



Promoting Minority Depository Institutions

July 2021

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



Promoting Minority Depository Institutions

July 2021

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Preface

The Federal Reserve Board (Board) publishes this report to inform the public about its efforts to preserve and promote minority depository institutions (MDIs). This report looks at the Federal Reserve System's (System) supervision efforts, the System's Partnership for Progress (PFP) initiatives, the Board's research efforts, and other System efforts and initiatives.

The Board is responsible for implementing numerous provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), including mandates to preserve and promote MDIs.¹

¹ The Board submits this report pursuant to section 367 of the Dodd-Frank Act. Section 367 of the Dodd-Frank Act requires the Board to submit an annual report to the Congress detailing

The Board maintains a Regulatory Reform website, which provides an overview of regulatory reform efforts implementing the Dodd-Frank Act and a list of the implementation initiatives completed by the Board as well as the most significant initiatives the Board expects to address in the future.²

the actions taken to fulfill the requirements outlined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989, as amended by the Dodd-Frank Act in 2010 (see appendix A). In addition to the annual reporting requirement, FIRREA section 308 requires the Federal Reserve System (System) to devote efforts toward preserving and promoting minority ownership of MDIs.

² Board of Governors of the Federal Reserve System, "About Regulatory Reform," <https://www.federalreserve.gov/regreform/about.htm>; "Implementing the Dodd-Frank Act: The Federal Reserve Board's Role," <https://www.federalreserve.gov/regreform/milestones.htm>.

Abbreviations

BSA/AML	Bank Secrecy Act/Anti-Money Laundering	FRB	Federal Reserve Bank
CDFI	Community Development Financial Institution	LMI	Low- and moderate-income
CRA	Community Reinvestment Act	MDI	Minority depository institution
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act of 1989	NBA	National Bankers Association
		PFP	Partnership for Progress

Executive Summary

Vulnerable populations in the United States, such as low- and moderate-income (LMI) communities and racial and ethnic minorities, were particularly hard hit in 2020 by the COVID-19 pandemic.

Low-wage and minority workers experienced disproportionate harm to both their lives and livelihoods as a result of the COVID-19 pandemic: Minorities lost their jobs at higher rates during the crisis and were slower to be rehired as the recovery began.³ Minority-owned small businesses closed at a higher rate than White-owned businesses.⁴ And minority individuals suffered worse health outcomes as a result of COVID-19.⁵

Given that MDIs serve minority people and communities, the Federal Reserve took extra steps to support and assist MDIs in light of the COVID-19 pandemic. Among them, the Federal Reserve responded

to the crisis by conducting individualized outreach on a variety of topics, including how to access the discount window and the Paycheck Protection Program Liquidity Facility, and organized a meeting between all Federal Reserve regulated MDIs and Federal Reserve Governors Michelle W. Bowman and Lael Brainard to discuss the challenges and responses to COVID-19.

This report looks at four areas of the Board's efforts in preserving and promoting MDIs:

- **State Member MDIs** looks at the System's supervisory responsibility for the 14 state member MDIs.
- **Partnership for Progress Programming** looks at how the System supports MDIs through its Partnership for Progress (PFP) program, which is a national outreach effort to help MDIs confront unique business-model challenges, cultivate safe banking practices, and compete more effectively in the marketplace.
- **Research on MDIs and Low- and Moderate-Income** looks at research conducted and the articles and surveys published by the Federal Reserve to better understand the challenges minority banking institutions face in their local market areas.
- **Efforts and Initiatives** looks at additional ways the Federal Reserve continued to dedicate resources to engage in proactive outreach and technical assistance activities.

³ Survey of Household Economics and Decisionmaking, 2021. During the survey period, 23 percent of Black adults were laid off, compared to 21 percent of Hispanic adults and 14 percent of White adults. <https://www.federalreserve.gov/consumerscommunities/shed.htm>.

⁴ Robert W. Fairlie, "The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey," Working Paper 27309 (Cambridge: National Bureau of Economic Research, June 2020), https://www.nber.org/system/files/working_papers/w27309/w27309.pdf.

⁵ "COVID-19 Hospitalization and Death by Race/Ethnicity," Centers for Disease Control and Prevention, last modified March 12, 2021, <https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html>.

State Member MDIs

Throughout all of 2020, the System retained primary supervisory responsibility for 14 state member MDIs,⁶ which, with few exceptions, are community banks with total assets of \$10 billion or less (see [table 1](#)). This represents a reduction of one institution from year-end 2019 due to a merger of a state member Asian American MDI with another Asian American MDI supervised by the Federal Deposit Insurance Corporation (FDIC) in the first quarter of 2020. (For more details on the 14 state member MDIs discussed in this report as well as a comparison of the number, assets, and demographics of state member MDIs from 2016–20, see [appendix B](#).) The System’s community banking organizations program, which is responsible for the risk-focused supervision of state member banks with less than \$10 billion in total assets, maintains supervisory responsibility for the System’s portfolio of MDIs.

Geographic Dispersion

In 2020, state member MDIs were located in seven of the 12 Reserve Bank Districts, with assets concen-

⁶ The term *state member* refers to state-chartered banks that are members of the Federal Reserve System.

Table 1. Asset distribution of state member MDIs

Asset size	Number of banks	Percentage of total*
\$250 million or less	3	21
\$251 million to \$500 million	3	21
Over \$500 million to \$1 billion	3	21
Over \$1 billion to \$10 billion	2	14
Greater than \$10 billion	3	21
Total	14	100

* Because of rounding, the sum of values in this column may not equal the total.

