



THE SMALL BUSINESS FINANCIAL EXCHANGE

Celebrating 20 years of Strength in Numbers for Small Business Lending

➤ **SBFE@20**



*Elisabeth Hughes
MacDonald,
SBFE CEO*

I am honored to share this report on the occasion of the 20th anniversary of the formation of the Small Business Financial Exchange. And I am very proud of the role that SBFE plays in helping to support the health of our nation's small businesses, which are the backbone of our economy.

Today, we are a thriving trade association that plays a critical role in the small business lending ecosystem. Our trade association members are financial institutions – banks, credit unions, credit card issuers, leasing companies, alternative lenders – which provide credit to small businesses. Leveraging the robust data collected by SBFE over the past 20 years, our members can access best-in-class products for use in making credit decisions and managing their portfolios.

It's a remarkable story that began over 20 years ago, when a group of financial institutions recognized that they did not have good information about the businesses to which they were extending credit. As a result, their lending processes were inefficient and it was often difficult to ascertain the creditworthiness of small businesses.

This group of approximately 20 lenders came up with a radical concept that would dramatically alter the nature of small business lending. The fundamental idea was a "give-to-get" financial exchange, a secure repository whereby lending institutions could share information on their small business customers. The goal was to make it easier for lenders to make better credit decisions, ensuring that small business had access to appropriate levels of financing. The founding members formed a trade association to implement this model.

Of course, as some of the largest lenders to small business, the founding members were rivals and protective of their information. Data security and data governance were critical constructs of the early exchange; complying with anti-trust regulations was of equal concern. After years of structuring the financial exchange, the founding members began sharing their data on small businesses.

But simply contributing information to a financial exchange was not the complete story. Determining how contributing members could use this data to make more-informed credit decisions was the other critical piece. Under the leadership of Carolyn Hardin-Levine, our first CEO, the operating model evolved into SBFE as we know it today.

Our credit bureau partners (Dun & Bradstreet, Equifax, Experian and LexisNexis Risk Solutions) which we call SBFE Certified Vendors, use data gathered by SBFE to develop products and solutions that our members then use to manage and mitigate risk. It's a closed-loop system: members contribute data and SBFE Certified Vendors develop products which our members can purchase. And in the middle of this system stands SBFE, providing data governance, ensuring confidentiality and protecting the security of our members' data.

As a result of this unprecedented collaboration among lenders, SBFE has made small business lenders better informed by providing the information and tools members need to assess risk and manage their portfolios.

As a trade association, we are guided by our mission to serve as the trusted advocate for the safe and secure growth of small business. According to the Small Business Administration, in 2020 the roughly 32 million small businesses in the United States employed almost half of the private sector workforce. Small businesses and their employees drive innovation and economic growth in this country and we are proud of our part in supporting them.

Our 20th anniversary is an opportunity to look ahead and also to recall how we arrived here. Over the coming years, we will continue to grow, to add members and to support this vital part of the U.S. economy.

Elisabeth Hughes MacDonald

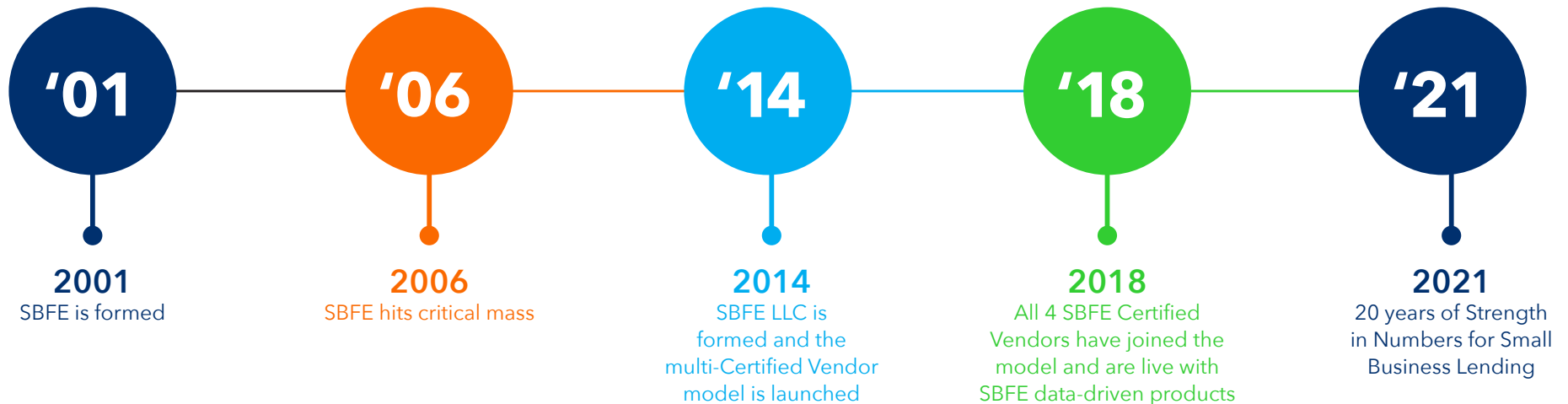
Formed in 2001, the Small Business Financial Exchange is a highly trusted business data exchange governed by the small business lending industry and managed independently from credit reporting agencies. Small business lenders rely on SBFE's distinctive information security and data governance controls. SBFE attracts lenders of all types and

