



Preservation and Promotion of Minority Depository Institutions

Report to Congress for 2017



Preservation and Promotion of Minority Depository Institutions

The Federal Deposit Insurance Corporation Report to Congress for 2017

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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 2017; a description of the FDIC's minority depository institution program; and detailed information on the FDIC's 2017 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 (Federal Reserve), as well as MDIs that are supervised by the Office of the Comptroller of the Currency (OCC) and the 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, 2017, FDIC-insured MDIs totaled 155 institutions with combined total assets of over \$223 billion, ([see Attachment 2, List of Minority Depository Institutions as of December 31, 2017](#)) and employed 34,648 individuals.

At the beginning of 2017, there were 157 FDIC-insured MDIs with combined total assets of approximately \$208 billion. During the year, one Hispanic American MDI merged into another institution that was not an MDI; an African American MDI no longer qualified as an MDI after a recapitalization and change in business model; and one MDI failed, was closed by its state chartering authority, and entered into FDIC receivership. There was one newly designated MDI, an Asian American institution.

The failed institution was an African American MDI with \$361 million in assets. It was acquired

¹The 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.



by an Asian American MDI, through a purchase and assumption transaction at failure, following FDIC efforts to market the institution to other MDIs (see page 6 of this report).

Of the total assets of institutions involved in 2017 MDI acquisitions, mergers or failures, 77 percent (\$361 million of \$470 million in assets) remained in MDI institutions after the transactions.

Performance

As of December 31, 2017, the overall financial performance of FDIC-insured MDIs improved. The number of profitable firms increased to its highest level since before the crisis, at more than 86 percent of MDIs. The percentage of unprofitable MDIs, however, at 13.55 percent, is significantly higher than the percentage of both community banks and all banks that are unprofitable, at 5.49 and 5.40 percent, respectively. The unprofitable institutions are mostly smaller institutions, many of which are located in urban areas that experienced significant economic distress during the financial crisis.

MDI full-year net income of \$1.9 billion increased \$146 million (8.2 percent) from the previous year, as higher net operating revenue overcame higher tax, provision, and noninterest expense. Net operating revenue increased \$1 billion (12.1 percent); both noninterest income and net interest income contributed to the increase. Net interest margins increased seven basis points to 3.98 percent, aiding the increase in net interest income. Provision and tax expenses increased substantially during the year, mitigating a portion of the growth in revenue. The increase in tax expense was largely the result of changes in tax law and will affect earnings only once. Provision expense increased

\$323 million (59.7 percent), primarily the result of strong loan growth, as asset quality metrics remained stable.

Higher net interest income partially results from growth in loans and other earning assets. All major loan category balances increased from the previous year, boosting total loan balances to \$159 billion (up \$11.4 billion, or 7.7 percent). The 7.7 percent rate of loan growth at MDIs equaled the rate of loan growth at all community banks. Commercial real estate and 1 to 4 family loans accounted for a majority of the growth.

The noncurrent rate increased slightly from fourth quarter 2016 to 2.68 percent, as noncurrent balances rose 8.4 percent (\$329 million) to \$4.3 billion. Higher 1 to 4 family noncurrent balances accounted for nearly all of the growth in noncurrent balances. The MDI noncurrent rate of 2.68 percent is more than three times higher than the community bank rate of 0.85 percent. The 2017 full year net charge-off rate was 0.41 percent, down one basis point from 2016.

Total equity capital increased from the previous year by \$1.2 billion (4.6 percent) to \$28.5 billion. Approximately 63 percent of capital growth was due to retained earnings, 27 percent due to business mergers, and 10 percent due to new investments. The Tier 1 leverage ratio increased 3 basis points to 11.69 percent.

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 continue to face significant challenges, in part reflecting the continuing economic challenges faced by many of the communities they serve.

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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 \(see Attachment 1\)](#). The FDIC's MDI Program is fully integrated into the supervision, consumer protection, and receivership business lines. The FDIC retains a dedicated executive as National Director of Minority and Community Development Banking. In addition to the National Director at headquarters, the FDIC has designated MDI coordinators in each of its six regional offices and two coordinators at headquarters.

The National Director provides overall direction and guidance, and ensures that appropriate resources are available for program initiatives. 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 of financial institutions; offer to have a member of regional management meet

with the institution's board of directors to discuss issues of interest, including through roundtable discussions and training sessions; and to seek input regarding any training or other technical assistance the institution may desire.