Table 2. State member MDI distribution by Federal Reserve District

Reserve Bank District	Number of MDIs	Total assets (millions of dollars)	Percentage of total assets*
Atlanta	1	572,362	0.46
Chicago	1	221,908	0.18
Dallas	1	281,427	0.23
Kansas City	4	1,006,500	0.81
New York	2	65,464,710	52.53
Philadelphia	1	272,184	0.22
San Francisco	4	56,814,232	45.59
Total	14	124,633,323	100.00

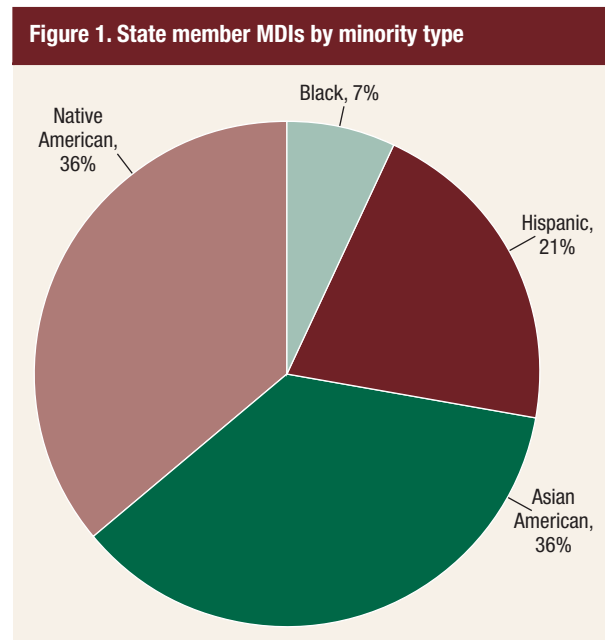
* Because of rounding, the sum of values in this column may not equal the total.

trated in the New York and San Francisco Districts (see [table 2](#)).⁷ State member MDIs in these two Districts accounted for 98 percent of the total state member bank assets in the System’s MDI portfolio. Though smaller in asset size, there is also a concentration of state member MDIs in the Kansas City District. All four of these banks are located in Oklahoma and are Native American MDIs.

Minority Ownership Type

The System’s MDI portfolio includes banks representing all minority ownership categories as defined by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). As of year-end 2020, most state member MDIs were under Asian American ownership, followed by Native American ownership (see [figure 1](#)).

⁷ Reserve Banks for the 12 Districts are headquartered in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.



Partnership for Progress Programming

The System supports MDIs primarily through its Partnership for Progress program, a national outreach effort to help MDIs confront unique business-model challenges, cultivate safe banking practices, and compete more effectively in the marketplace.

The PFP program is jointly managed by the Community Banking Organizations section of the Federal Reserve's Supervision and Regulation Division and the Community Development (CD) section of the Consumer and Community Affairs Division. Supervision and Regulation strives for a resilient and well-managed financial system that fairly meets the needs of consumers and businesses while working to tailor its supervisory programs in a way that avoids imposing excessive burden on the financial institutions it oversees. The CD function within the System—consisting of individual community development departments at each of the 12 Federal Reserve Banks (FRB) and at the Board—promotes economic growth and financial stability for lower-income communities and individuals through a range of activities, including convening stakeholders, conducting and sharing research, and identifying emerging issues.

The two divisions share in the staffing of the PFP program and have appointed senior officers from both divisions to co-chair the program's Executive Oversight Committee. In addition, each FRB has designated a PFP District coordinator(s) who communicates regularly with the MDIs in their District and assists with accomplishing the mission of the PFP program.

The 2020 PFP programming reflected the strengths of both divisions and emphasized coordination between the two functions in the Reserve Bank Districts. The System also worked to encourage partnership between examination and community development staff at the FRBs to bring additional resources and creative programming to MDIs throughout the country.

PFP provides technical assistance and outreach to the System's regulated MDIs but also views the congressional mandate in section 308 of the FIRREA to preserve and promote MDIs as more than simply supervising these institutions. In this regard, the Board actively works with colleagues at the other regulatory agencies with section 308 responsibilities to ensure a coordinated approach to supporting all MDIs.

In addition, the Board leverages the many resources available to the central bank of the United States to support MDIs consistent with the goals of the PFP program. First, the Federal Reserve is a research-driven institution and has engaged with internal and external stakeholders on a range of research projects to enhance our understanding of the business models of MDIs and how they serve their communities. Second, Federal Reserve leadership, including Board Members and Reserve Bank presidents, have spoken publicly about the importance and positive impact of MDIs on underserved communities.⁸ Third, through the convening power of the Federal Reserve, the System seeks to bring together individuals and institutions to form partnerships that will assist the MDI sector. Though COVID-19 meant that the PFP could not hold any in-person meetings during 2020, the Board continued to convene MDIs via webinars and other virtual forums.

Response to COVID-19

The COVID-19 pandemic upended business as usual, and as a result, the PFP program pivoted to ensure critical information was reaching stakeholders in a timely fashion. To that end, the following actions

⁸ For example, in September 2020, Federal Reserve Bank Governor Lael Brainard spoke about the importance of MDIs and the need to reform the Community Reinvestment Act (CRA) in a way that assists MDIs; [Speech by Governor Brainard on Strengthening CRA Provisions Related to Minority Depository Institutions \(MDIs\) - Federal Reserve Board](#).

that supported MDIs throughout the pandemic were taken during 2020:

- The System paused examination activity and extended a 90-day time period to respond to pre-existing examination findings.
- The System took MDIs into consideration when developing and implementing crisis response facilities, such as the Paycheck Protection Program Liquidity Facility and the Main Street Lending Program.
- System staff reached out to all Fed-regulated MDIs to offer technical assistance. Communication with Fed-regulated MDIs continued on a regular basis throughout the crisis.
- A variety of Ask the Fed[®] (AtF) sessions provided information to the banking industry on managing the current COVID-19 pandemic, including initiatives available to respond to the crisis such as Paycheck Protection Program, Paycheck Protection Program Liquidity Facility, Main Street Lending Program, and discount window operations. PFP staff carried out targeted outreach to all Fed-regulated MDIs to ensure that they were invited to all AtF sessions and offered additional assistance to answer any questions from MDIs on AtF topics.
- Governor Bowman held a call with Kenneth Kelly, the Chairman of the MDI trade association, the National Bankers Association (NBA), and Kim Saunders, the CEO and President, to gather input on the impact of COVID-19 on their membership and the communities they serve.
- The Board established a website to provide answers to questions received from bankers on the impact of COVID-19 and issued various statements to provide guidance on how banks should navigate the issues posed by the COVID-19 pandemic. PFP staff shared this information with Fed-regulated MDIs.

