DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY

Diversity, equity, inclusion, and accessibility (DEIA) are fundamental aspects of the work at the FDIC. Our ability to meet our mission of preserving and promoting public confidence in the U.S. financial system requires that we understand the increasingly diverse U.S. population. Establishing and maintaining an equitable, inclusive, and accessible workplace that is as diverse as the communities we serve helps us to effectively respond to the needs of those who participate in the banking system.

The Office of Minority and Women Inclusion (OMWI) supports this commitment by ensuring equal employment opportunity and evaluating and addressing issues related to the racial, ethnic, and gender diversity of the FDIC workforce. OMWI, through its outreach efforts, works to ensure the fair inclusion and utilization of minority- and women-owned businesses (MWOBs), law firms (MWOLFs), and investors in contracting and investment opportunities. OMWI is also responsible for assessing the diversity policies and practices of FDIC-regulated financial institutions.

Workforce Diversity and Workplace Inclusion and Accessibility at the FDIC

The FDIC published a new *Diversity, Equity, and Inclusion (DEI) Strategic Plan* for 2021-23. This plan outlines strategies to promote workforce and workplace inclusion and sustainability of diversity and inclusion efforts. The plan also calls for the FDIC's Divisions and Offices to establish their own DEIA operational plans, cascading the corporate goals throughout the agency.

In 2021, the FDIC also implemented several new initiatives to increase DEIA throughout the agency, including by establishing:

- **A DEIA FDIC Performance Goal.** The FDIC implemented a new corporate performance goal that encompasses promoting DEIA in our workforce and business operations.

- **Enhanced Recruitment Initiatives.** The FDIC participated in various activities with the White House Initiative on Advancing Educational Equity, Excellence and Economic Opportunity for Historically Black Colleges and Universities (HBCUs) and the White House Initiative on Advancing Educational Equity, Excellence, and Economic Opportunity for Hispanics to develop and cultivate stronger relationships that will ultimately expand our talent pool.
- **New Leadership Development Programs.** The FDIC launched two new leadership development programs, which are designed to develop the next generation of leaders with a corporate-succession management focus to increase DEIA in the FDIC's leadership.
- **"Celebrating our Uniqueness" National Listening Tour.** All FDIC employees were invited to share their life experiences and discuss how these perspectives impact them in the workplace. The sessions focused on: Rural Communities, LGBTQ+, Economically Disadvantaged, First Generation Professionals, Persons with Disabilities, Veterans, Generations in the Workforce, Religious Beliefs, and Caregivers.
- **First Generation (FirstGen) Professionals Program.** The FDIC developed and implemented a FirstGen initiative to support first generation professionals in the workplace.
- **Barrier Analysis.** To improve our ability to recruit, retain, and develop employees, the FDIC engaged an independent consultant to help us identify and develop strategies to address any potential barriers to our DEIA success.
- **Pay Adjustment Review.** As a result of a pay equity review in 2020, the FDIC implemented a new system for setting incoming employees' pay. Related to the implementation of the new pay system, current employees were afforded the opportunity to request a pay adjustment review to ensure that they are paid in accordance with the principles underlying the new pay-setting system.
- **Equal Access for People with Disabilities.** The FDIC hosted a series of educational events as part of a *Mission Accessible* campaign. The campaign promoted awareness of the need for equal access to information for people with disabilities.

As a result of past and current efforts, we continue to make progress to achieve our DEIA goals. At the end of 2021, minorities represent 32 percent of the permanent workforce and women account for more than 44 percent. Individuals with disabilities account for 14 percent of the workforce, above the 12 percent federal benchmark. Further, the FDIC has increased diversity across leadership: minorities hold 25 percent of the management-level positions at the FDIC, and women hold 41 percent. Almost 13 percent of new FDIC hires in fiscal year 2021 were veterans. As a result, we increased onboard representation of veterans, including veterans with disabilities.