sizes from across the industry, making SBFE's data a rich and robust information source for making sound credit risk management decisions. Exchange members use its best-in-class data management tools and multi-Certified Vendor model to implement SBFE data-driven products, which helps them manage risk and be more efficient in their operations.



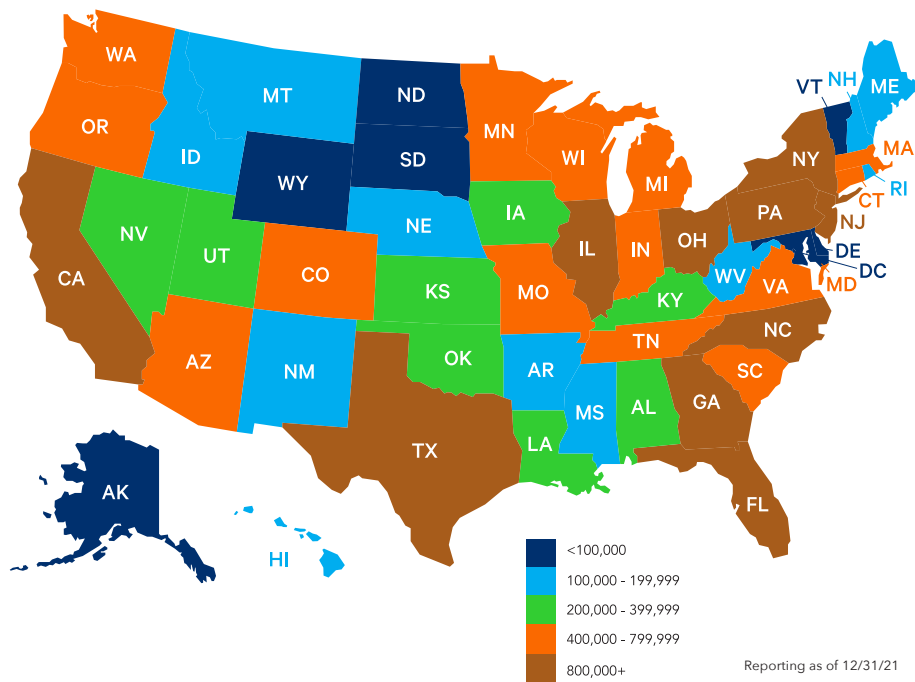
"I was asked to get involved because of my background in antitrust law during the mid-90s. With SBFE, we were most concerned about antitrust laws because we were having competing lenders share payment performance data about their small business customers. We had to set up a structure that insulated and protected the individual lenders' information. The lenders required that their credit terms and policies would not be shared among the members and that the reported data would not be used for marketing purposes. The SBFE model was built to ensure that the credit information exchanged was strictly on a blind basis."

Attorney Craig Caesar, Counsel at Phelps Dunbar LLP, aided in the original design of SBFE's corporate structure and now serves as outside counsel for the organization.