Conferences and Convenings

Throughout 2020, the Federal Reserve staff conducted a number of programs specific to MDIs, including the following:

MDI Leaders Forum, May 13, 2020

The MDI Leaders Forum was originally an in-person forum but was converted to a virtual meeting with Governors Bowman and Brainard. The CEOs of all Fed-regulated MDIs were invited. This

engagement was used to gather input on the impact of COVID-19 on Fed-regulated MDIs and the communities they serve.

The CDFI Research Conference, May 27, 2020

Originally planned as an in-person conference, the Community Development Financial Institutions (CDFI) Research Conference was transformed into a four-part webinar series. The second webinar, on May 27, featured academic research on MDIs and credit access for minority-owned firms. Kim Saunders from the National Bankers Association (NBA) provided the practitioner perspective as a respondent, and Gregory Fairchild from the University of Virginia presented his paper on the comparative institutions risk of MDIs (see below for more details on this paper). Over 130 people attended the webinar.

Banking and the Economy: A Forum for Minorities in Banking, September 21–25, 2020

The Minorities in Banking conference was held virtually over the course of a week and featured many MDI leaders as speakers. It was sponsored by the System and hosted by the Federal Reserve Bank of Atlanta. This conference attracted over 700 participants from over 40 states.

Input on Community Reinvestment Act Modernization

In September 2020, the Board voted unanimously to approve an Advance Notice of Proposed Rule-making (ANPR) for the CRA. The ANPR included a section on MDIs and several proposals to support MDIs.

Per the CRA statute, activities with MDIs can receive credit nationwide even when they take place outside of assessment areas, and the ANPR asked for feedback on whether these activities with MDIs should be a potential pathway to an outstanding rating. The Board proposed these policies because they would provide incentives for majority-owned institutions to capitalize and to partner with MDIs, which will ultimately support more equitable financial access to low-income and minority consumers and communities. In an effort to support mutually beneficial partnerships between MDIs, the ANPR also proposed providing credit for MDIs and women-owned financial institutions investing in other MDIs, women-owned financial institutions, and low-income credit unions, as well as in their own institutions.

Beyond MDIs, the ANPR also asked more broadly how the CRA can better address racial inequality. Congress enacted the CRA in 1977 primarily to address economic challenges in predominantly minority urban neighborhoods that had suffered from decades of disinvestment and other inequities—due in large part to a practice known as “redlining” that produced inequities in credit access, along with a lack of public and private investment.⁹ Redlining occurred when banks refused outright to make loans or extend other financial services in neighborhoods comprised largely of Black and other minority individuals, leading to discrimination in access to credit and less favorable financial outcomes even when they presented the same credit risk as others residing outside of those neighborhoods. Redlined neighborhoods typically had a high percentage of minority residents, were overwhelmingly poor, and had less desirable housing.¹⁰

A foundational goal for the ANPR is to advance the core purpose of the CRA statute. To that end, question 2 in the ANPR reads:

In considering how the CRA’s history and purpose relate to the nation’s current challenges, what modifications and approaches would strengthen CRA regulatory implementation in addressing ongoing systemic inequity in credit access for minority individuals and communities?¹¹

⁹ See, e.g., Michael Berry, Federal Reserve Bank of Chicago, and Jessie Romero, Federal Reserve Bank of Richmond, “Federal Reserve History: Community Reinvestment Act of 1977,” https://www.federalreservehistory.org/essays/community_reinvestment_act (also explaining that other federal and state policies likewise contributed to redlining and additional discriminatory practices).

¹⁰ Daniel Aaronson, Daniel Hartley, and Bhashkar Mazumder, Federal Reserve Bank of Chicago, “The Effects of the 1930s HOLC ‘Redlining’ Map” (Feb. 2019), <https://www.chicagofed.org/publications/working-papers/2017/wp2017-12>, p.1 (“Neighborhoods were classified based on detailed risk-based characteristics, including housing age, quality, occupancy, and prices. However, non-housing attributes such as race, ethnicity, and immigration status were influential factors as well. Since the lowest rated neighborhoods were drawn in red and often had the vast majority of African American residents, these maps have been associated with the so-called practice of ‘redlining’ in which borrowers are denied access to credit due to the demographic composition of their neighborhood.”).

¹¹ [Federal Register: Community Reinvestment Act.](#)

Collaboration with Trade Groups and Other Partners

PFP consulted closely with the NBA, the trade group for minority banks, throughout the crisis.

- In April, PFP staff, collaborating with the NBA, convened discount window subject matter experts to discuss the Federal Reserve’s discount window operations and newly expanded credit and collateral options. The virtual meeting, hosted by the NBA, was attended by approximately 40 of the NBA’s member banks. Board staff coordinated the call and Federal Reserve Bank of Richmond staff provided an overview of the discount window and recent policy changes in light of the COVID-19 pandemic.
- PFP consulted with the NBA throughout the crisis for their feedback on resources from the Federal Reserve as well as to learn more about what would be helpful to MDIs in navigating the crisis.

Speeches

- In October, Governor Brainard delivered a speech entitled “Modernizing and Strengthening CRA Regulations: A Conversation with Minority Depository Institutions” and participated in a question-and-answer session at the NBA annual conference. The remarks centered on the MDI proposals in the CRA ANPR and discussed how revisions to the CRA can strengthen MDIs. The speech is available here: <https://www.federalreserve.gov/newsevents/speech/brainard20201015a.htm>.
- In November, Governor Brainard delivered a speech entitled “Modernizing and Strengthening CRA Regulations: A Conversation with the National Congress of American Indians” and participated in a question-and-answer session. The remarks centered on the proposal in the CRA ANPR that seeks to strengthen investments in Indian Country and Native MDIs. The speech is available here: <https://www.federalreserve.gov/newsevents/speech/brainard20201110a.htm>.