Despite these gains, we know there is much more to do, and we remain committed to achieving all of the goals outlined in our *DEI Strategic Plan*.

ACHIEVING FDIC WORKFORCE DEIA GOALS IN 2021

Minorities represent 32%

Women account for more than 44%

Individuals with disabilities account for 14%

Almost 13% of new FDIC hires in fiscal year 2021 were veterans, including veterans with disabilities.

FDIC has increased diversity across leadership: minorities hold 25 percent of the management-level positions at the FDIC, and women hold 41 percent.

Minority- and Women-Owned Business Outreach

Due to COVID-19, many of the events the FDIC typically attends to engage with MWOBs were cancelled or postponed in 2021. Instead, the FDIC participated in virtual procurement outreach events and attended webinars to connect with MWOBs. The FDIC also targeted diverse publications and utilized social media platforms to market its own virtual procurement events. Additionally, the FDIC uses its website to raise and improve public awareness about the agency's procurement process and initiatives.

The FDIC's staff also served as panelists and participated in 10 procurement events, including events hosted by the U.S. Pan Asian American Chamber of Commerce and the U.S. Women's Chamber of Commerce. At these events, the FDIC's staff provided essential education and information about procurement opportunities at the FDIC, and responded to inquiries about business opportunities for MWOBs, strategies for connecting with other MWOBs and prime contractors for potential teaming and subcontracting opportunities, and challenges MWOBs face in the contracting process.

The FDIC also hosted three Pitch Day sessions and two free virtual Technical Assistance Events. The Pitch Day events allowed MWOBs to market their business capabilities to the FDIC for potential agency contracting opportunities. OMWI also worked with the FDIC's Acquisition Services Branch to host a series of virtual events that highlighted resources to enhance networking connections and best practices. These efforts better positioned companies for potential partnerships. These events also allowed for sharing firsthand knowledge for responding to the FDIC's request for proposals, and included recommendations on how companies could articulate their added-value to the proposal. Additionally, FDIC demonstrated a mock session of the four phases of the contracting process to enhance the firms' understanding of our acquisition business model.

In 2021, the FDIC paid $130.0 million of its total contract payments (27 percent) to MWOBs, under 226 MWOB contracts.

In 2021, the FDIC awarded 135 contracts (33 percent) to MWOBs out of a total of 404 issued. The FDIC awarded contracts with a combined value of $845.5 million in 2021, of which 49 percent ($416.4 million) was awarded to MWOBs. By comparison, in 2020, 117 of 409 contracts (29 percent) and $90.0 million of $426.7 million (21 percent) was awarded to MWOBs. In 2021, the FDIC paid $130.0 million of its total contract payments (27 percent) to MWOBs, under 226 MWOB contracts.

MWOB CONTRACTS AWARDED

In 2021

33%

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49%

of combined value of contracts awarded to MWOBs

In 2020

29%

117 out of 409 issued awarded to MWOBs

21%

of combined value of contracts awarded to MWOBs

Minority- and Women-Owned Law Firm Outreach

The Legal Division's outside contracting outreach faced two major challenges in 2021—the continued decline in the need for outside counsel services and the COVID-19 pandemic. Notwithstanding the decline in bank resolution activity, the FDIC paid $385,000 in legal fees to MWOLFs and paid $3.2 million to diverse attorneys in 2021. Taken together, the FDIC paid $3.56 million to MWOLFs and diverse attorneys out of a total of $19.56 million spent on outside counsel services, for an aggregate 18 percent diversity and inclusion participation rate in outside legal contracting in 2021. The FDIC made 11 referrals to MWOLFs, which accounted for 29 percent of all legal referrals.

