Emergency Capital Investment Program:

Investing for Impact

The Emergency Capital Investment Program (ECIP) was created to support eligible mission-driven institutions in their lending to financially underserved borrowers and communities. The statute authorizes Treasury to make ECIP investments in community financial institutions, which include federally insured banks, savings and loan associations, holding companies, and credit unions that are designated as Community Development Financial Institutions (CDFIs) by Treasury's CDFI Fund or as Minority Depository Institutions (MDIs). Community financial institutions have the relationships needed to deliver responsible capital, credit, and services to financially underserved communities that the statute seeks to benefit, including low- and moderate-income (LMI), minority, and rural communities. Unlike some past federal investment programs that were aimed at stabilizing financial institutions in a time of economic stress, ECIP is designed to work through these CDFIs and MDIs to deliver loans and other investments to LMI, minority, and rural communities that were particularly impacted by the COVID-19 pandemic.

Under ECIP, Treasury invests in preferred stock or subordinated debt issued by participating CDFIs or MDIs. The dividend or interest rate that participating institutions pay Treasury will be reduced if they achieve specified benchmarks for increasing their "Qualified Lending," which includes lending to minority, rural, and urban low-income and underserved communities, LMI borrowers, and other similar lending as outlined in the ECIP Rate Reduction Incentive Guidelines.[1] When ECIP participants engage in "Deep Impact Lending," Treasury will provide additional credit toward this rate reduction. Deep Impact Lending, also outlined in the ECIP Rate Reduction Incentive Guidelines, includes loans to Low-income Borrowers and Underserved Small Businesses, for Deeply Affordable Housing, and in Persistent Poverty Counties.[2] The additional credit recognizes the fact that the kind of lending that will be most impactful in achieving the statutory purpose of the program often requires more time and resources from the lender. This approach is designed to help level the playing field for borrowers that face the greatest barriers to accessing capital and will provide greater transparency into the impact of the program.

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[1] ECIP Rate Reduction Incentive Guidelines. For additional information, please see the Quarterly Supplemental Report (QSR) instructions posted for Credit Unions, Insured Depository Institutions and Holding Companies (collectively, the "Reporting Instructions"). "Qualified Lending" is a subset of Lending Activity. Lending Activity is considered Qualified Lending if it is made to one of the Target Communities listed in Table 1–Target Communities in the Instructions.

[2] ECIP Rate Reduction Incentive Guidelines. "Deep Impact Lending" is a subset of Qualified Lending Activity. Lending Activity is considered Deep Impact Lending if it is made to one of the Target Communities listed in Table 1–Target Communities in the Reporting Instructions.

Through ECIP, Treasury has invested more than $8.5 billion in CDFIs and MDIs, including $3.2 billion in MDIs. The following data describes ECIP participants as a group.

		Credit Unions (83)		Bank Entities (91)	
CDFI Certification / MDI Designation [a]	Only CDFIs	60	72%	59	65%
	Only MDIs	4	5%	23	25%
	Both MDI and CDFI	19	23%	9	10%
Size by Assets [b]	Big (>$2B)	6	7%	4	4%
	Medium ($500M-$2B)	25	30%	28	31%
	Small (<$500M)	52	63%	59	65%
Region [c] (Headquarters in 35 states, DC and Guam)	Deep South	22	27%	56	62%
	Northeast/Southeast	17	20%	9	10%
	Midwest/Southwest	19	23%	21	23%
	West	25	30%	5	5%
Deposits [d]	Total	$52.6 BN		$60.8 BN	
Branch Offices [e]	Number Total	672		790	

Data Sources & Notes: (a) Provided by (for CDFI Certification) the CDFI Fund and (for MDI Designation) the Federal Reserve, FDIC, OCC, and NCUA, both as of and in connection with the funding of the participant's ECIP investment between April 2022 and August 2023, (b) financial reports filed with federal regulators and included in participants' 2021 ECIP applications, (c) as reported by ECIP participants in connection with their ECIP applications and subsequent ECIP program reporting, (d) federal regulatory filings (call reports) of ECIP participants and their subsidiaries for the reporting period ended June 30, 2023, and (e) S&P Global as of August 30, 2023.