Research on MDIs and Low- and Moderate-Income Communities

Research on MDIs

Continuing with the Federal Reserve's commitment to understanding the challenges minority banking institutions face and their local market areas, in 2019 the Board commissioned a new piece of research on MDIs.¹² The research was completed in 2020. All research is available on the [PFP website](#).¹³ Below is an abstract of the 2020 paper, which was presented at the CDFI Research Conference webinar in May:

Just How Risky? Comparative Institutional Risks of Minority Depository Institutions (MDIs) and Community Development Banking Institutions (CDBIs).

By Gregory B. Fairchild and Megan E. Juelfs,
University of Virginia

We examine the relative institutional failure risks for three sets of bank depositories: Community Development Banking Institutions (CDBIs), Minority Depositories (MDIs) and what we term Non-Mission Depository Institutions (hereafter, NMDIs). CDBIs have primary missions of community development and serving underserved populations; MDIs are typically led by minorities and serve minority populations (a single institution can be both a Community Development Banking Institution (CDBI) and an MDI, either or neither). In this analysis, NMDIs represent all other depository banks. Given their operation within lower-income and minority communities, MDIs and CDBIs appear, *prima facie*, to be face greater institutional failure risks. We examine these risks across each set of institutions, *ceteris paribus*. Utilizing data from a number of sources, including the Reports of Condition and Income

(Call Reports) for a substantial set of FDIC-insured banks in the United States, we apply a modified Capital Assets Management Earnings and Liquidity model (CAMEL) to measure the predictive likelihood of failure. Recognizing that MDIs are not homogeneous, we also examine relative institutional failure across types of depositories. The results indicate that CDBIs and MDIs are systematically at lower failure risks, and that there are differences across service designations.

Articles and Surveys

In addition, throughout 2020, Board staff published articles and surveys that both evaluated conditions in LMI communities and described efforts to support them, including efforts by community banks. Much of the research was focused on the impact of the COVID-19 pandemic on low-income and minority communities, the same communities served by MDIs. The community development function at the Board and Reserve Banks spearheaded much of this work. Because the success of MDIs is often dependent on the health of the communities they serve, these articles and surveys are particularly relevant to the MDI business model. In addition, several of these articles noted the difficulty minority and LMI populations have in accessing credit from mainstream financial institutions, including small business credit. These articles intend to provide service providers, policymakers, and others with a way to assess the needs of these communities and to evaluate changes in the economic conditions of these populations.

The following list highlights some of the articles and surveys published during 2020:

- **Perspectives from Main Street: COVID-19's Continued Impact on Low- to Moderate-Income Communities:** The spread of COVID-19 is affecting communities nationwide, particularly LMI and

¹² Full research papers can be found at <https://www.fedpartnership.gov/federal-reserve-resources>.

¹³ "Partnership for Progress," Board of Governors of the Federal Reserve, <https://www.fedpartnership.gov>.

underserved households. To best respond to this crisis, information is needed about the scope and scale of the pandemic's challenges. Throughout 2020, all 12 Federal Reserve Banks and the Federal Reserve Board of Governors surveyed representatives of nonprofit organizations, financial institutions, government agencies, and other community organizations to understand the effects of COVID-19 on low- and moderate-income communities and the entities serving them.¹⁴

- **Center for Indian Country Development resources:** Throughout 2020, the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis conducted several surveys to better understand the impact of the COVID-19 pandemic on Indian Country and Native Americans. The Center for Indian Country Development also produced several publications that went into the details of the pandemic's impact in Indian Country. Topics included Indian Country small business lending,

Native employment during COVID-19, and the financial conditions of tribal entities.¹⁵

- **Struggle for Access: Small Lenders, Small Businesses, and the Paycheck Protection Program:** In September, Fed Communities, a project that amplifies the Federal Reserve's work in low- and moderate-income communities and other underserved areas across the U.S., published a series of articles exploring the experiences of minority small-business owners and the community lenders that helped them secure Paycheck Protection Program (PPP) funds through the U.S. Small Business Administration's emergency-relief loan program. Several of the lenders profiled were MDIs. With titles like "I Can't Believe I Got a Real Person," the articles described how minority owners of small businesses were able to succeed in getting PPP loans due to the personalized approaches of MDIs.¹⁶

¹⁴ Nishesh Chalias, "Perspectives from Main Street: COVID-19's Continued Impact on Low- to Moderate-Income Communities," Fed Communities (2020), <https://fedcommunities.org/data/main-street-covid19-survey-2020/>.

¹⁵ Federal Reserve Bank of Minneapolis, "Center for Indian Country Development," 2021, <https://www.minneapolisfed.org/indiancountry>.

¹⁶ Fed Communities, "Struggle for Access: Small Lenders, Small Businesses, and the Paycheck Protection Program," <https://fedcommunities.org/covid19-small-business-relief-struggles/>.

Efforts and Initiatives

Preserving the Character and Number of MDIs

To preserve the character and number of state member MDIs, staff from the Board's mergers and acquisitions function coordinate with the FDIC to help identify healthy minority banking organizations capable of acquiring or merging with state member MDIs that are in troubled condition. To this end, PFP staff provide the FDIC with a quarterly list of all MDIs under System supervision. The Federal Reserve's mergers and acquisitions function continues to offer a pre-filing option for banking proposals, which provides critical feedback on potential issues and potentially shortens the review period for many formal proposals. Finally, whenever the Federal Reserve staff receive a proposal involving an MDI banking organization, every effort is made to ensure that the institution is preserved and that its future prospects are enhanced.

