Preservation and Promotion of Minority Depository Institutions

Report to Congress for 2018

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The Federal Deposit Insurance Corporation Report to Congress for 2018

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Pursuant to Section 367 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989

Introduction

Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) established the following goals: to preserve the number of minority depository institutions; to preserve the minority character in cases involving merger or acquisition of a minority depository institution; to provide technical assistance to help prevent insolvency of minority depository institutions; to promote and encourage creation of new minority depository institutions; and to provide for training, technical assistance and educational programs for minority depository institutions.

Pursuant to Section 367 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, this report provides a summary profile of minority depository institutions (MDIs) as of the end of 2018; a description of the FDIC's minority depository institution program; and detailed information on the FDIC's 2018 initiatives supporting minority depository institutions. The FDIC defines an MDI as any federally insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the Board of Directors is minority and the community that the institution serves is predominantly minority. Ownership must be by U.S. citizens or permanent legal U.S. residents to be counted in determining minority ownership. The FDIC's *Policy Statement Regarding Minority Depository Institutions* (see Attachment 1) provides additional information.

Summary Profile of Minority Depository Institutions

The FDIC maintains a list and tracks insured MDIs it supervises, i.e. state chartered institutions which are not members of the Federal Reserve System, as well as MDIs that are supervised by the Office of the Comptroller of the Currency (OCC) and the Federal Reserve System (Federal Reserve).[1] The FDIC takes this broad approach given its role in considering applications for deposit insurance and in resolving institutions in the event an MDI were to fail.

Structure

As of December 31, 2018, FDIC-insured MDIs totaled 149 institutions with combined total assets of nearly $234 billion, and 35,582 employees (see Attachment 2, *List of Minority Depository Institutions as of December 31, 2018*). The FDIC supervised 98 of the 149 MDIs as their primary Federal regulator.

At the beginning of 2018, there were 155 FDIC-insured MDIs with combined total assets of approximately $223 billion. During the year, three institutions gained MDI status due to changes in control, adding one new African American, one new Hispanic American, and one new Asian American MDI to the list. Three MDIs merged into other MDIs, including two Asian and one Hispanic MDI. Four MDIs merged into non-MDIs, reducing the list of Hispanic MDIs by three and Asian MDIs by one. Finally, two MDIs lost status; one multiracial MDI terminated its deposit insurance and merged into a credit union, and one Asian

[1]The FDIC's published list of FDIC-insured minority depository institutions does not include women-owned or women-managed institutions because they are not included in the statutory definition.

MDI no longer qualified as an MDI under either the ownership or minority_managed definition. No MDIs failed in 2018.

Of the total assets of institutions involved in 2018 MDI acquisitions, mergers or failures, 31 percent ($1.6 billion of $5.2 billion in MDI assets merging into other institutions) remained in MDI institutions after the transactions.

Performance

As of December 31, 2018, the overall financial performance of FDIC-insured MDIs is sound. The number of profitable firms increased to its highest level since before the financial crisis, at more than 91 percent of MDIs. The percentage of unprofitable MDIs at 8.72 percent, however, is significantly higher than the percentage of both community banks and all banks that are unprofitable, at 3.41 and 3.24 percent, respectively. The unprofitable institutions generally are smaller institutions, many of which are located in either urban areas that experienced significant economic distress during the financial crisis or smaller rural markets with economic challenges.

MDI full-year net income of $3.4 billion increased $1.6 billion (over 87 percent) from the previous year due to higher net operating revenue, lower provisions, and lower taxes. Net operating revenue increased $1.6 billion (87 percent); both noninterest income and net interest income contributed to the increase. Net interest margins increased eleven basis points to 4.10 percent, aiding the increase in net interest income. Provision expenses dropped more than 40 percent to $520 million and tax expenses decreased more than 38 percent from $1.2 billion to $741 million.

Higher net interest income partially results from growth in loans and other earning assets. Total earning assets increased $16.6 billion (8.3 percent) from the year prior as MDI loan balances rose $12.9 billion (8.4 percent). The 8.4 percent rate of loan growth at MDIs surpassed the loan growth rate at all community banks by 188 basis points. Commercial real estate categories accounted for $4.1 billion of this growth, and 1-to-4 family lending accounted for an additional $3.5 billion of total loan growth. Auto loan balances reported growth of $2.0 billion largely due to a large MDI's purchase of another large bank's auto finance business.

Total 30-89 day past due balances increased by 1.9 percent from one year ago, driven by commercial and industrial and nonfarm nonresidential portfolios, but noncurrent and net charge-off balances declined. Lower noncurrent balances helped improve the coverage ratio (allowance for loan and lease losses to noncurrent loans and leases) to 74.8 percent, up from 61.2 percent a year ago. The noncurrent rate in the fourth quarter was 2.02 percent, down 26 basis points from the previous quarter and 72 basis points from the previous year. Despite the improvement, both of these figures trail the coverage ratio and noncurrent rate of all community banks (146.4 percent and 0.78 percent, respectively).

Total equity capital increased from the previous year by $2.6 billion (9.3 percent) to $30.1 billion. All standard capital ratios increased from fourth quarter 2017. All but two institutions were considered well capitalized or adequately capitalized.

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Within the MDI sector, the financial performance of a small subset of institutions has been uneven. Generally, smaller MDIs and those serving low- and moderate-income communities, including both urban and rural markets, continue to face significant challenges, in part reflecting the continuing economic challenges faced by many of the communities they serve.

FDIC National Minority Depository Institutions Program

The FDIC's Minority Depository Institution Program ("MDI Program") is outlined in the FDIC's *Policy Statement Regarding Minority Depository Institutions* (see Attachment 1). In 2018, the FDIC appointed a new permanent, dedicated executive as National Director of Minority and Community Development Banking, reporting directly to the Directors of the Division of Risk Management Supervision and Division of Depositor and Consumer Protection to fully leverage resources and expertise in the two divisions. In addition, the FDIC created additional dedicated positions to support the program at headquarters. The FDIC also has designated MDI coordinators in each of its six regional offices.

The National Director provides overall direction and guidance, and ensures that appropriate resources across the agency are available for program initiatives. The FDIC's MDI Program is fully integrated into the supervision, consumer protection, insurance, and receivership business lines. The National Director works closely with MDIs and their trade associations to seek feedback on the FDIC's efforts under this program, discuss possible training initiatives, and explore options for preserving and promoting minority ownership and management of depository institutions.

In carrying out this work, the FDIC meets regularly with its Federal banking agency colleagues to discuss outreach and training efforts, to share ideas, and to identify opportunities where the agencies can work together to assist MDIs. In addition, the FDIC coordinates with other Federal agencies that provide programs that can assist MDIs.

Executives and staff in the FDIC's six regional offices communicate with each MDI regularly to outline the FDIC's efforts to promote and preserve minority ownership and management of financial institutions; offer to have a member of regional management meet with the institution's board of directors to discuss issues of interest; hold roundtable discussions and training sessions; and to seek input regarding any training or other technical assistance the institution may desire.

