

Emergency Capital Investment Program (ECIP) Alert

The U.S. Department of the Treasury this afternoon announced that it was opening the application process for the \$9 billion Emergency Capital Investment Program (ECIP) directed at CDFIs and MDIs. The application deadline is May 7, 2021.

Capital investments will take the form of senior preferred or subordinated debt securities, capped at a low-cost dividend or interest rate (which we believe to be 2%, although we need to investigate further), with no payments accruing during the first 24 months after issuance, and a buydown in rate to less than 0.5% after eight quarters for increases in qualified lending that exceeds 400% of the initial capital investment.

In addition to the ECIP, Treasury is also simultaneously implementing two other complementary programs: a \$1.25 billion grants program and a \$1.75 billion program to expand lending, grant making or investment activity in LMI minorities communities.

SSW is currently reviewing the terms and restrictions (executive compensation, capital distributions, excessive expenditures) associated with these programs. We will provide a detail synopsis to you upon completion of our analysis.

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SMITH
SHELLNUT
WILSON

INVESTMENT COUNSEL
AND MANAGEMENT

SSW Research Department
Ray Thompson
Office: (601) 605-1776
Email: rayt@ssw1776.com
website: www.ssw1776.com

Smith Shellnut Wilson, LLC
661 Sunnybrook Road, Ste 130
Ridgeland, MS 39157-1813
Office: (601) 605-1776
Fax: (601) 605-1710
Website: www.ssw1776.com