Promoting the Creation of MDIs

The Federal Reserve strives to promote the creation of new MDIs by providing guidance via public websites about regulatory procedures for minority bank ownership, informing MDIs of advantageous federally sponsored programs, and promoting community development. These web posts also provide guidance about financial institution development, including information about the process of starting a bank, managing a bank through the de novo period, and growing shareholder value while ensuring safe and sound operations. Further, District coordinators from each Federal Reserve Bank periodically discuss emerging issues, attend conferences, serve on local exam teams during examinations, and collect feedback from MDIs on what they are seeing and how the PFP can provide additional assistance.

During 2020, PFP staff engaged with three groups seeking guidance from the regulatory agencies on

navigating the de novo process for establishing new MDIs. PFP staff and relevant Reserve Bank staff answered questions, provided resources, and offered assistance on navigating the de novo applications process.

Training, Technical Assistance, and Educational Programs

District coordinators from each FRB meet regularly with MDI management to discuss emerging issues and provide technical assistance, especially to those in troubled condition, to explain supervisory guidance, discuss challenges, and respond to management concerns. Trending topics discussed throughout 2020 included the discount window, the CRA, Bank Secrecy Act, and Paycheck Protection Program Liquidity Facility (PPPLF). The goal of these conversations is to help MDIs through technical complexities as well as provide the PFP with valuable insight and feedback on challenges facing MDIs.

Partnership for Progress Website

Consistent with past years, one of the primary vehicles for distributing educational materials relevant to MDIs continues to be the System's [PFP website](https://www.fedpartnership.gov/).¹⁷

The website provides information about new regulations and their impact on community banking organizations, advertises regulatory and agency events relevant to MDIs, and shares information focused on market conditions and economic data related to areas typically served by MDIs. To ensure continued relevance of posted material, PFP staff regularly update the website.

¹⁷ Partnership for Progress, <https://www.fedpartnership.gov/>.

Publications and Webinars

The Federal Reserve continues to support enhanced communications with community banks, including MDIs. To this end, the staff disseminates important information about regulatory matters through the publication and programs below, most of which are accessible through links on the PFP website.

The System's *Community Banking Connections*¹⁸ publication serves to

- clarify key supervisory guidance,
- highlight new regulations,
- provide perspectives from bank examiners and System staff, and
- address challenges and concerns facing community banks and provide resources to assist them.

The System's *Consumer Compliance Outlook*¹⁹ publication focuses on compliance with federal consumer protection laws and regulations for financial services and serves to

- clarify key supervisory guidance,

- explain new and existing regulatory compliance requirements,
- provide perspectives from bank examiners and System staff,
- address challenges and concerns facing community banks and provide resources to assist them, and
- discuss emerging compliance issues such as lenders' use of alternative data in credit decisions.

Outlook Live²⁰ is a webinar series dedicated to consumer compliance. The Outlook Live webinars involve a variety of presenters from both the System and the other federal financial regulatory agencies, focusing on key emerging issues in the industry.

Ask the Fed²¹ (AtF) is a program of the Federal Reserve for officials of state member banks and other insured depository institutions, bank and thrift holding companies, state bank commissioners, and state banking associations. AtF consists of periodic conference call/webinars that feature Federal Reserve experts and guest speakers on top banking questions of the day with time at the end for questions and comments.

¹⁸ Community Banking Connections is a registered trademark of the Federal Reserve Bank of Philadelphia, <https://www.communitybankingconnections.org/>.

¹⁹ Consumer Compliance Outlook is a registered trademark of the Federal Reserve Bank of Philadelphia, <https://consumercomplianceoutlook.org/>.

²⁰ The Outlook Live webinars can be seen at <https://consumercomplianceoutlook.org/outlook-live/>.

²¹ To register for Ask the Fed®, visit the site at <https://bsr.stlouisfed.org/askthefed/Auth/Logon>.

Appendix A: Section 308 of FIRREA

Section 308 of FIRREA, as amended by the Dodd-Frank Act, requires

1. **CONSULTATION ON METHODS.**—The Secretary of the Treasury shall consult with the Chairman of the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Chairman of the National Credit Union Administration, and the Chairperson of the Board of Directors of the Federal Deposit Insurance Corporation on methods for best achieving the following:

- a. Preserving the present number of minority depository institutions.
- b. Preserving their minority character in cases involving mergers or acquisition of a minority depository institution by using general preference guidelines in the following order:
 - i. Same type of minority depository institution in the same city.
 - ii. Same type of minority depository institution in the same State.
 - iii. Same type of minority depository institution nationwide.
 - iv. Any type of minority depository institution in the same city.
 - v. Any type of minority depository institution in the same State.
 - vi. Any type of minority depository institution nationwide.
 - vii. Any other bidders.
- c. Providing technical assistance to prevent insolvency of institutions not now insolvent.
- d. Promoting and encouraging creation of new minority depository institutions.

e. Providing for training, technical assistance, and educational programs.

2. **DEFINITIONS.**—For purposes of this section—

- a. **MINORITY FINANCIAL INSTITUTION.**—The term “minority depository institution” means any depository institution that—
 - i. if a privately owned institution, 51 percent is owned by one or more socially- and economically-disadvantaged individuals;
 - ii. if publicly owned, 51 percent of the stock is owned by one or more socially- and economically-disadvantaged individuals; and
 - iii. in the case of a mutual institution, the majority of the board of directors, account holders, and the community which it services is predominantly minority.
- b. **MINORITY.**—The term “minority” means any Black American, Native American, Hispanic American, or Asian American.²²

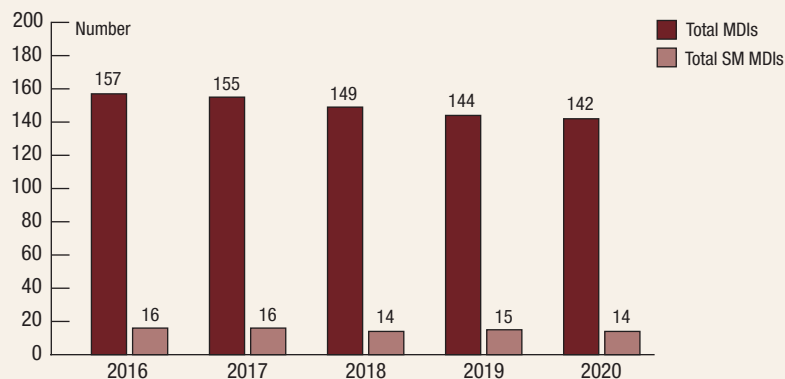
In addition, section 367 of the Dodd-Frank Act amended FIRREA to require the supervisory agencies to submit an annual report to the Congress containing a description of actions taken to carry out FIRREA section 308.

²² Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 (1989).

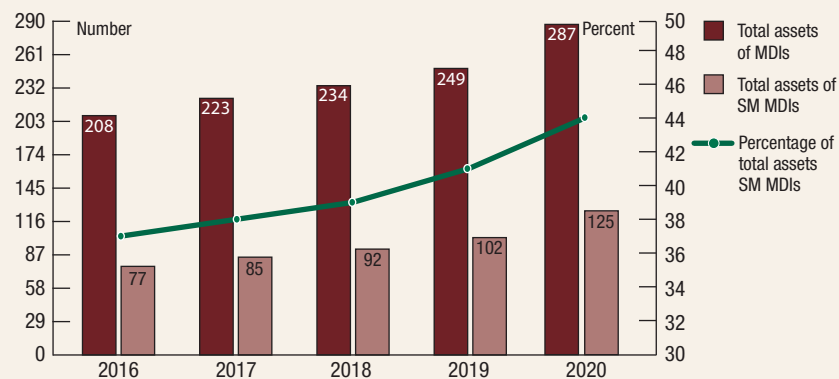
Appendix B: MDI Tables and Figures

Table B.1. State member MDIs

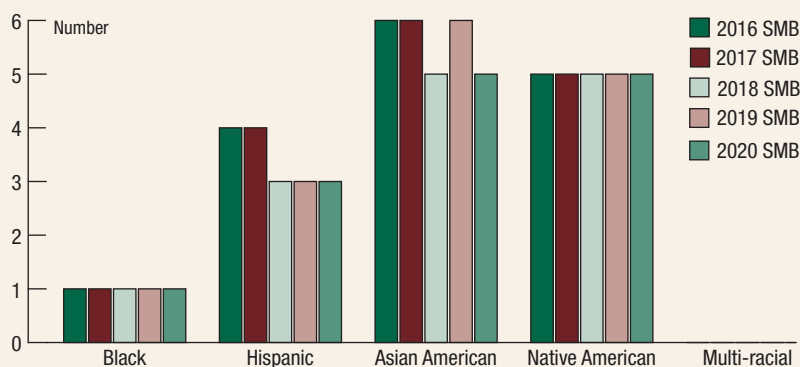
ID RSSD	Institution name	State	Reserve Bank District	Minority status	Assets (millions of dollars)
146056	Allnations Bank	OK	Kansas City	N	41,767
2785477	Asian Bank	PA	Philadelphia	A	272,184
940311	Banco Popular de Puerto Rico	PR	New York	H	55,209,000
64552	Bank 2	OK	Kansas City	N	139,799
815754	Bank of Cherokee County	OK	Kansas City	N	927,306
777366	Bank of the Orient	CA	San Francisco	A	293,241
680130	Citizens Trust Bank	GA	Atlanta	B	572,362
3337097	CommonWealth Business Bank	CA	San Francisco	A	1,375,194
197478	East West Bank	CA	San Francisco	A	52,225,880
3374878	First Choice Bank	CA	San Francisco	A	2,285,852
296456	Firstbank	OK	Kansas City	N	531,693
365745	Pinnacle Bank	IA	Chicago	N	221,908
2736291	Popular Bank	NY	New York	H	10,255,710
2942823	United Bank of El Paso del Norte	TX	Dallas	H	281,427
Number of Institutions:	14		Total Assets		124,633,323

Figure B.1. Proportion of MDIs that are state member banks, 2016–20

Key identifies bars in order from left to right.

Figure B.2. Assets by type of MDI, 2016–20

Key identifies bars in order from left to right.

Figure B.3. Number of state member MDIs by type of minority, 2016–20

The “minority status” of an institution is determined according to either (1) a concentration of ownership among members of a certain minority group, or (2) a concentration of Board membership among that minority group by an institution that primarily serves that minority group. To simplify the use of the historical data, these two criteria were combined in 2017 to arrive at a single data field that indicates one of five values for minority status. As a result, as of year-end 2017, no state member banks qualify as multi-racial. Key identifies bars in order from left to right.