2018 Initiatives Supporting Minority Depository Institutions

Preservation of MDIs remains a high priority for the FDIC. In 2018, the FDIC continued to support MDI and Community Development Financial Institution (CDFI bank) industry-led strategies for success. These strategies include new business models and increased collaboration between MDIs, CDFI banks and other financial institutions.

During 2018, the FDIC led discussions with MDI bankers and its Advisory Committee on Community Banking (CBAC) about the FDIC's *Resource Guide for Collaboration with Minority Depository Institutions* (see Attachment 3). This guide, published in December 2017, encourages collaboration among MDIs and between MDIs and other institutions. The publication describes some of the ways that financial institutions, including community banks, can partner with MDIs to the benefit of all institutions involved, as well as the communities they serve. Both community banks and larger insured financial institutions have valuable incentives under the Community Reinvestment Act (CRA) to undertake ventures with MDIs, including capital investment and loan participations. In 2018, the FDIC began preparations to host roundtables and other events in 2019 that would enable MDIs to engage with potential collaboration partners.

The FDIC added additional minority bankers to its CBAC to bring more diverse perspectives and input to these discussions. In addition, the agency began updating its 2014 study, *Minority Depository Institutions: Structure, Performance, and Social Impact*, for publication in 2019. In support of its statutory goal to preserve the minority character in mergers and acquisitions, the FDIC hosted three outreach sessions and one webinar with MDI bankers to provide an overview of the process for bidding on failed minority banks, and to offer technical assistance to banks desiring to place a bid on a failed MDI franchise. The FDIC also began planning for the 2019 Interagency Minority Depository Institution and CDFI Bank Conference, which the FDIC will host in June 2019, in collaboration with the OCC and Federal Reserve.

Technical Assistance

The FDIC also continuously pursued efforts to improve communication and interaction with MDIs and to respond to the concerns of minority bankers in 2018. The agency maintains active outreach with MDI trade groups and offers to arrange annual meetings between FDIC regional management and each MDI's board of directors to discuss issues of interest. The FDIC routinely contacts MDIs to offer return visits by supervision staff and technical assistance following the conclusion of FDIC safety and soundness, compliance, CRA, and specialty examinations to help bank management understand and implement examination recommendations. These return visits, normally conducted within 90 to 120 days after the examination, are intended to provide useful recommendations or feedback for improving operations, not to identify new issues.

MDIs also may initiate contact with the FDIC to request technical assistance. The MDI page on the FDIC's *website* encourages, and provides contact information for, any MDI to request technical assistance from the FDIC at any time.

In 2018, the FDIC provided 149 individual technical assistance sessions on nearly 50 risk management and compliance topics, including:

- Accounting,
- Bank Secrecy Act and anti-money laundering,
- Community Reinvestment Act,
- Funding and liquidity,
- Information technology risk management and cybersecurity,
- Third-party oversight, and
- Troubled debt restructuring.

Outreach, Training and Educational Programs

The FDIC's regional offices hold outreach, training, and educational programs for MDIs through individual meetings, conference calls, webinars, and regional banker roundtables. Topics of discussion for the 2018 sessions included many of those listed above, as well as collaboration and partnerships, capital markets, cybersecurity, liquidity risk, and Ombudsman services.

In addition, the FDIC assisted four MDIs in the early termination of Shared Loss Agreements related to the purchase of failed bank franchises during the crisis.

The National Director participated in a number of outreach initiatives in 2018 including engagement at the Federal Reserve Annual Leaders Forum; a Convening of Native American Financial Institutions; the OCC's Minority Depository Institution Advisory Committee; Banking and the Economy: A Forum for Minorities in Banking sponsored by the Federal Reserve; and the National Bankers Association Annual Convention. Outreach by the National Director also included visits to three FDIC-supervised MDIs as well as collaborating with the Milken Institute regarding the possibilities for MDIs and CDFI banks to engage in Opportunity Zones.

Betty Rudolph (top, left), the FDIC's National Director for Minority and Community Development Banking, addresses attendees of the Convening of Native American Financial Institutions on the Flathead Reservation in Polson, MT. Also pictured are MDI officials from the OCC (Andrew Moss) and the Board of Governors of the Federal Reserve (Anna Alvarez Boyd and Amanda Roberts).

Los Angeles area MDI CEOs prepare to meet with Regional Director Kathy Moe at the San Francisco Region's Annual Regional MDI Roundtable.

Doreen Eberley, the FDIC's Director, Risk Management Supervision Division, spoke at the National Bankers Association Annual Convention. Also pictured here is Kenneth Kelly, the NBA Chairman and a member of the FDIC's Advisory Committee on Community Banking.

The FDIC's New York Regional Director, John Vogel, greets Evelyn Smalls and Brenda Hudson-Nelson from United Bank of Philadelphia, and Joe Haskins from Harbor Bank of Maryland.

FDIC Assistant Regional Director Anthony Clark participates in the Dallas Regional MDI Roundtable with Howard Brooks, Liberty Bank and Dalia Martinez, International Bank of Commerce.

Failing Institutions

In accordance with Section 308 and FDIC policy, the FDIC seeks to preserve the minority character of failing institutions before and during the resolution process. The FDIC provides ongoing supervisory oversight of institutions prior to failure, through regular onsite examinations, visitations, and off-site monitoring, as well as through numerous offers of technical assistance.

In the event of a potential MDI failure, the FDIC contacts all MDIs nationwide that qualify to bid on failing institutions. The FDIC solicits qualified MDIs' interest in the failing institution and discusses the bidding process. The FDIC also provides technical assistance regarding completion of the bid forms and use of the FDIC's secured website for conducting due diligence. During the resolution process, institutions on the final bidders list must be cleared by the appropriate Federal and State regulators.

As noted above, the FDIC hosted three outreach sessions and one webinar with MDI bankers in

2018 to provide an overview of the process for bidding on failing minority banks, and to offer technical assistance to banks desiring to place a bid on a failing MDI franchise.

Pamela Farwig, the FDIC's Deputy Director for Resolutions and Receiverships, provides an overview of the franchise marketing and failed bank bidding process to a group of approximately 50 MDI bankers in Los Angeles.

As previously noted, no FDIC-insured minority depository institutions failed in 2018. The FDIC historically has been able to solicit sufficient MDI bidder interest to preserve the minority character in failures.

The FDIC tracks the impact of structural changes on the assets controlled by MDIs. Between 2002 and 2018, the number of voluntary mergers (80) was twice the number of failures (40); six other MDIs voluntarily closed. Among MDIs that voluntarily merged or consolidated during that same period, 51 percent of the institutions and 76 percent of total assets were acquired by another MDI. Among MDIs that failed between 2002 and 2018, 38 percent of the institutions and 86 percent of total assets were acquired by another MDI. Although the rate of acquisition by another MDI was higher for voluntary mergers than for failures, the FDIC demonstrated its commitment to the statutory goal of preserving the minority character in mergers and acquisitions and providing technical assistance to help prevent insolvency.