2017 Initiatives Supporting Minority Depository Institutions

Preservation of MDIs remains a high priority for the FDIC. In 2017, 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.

In December, the FDIC published a [Resource Guide for Collaboration with Minority Depository Institutions \(see Attachment 3\)](#) that outlines the business and regulatory benefits that insured depository institutions may realize from partnerships and other collaborative relationships with MDIs. The resource guide provides examples of possible collaborations, such as 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. The guide also outlines the valuable incentives for community banks and larger insured financial institutions under the Community Reinvestment Act (CRA) to undertake ventures with MDIs, including capital investment and loan participations.

In April, the FDIC, OCC, and Federal Reserve co-hosted the 2017 Interagency MDI and CDFI Bank Conference, held over a two-day period in Los Angeles, where there is a significant concentration



of MDIs. The conference, entitled Expanding the Impact: Increasing Capacity and Influence, was attended by 109 bankers representing 74 institutions. Bankers provided very positive feedback on the conference.



MDI bankers at the interagency conference respond to a question from the CEO panel.

The conference opened with an interactive panel of the principals from each agency who provided remarks outlining both the importance of the MDI sector in serving their communities, and FDIC, OCC and Federal Reserve initiatives to preserve and promote these institutions. The principals then engaged in dialogue with the bankers.



The principals' panel consisted of FDIC Chairman Martin J. Gruenberg, Comptroller of the Currency Thomas J. Curry, Federal Reserve Board Governor Jerome H. Powell and moderator Donna J. Gambrell, former Director of the CDFI Fund.

Plenary sessions included a discussion of the perspectives of MDI CEOs regarding customers, business models and expectations for the future; a regulatory panel on current supervisory issues; conversation on banking and innovation; presentation of new research on MDIs; and

discussion on strategic planning for succession management.



CEOs Asif Dakri, Rebeca Romero Rainey, Joanne Kim, and Wayne Bradshaw constituted the CEO panel, moderated by former FDIC MDI National Director Robert W. Mooney.



The Supervision panel featured the Fed's Suzanne Killian, the FDIC's James C. Watkins, and the OCC's Toney M. Bland and was moderated by Arthur W. Lindo of the Federal Reserve Board of Governors.

The conference featured a number of concurrent workshops related to expanding MDI and CDFI bank capacity. Topics included: Enhancing Capacity through Collaboration; Expanding Impact, Measuring Impact; Expanding Minority Community Development Participation in New Markets Tax Credits; CRA Strategies for Reaching Underserved Populations; International Trade Finance; and Proposed Changes in Small Business Lending Reporting.

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The Strategic Planning for Succession Management panel featured CEOs Jeff Bowman, Alden McDonald, Preston Pinkett and COO Irwin Wong.

Networking opportunities during the conference offered CEOs and other bank leadership informal opportunities to discuss topics of common interest with each other and with their regulators. The conference concluded with an optional workshop outlining the benefits of certification as a CDFI, the process for becoming certified, and dialogue with other MDIs who are already certified, about their perspectives and experiences.



Alden McDonald, President and CEO of Liberty Bank, New Orleans, comments on MDI research.



The Enhancing Capacity through Collaboration workshop included Jesse Jackson, Guillermo Diaz-Rousselot and Natalie Abatemarco as well as (not pictured) Doyle Mitchell, Joe Quiroga and moderator Andrew Moss.

Technical Assistance

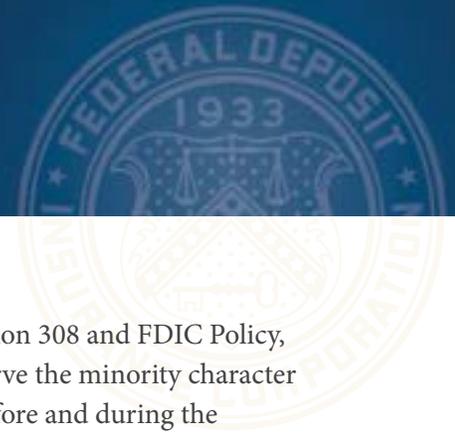
The FDIC continued to pursue ways to improve communication and interaction with MDIs and to respond to the concerns of minority bankers during 2017. The FDIC regularly maintains active outreach with MDI trade groups, and annually offers to arrange meetings between regional management and each MDI's board of directors to discuss issues of interest.

