



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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## **FDIC Seeks Financial Advisor to Establish New “Mission-Driven Bank Fund” to Support FDIC-Insured Minority Banks and Community Development Financial Institutions**

WASHINGTON—The Federal Deposit Insurance Corporation (FDIC) today announced a competition to choose one or more experienced financial advisors to support the development of a new *Mission-Driven Bank Fund*. The Fund will provide a vehicle for private sector and philanthropic investment in FDIC-insured Minority Depository Institutions (MDIs) and Community Development Financial Institutions (CDFIs).

The selected financial advisor(s) will work with the FDIC to develop a structure and operational aspect for the Fund. Interested firms should have experience managing investment funds. Prior engagement with MDIs and CDFIs and a deep understanding of the communities they serve are also strongly preferred. This competition is not for the selection of the Fund manager, who will be chosen separately by investors after the Fund is established. The selected financial advisor(s) will not be precluded from consideration to be the Fund manager. Proposals must be submitted by December 2, 2020. Read the FDIC’s [Request for Proposal](#).



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation’s banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC’s Public Information Center (877-275-3342 or 703-562-2200). PR-125-2020

## 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.



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



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

**60%**

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

Compared to mainstream banks, FDIC-insured MDIs and CDFIs commit a larger portion of their portfolios to minority, lower income, and rural communities. These “mission-driven banks” play a vital role in transforming the lives of underserved communities by



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making loans and providing other banking products and services, including mortgages, small business loans, and community development and affordable housing investments.

Investments through the *Mission-Driven Bank Fund* can help MDIs and CDFIs:

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

Fund investments in eligible MDIs and CDFIs may include direct equity, structured transactions, funding commitments, and loss-share arrangements. The Fund will target a minimal rate of return to investors, who may also choose to reinvest any returns in the Fund or in aligned non-profit enterprises that support mission-driven banks. The FDIC will play no role in fund management or individual investment decisions though the agency will continue to assess the alignment of the Fund's on-going operations with its purpose of assisting Mission-Driven Banks.

**Attachment:**

[Request for Proposal](#)



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