Conclusion

Minority depository institutions promote the economic viability of minority and under-served communities, providing access to capital in their communities. The FDIC has long recognized the importance of MDIs in the financial system and takes steps to preserve and encourage minority ownership of insured financial institutions. MDI bankers provide valuable input to the FDIC, including unique insight and experiences, as active members of two FDIC Advisory Committees that shape FDIC priorities and policy: the Advisory Committee on Economic Inclusion and the Advisory Committee on Community Banking.

The FDIC continually seeks to identify initiatives that will enable it to carry out its commitment to preserve existing minority depository institutions; to preserve the minority character of an institution in cases of merger or acquisition; to provide technical assistance to help prevent insolvency of institutions; to promote and encourage the creation of new minority depository institutions; and to provide for training, technical assistance, and education programs.

Attachments

Attachment 1: *FDIC's Policy Statement Regarding Minority Depository Institutions*

Attachment 2: List of Minority Depository Institutions as of December 31, 2018.

Attachment 3: Resource Guide for Collaboration with Minority Depository Institutions

Attachment 1

POLICY STATEMENT REGARDING MINORITY DEPOSITORY INSTITUTIONS

Minority depository institutions often promote the economic viability of minority and under-served communities. The FDIC has long recognized the importance of minority depository institutions and has historically taken steps to preserve and encourage minority ownership of insured financial institutions.

Statutory Framework

In August 1989, Congress enacted the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"). Section 308 of FIRREA established the following goals:

- Preserve the number of Minority Depository Institutions;
- Preserve the Minority Character in Cases of Merger or Acquisition;
- Provide Technical Assistance to Prevent Insolvency of Institutions Not Now Insolvent;
- Promote and Encourage Creation of New Minority Depository Institutions; and
- Provide For Training, Technical Assistance, and Educational Programs.

Definition

"Minority" as defined by Section 308 of FIRREA means any "Black American, Asian American, Hispanic American, or Native American." Section 308 of FIRREA defines "minority depository institution" as any Federally insured depository institution where 51 percent or more of the voting stock is owned by one or more "socially and economically disadvantaged individuals." Given the ambiguous nature of the phrase "socially and economically disadvantaged individuals," for the purposes of this Policy Statement, minority depository institution is defined as any Federally insured depository institution where 51 percent or more of the voting stock is owned by minority individuals. This includes institutions collectively owned by a group of minority individuals, such as a Native American Tribe. Ownership must be by U.S. citizens or permanent legal U.S. residents to be counted in determining minority ownership. In addition to the institutions that meet the ownership test, for the purposes of this Policy Statement, institutions will be considered minority depository institutions if a majority of the Board of Directors is minority and the community that the institution serves is predominantly minority.

Identification of Minority Depository Institutions

To ensure that all minority depository institutions are able to participate in the program, the FDIC will maintain a list of Federally insured minority depository institutions. Institutions that are not already identified as minority depository institutions can request to be designated as such by certifying that they meet the above definition. For institutions supervised directly by the FDIC, our examiners will review the appropriateness of an institution being on the list during the examination

Attachment 1: FDIC's Policy Statement Regarding Minority Depository Institutions process. In addition, case managers in our regional offices will note changes to the list while processing deposit insurance applications, merger applications, change of control notices, or failures of minority depository institutions. The FDIC will work closely with the other Federal regulatory agencies to ensure that institutions not directly supervised by the FDIC are accurately captured on our list. In addition, the FDIC will periodically provide the list to relevant trade associations and seek input regarding its accuracy. Inclusion in the FDIC's minority depository institution program is voluntary. Any minority depository institution not wishing to participate in this program will be removed from the official list upon request.

Organizational Structure

The FDIC has designated a national coordinator for the FDIC's minority depository institutions program in the Washington Office and a regional coordinator in each Regional Office. The national coordinator will consult with officials from the Office of Diversity and Economic Opportunity, the Legal Division, and the Division of Resolutions and Receiverships to ensure appropriate personnel are involved in program initiatives. The national coordinator will regularly contact the various minority depository institution trade associations to seek feedback on the FDIC's efforts under this program, discuss possible training initiatives, and explore options for preserving and promoting minority ownership of depository institutions. As the primary Federal regulator for State nonmember banks, the FDIC will focus its efforts on these institutions. However, the national coordinator will meet with the other Federal regulators periodically to discuss each agency's outreach efforts, to share the ideas, and to identify opportunities where the agencies can work together to assist minority depository institutions. Representatives of other divisions and offices may participate in these meetings.

The regional coordinators are knowledgeable about minority bank issues and are available to answer questions or to direct inquiries to the appropriate office. However, each FDIC-insured institution has previously been assigned a specific case manager in their regional office who will continue to be the institution's central point of contact at the FDIC. At least annually, regional coordinators will contact each minority depository institution directly supervised by the FDIC in their respective regions to discuss the FDIC's efforts to promote and preserve minority ownership of financial institutions and to offer to have a member of regional management meet with the institution's board of directors to discuss issues of interest. Finally, the regional coordinators will contact all new minority State nonmember banks identified through insurance applications, merger applications, or change in control notices to familiarize the institutions with the FDIC's minority depository institution program.

Technical Assistance

The FDIC can provide technical assistance to minority depository institutions in several ways on a variety of issues. An institution can contact its case manager for assistance in understanding bank regulations, FDIC policies, examination procedures, etc. Case managers can also explain the application process and the type of analysis and information required for different applications. During examinations, examiners are expected to fully explain any supervisory recommendations and should offer to help management understand satisfactory methods to address such recommendations.

At the conclusion of each examination of a minority depository institution directly supervised by the FDIC, the FDIC will offer to have representatives return to the institution approximately 90 to 120 days later to review areas of concern or topics of interest to the institution. The purpose of the return visits will be to assist management in understanding and implementing examination recommendations, not to identify new problems. The level of technical assistance provided should be commensurate with the issues facing the institution. As such, institutions where more examination recommendations are made would generally be offered more detailed technical assistance in implementing those recommendations.

FDIC employees can advise on risk management procedures, accounting practices, recruiting techniques, etc., but will not actually perform tasks expected of an institution's management or employees. For example, FDIC employees may explain Call Report instructions as they relate to specific accounts, but will not assist in the preparation of an institution's Call Report. As another example, FDIC employees may provide information on community reinvestment opportunities, but will not recommend a specific transaction.

Training and Educational Programs

The FDIC will work with trade associations representing minority depository institutions and other regulatory agencies to periodically assess the need for, and provide for, training opportunities and educational opportunities. We will partner with the trade associations to offer training programs during their annual conferences and other regional meetings.

The national coordinator and the regional coordinators will also work with trade associations and other organizations to attempt to identify groups that may be interested in establishing new minority depository institutions. FDIC representatives will be available to address such groups to discuss the application process, the requirements of becoming FDIC insured, and the various programs geared toward minority depository institutions.

