The Mission-Driven Bank Fund

What are Mission-Driven Banks?

Minority Depository Institutions (MDIs) and Community Development Financial Institutions (CDFIs) are banks, savings banks, and savings associations that serve minority, low- and moderate-income (LMI), and rural communities at higher rates than mainstream banks compared to their size. Because of that, such banks are commonly known as “mission-driven banks.”

250

There are approximately 250 FDIC-insured MDIs and CDFIs.

MDIs originate a greater percentage of their mortgage portfolios to borrowers in LMI communities than non-MDIs.

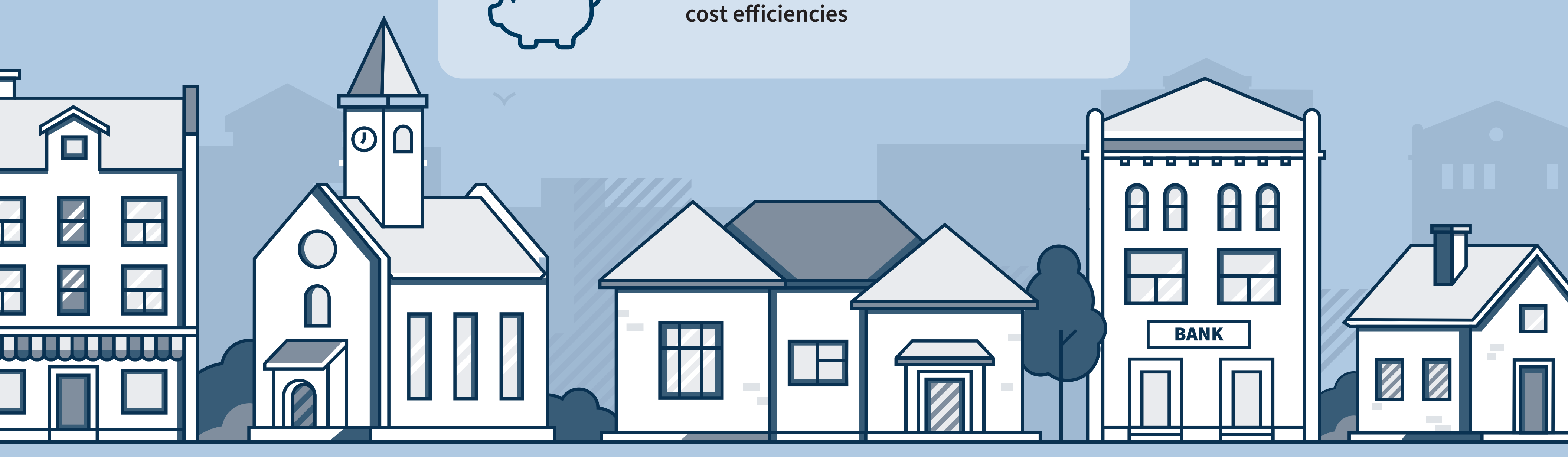
MDI small business loan portfolios include a greater percentage of loans to LMI communities than those of non-MDIs.

60%

CDFI banks deliver at least 60% of their total lending, services, and other activities in low-income communities.

Investments through the Mission-Driven Fund can help MDIs and CDFIs...

- Raise the capital necessary to serve their communities more effectively
- Attract technical expertise to grow operations and expand services
- Weather the effects of economic downturns and recover more quickly
- Acquire, deploy, and maintain technology solutions to expand access to banking services
- Build capacity and scale to achieve cost efficiencies



The Mission-Driven Fund Will Provide Support Where Needed Most

FDIC
The FDIC establishes the framework for an investment fund to support mission-driven banks. The FDIC will not be a fund investor.

INVESTORS
Interested partners, including corporations, philanthropic organization, financial institutions, and others, invest in the fund.

The fund manager will work with investors to offer various maturity options, though investments of a longer duration will have a greater impact on communities.

FUND MANAGEMENT
An independent fund manager and investment committee makes investment decisions that give individual institutions the support they need. These investments may include:

- Direct equity;
- Structured transactions;
- Funding commitments; and
- Loss-share arrangements.

The FDIC will play no role in fund management or individual investment decisions.

INVESTMENT PITCHES FROM BANKS
The investment committee meets quarterly to receive proposals from MDIs and CDFIs for potential investments.

HELPING COMMUNITIES IN NEED
Mission-driven banks help the people and businesses in their communities, through lending that supports:

- Mortgages;
- Small business development;
- Community development;
- Affordable housing; and
- Other initiatives.

RATE OF RETURN
The fund targets a minimal rate of return to investors. Investors may also reinvest any returns in the fund or in aligned non-profit enterprises that support mission-driven banks.

TRANSPARENCY & ACCOUNTABILITY
The fund manager provides annual reports to investors and to the FDIC on the operations of the fund, including metrics on investment performance and impact to communities served by banks that have received fund support.

The FDIC will provide technical assistance, monitor the fund, and consult to maintain its mission-driven focus.

The Multiplier Effect of Equity Capital

Equity capital helps mission-driven banks far more than deposits. Every dollar of equity capital invested can increase lending by a multiple of the original investment depending on regulatory capital requirements applicable to the specific institution. Every dollar of deposits can only increase lending up to the amount of the deposit.

$250K in Deposits finances up to—

$250K

OF COMMERCIAL BUSINESS LOANS

VS.

$250K in Equity Capital finances up to—

$2.5M

OF COMMERCIAL BUSINESS LOANS

Want to learn more?

For additional information, contact MissionDrivenFund@FDIC.gov

FDIC