



Stephane Bamigbade,
Little Bugs
Learning Center.
Photo courtesy
of Allies for
Community
Business.



Case Study: How Byline Bank Achieves Reliable CRA Impact Through Quarterly Transactions

SCENARIO

Byline Bank sought to find a reliable way to plan their CRA impact and results and provide continued support for LMI entrepreneurs and business owners in their assessment areas.

HOW EBA FUND HELPED

Byline Bank is a community and commercial bank born and bred in Chicago, IL. For 100+ years, Byline has provided banking relationships to the neighbors, nonprofits, and businesses in the Chicagoland area. As a result, Byline has an ongoing commitment to support entrepreneurs and small businesses throughout its footprint. To achieve that, Byline was looking for a solution it could count on throughout the year to ensure capital flowed to all corners of its market, especially to businesses with under \$1M gross annual revenue and in LMI census tracts. EBA Fund had the right answer. As a nonprofit marketplace that connects bank liquidity to communities in need, EBA Fund had visibility to a pool of loans that it could turn into a predictable flow of loans for Byline. Byline set criteria, a quarterly purchase target, and worked with EBA Fund to tailor a streamlined process that meets Byline's internal needs and community goals. This commitment allows EBA Fund to hold loans that fit their needs, ensuring measurable CRA impact with every purchase.

EBA FUND'S PROCESS

- 1 After connecting with Byline and learning about their CRA goals, EBA Fund identified available loans in their footprint and credit box to determine if a transaction would be possible. Byline committed to purchase loans on a quarterly basis.

Note: Loans in the Byline transaction came from Allies for Community Business (a4cb.org).

- 2 EBA Fund provided legal documents to Byline to review for the initial transaction.
Note: EBA Fund has a standard nonrecourse master participation agreement with each CDFI that governs the initial participation transaction. CDFIs retain servicing and collections responsibility. EBA Fund allows banks to purchase the loans through transfer of its interest to the bank.

- 3 Byline and EBA Fund reviewed the available loans using a loan tape with key risk variables as well as a third-party risk rating. After the loans were narrowed, key documents for each loan were provided to review in EBA Fund's online portal.

Note: CDFIs lend to businesses outside a bank's typical credit box. EBA Fund encourages bank to size their credit box in light of the total capital at risk as opposed to the individual risk of each transaction.

Contact EBA Fund at info@ebafund.org directly to learn more.

\$302,541,80

in microloans purchased December 29, 2020 - September 29, 2021

\$70,579.96

in grant capital December 29, 2020 - September 29, 2021



44 small
businesses
supported

"Our quarterly transactions with EBA Fund help us to meet CRA goals while providing CDFI microlenders with much-needed capital."

-Jake Gross

Vice President, CRA Officer

4

EBA Fund confirmed the final portfolio and price, then prepared all documents and set a closing date.

5

EBA Fund sent formal acknowledgment letters with CRA qualification information for the initial loan purchase and grant request to use in the bank's CRA evaluation.

6

EBA Fund provided monthly transaction reports and a single wire of all payments each month.

Juan Betancourt, ArePA George. Photo courtesy of Allies for Community Business

CRA DETAILS

By taking on the risk of loan loss and providing capital, Byline makes a direct and consequential impact. The purchase of small business loan participations is unequivocally considered part of a bank's CRA lending in the interagency Q&A (CRA Guidance ____22(a)(2)-6.) The interagency CRA Rule indicates that a bank's lending performance considers both originations and purchases of loans (CRA Rules: 12 CFR 25.12(t) and 12 CFR 25.04(c).) Donations provided meet the definition of qualified investment in the interagency CRA rules and promote economic development in a bank's assessment area, which in turn provides positive CRA consideration.