Failing Institutions

The FDIC will attempt to preserve the minority character of failing institutions during the resolution process. In the event of a potential failure of a minority depository institution, the Division of Resolutions and Receiverships will contact all minority depository institutions nationwide that qualify to bid on failing institutions. The Division of Resolutions and Receiverships will solicit qualified minority depository institutions' interest in the failing institution, discuss the bidding process, and upon request, offer to provide technical assistance regarding completion of the bid forms. In addition, the Division of Resolutions and

Receiverships, with assistance from the Office of Diversity and Economic Opportunity, will maintain a list of minority individuals and nonbank entities that have expressed an interest in acquiring failing minority-owned institutions. Trade associations that represent minority depository institutions will also be contacted periodically to help identify possible interested parties.

Reporting

The regional coordinators will report their region's activities related to this Policy Statement to the national coordinator quarterly. The national coordinator will compile the results of the regional offices' reports and submit a quarterly summary to the Office of the Chairman. Our efforts to preserve and promote minority ownership of depository institutions will also be highlighted in the FDIC's Annual Report.

Internet Site

The FDIC will create a Webpage on its Internet site (*www.fdic.gov*) to promote the Minority Depository Institution Program. Among other things, the page will describe the program and include the name, phone number, and email address of the national coordinator and each regional coordinator. The page will also contain links to the list of minority depository institutions, pertinent trade associations, and other regulatory agency programs. We will also explore the feasibility and usefulness of posting other items to the page, such as statistical information and comparative data for minority depository institutions. Visitors will have the opportunity to provide feedback regarding the FDIC's program and the usefulness of the Webpage.

By order of the Board of Directors, April 9, 2002.

[Source: 67 Fed. Reg. 18620, April 16, 2002]

Attachment 2

MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
ALAMERICA BANK	BIRMINGHAM	AL	20000128	35314	NM	FDIC	B	1	ATLANTA	23,879
COMMONWEALTH NATIONAL BANK	MOBILE	AL	19760219	22229	N	OCC	B	1	ATLANTA	47,588
BAC FLORIDA BANK	CORAL GABLES	FL	19731012	21265	NM	FDIC	H	2	ATLANTA	2,236,330
BANESCO USA	CORAL GABLES	FL	20060110	57815	NM	FDIC	H	2	ATLANTA	1,276,687
CENTRAL BANK	TAMPA	FL	20070226	58377	NM	FDIC	A	3	ATLANTA	168,662
CONTINENTAL NATIONAL BANK	MIAMI	FL	19740510	21578	N	OCC	H	2	ATLANTA	464,508
EXECUTIVE NATIONAL BANK	MIAMI	FL	19720607	20711	N	OCC	H	2	ATLANTA	423,101
INTERAMERICAN BANK A FSB	MIAMI	FL	19760823	31823	SB	OCC	H	2	ATLANTA	201,914
INTERNATIONAL FINANCE BANK	MIAMI	FL	19831130	24823	NM	FDIC	H	2	ATLANTA	692,495
OCEAN BANK	MIAMI	FL	19821209	24156	NM	FDIC	H	2	ATLANTA	3,875,427
PLUS INTERNATIONAL BANK	MIAMI	FL	20010914	57083	NM	FDIC	H	2	ATLANTA	77,364
SUNSTATE BANK	MIAMI	FL	19990315	34643	NM	FDIC	H	7	ATLANTA	418,436

Attachment 2: List of Minority Depository Institutions as of December 31, 2018

MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
U S CENTURY BANK	DORAL	FL	20021028	57369	NM	FDIC	H	2	ATLANTA	1,155,314
CARVER STATE BANK	SAVANNAH	GA	19270101	16584	NM	FDIC	B	1	ATLANTA	39,597
CITIZENS TRUST BANK	ATLANTA	GA	19210618	8033	SM	FED	B	1	ATLANTA	410,144
EMBASSY NATIONAL BANK	LAWRENCEVILLE	GA	20070305	58413	N	OCC	A	3	ATLANTA	103,095
FIRST IC BANK	DORAVILLE	GA	20000131	34998	NM	FDIC	A	3	ATLANTA	500,705
METRO CITY BANK	DORAVILLE	GA	20060404	58181	NM	FDIC	A	3	ATLANTA	1,435,822
NOA BANK	DULUTH	GA	20081106	58657	NM	FDIC	A	3	ATLANTA	387,614
QUANTUM NATIONAL BANK	SUWANEE	GA	19951227	34110	N	OCC	A	3	ATLANTA	489,828
TOUCHMARK NATIONAL BANK	ALPHARETTA	GA	20080128	58687	N	OCC	A	3	ATLANTA	405,645
LUMBEE GUARANTY BANK	PEMBROKE	NC	19711222	20568	NM	FDIC	N	4	ATLANTA	336,770
MECHANICS& FARMERS BANK	DURHAM	NC	19080301	12266	NM	FDIC	B	1	ATLANTA	256,968
SOUTH CAROLINA CMTY BANK	COLUMBIA	SC	19990326	35241	NM	FDIC	B	1	ATLANTA	65,052

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
AMERICAN METRO BANK	CHICAGO	IL	19970129	34334	NM	FDIC	A	3	CHICAGO	80,135
CITIZENS BANK OF CHATSWORTH	CHATSWORTH	IL	19340101	10843	NM	FDIC	A	3	CHICAGO	31,804
GN BANK	CHICAGO	IL	19340101	29399	SB	OCC	B	1	CHICAGO	139,918
INTERNATIONAL BK OF CHICAGO	CHICAGO	IL	19921026	33708	NM	FDIC	A	3	CHICAGO	636,817
MILLENNIUM BANK	DES PLAINES	IL	20070702	58348	NM	FDIC	A	3	CHICAGO	116,804
PACIFIC GLOBAL BANK	CHICAGO	IL	19951109	34089	SM	FED	A	3	CHICAGO	208,253
URBAN PARTNERSHIP BANK	CHICAGO	IL	20100819	59051	NM	FDIC	B	6	CHICAGO	438,816
METRO BANK	LOUISVILLE	KY	19970106	34308	NM	FDIC	B	6	CHICAGO	26,189
FIRST INDEPENDENCE BANK	DETROIT	MI	19700514	20179	NM	FDIC	B	1	CHICAGO	259,692
BAY BANK	GREEN BAY	WI	19950821	34052	NM	FDIC	N	4	CHICAGO	95,272
COLUMBIA SAVINGS&LOAN ASSN	MILWAUKEE	WI	19240101	28480	SL	FDIC	B	1	CHICAGO	23,194
NATIVE AMERICAN BANK NA	DENVER	CO	19870727	27026	N	OCC	N	4	DALLAS	113,297