The FDIC routinely contacts MDIs to offer return visits and technical assistance following the conclusion of each safety and soundness, compliance, Community Reinvestment Act, and specialty examination to assist bank management in understanding and implementing examination recommendations. These return visits by examination staff are normally scheduled 90 to 120 days after the examination 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 at any time; the MDI page on the FDIC's website also encourages, and provides contact information for, any MDI to contact the FDIC to request technical assistance at any time.

In 2017, the FDIC provided 211 individual technical assistance sessions on over 60 risk management and compliance topics, including:

- » Accounting,
- » Bank Secrecy Act and Anti-Money Laundering,
- » Brokered Deposits/Waivers,
- » Capital Planning,
- » Community Reinvestment Act,



- » Compliance Management Systems,
- » Funding and Liquidity,
- » Information Technology Risk Management and Cybersecurity,
- » Loan Underwriting and Administration,
- » Mortgage Lending Rules,
- » Troubled Debt Restructuring, and
- » Succession Planning.

Outreach, Training and Educational Programs

The FDIC's regional offices also held outreach, training and educational programs for MDIs through individual meetings, conference calls, webinars, and banker roundtables.



MDI bankers attend the FDIC's New York Regional MDI Roundtable in October 2017.

In 2017, topics of discussion for these sessions included many of those listed above, as well as MDI research, strategic planning, new products and services, BSA training, cybersecurity, and liquidity risk.



San Francisco Regional Director Kathy Moe meets with MDI bankers at the MDI Roundtable in November 2017.

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. During the resolution process, institutions on the final bidders list must be cleared by the appropriate Federal and State regulators.

As noted earlier, one FDIC-insured minority depository institution failed in 2017 and the least cost bidder for the failed bank franchise was an MDI. The FDIC historically has been able to solicit sufficient MDI bidder interest to preserve the minority character in failures.

In 2017, the FDIC updated the information in its 2014 research study, *Minority Depository Institutions: Structure, Performance, and Social Impact*, that captures the impact of structural changes on the assets controlled by MDIs. Between 2002 and 2016, the number of voluntary mergers (72) was nearly twice the number of failures (39). Among MDIs that voluntarily merged or consolidated during that same period, 54 percent of the institutions and 76 percent of total assets were acquired by another MDI. Among MDIs that failed between 2002 and 2016, 38 percent

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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, 2017](#)

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

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the appropriateness of an institution being on the list during the examination 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,

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



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

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

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

List of Minority Depository Institutions as of December 31, 2017

MINORITY DEPOSITORY INSTITUTIONS (MDIs)

<i>December 31, 2017</i>									
NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
ALAMERICA BANK	BIRMINGHAM	AL	20000128	35314	NM	FDIC	B	ATLANTA	35,328
COMMONWEALTH NATIONAL BANK	MOBILE	AL	19760219	22229	N	OCC	B	ATLANTA	49,485
BAC FLORIDA BANK	CORAL GABLES	FL	19731012	21265	NM	FDIC	H	ATLANTA	2,091,648
BANESCO USA	CORAL GABLES	FL	20060110	57815	NM	FDIC	H	ATLANTA	1,076,238
CENTRAL BANK	TAMPA	FL	20070226	58377	NM	FDIC	A	ATLANTA	143,707
CONTINENTAL NATIONAL BANK	MIAMI	FL	19740510	21578	N	OCC	H	ATLANTA	464,292
EXECUTIVE NATIONAL BANK	MIAMI	FL	19720607	20711	N	OCC	H	ATLANTA	403,619
INTERAMERICAN BANK A FSB	MIAMI	FL	19760823	31823	SB	OCC	H	ATLANTA	204,750

