



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 Q1 2019, 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 Q1 2019, 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 \$75.2 million quarter over quarter.
- As of June 1, 2019, 283 institutions with aggregate investments of \$3.81 billion have fully redeemed their SBLF Treasury investment and exited the program, and 4 institutions have partially redeemed \$12.7 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 | Q1 2019 |
| 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 | \$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 | \$1.0 |
| 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 | \$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 | \$17.8 |
| 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 | \$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 47 institutions that continued to participate in the program as of March 31, 2019 and submitted quarterly supplemental reports for the quarter, including 7 community banks and 40 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 March 31, 2019, 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 March 31, 2019 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 March 31, 2019 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 | Q1 2019 |
| 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 | \$1.0 |
| Change in Small Business Lending (# of Participants) | | | | | | | | | | | | |
| Under 2.5% or Reduced | 156 | 65 | 31 | 16 | 10 | 6 | 6 | 6 | 7 | 7 | 7 | 6 |
| 2.5 to 4.9% Increase | 46 | 17 | 9 | 6 | 5 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| 5.0 to 7.4% Increase | 45 | 17 | 8 | 6 | 3 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| 7.5 to 9.9% Increase | 27 | 20 | 12 | 4 | 3 | 2 | 0 | 1 | 0 | 0 | 0 | 0 |
| 10.0% or Greater Increase | 58 | 201 | 238 | 242 | 141 | 56 | 49 | 48 | 47 | 43 | 43 | 39 |

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 3/31/2019 Quarterly Supplemental Reports transmitted with July 2019 Report

| Institution | | | Bank or CDLF? | SBLF Funding Outstanding | Qualified Small Business Lending as of 3/31/2019 | | | | |
|---|------------------|-------|---------------|--------------------------|--|---------------|-----------------------------------|------------------------|----------------|
| Name | City | State | | | 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 | 15,588,000 | 9,645,000 | 162.29% | 9.00% |
| Illinois State Bancorp, Inc. | Chicago | IL | Bank | 4,884,000 | 60,188,000 | 73,186,000 | 12,998,000 | 21.60% | 9.00% |
| MidSouth Bancorp, Inc. | LaFayette | LA | Bank | 32,000,000 | 403,028,000 | 381,813,000 | (21,215,000) | -5.26% | 9.00% |
| Enterprise Financial Services Group, Inc. | Allison Park | PA | Bank | 5,000,000 | 87,306,000 | 88,691,000 | 1,385,000 | 1.59% | 9.00% |
| Evolve Bancorp, Inc. | Cordova | TN | Bank | 1,099,000 | 19,101,000 | 189,918,000 | 170,817,000 | 894.28% | 9.00% |
| LCA Bank Corporation | Park City | UT | Bank | 2,727,000 | 14,000 | 3,122,000 | 3,108,000 | 22200.00% | 9.00% |
| Medallion Bank | Salt Lake City | UT | Bank | 26,303,000 | 233,231,000 | 246,326,000 | 13,095,000 | 5.61% | 9.00% |
| Main Street Launch (OBDC Small Business Finance) | Oakland | CA | CDLF | 219,000 | 2,473,000 | 13,692,000 | 11,219,000 | 453.66% | 2.00% |
| California Coastal Rural Development Corporation | Salinas | CA | CDLF | 870,000 | 9,545,000 | 11,919,000 | 2,374,000 | 24.87% | 2.00% |
| Low Income Investment Fund | San Francisco | CA | CDLF | 7,490,000 | 26,595,000 | 165,729,000 | 139,134,000 | 523.16% | 2.00% |
| Opportunity Fund Community Development | San Jose | CA | CDLF | 2,236,000 | 5,935,000 | 109,545,000 | 103,610,000 | 1745.75% | 2.00% |
| Valley Economic Development Center, Inc. | Van Nuys | CA | CDLF | 661,000 | 11,450,000 | 33,824,000 | 22,374,000 | 195.41% | 2.00% |
| Rural Community Assistance Corporation | West Sacramento | CA | CDLF | 4,300,000 | 6,104,000 | 11,101,000 | 4,997,000 | 81.86% | 2.00% |
| Colorado Enterprise Fund, Inc. | Denver | CO | CDLF | 463,000 | 5,721,000 | 28,150,000 | 22,429,000 | 392.05% | 2.00% |
| Capital for Change, Inc. (Greater New Haven Community Loan Fund) | New Haven | CT | CDLF | 525,000 | 4,796,000 | 21,261,000 | 16,465,000 | 343.31% | 2.00% |
| Partners for the Common Good, Inc. | Washington | DC | CDLF | 1,009,000 | 4,888,000 | 8,448,000 | 3,560,000 | 72.83% | 2.00% |
| BUILDING HOPE...A CHARTER SCHOOL FACILITIES FUND | Washington | DC | CDLF | 2,091,000 | 23,190,000 | 46,295,000 | 23,105,000 | 99.63% | 2.00% |
| Access to Capital for Entrepreneurs, Inc. (Appalachian Community Enter) | Cleveland | GA | CDLF | 188,000 | 2,773,000 | 27,732,000 | 24,959,000 | 900.07% | 2.00% |
| IFF | Chicago | IL | CDLF | 8,294,000 | 108,261,000 | 249,569,000 | 141,308,000 | 130.53% | 2.00% |
| Federation of Appalachian Housing Enterprises, Inc. | Berea | KY | CDLF | 2,063,000 | 4,137,000 | 3,206,000 | (931,000) | -22.50% | 2.00% |
| Community Ventures Corporation | Lexington | KY | CDLF | 1,045,000 | 3,451,000 | 16,241,000 | 12,790,000 | 370.62% | 2.00% |
| Community Health Center Capital Fund, Inc. (Capital Link, Inc.) | Boston | MA | CDLF | 198,000 | 1,420,000 | 7,833,000 | 6,413,000 | 451.62% | 2.00% |
| Boston Community Loan Fund, Inc. | Roxbury | MA | CDLF | 4,410,000 | 11,378,000 | 68,556,000 | 57,178,000 | 502.53% | 2.00% |
| Enterprise Community Loan Fund, Inc. | Columbia | MD | CDLF | 8,817,000 | 8,849,000 | 75,668,000 | 66,819,000 | 755.10% | 2.00% |
| Nonprofits Assistance Fund | Minneapolis | MN | CDLF | 686,000 | 6,979,000 | 20,561,000 | 13,582,000 | 194.61% | 2.00% |
| Community Reinvestment Fund, Inc. | Minneapolis | MN | CDLF | 5,100,000 | 44,689,000 | 40,009,000 | (4,680,000) | -10.47% | 2.00% |
| Mountain BizCapital, Inc. | Asheville | NC | CDLF | 197,000 | 2,190,000 | 9,876,000 | 7,686,000 | 350.96% | 2.00% |
| Nebraska Enterprise Fund | Oakland | NE | CDLF | 197,000 | 1,454,000 | 9,674,000 | 8,220,000 | 565.34% | 2.00% |
| Leviticus 25:23 Alternative Fund, Inc. | Elmsford | NY | CDLF | 750,000 | 2,218,000 | 2,963,000 | 745,000 | 33.59% | 2.00% |
| TruFund Financial Services (Seedco Financial Services, Inc.) | New York | NY | CDLF | 2,500,000 | 33,651,000 | 18,854,000 | (14,797,000) | -43.97% | 2.00% |
| Primary Care Development Corporation | New York | NY | CDLF | 4,000,000 | 33,280,000 | 12,899,000 | (20,381,000) | -61.24% | 2.00% |
| Economic and Community Development Institute, Inc. | Columbus | OH | CDLF | 53,000 | 2,728,000 | 19,762,000 | 17,034,000 | 624.41% | 2.00% |
| Citizen Potawatomi Community Development Corporation | Shawnee | OK | CDLF | 490,000 | 6,505,000 | 24,848,000 | 18,343,000 | 281.98% | 2.00% |
| Community First Fund | Lancaster | PA | CDLF | 862,000 | 11,002,000 | 32,263,000 | 21,261,000 | 193.25% | 2.00% |
| The Reinvestment Fund, Inc. | Philadelphia | PA | CDLF | 11,708,000 | 113,268,000 | 248,667,000 | 135,399,000 | 119.54% | 2.00% |
| Northside Community Development Fund | Pittsburgh | PA | CDLF | 250,000 | 2,190,000 | 2,735,000 | 545,000 | 24.89% | 2.00% |
| Charleston Citywide Local Development Corporation | Charleston | SC | CDLF | 1,000,000 | 1,799,000 | 6,722,000 | 4,923,000 | 273.65% | 2.00% |
| South Carolina Community Loan Fund (Lowcountry Housing Trust, Incor) | North Charleston | SC | CDLF | 392,000 | 96,000 | 11,498,000 | 11,402,000 | 11877.08% | 2.00% |
| Rural Electric Economic Development, Inc. | Madison | SD | CDLF | 1,230,000 | 11,116,000 | 21,816,000 | 10,700,000 | 96.26% | 2.00% |
| CEN-TEX Certified Development Corporation | Austin | TX | CDLF | 489,000 | 3,435,000 | 5,370,000 | 1,935,000 | 56.33% | 2.00% |
| PeopleFund | Austin | TX | CDLF | 500,000 | 9,900,000 | 16,617,000 | 6,717,000 | 67.85% | 2.00% |