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
LIBERTY BANK&TRUST CO	NEW ORLEANS	LA	19721116	20856	NM	FDIC	B	1	DALLAS	591,186
CENTINEL BANK OF TAOS	TAOS	NM	19690301	19904	NM	FDIC	H	2	DALLAS	253,184
ALLNATIONS BANK	CALUMET	OK	19010101	4051	SM	FED	N	4	DALLAS	47,321
BANK 2	OKLAHOMA CITY	OK	19030101	11521	SM	FED	N	4	DALLAS	192,527
BANK OF CHEROKEE COUNTY	HULBERT	OK	19081201	2327	SM	FED	N	4	DALLAS	111,914
BANK OF COMMERCE	STILWELL	OK	19310101	422	NM	FDIC	N	4	DALLAS	78,190
BANK OF GROVE	GROVE	OK	20050609	57915	NM	FDIC	H	2	DALLAS	167,747
F&M BANK	EDMOND	OK	19020101	12761	NM	FDIC	N	4	DALLAS	478,360
FIRST NATIONAL BANK&TRUST CO	SHAWNEE	OK	19841029	25738	N	OCC	N	4	DALLAS	247,889
FIRST SECURITY BANK AND TRUST COMPANY	OKLAHOMA CITY	OK	19510406	17001	NM	FDIC	B	1	DALLAS	48,775
FIRSTBANK	ANTLERS	OK	19010101	14331	SM	FED	N	4	DALLAS	335,689
FORT GIBSON STATE BANK	FORT GIBSON	OK	19730521	21090	NM	FDIC	N	4	DALLAS	61,482
OKLAHOMA STATE BANK	VINITA	OK	19380713	15611	NM	FDIC	N	4	DALLAS	155,920

Attachment 2: List of Minority Depository Institutions as of December 31, 2018

MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
PEOPLES BANK	WESTVILLE	OK	19030203	2320	NM	FDIC	N	4	DALLAS	47,763
CITIZENS SAVINGS B&T CO	NASHVILLE	TN	19040104	10319	NM	FDIC	B	1	DALLAS	103,080
TRI-STATE BANK OF MEMPHIS	MEMPHIS	TN	19461216	16511	NM	FDIC	B	1	DALLAS	82,336
AMERICAN FIRST NATIONAL BANK	HOUSTON	TX	19980518	34656	N	OCC	A	3	DALLAS	1,587,346
BANK OF SOUTH TEXAS	MCALLEN	TX	19860708	26727	NM	FDIC	H	2	DALLAS	132,749
BRUSH COUNTRY BANK	FREER	TX	19580712	17881	NM	FDIC	H	2	DALLAS	43,169
CITIZENS STATE BANK	ROMA	TX	19780515	22657	NM	FDIC	H	2	DALLAS	84,166
COMMERCE BANK	LAREDO	TX	19820331	23772	NM	FDIC	H	2	DALLAS	590,841
FALCON INTERNATIONAL BANK	LAREDO	TX	19861210	26856	NM	FDIC	H	2	DALLAS	1,150,739
FIRST STATE BANK	SHALLOWATER	TX	19601008	18301	NM	FDIC	A	3	DALLAS	112,292
GOLDEN BANK NATIONAL ASSN	HOUSTON	TX	19850503	26223	N	OCC	A	3	DALLAS	904,503
GREATER STATE BANK	FALFURRIAS	TX	19740101	31762	NM	FDIC	H	2	DALLAS	77,323
INTERNATIONAL BK OF COM	LAREDO	TX	19660902	19629	NM	FDIC	H	2	DALLAS	8,469,038

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
INTERNATIONAL BK OF COM	ZAPATA	TX	19840206	24961	NM	FDIC	H	2	DALLAS	429,193
INTERNATIONAL BK OF COM	BROWNSVILLE	TX	19841009	25679	NM	FDIC	H	2	DALLAS	1,016,530
LONE STAR NATIONAL BANK	PHARR	TX	19830124	24347	N	OCC	H	2	DALLAS	2,209,580
ONE WORLD BANK	DALLAS	TX	20050404	57901	NM	FDIC	A	3	DALLAS	99,737
RIO BANK	MCALLEN	TX	19850211	25886	NM	FDIC	H	7	DALLAS	520,514
SOUTHWESTERN NATIONAL BANK	HOUSTON	TX	19971103	34319	N	OCC	A	3	DALLAS	422,999
STATE BANK OF TEXAS	DALLAS	TX	19871019	27074	NM	FDIC	A	3	DALLAS	919,422
TEXAS NATIONAL BANK	MERCEDES	TX	19201126	3337	N	OCC	H	2	DALLAS	303,646
UNITED BK EL PASO DEL NORTE	EL PASO	TX	20010501	57119	SM	FED	H	2	DALLAS	245,611
UNITY NB OF HOUSTON	HOUSTON	TX	19850801	26351	N	OCC	B	1	DALLAS	93,943
WALLIS STATE BANK	WALLIS	TX	19721028	20845	NM	FDIC	A	3	DALLAS	719,184
ZAPATA NATIONAL BANK	ZAPATA	TX	19611116	18454	N	OCC	H	2	DALLAS	83,885

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
PINNACLE BANK	MARSHALLTOWN	IA	19270505	252	SM	FED	N	4	KANSAS CITY	199,038
CBW BANK	WEIR	KS	18920101	13959	NM	FDIC	A	3	KANSAS CITY	51,951
WOODLANDS NATIONAL BANK	HINCKLEY	MN	19081001	1417	N	OCC	N	4	KANSAS CITY	183,379
PEOPLES BANK OF SENECA	SENECA	MO	19960315	34146	NM	FDIC	N	4	KANSAS CITY	195,208
TURTLE MOUNTAIN STATE BANK	BELCOURT	ND	20071203	58586	NM	FDIC	N	4	KANSAS CITY	33,369
INDUSTRIAL BANK	WASHINGTON	DC	19340818	14679	NM	FDIC	B	1	NEW YORK	432,771
LEADER BANK NATIONAL ASSN	ARLINGTON	MA	20020508	57134	N	OCC	A	3	NEW YORK	1,348,132
HARBOR BANK OF MARYLAND	BALTIMORE	MD	19820913	24015	NM	FDIC	B	6	NEW YORK	282,599
CITY NB OF NEW JERSEY	NEWARK	NJ	19730611	21111	N	OCC	B	1	NEW YORK	167,570
KEB HANA BANK	FORT LEE	NJ	19860916	26790	N	OCC	A	3	NEW YORK	226,476
NEW MILLENNIUM BANK	NEW BRUNSWICK	NJ	19990719	35151	NM	FDIC	A	8	NEW YORK	414,324
ABACUS FEDERAL SAVINGS BANK	NEW YORK	NY	19841129	32257	SB	OCC	A	3	NEW YORK	339,694