Table B.2. List of MDIs as of December 31, 2020

Name	City	State	Est. date	Class	Regulator	Minority Status Alpha	Total assets (\$000)
Alamerica Bank	Birmingham	AL	20000128	NM	FDIC	B	16,346
Commonwealth National Bank	Mobile	AL	19760219	N	OCC	B	54,519
BAC Florida Bank	Coral Gables	FL	19731012	NM	FDIC	H	2,205,940
Banescos USA	Coral Gables	FL	20060110	NM	FDIC	H	1,935,793
U.S. Century Bank	Doral	FL	20021028	NM	FDIC	H	1,500,542
Interamerican Bank A Fsb	Miami	FL	19760823	SB	OCC	H	227,519
International Finance Bank	Miami	FL	19831130	NM	FDIC	H	838,794
Ocean Bank	Miami	FL	19821209	NM	FDIC	H	4,532,395
Plus International Bank	Miami	FL	20010914	NM	FDIC	H	92,136
Sunstate Bank	Miami	FL	19990315	NM	FDIC	H	503,940
Central Bank	Tampa	FL	20070226	NM	FDIC	A	266,811
Touchmark National Bank	Alpharetta	GA	20080128	N	OCC	A	428,546
Citizens Trust Bank	Atlanta	GA	19210618	SM	FED	B	572,362
First IC Bank	Doraville	GA	20000131	NM	FDIC	A	764,419
Metro City Bank	Doraville	GA	20060404	NM	FDIC	A	1,902,095
PromiseOne Bank	Duluth	GA	20081106	NM	FDIC	A	522,906
Loyal Trust Bank	Johns Creek	GA	20191118	NM	FDIC	A	65,660
Embassy National Bank	Lawrenceville	GA	20070305	N	OCC	A	113,523
Carver State Bank	Savannah	GA	19270101	NM	FDIC	B	52,273
Quantum National Bank	Suwanee	GA	19951227	N	OCC	A	608,173
Mechanics & Farmers Bank	Durham	NC	19080301	NM	FDIC	B	309,179
Lumbree Guaranty Bank	Pembroke	NC	19711222	NM	FDIC	N	417,194
Optus Bank	Columbia	SC	19990326	NM	FDIC	B	187,386
Citizens Bank of Chatsworth	Chatsworth	IL	19031207	NM	FDIC	A	40,142
American Metro Bank	Chicago	IL	19970129	NM	FDIC	A	84,116
GN Bank	Chicago	IL	19340101	SB	OCC	B	99,678
International Bank of Chicago	Chicago	IL	19921026	NM	FDIC	A	796,525
Millennium Bank	Des Plaines	IL	20070702	NM	FDIC	A	224,726
First Independence Bank	Detroit	MI	19700514	NM	FDIC	B	287,416
Bay Bank	Green Bay	WI	19950821	NM	FDIC	N	122,797
Columbia Savings & Loan Assn	Milwaukee	WI	19240101	SL	FDIC	B	24,844
Native American Bank NA	Denver	CO	19870727	N	OCC	N	198,499
Liberty Bank & Trust Co	New Orleans	LA	19721116	NM	FDIC	B	765,297
Community 1st Bank Las Vegas	Las Vegas	NM	19491123	NM	FDIC	H	165,035
Centinel Bank of Taos	Taos	NM	19690301	NM	FDIC	H	340,289
FirstBank	Antlers	OK	19010101	SM	FED	N	531,693
AllNations Bank	Calumet	OK	19010101	SM	FED	N	41,767
F&M Bank	Edmond	OK	19020101	NM	FDIC	N	561,850
Bank of Grand Lake	Grove	OK	20050609	NM	FDIC	H	192,804
Bank of Cherokee County	Hulbert	OK	19081201	SM	FED	N	139,799
Gateway First Bank	Jenks	OK	19350302	NM	FDIC	N	1,906,056
Chickasaw Community Bank	Oklahoma City	OK	19030101	SM	FED	N	293,241
First Security Bank & Trust Co	Oklahoma City	OK	19510406	NM	FDIC	B	56,312
Lakeside State Bank	Oologah	OK	19760209	SM	FDIC	N	66,287
First National Bank & Trust Co	Shawnee	OK	19841029	N	OCC	N	314,092
Carson Community Bank	Stilwell	OK	19030203	NM	FDIC	N	162,805
Oklahoma State Bank	Vinita	OK	19380713	NM	FDIC	N	221,735
Tri-State Bank Of Memphis	Memphis	TN	19461216	NM	FDIC	B	102,888
Citizens Savings B & T Co	Nashville	TN	19040104	NM	FDIC	B	111,579
International Bk of Com	Brownsville	TX	19841009	NM	FDIC	H	1,329,522
American Bank National Assn	Dallas	TX	19740502	N	OCC	A	133,185
One World Bank	Dallas	TX	20050404	NM	FDIC	A	126,688
State Bank of Texas	Dallas	TX	19871019	NM	FDIC	A	976,977
United Bk El Paso del Norte	El Paso	TX	20010501	SM	FED	H	281,427
Freedom Bank	Freer	TX	19580712	NM	FDIC	H	61,935

(continued)