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2017

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
INTERCONTINENTAL BANK	WEST MIAMI	FL	20020621	57214	NM	FDIC	H	ATLANTA	149,343
INTERNATIONAL FINANCE BANK	MIAMI	FL	19831130	24823	NM	FDIC	H	ATLANTA	472,814
OCEAN BANK	MIAMI	FL	19821209	24156	NM	FDIC	H	ATLANTA	3,710,187
PLUS INTERNATIONAL BANK	MIAMI	FL	20010914	57083	NM	FDIC	H	ATLANTA	75,926
SUNSTATE BANK	MIAMI	FL	19990315	34643	NM	FDIC	H	ATLANTA	236,641
TOTALBANK	MIAMI	FL	19740305	21468	NM	FDIC	H	ATLANTA	3,009,339
US CENTURY BANK	DORAL	FL	20021028	57369	NM	FDIC	H	ATLANTA	994,567
CARVER STATE BANK	SAVANNAH	GA	19270101	16584	NM	FDIC	B	ATLANTA	42,077
CITIZENS TRUST BANK	ATLANTA	GA	19210618	8033	SM	FED	B	ATLANTA	428,579

Attachment 2: List of Minority Depository Institutions as of December 31, 2017



MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2017

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
EMBASSY NATIONAL BANK	LAWRENCEVILLE	GA	20070305	58413	N	OCC	A	ATLANTA	114,517
FIRST IC BANK	DORAVILLE	GA	20000131	34998	NM	FDIC	A	ATLANTA	403,915
METRO CITY BANK	DORAVILLE	GA	20060404	58181	NM	FDIC	A	ATLANTA	1,292,216
NOA BANK	DULUTH	GA	20081106	58657	NM	FDIC	A	ATLANTA	327,404
QUANTUM NATIONAL BANK	SUWANEE	GA	19951227	34110	N	OCC	A	ATLANTA	442,587
STATE BANK OF GEORGIA	FAYETTEVILLE	GA	20071105	58599	NM	FDIC	M	ATLANTA	100,597
TOUCHMARK NATIONAL BANK	ALPHARETTA	GA	20080128	58687	N	OCC	A	ATLANTA	385,218
LUMBEE GUARANTY BANK	PEMBROKE	NC	19711222	20568	NM	FDIC	N	ATLANTA	319,431
MECHANICS&FARMERS BANK	DURHAM	NC	19080301	12266	NM	FDIC	B	ATLANTA	254,776

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2017

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
SOUTH CAROLINA CMTY BANK	COLUMBIA	SC	19990326	35241	NM	FDIC	B	ATLANTA	52,586
AMERICAN METRO BANK	CHICAGO	IL	19970129	34334	NM	FDIC	A	CHICAGO	65,693
ILLINOIS-SERVICE FS&LA	CHICAGO	IL	19340101	29399	SB	OCC	B	CHICAGO	133,096
INTERNATIONAL BK OF CHICAGO	CHICAGO	IL	19921026	33708	NM	FDIC	A	CHICAGO	577,560
MILLENNIUM BANK	DES PLAINES	IL	20070702	58348	NM	FDIC	A	CHICAGO	92,637
PACIFIC GLOBAL BANK	CHICAGO	IL	19951109	34089	SM	FED	A	CHICAGO	193,269
URBAN PARTNERSHIP BANK	CHICAGO	IL	20100819	59051	NM	FDIC	B	CHICAGO	472,317
METRO BANK	LOUISVILLE	KY	19970106	34308	NM	FDIC	B	CHICAGO	27,998
FIRST INDEPENDENCE BANK	DETROIT	MI	19700514	20179	NM	FDIC	B	CHICAGO	286,561

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MINORITY DEPOSITORY INSTITUTIONS (MDIs)

December 31, 2017

NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
BAY BANK	GREEN BAY	WI	19950821	34052	NM	FDIC	N	CHICAGO	87,422
COLUMBIA SAVINGS&LOAN ASSN	MILWAUKEE	WI	19240101	28480	SL	FDIC	B	CHICAGO	23,973
NATIVE AMERICAN BANK NA	DENVER	CO	19870727	27026	N	OCC	N	DALLAS	95,479
LIBERTY BANK&TRUST CO	NEW ORLEANS	LA	19721116	20856	NM	FDIC	B	DALLAS	605,490
CENTINEL BANK OF TAOS	TAOS	NM	19690301	19904	NM	FDIC	H	DALLAS	231,545
MY BANK	BELEN	NM	19920701	33616	SM	FED	H	DALLAS	161,719
ALLNATIONS BANK	CALUMET	OK	19010101	4051	SM	FED	N	DALLAS	51,157
BANK 2	OKLAHOMA CITY	OK	19030101	11521	SM	FED	N	DALLAS	133,225
BANK OF CHEROKEE COUNTY	HULBERT	OK	19081201	2327	SM	FED	N	DALLAS	103,493