Attachment 2: List of Minority Depository Institutions as of December 31, 2018

MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
AMERASIA BANK	FLUSHING	NY	19880620	27267	NM	FDIC	A	3	NEW YORK	622,766
BANCO POPULAR NORTH AMERICA	NEW YORK	NY	19990102	34967	SM	FED	H	7	NEW YORK	9,381,359
CARVER FEDERAL SAVINGS BANK	NEW YORK	NY	19480101	30394	SB	OCC	B	6	NEW YORK	592,255
CHINATOWN FSB	NEW YORK	NY	19840427	32209	SB	OCC	A	3	NEW YORK	133,351
EASTBANK NATIONAL ASSN	NEW YORK	NY	19841126	25749	N	OCC	A	3	NEW YORK	189,734
GLOBAL BANK	NEW YORK	NY	20070312	58263	NM	FDIC	A	3	NEW YORK	170,323
NEWBANK	FLUSHING	NY	20060929	58203	NM	FDIC	A	3	NEW YORK	418,125
PONCE DE LEON FEDERAL BANK	BRONX	NY	19600331	31189	SB	OCC	H	7	NEW YORK	1,058,206
SHINHAN BANK AMERICA	NEW YORK	NY	19901018	33188	NM	FDIC	A	8	NEW YORK	1,422,948
UNITED ORIENT BANK	NEW YORK	NY	19810409	23373	NM	FDIC	A	3	NEW YORK	91,208
ASIAN BANK	PHILADELPHIA	PA	19990609	34759	SM	FED	A	3	NEW YORK	211,126
NOAH BANK	ELKINS PARK	PA	20060717	58196	NM	FDIC	A	3	NEW YORK	427,222

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
UNITED BANK OF PHILADELPHIA	PHILADELPHIA	PA	19920323	33568	NM	FDIC	B	1	NEW YORK	51,057
BANCO POPULAR DE PUERTO RICO	HATO REY	PR	19990102	34968	SM	FED	H	7	NEW YORK	37,919,000
BANCO SANTANDER PUERTO RICO	SAN JUAN	PR	19721002	20828	NM	FDIC	H	7	NEW YORK	5,177,922
FIRSTBANK PUERTO RICO	SANTURCE	PR	19490117	30387	NM	FDIC	H	7	NEW YORK	12,232,012
ORIENTAL BANK	SAN JUAN	PR	19650325	31469	NM	FDIC	H	7	NEW YORK	6,529,697
SCOTIABANK DE PUERTO RICO	SAN JUAN	PR	19790907	22946	NM	FDIC	H	7	NEW YORK	4,043,091
AMERICAN CONTINENTAL BANK	CITY OF INDUSTRY	CA	20031006	57444	NM	FDIC	A	3	SAN FRANCISCO	229,812
AMERICAN PLUS BANK N A	ARCADIA	CA	20070808	58469	N	OCC	A	3	SAN FRANCISCO	514,262
ASIAN PACIFIC NATIONAL BANK	SAN GABRIEL	CA	19900725	33013	N	OCC	A	3	SAN FRANCISCO	57,480
BANK OF HOPE	LOS ANGELES	CA	19860318	26610	NM	FDIC	A	8	SAN FRANCISCO	15,307,614
BANK OF THE ORIENT	SAN FRANCISCO	CA	19710317	20387	SM	FED	A	3	SAN FRANCISCO	876,828
BANK OF WHITTIER NA	WHITTIER	CA	19821220	24211	N	OCC	A	3	SAN FRANCISCO	58,848

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
BROADWAY FEDERAL BANK FSB	LOS ANGELES	CA	19470226	30306	SB	OCC	B	1	SAN FRANCISCO	407,170
CALIFORNIA BUSINESS BANK	IRVINE	CA	20051101	58037	NM	FDIC	A	3	SAN FRANCISCO	88,134
CALIFORNIA INTERNATIONAL BANK, N.A.	WESTMINSTER	CA	20051130	57974	N	OCC	A	3	SAN FRANCISCO	46,288
CALIFORNIA PACIFIC BANK	SAN FRANCISCO	CA	19801016	23242	NM	FDIC	A	3	SAN FRANCISCO	73,339
CATHAY BANK	LOS ANGELES	CA	19620419	18503	NM	FDIC	A	3	SAN FRANCISCO	16,765,633
COMMERCIAL BANK OF CA	IRVINE	CA	20030515	57417	NM	FDIC	H	2	SAN FRANCISCO	986,712
COMMONWEALTH BUSINESS BANK	LOS ANGELES	CA	20050303	57873	SM	FED	A	3	SAN FRANCISCO	1,160,991
COMMUNITY COMMERCE BANK	CLAREMONT	CA	19761001	26363	NM	FDIC	H	2	SAN FRANCISCO	259,380
CTBC BANK CORP USA	LOS ANGELES	CA	19650427	19416	NM	FDIC	A	8	SAN FRANCISCO	3,454,180
EAST WEST BANK	PASADENA	CA	19720101	31628	SM	FED	A	8	SAN FRANCISCO	41,017,421
EASTERN INTERNATIONAL BANK	LOS ANGELES	CA	19850226	32277	NM	FDIC	A	3	SAN FRANCISCO	103,254
EVERTRUST BANK	PASADENA	CA	19950503	34010	NM	FDIC	A	8	SAN FRANCISCO	887,314

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
FIRST CHOICE BANK	CERRITOS	CA	20050818	57966	NM	FED	A	3	SAN FRANCISCO	1,622,437
FIRST COMMERCIAL BANK USA	ALHAMBRA	CA	19970520	34496	NM	FDIC	A	8	SAN FRANCISCO	585,044
FIRST GENERAL BANK	ROWLAND HEIGHTS	CA	20051013	58060	NM	FDIC	A	3	SAN FRANCISCO	947,186
GATEWAY BANK FSB	OAKLAND	CA	19900608	33103	SB	OCC	A	3	SAN FRANCISCO	109,396
HANMI BANK	LOS ANGELES	CA	19821215	24170	NM	FDIC	A	8	SAN FRANCISCO	5,490,028
MEGA BANK	SAN GABRIEL	CA	20080205	58401	NM	FDIC	A	3	SAN FRANCISCO	368,115
METROPOLITAN BANK	OAKLAND	CA	19830901	25869	NM	FDIC	A	3	SAN FRANCISCO	176,216
MISSION NATIONAL BANK	SAN FRANCISCO	CA	19820216	23749	N	OCC	A	3	SAN FRANCISCO	248,350
NEW OMNI BANK NATIONAL ASSN	ALHAMBRA	CA	19800212	23086	N	OCC	A	3	SAN FRANCISCO	447,676
OPEN BANK	LOS ANGELES	CA	20050610	57944	NM	FDIC	A	3	SAN FRANCISCO	1,044,131
PACIFIC ALLIANCE BANK	ROSEMEAD	CA	20061227	58234	NM	FDIC	A	3	SAN FRANCISCO	267,602
PACIFIC CITY BANK	LOS ANGELES	CA	20030918	57463	NM	FDIC	A	3	SAN FRANCISCO	1,697,004