Institutions Participating in SBLF

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| Institution | | | Bank or CDLF? | SBLF Funding Outstanding | Qualified Small Business Lending as of 3/31/2019 | | | | |
|---|------------|-------|---------------|--------------------------|--|---------------|-----------------------------------|------------------------|----------------|
| Name | City | State | | | Baseline Level | Current Level | Increase (Decrease) over Baseline | % Change over Baseline | Resulting Rate |
| ECDC Enterprise Development Group | Arlington | VA | CDLF | 320,000 | 1,402,000 | 5,368,000 | 3,966,000 | 282.88% | 2.00% |
| Capital Impact Partners (NCB Capital Impact) | Arlington | VA | CDLF | 8,218,000 | 95,578,000 | 200,379,000 | 104,801,000 | 109.65% | 2.00% |
| Vermont Community Loan Fund, Inc. | Montpelier | VT | CDLF | 1,247,000 | 12,787,000 | 16,658,000 | 3,871,000 | 30.27% | 2.00% |
| Craft3 (ShoreBank Enterprise Group, Pacific) | Ilwaco | WA | CDLF | 1,867,000 | 24,108,000 | 91,923,000 | 67,815,000 | 281.30% | 2.00% |
| Forward Community Investments, Inc. | Madison | WI | CDLF | 470,000 | 3,964,000 | 11,202,000 | 7,238,000 | 182.59% | 2.00% |
| Wisconsin Women's Business Initiative Corporation | Milwaukee | WI | CDLF | 391,000 | 4,562,000 | 22,492,000 | 17,930,000 | 393.03% | 2.00% |