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NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
BANK OF COMMERCE	STILWELL	OK	19310101	422	NM	FDIC	N	DALLAS	79,683
BANK OF GROVE	GROVE	OK	20050609	57915	NM	FDIC	H	DALLAS	162,829
F&M BANK	EDMOND	OK	19020101	12761	NM	FDIC	N	DALLAS	440,521
FIRST NATIONAL BANK&TRUST CO	SHAWNEE	OK	19841029	25738	N	OCC	N	DALLAS	225,245
FIRSTBANK	ANTLERS	OK	19010101	14331	SM	FED	N	DALLAS	317,765
FORT GIBSON STATE BANK	FORT GIBSON	OK	19730521	21090	NM	FDIC	N	DALLAS	64,049
OKLAHOMA STATE BANK	VINITA	OK	19380713	15611	NM	FDIC	N	DALLAS	144,307
PEOPLES BANK	WESTVILLE	OK	19030203	2320	NM	FDIC	N	DALLAS	47,687
CITIZENS SAVINGS B&T CO	NASHVILLE	TN	19040104	10319	NM	FDIC	B	DALLAS	107,165

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TRI-STATE BANK OF MEMPHIS	MEMPHIS	TN	19461216	16511	NM	FDIC	B	DALLAS	86,651
AMERICAN FIRST NATIONAL BANK	HOUSTON	TX	19980518	34656	N	OCC	A	DALLAS	1,484,749
BANK OF SOUTH TEXAS	MCALLEN	TX	19860708	26727	NM	FDIC	H	DALLAS	129,489
CITIZENS STATE BANK	ROMA	TX	19780515	22657	NM	FDIC	H	DALLAS	82,566
COMMERCE BANK	LAREDO	TX	19820331	23772	NM	FDIC	H	DALLAS	535,317
FALCON INTERNATIONAL BANK	LAREDO	TX	19861210	26856	NM	FDIC	H	DALLAS	1,119,377
FIRST STATE BANK	SHALLOWATER	TX	19601008	18301	NM	FDIC	A	DALLAS	117,311
GOLDEN BANK NATIONAL ASSN	HOUSTON	TX	19850503	26223	N	OCC	A	DALLAS	806,194
GREATER STATE BANK	FALFURRIAS	TX	19740101	31762	NM	FDIC	H	DALLAS	74,726

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INTERNATIONAL BK OF COM	LAREDO	TX	19660902	19629	NM	FDIC	H	DALLAS	8,760,190
INTERNATIONAL BK OF COM	ZAPATA	TX	19840206	24961	NM	FDIC	H	DALLAS	465,749
INTERNATIONAL BK OF COM	BROWNSVILLE	TX	19841009	25679	NM	FDIC	H	DALLAS	940,955
LONE STAR NATIONAL BANK	PHARR	TX	19830124	24347	N	OCC	H	DALLAS	2,233,845
ONE WORLD BANK	DALLAS	TX	20050404	57901	NM	FDIC	A	DALLAS	88,769
RIO BANK	MCALLEN	TX	19850211	25886	NM	FDIC	H	DALLAS	324,813
SOUTHWESTERN NATIONAL BANK	HOUSTON	TX	19971103	34319	N	OCC	A	DALLAS	396,068
STATE BANK OF TEXAS	DALLAS	TX	19871019	27074	NM	FDIC	A	DALLAS	839,631
TEXAS NATIONAL BANK	MERCEDES	TX	19201126	3337	N	OCC	H	DALLAS	248,880