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December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
PREFERRED BANK	LOS ANGELES	CA	19911223	33539	NM	FDIC	A	3	SAN FRANCISCO	4,217,941
ROYAL BUSINESS BANK	LOS ANGELES	CA	20081118	58816	NM	FDIC	A	8	SAN FRANCISCO	2,971,182
UNITED PACIFIC BANK	CITY OF INDUSTRY	CA	19820511	23805	NM	FDIC	A	3	SAN FRANCISCO	139,710
UNITI BANK	BUENA PARK	CA	20011217	57120	NM	FDIC	A	3	SAN FRANCISCO	345,746
UNIVERSAL BANK	WEST COVINA	CA	19541117	30722	SB	OCC	A	3	SAN FRANCISCO	381,958
US METRO BANK	GARDEN GROVE	CA	20060915	58310	NM	FDIC	A	3	SAN FRANCISCO	389,110
ANZ GUAM INC	HAGATNA	GU	19910111	33316	NM	FDIC	A	8	SAN FRANCISCO	317,502
BANK OF GUAM	HAGATNA	GU	19721211	20884	NM	FDIC	A	3	SAN FRANCISCO	1,888,372
BANKPACIFIC LTD	HAGATNA	GU	19530101	30692	SL	FDIC	A	3	SAN FRANCISCO	144,926
FINANCE FACTORS LTD	HONOLULU	HI	19520514	25158	NM	FDIC	A	3	SAN FRANCISCO	580,102
HAWAII NATIONAL BANK	HONOLULU	HI	19600916	18296	N	OCC	A	3	SAN FRANCISCO	639,045
OHANA BANK	HONOLULU	HI	20060601	58231	NM	FDIC	A	3	SAN FRANCISCO	160,546
ONEUNITED BANK	BOSTON	MA	19820802	23966	NM	FDIC	B	1	SAN FRANCISCO	656,198

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2018

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS Alpha.	MINORITY STATUS Num.	FDIC REGION	TOTAL ASSETS ($000)
EAGLE BANK	POLSON	MT	20060725	58282	NM	FDIC	N	4	SAN FRANCISCO	66,075
UNIBANK	LYNNWOOD	WA	20061101	58407	NM	FDIC	A	3	SAN FRANCISCO	304,865
Total		**Count**	**149**							**233,929,945**

COUNT	MINORITY STATUS
23	**B** - Black or African American
35	**H** - Hispanic American
73	**A** - Asian or Pacific Islander American
18	**N** - Native American or Alaskan Native American
0	**M** - Multi-racial American

COUNT	MINORITY STATUS BY OWNED OR MANAGED DEFINITIONS
19	**1** - Black or African American owned
26	**2** - Hispanic American owned
63	**3** - Asian or Pacific Islander American owned
18	**4** - Native American or Alaskan Native American owned
0	**5** - Multi-racial American owned
4	**6** - Minority Board and Serving African American Community
9	**7** - Minority Board and Serving Hispanic Community
10	**8** - Minority Board and Serving Asian or Pacific Islander Community
0	**9** - Minority Board and Serving Native American or Alaskan Native American Community
0	10 - Minority Board and Serving Multi-Racial Community

CLASS	DEFINITIONS OF CLASS TYPES
97	**NM** - State bank, not a member of the Federal Reserve
14	**SM** - State bank, member of the Federal Reserve
27	**N** - National bank
2	**SL** - State or Federal savings and loan association
9	**SB** - State or Federal savings bank

REGULATOR	DEFINITIONS OF PRIMARY REGULATING AGENCY
98	**FDIC** - Federal Deposit Insurance Corporation
36	**OCC** - Office of the Comptroller of the Currency
15	**FED** - Federal Reserve

Attachment 2: List of Minority Depository Institutions as of December 31, 2018

Attachment 3

Resource Guide for Collaboration with Minority Depository Institutions

Minority depository institutions (MDIs)[1] play a vital role in the U.S. economy by providing responsive banking services to those who might not otherwise have access to a financial institution. MDIs tend to maintain offices in underserved communities which often have a higher concentration of low- or moderate-income (LMI) census tracts and a higher share of minority populations. In addition, MDIs tend to originate a greater proportion of their mortgages to borrowers who live in LMI census tracts and to minority borrowers compared to non-MDI institutions.[2]

Insured depository institutions, whether an MDI or non-MDI, may realize business and regulatory benefits from partnering and forming collaborative relationships with MDIs. MDIs often have a better understanding of the economic development needs of underserved areas. At the same time, MDIs are sometimes challenged in providing a full spectrum of banking services to their communities due to the MDIs' size and limited resources. A partnership or collaborative relationship can create opportunities for non-MDI banks to offer additional capacities to MDIs in a multitude of mutually beneficial areas. These efforts can also provide MDIs' communities with access to a wider variety of services and improve operational efficiencies.

Collaboration among MDIs, or between MDIs and non-MDIs, can result in sound and profitable lending and investments that meet the needs of underserved communities. In addition, institutions engaging in such collaboration and partnerships may receive Community Reinvestment Act (CRA) consideration for such activities.[3]

Examples of Collaboration With and Among MDIs

There are a variety of activities regarding which non-MDIs and other MDIs may collaborate with an MDI. These activities could include, but are not limited to, the following:

- Direct investment in an MDI;
- Loan participations, other lending arrangements, and sharing of loan servicing;
- Sharing of bank staff and other resources; and
- Information networking.

Direct Investment in an MDI

Non-MDIs or other MDIs may place deposits directly with an MDI, make a direct capital investment in an MDI, or participate in a fund that makes direct investments in an MDI.

[1]The three federal banking agencies have separate definitions of MDI. FDIC defines "minority depository institution" as any federally insured depository institution where 51 percent or more of the voting stock is owned by minority individuals. In addition to institutions that meet the FDIC's ownership test, institutions will be considered minority depository institutions if a majority of the board of directors is minority and the community that the institution serves is predominantly minority.

[2]"Minority Depository Institutions: Structure, Performance, and Social Impact" FDIC Quarterly, Vol. 8, No. 3, 2014, pp. 55-59.

[3]Refer to the Federal Financial Institution Examinations Council CRA questions and answers available at https://www.ffiec.gov/cra/qnadoc.htm, FDIC FIL-77-2016 (November 15, 2016) "Banker Teleconference Series: Webinar on Recently Revised Interagency Questions and Answers Regarding Community Reinvestment" available at https://www.fdic.gov/news/news/financial/2016/fil16077.html.

Loan Participations, Other Lending Arrangements, and Sharing of Loan Servicing[4]

MDIs can collaborate with other MDIs or non-MDIs through loan participations. This collaboration or partnership allows for larger loan transactions, originated either by the MDI or the other participating non-MDIs. In addition, this collaboration can allow for the MDIs to access special resources and unique skill sets of other financial institutions. Further, these transactions can provide opportunities for diversifying the loan portfolio, enhancing liquidity and interest rate risk management, and serving the credit needs of a wider range of customers.

MDIs may form a partnership, such as through a lending consortium, or form a Community Development Financial Institution (CDFI)[5], a loan fund, or other entity that provides mortgages to members of the MDIs' communities. In some circumstances, a group of financial institutions may be allowed to acquire interests in a special purpose entity (SPE), such as a limited liability corporation, established specifically to manage and dispose of troubled loans or other real estate owned. Each financial institution is a member/owner of the SPE, holding an interest equivalent to the value of the assets it conveyed to the SPE. They also retain control over the assets and maintain the same level of risk as before the exchange. However, by pooling troubled assets, such SPEs may reduce maintenance costs through economies of scale and make bulk sales of troubled assets more feasible.