The Legal Division undertook several efforts in 2021 in order to offset the impact of the COVID-19 pandemic on legal contracting outreach. First, the Legal Division continued a legal contracting advertising campaign for its supplier diversity program in a well-regarded group of diversity-related publications. In addition, the Legal Division organized regular virtual meetings with current diverse legal services providers (DLSPs) on the FDIC List of Counsel Available (LCA) in order to maintain relationships with firms that are currently working with the Corporation. Lastly, the Legal Division, in cooperation with OMWI, created the Legal Division Virtual Pitch Day. This virtual event provided DLSPs a platform to present their firm's legal expertise to FDIC in-house attorneys. The FDIC Legal Division participated in seven minority bar association conferences and three stakeholder events, all of which were virtual programs. This included the Legal Division's participation in a National Association of Minority and Women Owned Law Firms (NAMWOLF) webinar about opportunities to perform work for failed bank receiverships. Each of the events provided vital networking opportunities, allowing the FDIC to maintain a seamless outreach experience and engagement with our stakeholders.

In 2021, the Legal Division partnered with NAMWOLF to interview and recruit 14 new MWOLFs in various geographic areas in the event of an increase in bank resolution activities, and increased the percentage of MWOLFs on the LCA from 30 percent to 40 percent. This step will ensure an equitable competition for all available legal contracting opportunities, and the Legal Division will continue to foster relationships between DLSPs and FDIC in-house counsel.

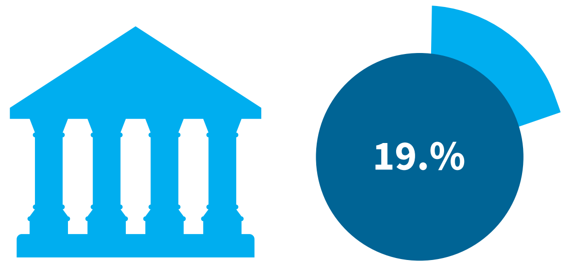
Financial Institution Diversity

Financial Institution Diversity (FID) is a program for assessing the diversity policies and practices of FDIC-regulated financial institutions. Financial institutions are encouraged to conduct a self-assessment annually, and share results with OMWI. In 2021, the FDIC released an automated Form 2710/05, *Diversity Self-Assessment of FDIC Regulated Financial Institutions,* which was designed to make the completion of the assessment more user-friendly and secure for financial institutions.

The FDIC received 148 self-assessments from 773 regulated institutions having 100 or more employees for the 2020 reporting period, representing 19 percent of all regulated institutions.

Analysis of the self-assessment data allows OMWI to identify exemplary practices that financial institutions have implemented as part of their workforce recruitment, supplier diversity procurement, and training practices.

SELF-ASSESSMENT OF REGULATED INSTITUTIONS



773
Regulated institutions having 100 or more employees

19%
FDIC received 148 Self-Assements

Minority Depository Institutions Activities

The preservation and promotion of MDIs remains a long-standing, top priority for the FDIC. The FDIC's research study, *Minority Depository Institutions: Structure, Performance, and Social Impact*, published in 2019, found that MDIs have played a vital role in providing mortgage credit, small business lending, and other banking services to minority and low- and moderate-income (LMI) communities. MDIs are anchor institutions in their communities and play a key role in building a more inclusive financial system.

In 2021, significant new sources of private and public funding became available to support FDIC-insured MDIs and Community Development Financial Institutions (CDFIs), collectively known as "mission-driven banks." This includes up to $9 billion in funding from Treasury through the Emergency Capital Investment Program, as well as $3 billion in new grant funding for CDFIs, including $1.2 billion set aside for minority lending institutions. The FDIC initiated additional capital support for MDIs and CDFIs through the standup of the Mission-Driven Bank Fund (discussed below).

During 2021, the FDIC pursued several strategies to support MDIs. These included increasing engagement and representation, facilitating partnerships to provide new capital and other tools and resources, updating policies, and promoting the MDI sector through advocacy, as well as by providing outreach, technical assistance, and education and training for MDIs.