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UNITED BK EL PASO DEL NORTE	EL PASO	TX	20010501	57119	SM	FED	H	DALLAS	213,389
UNITY NB OF HOUSTON	HOUSTON	TX	19850801	26351	N	OCC	B	DALLAS	96,010
WALLIS STATE BANK	WALLIS	TX	19721028	20845	NM	FDIC	A	DALLAS	626,252
ZAPATA NATIONAL BANK	ZAPATA	TX	19611116	18454	N	OCC	H	DALLAS	86,272
PINNACLE BANK	MARSHALLTOWN	IA	19270505	252	SM	FED	N	KANSAS CITY	191,709
CBW BANK	WEIR	KS	18920101	13959	NM	FDIC	A	KANSAS CITY	33,345
WOODLANDS NATIONAL BANK	HINCKLEY	MN	19081001	1417	N	OCC	N	KANSAS CITY	182,665
PEOPLES BANK OF SENECA	SENECA	MO	19960315	34146	NM	FDIC	N	KANSAS CITY	179,398
TURTLE MOUNTAIN STATE BANK	BELCOURT	ND	20071203	58586	NM	FDIC	N	KANSAS CITY	26,946

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INDUSTRIAL BANK	WASHINGTON	DC	19340818	14679	NM	FDIC	B	NEW YORK	423,202
LEADER BANK NATIONAL ASSN	ARLINGTON	MA	20020508	57134	N	OCC	A	NEW YORK	1,222,453
ONEUNITED BANK	BOSTON	MA	19820802	23966	NM	FDIC	B	NEW YORK	658,014
HARBOR BANK OF MARYLAnd	BALTIMORE	MD	19820913	24015	NM	FDIC	B	NEW YORK	266,288
CITY NB OF NEW JERSEY	NEWARK	NJ	19730611	21111	N	OCC	B	NEW YORK	213,858
INDUS AMERICAN BANK	ISELIN	NJ	20051212	57983	NM	FDIC	A	NEW YORK	231,155
KEB HANA BANK	FORT LEE	NJ	19860916	26790	N	OCC	A	NEW YORK	208,578
NEW MILLENNIUM BANK	NEW BRUNSWICK	NJ	19990719	35151	NM	FDIC	A	NEW YORK	311,033
ABACUS FEDERAL SAVINGS BANK	NEW YORK	NY	19841129	32257	SB	OCC	A	NEW YORK	303,293

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AMERASIA BANK	FLUSHING	NY	19880620	27267	NM	FDIC	A	NEW YORK	585,591
BANCO POPULAR NORTH AMERICA	NEW YORK	NY	19990102	34967	SM	FED	H	NEW YORK	9,168,165
CARVER FEDERAL SAVINGS BANK	NEW YORK	NY	19480101	30394	SB	OCC	B	NEW YORK	657,349
CHINATOWN FSB	NEW YORK	NY	19840427	32209	SB	OCC	A	NEW YORK	134,166
EASTBANK NATIONAL ASSN	NEW YORK	NY	19841126	25749	N	OCC	A	NEW YORK	193,220
FIRST AMERICAN INTL BANK	BROOKLYN	NY	19991115	35186	NM	FDIC	A	NEW YORK	872,962
GLOBAL BANK	NEW YORK	NY	20070312	58263	NM	FDIC	A	NEW YORK	160,941
NEWBANK	FLUSHING	NY	20060929	58203	NM	FDIC	A	NEW YORK	348,733
PONCE DE LEON FEDERAL BANK	BRONX	NY	19600331	31189	SB	OCC	H	NEW YORK	924,343

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SHINHAN BANK AMERICA	NEW YORK	NY	19901018	33188	NM	FDIC	A	NEW YORK	1,337,405
UNITED ORIENT BANK	NEW YORK	NY	19810409	23373	NM	FDIC	A	NEW YORK	96,746
ASIAN BANK	PHILADELPHIA	PA	19990609	34759	SM	FED	A	NEW YORK	186,429
NOAH BANK	ELKINS PARK	PA	20060717	58196	NM	FDIC	A	NEW YORK	380,829
UNITED BANK OF PHILADELPHIA	PHILADELPHIA	PA	19920323	33568	NM	FDIC	B	NEW YORK	59,009
BANCO POPULAR DE PUERTO RICO	HATO REY	PR	19990102	34968	SM	FED	H	NEW YORK	34,726,000
BANCO SANTAndER PUERTO RICO	SAN JUAN	PR	19721002	20828	NM	FDIC	H	NEW YORK	5,107,638
FIRSTBANK PUERTO RICO	SANTURCE	PR	19490117	30387	NM	FDIC	H	NEW YORK	12,246,248
ORIENTAL BANK	SAN JUAN	PR	19650325	31469	NM	FDIC	H	NEW YORK	6,145,411