Table B.2.—*continued*

Name	City	State	Est. date	Class	Regulator	Minority Status Alpha	Total assets (\$000)
American First National Bank	Houston	TX	19980518	N	OCC	A	2,065,901
Golden Bank National Assn	Houston	TX	19850503	N	OCC	A	1,152,253
Southwestern National Bank	Houston	TX	19971103	N	OCC	A	775,500
Unity NB of Houston	Houston	TX	19850801	N	OCC	B	183,270
Commerce Bank	Laredo	TX	19820331	NM	FDIC	H	582,677
Falcon International Bank	Laredo	TX	19861210	NM	FDIC	H	1,563,078
International Bk of Com	Laredo	TX	19660902	NM	FDIC	H	10,517,055
Bank of South Texas	Mcallen	TX	19860708	NM	FDIC	H	137,087
Rio Bank	Mcallen	TX	19850211	NM	FDIC	H	667,998
Texas National Bank	Mercedes	TX	19201126	N	OCC	H	458,329
Lone Star National Bank	Pharr	TX	19830124	N	OCC	H	2,564,189
Citizens State Bank	Roma	TX	19780515	NM	FDIC	H	90,474
First State Bank	Shallowater	TX	19601008	NM	FDIC	A	110,192
Wallis Bank	Wallis	TX	19721028	NM	FDIC	A	1,162,005
International Bk of Com	Zapata	TX	19840206	NM	FDIC	H	442,135
Zapata National Bank	Zapata	TX	19611116	N	OCC	H	90,170
Pinnacle Bank	Marshalltown	IA	19270505	SM	FED	N	221,908
CBW Bank	Weir	KS	19340228	NM	FDIC	A	85,972
Woodlands National Bank	Hinckley	MN	19081001	N	OCC	N	296,132
Peoples Bank of Seneca	Seneca	MO	19960315	NM	FDIC	N	274,450
Turtle Mountain State Bank	Belcourt	ND	20071203	NM	FDIC	N	69,026
Industrial Bank	Washington	DC	19340818	NM	FDIC	B	559,802
Leader Bank National Assn	Arlington	MA	20020508	N	OCC	A	2,177,734
Harbor Bank of Maryland	Baltimore	MD	19820913	NM	FDIC	B	322,453
Keb Hana Bank USA NA	Fort Lee	NJ	19860916	N	OCC	A	258,189
New Millennium Bank	Fort Lee	NJ	19990719	NM	FDIC	A	457,416
Ponce Bank	Bronx	NY	19600331	SB	OCC	H	1,315,262
Amerasia Bank	Flushing	NY	19880620	NM	FDIC	A	755,826
NewBank	Flushing	NY	20060929	NM	FDIC	A	481,597
Abacus Federal Savings Bank	New York	NY	19841129	SB	OCC	A	352,177
Carver Federal Savings Bank	New York	NY	19480101	SB	OCC	B	687,169
Eastbank National Assn	New York	NY	19841126	N	OCC	A	162,349
Global Bank	New York	NY	20070312	NM	FDIC	A	202,434
Piermont Bank	New York	NY	20190701	NM	FDIC	M	164,079
Popular Bank	New York	NY	19990102	SM	FED	H	10,255,710
Shinhan Bank America	New York	NY	19901018	NM	FDIC	A	1,766,807
United Orient Bank	New York	NY	19810409	NM	FDIC	A	85,132
Noah Bank	Elkins Park	PA	20060717	NM	FDIC	A	331,176
Asian Bank	Philadelphia	PA	19990609	SM	FED	A	272,184
United Bank of Philadelphia	Philadelphia	PA	19920323	NM	FDIC	B	55,570
Banco Popular de Puerto Rico	San Juan	PR	19990102	SM	FED	H	55,209,000
Oriental Bank	San Juan	PR	19650325	NM	FDIC	H	9,776,815
FirstBank Puerto Rico	Santurce	PR	19490117	NM	FDIC	H	18,778,630
First Commercial Bank USA	Alhambra	CA	19970520	NM	FDIC	A	766,539
New Omni Bank National Assn	Alhambra	CA	19800212	N	OCC	A	570,775
American Plus Bank N A	Arcadia	CA	20070808	N	OCC	A	587,532
First Choice Bank	Cerritos	CA	20050818	SM	FED	A	2,285,852
American Continental Bank	City Of Industry	CA	20031006	NM	FDIC	A	306,107
United Pacific Bank	City Of Industry	CA	19820511	NM	FDIC	A	178,910
Community Commerce Bank	Claremont	CA	19761001	NM	FDIC	H	336,648
US Metro Bank	Garden Grove	CA	20060915	NM	FDIC	A	766,987
California Business Bank	Irvine	CA	20051101	NM	FDIC	A	92,189
Commercial Bank Of Ca	Irvine	CA	20030515	NM	FDIC	H	1,613,806
Bank of Hope	Los Angeles	CA	19860318	NM	FDIC	A	17,104,484

(continued)

Table B.2.—continued

Name	City	State	Est. date	Class	Regulator	Minority Status Alpha	Total assets (\$000)
Broadway Federal Bank FSB	Los Angeles	CA	19470226	SB	OCC	B	481,551
Cathay Bank	Los Angeles	CA	19620419	NM	FDIC	A	19,024,182
Commonwealth Business Bank	Los Angeles	CA	20050303	SM	FED	A	1,375,194
Ctbc Bank Corp USA	Los Angeles	CA	19650427	NM	FDIC	A	3,904,185
Eastern International Bank	Los Angeles	CA	19850226	NM	FDIC	A	142,042
Hanmi Bank	Los Angeles	CA	19821215	NM	FDIC	A	6,201,210
Open Bank	Los Angeles	CA	20050610	NM	FDIC	A	1,366,833
Pacific City Bank	Los Angeles	CA	20030918	NM	FDIC	A	1,922,819
Preferred Bank	Los Angeles	CA	19911223	NM	FDIC	A	5,143,336
Royal Business Bank	Los Angeles	CA	20081118	NM	FDIC	A	3,349,367
Gateway Bank FSB	Oakland	CA	19900608	SB	OCC	A	179,697
Metropolitan Bank	Oakland	CA	19830901	NM	FDIC	A	191,004
East West Bank	Pasadena	CA	19720101	SM	FED	A	52,225,880
Evertrust Bank	Pasadena	CA	19950503	NM	FDIC	A	1,000,500
Pacific Alliance Bank	Rosemead	CA	20061227	NM	FDIC	A	361,591
First General Bank	Rowland Heights	CA	20051013	NM	FDIC	A	1,098,678
Bank of the Orient	San Francisco	CA	19710317	SM	FED	A	927,306
California Pacific Bank	San Francisco	CA	19801016	NM	FDIC	A	82,484
Mission National Bank	San Francisco	CA	19820216	N	OCC	A	222,157
Asian Pacific National Bank	San Gabriel	CA	19900725	N	OCC	A	56,578
Mega Bank	San Gabriel	CA	20080205	NM	FDIC	A	414,127
Universal Bank	West Covina	CA	19541117	SB	OCC	A	423,835
California Intl Bank N A	Westminster	CA	20051130	N	OCC	A	78,702
Bank of Whittier NA	Whittier	CA	19821220	N	OCC	A	117,420
ANZ Guam Inc	Hagatna	GU	19910111	NM	FDIC	A	391,201
Bank of Guam	Hagatna	GU	19721211	NM	FDIC	A	2,343,878
Bankpacific Ltd	Hagatna	GU	19530101	SL	FDIC	A	190,674
Finance Factors Ltd	Honolulu	HI	19520514	NM	FDIC	A	589,003
Hawaii National Bank	Honolulu	HI	19600916	N	OCC	A	782,075
Ohana Pacific Bank	Honolulu	HI	20060601	NM	FDIC	A	197,802
OneUnited Bank	Boston	MA	19820802	NM	FDIC	B	666,667
Eagle Bank	Polson	MT	20060725	NM	FDIC	N	91,704
Unibank	Lynnwood	WA	20061101	NM	FDIC	A	403,875
Total			Count	142			\$287,375,155

