,000	24,075,000	10,731,000	80.42%	2.00%
Forward Community Investments, Inc.	Madison	WI	CDLF	470,000	3,964,000	11,289,000	7,325,000	184.79%	2.00%
Wisconsin Women's Business Initiative Corporation	Milwaukee	WI	CDLF	391,000	4,562,000	22,033,000	17,471,000	382.97%	2.00%