These resources include information on how collaborations with MDIs can result in sound and proftable lending and investments that meet the needs of underserved communities, updates on the FDIC's MDI Subcommittee meetings, and contact information for national and regional MDI coordinators and staf.

2021 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 (LMI) communities. MDIs are anchor institutions in their communities and play a key role in building a more inclusive fnancial system.

In 2021, signifcant new sources of private and public funding became available to support FDIC-insured MDIs and 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 up to $1.2 billion set aside for minority lending institutions. The FDIC initiated additional capital support for MDIs and CDFIs through the call for a Mission-Driven Bank Fund funded and operated by the private sector.

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

FDIC FEDERAL DEPOSIT INSURANCE CORPORATION
ADVISORY COMMITTEE ON COMMUNITY BANKING
MINORITY DEPOSITORY INSTITUTIONS SUBCOMMITTEE

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 efective implementation of some of the new resources becoming available to mission-driven banks.

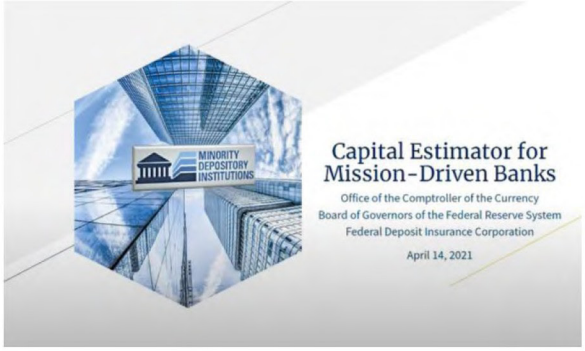
Partnerships

In September 2021, the FDIC announced 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 afordable fnancial 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 million, with additional investments expected. The anchor investors will hire an independent fund manager 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 oferings 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 benefts of CDFI designation, especially given new grant funding for minority lending institutions.

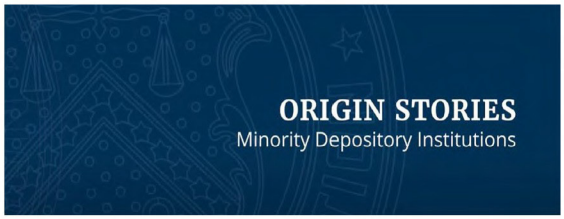
Policies

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 refects the agency's enduring commitment to fulflling the fve 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 staf also developed training modules that will be launched in 2022 to train examiners and other staf 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 signifcance 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, Education

The FDIC co-sponsored the biennial interagency MDI 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 fntech; and breakout sessions during which bankers could speak with their primary federal regulator.

During the year, the FDIC also continuously pursued eforts 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 ofers 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 efectiveness of the MDI program.

At the conclusion of each examination of an MDI supervised by the FDIC, the staf 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 (IT) risk management and cybersecurity,
- Internal audit, and
- Loan modifcations 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 (Act). The Act authorizes Treasury to purchase up to $9 billion of preferred stock and other fnancial instruments from LMI community fnancial 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 efects 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 specifc information for each FDIC-supervised institution that applied to Treasury for an ECIP investment or that 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 Federal Reserve, issued an interim fnal rule to revise applicable capital rules to provide that Treasury's investments under the ECIP would qualify as regulatory capital for insured depository institutions and holding companies.