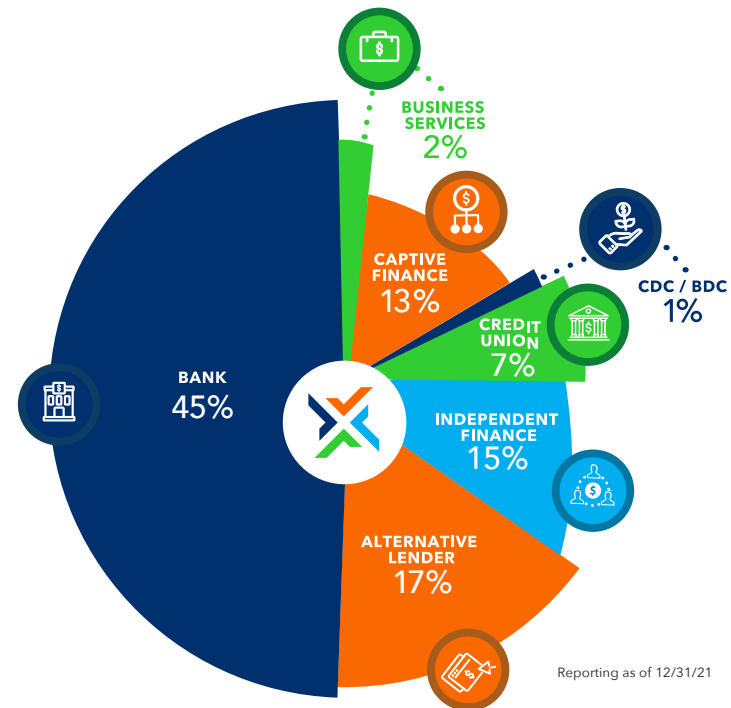
The Small Business Financial Exchange is a trade association acting as a trusted advocate for the safe and secure growth of small businesses. We do this by gathering and securing the largest aggregation of small business payment data in the U.S. today. The power of that data helps the lending industry build a true and accurate picture of small business credit health.

SBFE Data Warehouse Accounts by State Coverage



The power of SBFE lies in the numbers. The numbers that comprise one of the richest small business data sets in the United States. The number of members that provide their data to SBFE. The number of commercial credit reporting agencies that create unique commercial risk products solely for SBFE members. The number of small business lenders that comprise SBFE's Board of Directors. It's these numbers that provide security, accountability, advocacy, and the overall strength of SBFE as a trade association and advocate for small business lending.

Membership Coverage



"The data has gotten richer and richer; the organization has gotten better and better."

Dan Massoni, formerly of American Express, is a founder and former President of SBFE's Board of Directors. Massoni retired in 2020 as Executive Vice President- Institutional Credit Risk Management at American Express.

