

Preservation and Promotion of Minority Depository Institutions

The Federal Deposit Insurance Corporation Report to Congress for 2020



portfolios had the highest declines in net charge-off rates. The coverage ratio (allowance for loan and lease losses to noncurrent loans and leases) increased to 99.06 percent, up from 77.66 percent a year ago, due to the large provisions for credit losses that led to an increase in the allowance for loan and lease losses. The MDI coverage ratio trails the rate of all community banks (171.44 percent).

Total equity capital increased from the previous year by \$1.4 billion (4.6 percent) to \$32.2 billion. Over 83 percent of MDIs reported an increase in equity capital from a year ago. All but one institution was considered well capitalized or adequately capitalized.

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. Further, the economic strain caused by the pandemic disproportionately affected these communities.

FDIC National Minority Depository Institutions Program

The FDIC's [Statement of Policy Regarding Minority Depository Institutions](#) (see Attachment 1) provides the framework for the agency's MDI program. The FDIC has a National Director of Minority and Community Development Banking in the Washington, D.C. office, two national staff, and MDI coordinators in each of its six regional offices. The National Director reports to the Directors of

the Division of Risk Management Supervision and the Division of Depositor and Consumer Protection to leverage resources and expertise in the two divisions.

The National Director advises the FDIC Chairman on MDI activities and initiatives, provides overall direction and guidance, and consults with other FDIC divisions to provide appropriate resources across the agency to support 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. The National Director also regularly meets with Federal banking agency colleagues to discuss outreach and training efforts, to share ideas, and to identify opportunities where the agencies can work together to support MDIs. In addition, the FDIC coordinates with other Federal agencies that provide programs that can assist MDIs.



In the FDIC continuing series [#FDIC explains](#), Betty J. Rudolph, National Director, Minority and Community Development Banking, explains what MDIs are and why they are so important.

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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 seek input regarding any training or other technical assistance the institution may desire.

The FDIC has a website ([fdic.gov/mdi](https://www.fdic.gov/mdi)) dedicated to MDIs that houses the FDIC's [Annual Reports to Congress](#), a list of MDIs updated quarterly, research studies on MDIs, and other helpful resources. These resources include information on how collaborations with MDIs can result in sound and profitable lending and investments that meet the needs of underserved communities, updates on the FDIC's MDI Subcommittee, and contact information for national and regional MDI coordinators and staff.

2020 Initiatives Supporting Minority Depository Institutions

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 communities.

In 2020, the FDIC pursued several strategies to support MDIs including increasing engagement and representation, facilitating partnerships, 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) was formed in 2019 and held two virtual meetings in 2020. There are nine executives serving as members of the MDI Subcommittee representing African American, Native American, Hispanic American, and Asian American MDIs across the country.



The MDI Subcommittee provides a venue for minority bankers to discuss key issues and share feedback on program initiatives, including the FDIC's revised [Statement of Policy Regarding Minority Depository Institutions](#). The MDI Subcommittee provides a platform for MDIs to promote collaboration, partnerships, and best practices, and it identifies ways to highlight the work of MDIs in their communities.

In addition, three MDIs serve on the 18-member CBAC to further bring MDI perspectives and issues to the table.