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Photo courtesy of Allies for Community Business



## BYLINE BANK

Byline 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 area

### AT A GLANCE

*data as of 9.27.21*

#### TRANSACTION

- \$229,417 in microloans purchased
- \$45,000 in additional grant capital provided

#### PORTFOLIO

- Average loan size: \$11,470
- 20 small businesses
- 100% of loans to businesses with <\$1M in Gross Annual Revenue (GAR)

### OBJECTIVES

Byline Bank is a neighborhood bank born and bred in Chicago. As a result, Byline has an ongoing commitment to support entrepreneurs and small businesses throughout its footprint. For 100+ years, Byline has provided a personal banking relationship to the neighbors, nonprofits, and businesses in the Chicagoland area. 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 \$1 million in gross annual revenue and in LMI census tracts. Scale Link had the right answer. As a nonprofit marketplace that connects bank liquidity to communities in need, Scale Link had visibility to a pool of loans that it could turn into a predictable flow of loans for Byline. Byline set credit criteria, a quarterly purchase target, and worked with Scale Link to tailor a streamlined process that will meet Byline's internal needs and community goals. This commitment allows Scale Link to hold loans that fit their needs, ensuring measurable CRA impact with every purchase.

### CRA DETAILS

By taking on the risk of loan loss and providing capital for loans in the bank's assessment area, Byline Bank continues to make 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. Donations provided meet the definition of qualified investment in the interagency CRA rules, and promote economic development in the bank's assessment area, which in turn provides positive CRA consideration.

"OUR QUARTERLY TRANSACTIONS WITH [SCALE LINK] HELP US TO MEET CRA GOALS WHILE PROVIDING CDFI MICROLENDERS WITH MUCH-NEEDED CAPITAL."

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### TRANSACTION PROCESS

#### Step One

After connecting with Byline Bank and learning about their goals, Scale Link 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 to support their CRA goals. Loans in Byline transactions come from Allies for Community Business ([www.a4cb.org](http://www.a4cb.org)).

#### Step Two

Scale Link provided standard legal documents to Byline Bank for review (nonrecourse master participation agreement) before the initial transaction. Byline Bank reviewed the available loans using a loan tape with key risk variables. After loans were narrowed, key documents for each loan were provided to review in Scale Link's online portal.

#### Step Three

Scale Link confirmed the final portfolio and price, then prepared all documents and set a closing date. Scale Link sent formal acknowledgement letters with CRA qualification information for both the loan purchase and grant request to use in Byline Bank's CRA evaluation.

#### Step Four

Scale Link provides monthly transaction reports and a single transfer of all payments each month. Byline Bank repeats steps two through four quarterly to continue their CRA impact.