Sharing of Bank Staff and Other Resources[6]

Several larger financial institutions have forged partnerships with smaller MDIs so that automated teller machine fees are waived for customers of the MDI, thereby increasing access to the MDI customers' funds. Other collaborations may include the sharing of specialized staff members, teams, or consultants to assist with back-office operations requiring special skill sets, such as internal audit, asset valuations, or managing problem assets.

Information Networking

Trade associations that focus on unbanked and under-banked consumers provide training and information on the availability of MDI investment opportunities. MDIs participate in these types of trade organizations, which provide a forum for their members to exchange ideas, address issues of common concern, enhance understanding and compliance with new regulations, promote community outreach, and educate investors of opportunities.

[4]See FDIC FIL-44-2008, Guidance for Managing Third-Party Risk (June 6, 2008), available at https://fdic.gov/news/news/financial/2008/fil08044.html; FDIC FIL-49-2015, Advisory on Effective Risk Management Practices for Purchased Loans and Purchased Loan Participations (November 6, 2015), available at https://www.fdic.gov/news/news/financial/2015/fil15049.html; and refer to the FDIC website "Regulatory Guidance: Risk Management Supervision Outsourcing and Third-Party Providers (Vendor Management)" at https://www.fdic.gov/regulations/resources/director/risk/it-tpp.html.

[5]A CDFI is an institution that provides credit and financial services to underserved markets and populations. CDFIs can be banks, credit unions, loan funds, microloan funds, or venture capital providers.

[6]Ibid.

Benefits of Community Banks Partnering With MDIs

Community banks in particular can benefit from partnerships with MDIs for strategic business purposes, including the ability to:

- Serve bank customers that neither institution could serve alone;
- Reduce operating and compliance costs by sharing back-office operations and specialized expertise; and
- Jointly purchase goods and services at reduced costs.

By collaborating with each other or with non-MDI banks, institutions may be able to achieve a variety of benefits, including increasing the ability to acquire and support current technology, conserving capital for other strategic business opportunities, and, more generally, improving the quality and reducing the costs of products and services.

Opportunities for CRA Consideration

In general, all financial institutions will receive consideration for activities that benefit geographies or individuals located within their geographically designated assessment area(s), or somewhere within a broader statewide or regional area that includes the institution's assessment area(s) even if they will not benefit the institution's assessment area(s), as long as the institution has been responsive to community development needs and opportunities in its assessment area(s). This is available whether partnering with an MDI or not, and is also available to partnerships between MDIs. If a non-minority owned institution wishes to reach beyond these geographic restrictions, additional CRA-eligible opportunities exist when financial institutions partner with minority or women-owned financial institutions or low-income credit unions (MWLI).[7] The activities do not need to benefit the non-minority owned financial institution's assessment area(s); however, they must help meet the credit needs of the local communities in which the MWLI is chartered.

Examples of activities with MWLIs that may receive consideration when financial institutions reach beyond the normal geographic restrictions listed above are:

- Making a deposit or capital investment in the MWLI;
- Purchasing or selling a participation in a loan in the MWLI's market area;
- Loaning an officer or providing other technical expertise to help an MWLI improve its lending policies and practices; and
- Providing free or discounted data processing systems or office facilities to help an MWLI serve its customers.[8]

Further, the CRA statute specifically provides that the regulators can consider in any CRA evaluation the amount of a contribution, or loss incurred, by any financial institution that donates, sells on

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[7] The CRA statute and regulation uses the phrase "minority- or women-owned financial institutions and low-income credit unions." 12 U.S.C. 2903(b); 12 CFR 345.21(f).

[8] "Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment" (Questions and Answers), 81 Fed. Reg. 48506, 48535-36, Q&A__.21(f)–1 (July 25, 2016).

favorable terms, or makes available on a rent-free basis to any MDI one of its branches located in a predominantly minority neighborhood.[9] In this case, the statute refers to "minority depository institutions," but the definition is narrower than the definitions generally used by the banking regulators. To be considered a minority depository institution for purposes of this provision, more than 50 percent of the ownership or control of the institution must be held by one or more minority individuals and more than 50 percent of the net profit or loss must accrue to one or more minority individuals.

Community Development Lending

Financial institutions may receive CRA consideration for loans made directly to an MWLI that primarily lends or facilitates lending to promote community development.[10] Additionally, they may also receive CRA consideration by purchasing a participation in a community development loan made by an MWLI. Loan participations can allow financial institutions to originate larger loans because other banks agree to purchase participations in these loan transactions. Alternatively, an MWLI could receive CRA consideration for purchasing a participation in a larger community development loan made by another institution, if they lack the size or expertise to originate such a loan. Geographic restrictions discussed earlier would apply in both scenarios.

Investments in MWLIs

Consideration is also given for "qualified investments" in an MWLI that has a primary purpose of community development, provided geographic requirements are met.[11]

In addition, consideration is given when providing grants that allow MWLIs to undertake community development activities, such as financial counseling or financial literacy training targeted to LMI individuals.

Community Development Services Provided to MWLIs

Financial institutions may receive CRA consideration for providing technical assistance or other community development services to MWLIs that have a primary purpose of community development and meet the geographic restrictions discussed above.

Examples of community development services include:

- Helping with marketing financial services, including development of advertising or promotions, publications, or workshops;
- Furnishing financial services training for staff and management; and
- Contributing accounting or bookkeeping services.[12]

[9] Refer to 12 USC §2907(a).

[10] See Questions and Answers, 81 Fed. Reg. 48528- 29, Q&A __.12(h) – 1.

[11] See Questions and Answers, 81 Fed. Reg. 48532- 33, Q&A __.12(t) – 4. Any investment by a bank must comply with all relevant laws related to such investments.

[12] See Questions and Answers, 81 Fed. Reg. 48530- 31, Q&A __.12(i) – 3.

A financial institution also could receive consideration for donating staff and support to an MWLI to enable the institution to provide community development services. Such services include "credit counseling, home buyer and home maintenance counseling, financial planning, or other financial services education to promote community development and affordable housing, including credit counseling to assist low- or moderate-income borrowers in avoiding foreclosure on their homes."[13]

Finding MDI Partners for Collaboration

In keeping with the spirit of Section 308 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the FDIC maintains close communication with MDIs regarding MDI programs and initiatives. As such, the FDIC is aware of potential collaboration opportunities with MDIs and can provide options for exploring a collaborative relationship. Additionally, the FDIC can assist in vetting collaboration proposals for which institutions desire to obtain CRA credit. Institutions interested in pursuing collaborative relationships with MDIs may contact the National MDI Director, Regional Directors, Regional MDI Coordinators, or Regional Community Affairs Specialists.

A listing of Regional MDI Coordinators may be found at: *https://www.fdic.gov/regulations/resources/minority/contact.html*

A listing of Regional Community Affairs contacts may be found at: *https://www.fdic.gov/consumers/community/offices.html*

Institutions may also pursue such collaboration opportunities directly. A listing of MDIs may be found at: *https://www.fdic.gov/regulations/resources/minority/MDI.html*

[13] Ibid.

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