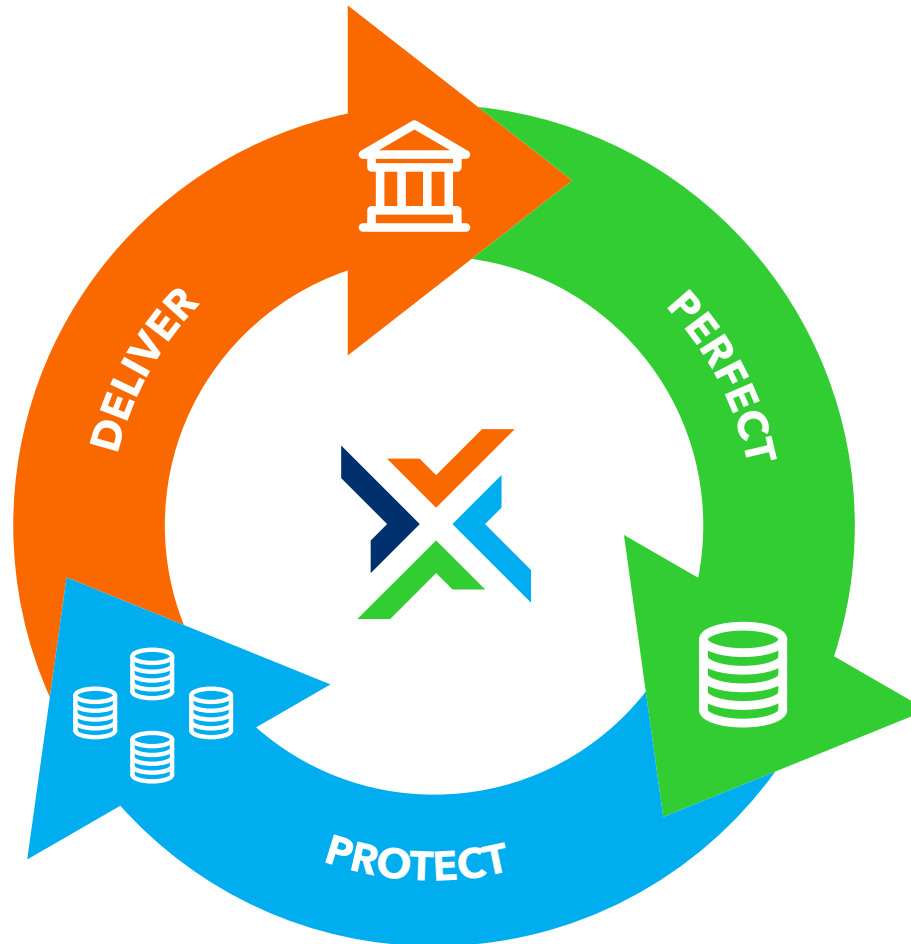
A Give-to-Get Exchange

Step 4: SBFE Members

Members may purchase SBFE data-driven products developed and offered by SBFE Certified Vendors for their credit decision-making and portfolio monitoring functions.

Step 3: SBFE Certified Vendors

Dun & Bradstreet, Equifax, Experian and LexisNexis Risk Solutions are the SBFE-approved commercial credit reporting agencies that develop risk products using SBFE data exclusively for members.



Step 1: SBFE Members

Small business lenders and merchant acquirers become members and report their customers' commercial performance data to SBFE where it is protected from marketing use.

Step 2: SBFE Data Warehouse

SBFE normalizes data received from members and governs both contribution quality and SBFE vendor compliance.

Data Governance: Consistent monitoring and membership control of contributed business data ensures high-quality data and data security.

Highly Predictive Data: Deep and broad penetration into small business payment performance that tends to outperform other data sources for making credit decisions.

Productivity: A single feed to SBFE greatly simplifies your operations while enabling innovation and competition through SBFE's multi-Certified Vendor model.

Industry Leadership: Advocacy and partnership opportunities with industry peers to grow your business and better help your small business customers.

Managing Enterprise Risk

Managing risk at any organization is a daunting task, especially in the financial services industry. SBFE houses commercial financial performance data from hundreds of small business lenders. Our responsibility is not only to protect and monitor that information, but also to provide transparency back to our membership.



"SBFE has enabled the industry to make better, more nuanced decisions that put the right small business client with the right solution."

Laura Larson, being one of the first SBFE employees, has served as SBFE's Chief Operating Officer since February 2014. For nearly 20 years, she has worked in the financial services and small business lending industry.

SBFE@20 | Credit Risk Management Solutions offered by SBFE Certified Vendors

Today, SBFE partners with four commercial credit reporting agencies that are called SBFE Certified Vendors. Through these relationships, Dun & Bradstreet, Equifax, Experian, and LexisNexis Risk Solutions offer SBFE data-driven risk products and services exclusively to SBFE members. This multi-Certified Vendor model enables a varied set of risk

management solutions and contingency options for lenders and merchant acquirers. Data protection is a core element of SBFE's mission; therefore, Certified Vendors must undergo a rigorous certification process and ongoing oversight in order to receive this designation.

dun & bradstreet

EQUIFAX

experian™

LexisNexis®
RISK SOLUTIONS



10/10

Largest U.S. business card issuers
contribute data to SBFE



38+ million

Small businesses with \$370 billion
in outstandings represented



10

Of the top 10 commercial banks
contribute data to SBFE



93+ million

Accounts represented
in SBFE data



Reporting as of 12/31/21

How to Become a Member

- 1 Complete the SBFE Member Application
- 2 Execute the Member Participation Agreement
- 3 Report your customers' commercial performance data to SBFE to get access to the insights only available through SBFE membership

Access to SBFE data-driven Risk Products



If you would like to learn more about the SBFE data-driven risk products and services available through the Certified Vendors, contact info@sbfe.org to request additional information.

Partnering Opportunities



To learn more about other partnering opportunities contact info@sbfe.org