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SCOTIABANK DE PUERTO RICO	SAN JUAN	PR	19790907	22946	NM	FDIC	H	NEW YORK	4,131,799
AMERICAN CONTINENTAL BANK	CITY OF INDUSTRY	CA	20031006	57444	NM	FDIC	A	SAN FRANCISCO	208,274
AMERICAN PLUS BANK N A	ARCADIA	CA	20070808	58469	N	OCC	A	SAN FRANCISCO	482,272
AMERICAS UNITED BANK	GLENDALE	CA	20061106	58360	NM	FDIC	H	SAN FRANCISCO	235,231
ASIAN PACIFIC NATIONAL BANK	SAN GABRIEL	CA	19900725	33013	N	OCC	A	SAN FRANCISCO	55,969
BANK OF HOPE	LOS ANGELES	CA	19860318	26610	NM	FDIC	A	SAN FRANCISCO	14,201,986
BANK OF THE ORIENT	SAN FRANCISCO	CA	19710317	20387	SM	FED	A	SAN FRANCISCO	737,360
BANK OF WHITTIER NA	WHITTIER	CA	19821220	24211	N	OCC	A	SAN FRANCISCO	55,958
BROADWAY FEDERAL BANK FSB	LOS ANGELES	CA	19470226	30306	SB	OCC	B	SAN FRANCISCO	411,638

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CALIFORNIA BUSINESS BANK	LOS ANGELES	CA	20051101	58037	NM	FDIC	A	SAN FRANCISCO	96,280
CALIFORNIA INTERNATIONAL BANK, N.A.	WESTMINSTER	CA	20051130	57974	N	OCC	A	SAN FRANCISCO	53,378
CALIFORNIA PACIFIC BANK	SAN FRANCISCO	CA	19801016	23242	NM	FDIC	A	SAN FRANCISCO	77,936
CATHAY BANK	LOS ANGELES	CA	19620419	18503	NM	FDIC	A	SAN FRANCISCO	15,611,266
COMMERCIAL BANK OF CA	IRVINE	CA	20030515	57417	NM	FDIC	H	SAN FRANCISCO	869,002
COMMONWEALTH BUSINESS BANK	LOS ANGELES	CA	20050303	57873	SM	FED	A	SAN FRANCISCO	1,078,785
COMMUNITY COMMERCE BANK	CLAREMONT	CA	19761001	26363	NM	FDIC	H	SAN FRANCISCO	209,344
CTBC BANK CORP USA	LOS ANGELES	CA	19650427	19416	NM	FDIC	A	SAN FRANCISCO	3,240,187
EAST WEST BANK	PASADENA	CA	19720101	31628	SM	FED	A	SAN FRANCISCO	37,120,068

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NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
EASTERN INTERNATIONAL BANK	LOS ANGELES	CA	19850226	32277	NM	FDIC	A	SAN FRANCISCO	111,700
EVERTRUST BANK	PASADENA	CA	19950503	34010	NM	FDIC	A	SAN FRANCISCO	843,944
FIRST CHOICE BANK	CERRITOS	CA	20050818	57966	NM	FDIC	A	SAN FRANCISCO	903,668
FIRST COMMERCIAL BANK USA	ALHAMBRA	CA	19970520	34496	NM	FDIC	A	SAN FRANCISCO	524,314
FIRST GENERAL BANK	ROWLAnd HEIGHTS	CA	20051013	58060	NM	FDIC	A	SAN FRANCISCO	908,053
GATEWAY BANK FSB	OAKLAnd	CA	19900608	33103	SB	OCC	A	SAN FRANCISCO	119,771
HANMI BANK	LOS ANGELES	CA	19821215	24170	NM	FDIC	A	SAN FRANCISCO	5,208,681
MEGA BANK	SAN GABRIEL	CA	20080205	58401	NM	FDIC	A	SAN FRANCISCO	352,280
METROPOLITAN BANK	OAKLAnd	CA	19830901	25869	NM	FDIC	A	SAN FRANCISCO	165,272

