

The Progress Fund

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First Commonwealth Bank makes Pennsylvania's first investment into a Community Development Financial Institution

Area small business owners looking for financial help will benefit from a precedent-setting agreement between First Commonwealth Bank and The Progress Fund, a regional non-profit lending institution.

The two organizations recently signed the first "Equity Equivalent Investment" (EQ2) agreement in Pennsylvania. The EQ2 is an innovative financing mechanism that is used nationally by community development financial institutions (CDFIs) that are expanding their loan programs. However, the strategy has never before been used in Pennsylvania.

Under the agreement, First Commonwealth Bank, a regional bank serving 17 counties in western and central Pennsylvania, has just agreed to an investment of up to \$500,000 in The Progress Fund for the next 15 years. The entire \$500,000 investment will be used to make small business loans, supporting The Progress Fund's goal of expanding the number of living wage jobs in the region.

The Progress Fund is a certified Community Development Financial Institution (CDFI) that serves small businesses in nine counties of southwestern and south-central Pennsylvania. It focuses its lending to businesses involved in the tourism industry or to projects that involve the rehabilitation of historic properties.

The unique nature of the agreement between First Commonwealth Bank and The Progress Fund is authorized and encouraged by the Community Reinvestment Act (CRA) in its periodic review of commercial banks. In addition, this innovative investment

vehicle is encouraged by the U.S. Department of the Treasury, which recognizes banks in its Bank Enterprise Award program.

“First Commonwealth’s investment comes at a perfect time for our organization,” said The Progress Fund President David Kahley. “We are experiencing a significant growth in requests for financing from businesses eager to profit from Pennsylvania’s expanding tourism industry,” Kahley added.

John Glass, President and Chief Executive Officer of First Commonwealth Bank who negotiated this timely investment with The Progress Fund said, “First Commonwealth is excited to enter into this venture with The Progress Fund. This gives us another avenue to provide credit that will stimulate the growth of new business and job development in our western and central Pennsylvania markets.”

First Commonwealth Bank operates through nine banking divisions including Central Bank, Cenwest Bank, Deposit Bank, First Bank of Leechburg, NBOC Bank, Peoples Bank of Jennerstown, Peoples Bank of Western PA, Reliable Bank, and Unitas Bank.

“This investment shows that The Progress Fund continues to be a leader in community development in Pennsylvania. Earlier this year, the Progress Fund became the second CDFI to be accredited for a loan through the Pennsylvania Community Development Bank, a new initiative by Governor Tom Ridge,” according to Ed Geiger, Director of Community Development and Housing.

The Progress Fund is an outgrowth of the Southwestern Pennsylvania Heritage Preservation Commission, which is a federal agency established through the efforts of Congressman John P. Murtha. The Fund targets bed and breakfasts, campgrounds, recreational sites, visitor attractions, specialty grocery stores, retailers and other tourism operations. The Fund has loaned over \$3 million to over 70 businesses and is on track to grow its capital base to \$10 million by the end of 2001.

The Progress Fund is continuing to support the growing tourism economy of Pennsylvania by lending money, providing technical assistance, and supporting tourism development plans. The Progress Fund can be reached by calling (814) 696-9380 or more information can be obtained at www.progressfund.org.

The Progress Fund is a nonprofit corporation working to create economic opportunity in southwestern and south central Pennsylvania by lending needed capital and providing technical assistance to small businesses.