ENGAGEMENT AND REPRESENTATION

The FDIC's MDI Subcommittee of the Advisory Committee on Community Banking (CBAC) held three virtual meetings in 2021. The subcommittee is comprised of nine MDI executives representing all types of MDIs and provides a venue for minority bankers to discuss key issues, share feedback on program initiatives, and showcase MDI best practices.

In addition, representatives from three MDIs serve on the 18-member CBAC to further bring MDI perspectives and issues to the table. During 2021, the FDIC also engaged in deeper relationships with mission-driven bank trade groups to facilitate effective implementation of some of the new resources becoming available to mission-driven banks.

In November 2021, the FDIC created a new permanent organization, the Office of Minority and Community Development Banking, to support the agency's ongoing strategic and direct engagement with MDIs and CDFIs. The new office will advise the Chairman and other senior leaders on FDIC activities that support mission-driven banks. It will also engage with these institutions to promote financial inclusion; encourage development and investments in LMI communities; and support FDIC-insured MDIs, CDFIs, and other financial institutions that serve LMI communities. The new office will, among other things, partner with government and private-sector organizations to build capacity in the mission-driven banking sector; expand FDIC research on mission-driven banks; develop strategies to encourage the creation of new MDIs and CDFIs; provide technical assistance that supports innovation and technology solutions for mission-driven banks; and promote partnerships between mission-driven banks, other financial institutions, and the private sector.

PARTNERSHIPS

In September 2021, the FDIC launched the Mission-Driven Bank Fund, a collaborative investment framework to drive capital investment and other funding to FDIC-insured MDIs and CDFIs that support LMI, minority, and rural communities. This new capital investment vehicle was designed to help these institutions build size, scale, and capacity, which, in turn, would allow them to:

- Provide affordable financial products and services to individuals and businesses;
- Stimulate economic and community development; and
- Build opportunity and prosperity.

The fund is a unique public-private partnership with the FDIC creating the design, mission orientation, and founding documents. As anchor investors, Microsoft and Truist Financial Corporation will lead the investment fund. In addition, Discovery, Inc. joined as a founding investor in the fund, bringing the combined initial commitment to $120

Launched by the FDIC.

million, with additional investments expected. An independent fund manager will be hired to underwrite investments and manage the fund, with oversight from an advisory council comprised of community and business leaders and other stakeholders. The FDIC will retain an advisory role to support the fund's mission focus, but will not contribute capital to, manage, or be involved in the fund manager selection process or investment decisions of the fund.

The FDIC also partnered with Treasury and the Community Development Financial Institutions Fund (CDFI Fund) to support new sources of funding made available to MDIs and CDFIs. For example, the FDIC developed a Capital Estimator Tool for mission-driven banks and a Regulatory Capital Guide. These offerings enabled mission-driven banks to approximate the impact of additional capital on regulatory capital ratios through various "what-if" scenarios and inform decisions on the types of capital they sought. The FDIC also co-sponsored an interagency webinar to demonstrate use of the tool and guide. In addition, the FDIC co-sponsored a webinar with the CDFI Fund and MDI and CDFI trade groups to enable institutions to learn about the benefits of CDFI designation, especially given new grant funding for minority lending institutions.

POLICIES

In June 2021, the FDIC's Board of Directors updated and strengthened its *Statement of Policy Regarding Minority Depository Institutions*. The revised policy includes updates responsive to the public notice-and-comment process conducted in the fourth quarter of 2020. The policy statement reflects the agency's enduring commitment to fulfilling the five statutory goals to preserve and promote MDIs and outlines the framework for the MDI program across the FDIC. Key changes include emphasis on engagement with MDIs, enhanced technical assistance, and a description of how examiners apply examination standards to the unique business models of MDIs.

In 2021, agency staff also developed training modules that will be launched in 2022 to train examiners and other staff supporting the MDI program.