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MISSION NATIONAL BANK	SAN FRANCISCO	CA	19820216	23749	N	OCC	A	SAN FRANCISCO	285,981
NEW OMNI BANK NATIONAL ASSN	ALHAMBRA	CA	19800212	23086	N	OCC	A	SAN FRANCISCO	434,741
OPEN BANK	LOS ANGELES	CA	20050610	57944	NM	FDIC	A	SAN FRANCISCO	900,967
PACIFIC ALLIANCE BANK	ROSEMEAD	CA	20061227	58234	NM	FDIC	A	SAN FRANCISCO	262,437
PACIFIC CITY BANK	LOS ANGELES	CA	20030918	57463	NM	FDIC	A	SAN FRANCISCO	1,441,998
PACIFIC COMMERCE BANK	LOS ANGELES	CA	20021010	57065	SM	FED	A	SAN FRANCISCO	535,533
PREFERRED BANK	LOS ANGELES	CA	19911223	33539	NM	FDIC	A	SAN FRANCISCO	3,771,452
ROYAL BUSINESS BANK	LOS ANGELES	CA	20081118	58816	NM	FDIC	A	SAN FRANCISCO	1,688,470
STATE BANK OF INDIA CA	LOS ANGELES	CA	19820903	23998	NM	FDIC	A	SAN FRANCISCO	706,440

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NAME	CITY	STATE	EST. DATE	CERT	CLASS	REGULATOR	MINORITY STATUS	FDIC REGION	TOTAL ASSETS (EST.) (5000)
UNITED PACIFIC BANK	CITY OF INDUSTRY	CA	19820511	23805	NM	FDIC	A	SAN FRANCISCO	138,311
UNITI BANK	BUENA PARK	CA	20011217	57120	NM	FDIC	A	SAN FRANCISCO	319,192
UNIVERSAL BANK	WEST COVINA	CA	19541117	30722	SB	OCC	A	SAN FRANCISCO	374,752
US METRO BANK	GARDEN GROVE	CA	20060915	58310	NM	FDIC	A	SAN FRANCISCO	325,326
ANZ GUAM INC	HAGATNA	GU	19910111	33316	NM	FDIC	A	SAN FRANCISCO	330,947
BANK OF GUAM	HAGATNA	GU	19721211	20884	NM	FDIC	A	SAN FRANCISCO	1,962,560
BANKPACIFIC LTD	HAGATNA	GU	19530101	30692	SL	FDIC	A	SAN FRANCISCO	144,506
FINANCE FACTORS LTD	HONOLULU	HI	19520514	25158	NM	FDIC	A	SAN FRANCISCO	566,373
HAWAII NATIONAL BANK	HONOLULU	HI	19600916	18296	N	OCC	A	SAN FRANCISCO	664,023

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OHANA BANK	HONOLULU	HI	20060601	58231	NM	FDIC	A	SAN FRANCISCO	144,163
EAGLE BANK	POLSON	MT	20060725	58282	NM	FDIC	N	SAN FRANCISCO	65,371
UNIBANK	LYNNWOOD	WA	20061101	58407	NM	FDIC	A	SAN FRANCISCO	274,028
Total			Count	155					223,105,984
				<u>COUNT</u>	<u>MINORITY STATUS</u>				
				22	B - Black or African American				
				38	H - Hispanic American				
				76	A - Asian or Pacific Islander American				
				18	N - Native American or Alaskan Native American				
				1	M - Multi-racial American				
				<u>CLASS</u>	<u>DEFINITIONS OF CLASS TYPES</u>				
				101	NM - State bank, not a member of the Federal Reserve				
				16	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				
				<u>REGULATOR</u>					
				103	FDIC - Federal Deposit Insurance Corporation				
				36	OCC - Office of the Comptroller of the Currency				
				16	FED - Federal Reserve				
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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.

Attachment 3: Resource Guide for Collaboration with Minority Depository Institutions

¹The 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.

³Refer 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>.

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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.

Loan Participations, Other Lending Arrangements, and Sharing of Loan Servicing⁴

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 Resources⁶

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.

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⁴See 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/rt-tpp.html>.

⁵A 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.*, 5



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.

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

Attachment 3: Resource Guide for Collaboration with Minority Depository Institutions

⁷The 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).

Preservation and Promotion of Minority Depository Institutions

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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 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.

Attachment 3: Resource Guide for Collaboration with Minority Depository Institutions

⁸Community 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).

⁹Refer to 12 USC §2907(a).

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

¹¹See 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.



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

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>

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

¹³Ibid.

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