ECIP participants are required to provide Treasury with Quarterly Supplemental Reports (QSRs). Treasury recently received the first round of reports from the vast majority of ECIP participants that received their investment in 2022, covering lending from the date that the ECIP participant's investment was funded through the end of the calendar year. According to these QSRs, in a little more than six months, ECIP participants originated a total of approximately $26 billion in loans of which approximately 75%, or $19.4 billion, went to LMI borrowers, borrowers in rural communities, and other categories of Qualified Lending. Approximately one third of ECIP participants' total originations, or $8.6 billion, were Deep Impact Lending, loans made to the hardest-to-serve borrowers, including those that are low-income, residents on Tribal lands and in US Territories, and owners of very small businesses. According to an analysis of regulatory filings by Treasury's ECIP team, loan growth among ECIP banks in the second half of 2022 was greater than for all banks with under $10 billion in assets, 12.2% vs. 8.0%, and loan growth among ECIP credit unions in the second half of 2022 was greater than for all credit unions with under $10 billion in assets, 10.0% vs. 9.1%.

Though ECIP participants are not required to use funds invested by Treasury for any specific type of loan or borrower, examples of Deep Impact Lending by ECIP participants since funding of their ECIP investments include:

- In June of 2023, Hope Federal Credit Union (a CDFI and MDI) was able to provide a $10,000 loan to a HVAC business in need of capital to expand. Despite having excellent credit and decades of experience in the field, the business owner's loan request was turned down by another institution. Today the business has 20 employees.
- Self Help Federal Credit Union (a CDFI and MDI) made a mortgage loan to a Latino newlywed couple in Porterville, California. This loan was accompanied by a Savings Account For Emergencies (SAFE) program, which creates a restricted account for the homeowners, initially seeded with $2,000 in grant funds.
- As a result of its ECIP investment, Locus Bank, formerly VCC Bank, (a CDFI) was able to increase its lending limit to $9.8 million, up from $4 million prior to ECIP. In April 2023, the bank provided an $8.4 million construction loan to support the acquisition and rehabilitation of 112 units of affordable housing, with 100 units reserved for residents with incomes below 50% of area median income (AMI) and 12 units reserved for residents with incomes below 60% of AMI in Richmond, Virginia, a Persistent Poverty County.
- Carver State Bank (a CDFI and MDI) extended a $650,000 working capital loan to an Atlanta-based, Black-owned housing developer that is building affordable single-family homes.
- Liberty Bank and Trust (a CDFI and MDI) provided a $2.5 million loan to an African-American home builder. The builder will use this credit to build 40 new affordable homes in the historic Third Ward community in Houston, Texas.
- The Harbor Bank of Maryland (a CDFI and MDI), based in Baltimore, Maryland, made a $450,000 investment in an African-American and Woman-led firm, so that the technology company could deliver their software platform which connects Minority- and Women-owned Business Enterprises (MWBE) with developers and prime contractors for major construction projects.
- In the first quarter of 2023, Alternatives Federal Credit Union in Ithaca, New York (a CDFI), made 15 auto loans to low-income, minority borrowers, approximately one third of their total auto loan originations in that quarter.
- In 2023, Native American Bank (a CDFI and MDI) closed a $5.5 million loan for a tribal health clinic in Utah and, in 2022, closed a $10 million loan to finance an opioid addiction treatment facility in North Dakota, in partnership with a Tribe that used American Rescue Plan funds as seed funding for the facility. Since receiving an ECIP investment, Native American Bank also opened a new office to serve communities in Washington, Oregon, Idaho, and Alaska.
- BOM Bank, (a CDFI) located in Montgomery, Louisiana, provided financing for preservation and conversion of the historic Texas and Pacific Railway Depot in a Persistent Poverty County in Natchitoches, Louisiana into a museum of local African-American heritage. The community had been working to finance the project many years and the rehabilitated Depot will now house new park offices, a visitor center and a community lecture hall/theater.
- Banesco USA (an MDI) closed on four loans totaling more than $5.6 million to a Hispanic-owned, small manufacturing business in Corozal, Puerto Rico, making it the community's largest employer.
- Optus Bank (a CDFI and MDI), based in South Carolina, lent $4.5 million to a minority-owned family entertainment center for its facilities and operations in a rural, Persistent Poverty County.
- Latino Community Credit Union (a CDFI and MDI), based in North Carolina, financed a $250,000 mortgage for a Latino family to buy their first home.