ADVOCACY

It is important to promote the visibility of MDIs, to tell their stories, and showcase the important role they play in their communities. In 2021, the FDIC began planning a 2022 relaunch of its initiative to record and publish videos of MDI executives sharing their institutions' "origin stories," highlighting the reasons their institutions were formed, and describing how they have served their communities over time. In addition, senior agency leaders emphasized the significance of mission-driven banks in numerous external speaking engagements and through posts on a number of FDIC social media channels and websites.

OUTREACH, TECHNICAL ASSISTANCE, AND EDUCATION

The FDIC co-sponsored the biennial interagency Minority Depository Institution and CDFI Bank Conference in September 2021, along with the OCC and Federal Reserve. The conference, *Navigating the Economy with Resilience and Reinvention*, featured the agency principals discussing their initiatives to support mission-driven banks, panels led by MDI and CDFI CEOs sharing their perspectives, and senior agency leaders discussing current supervisory and policy issues. The conference also highlighted key points for building business relationships with corporate America, MDIs, and CDFIs; sessions on economic inclusion, innovation, and fintech; and breakout sessions during which bankers could speak with their primary federal supervisor.

During the year, the FDIC also continuously pursued efforts to improve communication and interaction with MDIs and to respond to the concerns of minority bankers. 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 conducts an annual survey to obtain feedback from MDIs and to help assess the effectiveness of the MDI program.

At the conclusion of each examination of an MDI supervised by the FDIC, the staff is available to return to the institution to provide technical assistance by reviewing areas of concern or topics of interest to the institution. The purpose of return visits is to assist management in understanding and implementing examination recommendations, not to identify new problems.

Through its public website (www.fdic.gov), the FDIC invites inquiries and provides contact information for any MDI to request technical assistance at any time.

In 2021, the FDIC provided 137 individual technical assistance sessions on approximately 29 risk management, consumer compliance, and resolution topics, including:

- Accounting,
- Applications for branch openings and closures,
- Bank Secrecy Act (BSA) and Anti-Money Laundering (AML),
- Community Reinvestment Act (CRA),
- Compliance management,
- Corporate planning,
- Current Expected Credit Losses (CECL) accounting methodology,
- Funding and liquidity,
- Information technology risk management and cybersecurity,
- Internal audit, and
- Loan modifications and Troubled Debt Restructuring.

The FDIC also held outreach, training, and educational programs for MDIs through conference calls and regional banker roundtables. In 2021, topics of discussion for these sessions included many of those listed above, as well as strategic and management succession planning, FDIC economic inclusion initiatives, emerging risks and areas of concern, IT vendor management, and innovation and emerging technology.

EMERGENCY CAPITAL INVESTMENT PROGRAM

The Emergency Capital Investment Program (ECIP) was established by Treasury pursuant to the Consolidated Appropriations Act, 2021. The Act authorizes Treasury to purchase up to $9 billion of preferred stock and other financial instruments from LMI community financial institutions determined by Treasury to be eligible for the investment. The ECIP is designed to promote lending, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities that may be disproportionately impacted by the economic effects of COVID-19, by making capital investments in operating MDIs and CDFIs.

The Act requires Treasury to consult with the appropriate federal banking agency before making a capital investment pursuant to the ECIP. Accordingly, Treasury requested that the FDIC provide specific information for each FDIC-supervised institution that applied to Treasury for an ECIP investment or is a subsidiary of a bank holding company that applied for an ECIP investment. The FDIC provided information to Treasury for 79 institutions for which Treasury requested information. On December 14, 2021, Treasury announced the deployment of more than $8.7 billion in ECIP investments in 186 MDIs and CDFIs.

On March 9, 2021, the FDIC issued a Financial Institution Letter to alert institutions to the availability of the ECIP and to provide sources of information to potential applicants. In addition, to facilitate the implementation of ECIP, the FDIC, along with the OCC and FRB, issued an interim final rule to revise applicable capital rules to provide that Treasury's investments under the ECIP would qualify as regulatory capital for insured depository institutions (IDIs) and holding companies.