DIVERSITY AND INCLUSION

The FDIC has long been committed to the principles of diversity, equity, and inclusion — in our workplace, our interactions with contractors and other third parties, and at the financial institutions we supervise.

The Office of Minority and Women Inclusion (OMWI) supports this commitment by ensuring equal employment opportunity and evaluating and addressing issues related to the racial, ethnic, and gender diversity of the FDIC workforce and senior management of the agency. OMWI, through its outreach efforts, works to ensure the fair inclusion and utilization of minority- and women-owned businesses (MWOBs), law firms (MWOLFs), and investors in contracting and investment opportunities. OMWI is also responsible for assessing the diversity policies and practices of FDIC-regulated financial institutions.

WORKFORCE DIVERSITY AND WORKPLACE INCLUSION AT THE FDIC

The *FDIC Diversity and Inclusion (D&I) Strategic Plan* delineates strategies to promote workforce and workplace inclusion and sustainability of diversity and inclusion efforts. The D&I Executive Advisory Council oversees the plan's implementation and promotes the coordination and awareness of diversity and inclusion initiatives as an FDIC priority. Additionally, employees provide input on these efforts by serving on the regional and headquarters Chairman's Diversity Advisory Councils or joining one of the nine Employee Resource Groups. The plan is evaluated regularly to assess its effectiveness and to measure our success against stated goals, and is updated regularly to ensure that it reflects current operations and challenges.

In 2020, Chairman McWilliams announced several new initiatives to increase diversity in the FDIC workforce and leadership, create a culture of excellence that supports and sustains high performance, educate all employees on the importance of D&I, and identify and eliminate barriers to successfully meeting strategic objectives.

As a result of past and current efforts, the racial, ethnic, and gender diversity of the FDIC workforce has improved–but we know that there is much room for improvement. At the end of 2020, minorities represented 32 percent of the permanent workforce and women accounted for 44 percent. The FDIC has also increased diversity across leadership: minorities hold 23 percent of the management-level positions at the FDIC, and women hold 40 percent (up from almost 16 percent and 30 percent, respectively, since the enactment of Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)). Notwithstanding this progress to close longstanding gaps, more needs to be done, and the FDIC is fully committed to doing what it takes to succeed.

With the potential for increased retirements and hiring activity over the next few years, the FDIC is now well positioned to continue the diversity transformation of the workforce. Improved recruiting and retention efforts have already produced results, and new initiatives in these areas will further strengthen diversity and inclusion.

MINORITY- AND WOMEN-OWNED BUSINESS OUTREACH

Due to COVID-19, many of the events the FDIC typically attends to engage with minority- and women-owned businesses were cancelled or postponed. Instead, the FDIC participated in virtual procurement outreach events, attended webinars and hosted outreach to minority- and women-owned businesses. The FDIC also targeted diverse publications to market its own virtual procurement events and utilized social media platforms, as well as the FDIC website to improve awareness of the agency's procurement process and initiatives.

The FDIC participated in one business expo, six one-on-one matchmaking sessions, and three panel presentations. FDIC panelists also participated in various procurement events, including the National 8(a) Conference, National Small Business Federal Contracting Summit, and the U.S. Women's Chamber of Commerce Summit. At these events, FDIC staff provided information and responded to inquiries about the FDIC's business opportunities for minorities and women.

The FDIC also hosted two free virtual events: the inaugural Pitch Day and the *Getting to Success: Marketing Your Business* Technical Assistance Event. The Pitch Day event allowed MWOBs to market their business capabilities to the FDIC that meet potential agency requirements. In addition, OMWI hosted the virtual *Getting to Success: Marketing Your Business* Technical Assistance Event, which highlighted marketing best practices, discussed digital and traditional marketing, and provided a checklist tool for participants to evaluate current messaging and marketing strategies.

In 2020, the FDIC awarded 117 (29 percent) contracts to MWOBs out of a total of 409 issued. The FDIC awarded contracts with a combined value of $426.7 million in 2020, of which 21 percent ($90 million) was awarded to MWOBs. By comparison, in 2019, 152 of 518 contracts (29 percent) and $173.5 million of $554.0 million (31 percent) was awarded to MWOBs. In 2020, the FDIC paid $106.5 million of its total contract payments (22 percent) to MWOBs, under 250 MWOB contracts.

MINORITY- AND WOMEN-OWNED LAW FIRM OUTREACH

The FDIC paid $397,000 in legal fees to MWOLFs and paid $3.61 million to diverse attorneys in 2020. Taken together, the FDIC paid $4.0 million to MWOLFs and diverse attorneys out of a total of $18.34 million spent on outside counsel services, for an aggregate 22 percent diversity and inclusion participation rate in outside legal contracting in 2020. The FDIC made 17 referrals to MWOLFs, which accounted for 26 percent of all legal referrals. Total payments to MWOLFs were $397,000 in 2020, which is 2 percent of all payments to outside counsel.

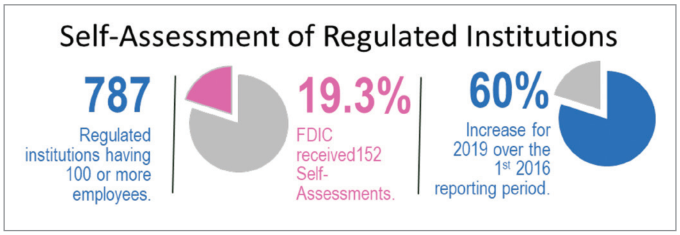
In 2020, the FDIC Legal Division participated in two minority bar association conferences and three stakeholder events, two of which were virtual events. In order to offset the impact of the canceled events, the Legal Division created a legal contracting advertising campaign to advertise the Legal Division's supplier diversity program in a well-regarded group of diversity-related publications. In addition, the Legal Division organized several virtual meetings with current MWOLFs on the FDIC List of Counsel Available in order to maintain relationships with firms that are currently working with the Corporation. The Legal Division also participated in virtual projects to strengthen the pipeline of diverse attorneys entering the legal profession in connection with a historically black college or university law school.

The Legal Division interviewed and recruited 15 MWOLFs in the event of an increase in bank resolution activities. FDIC in-house attorneys participated in a virtual stakeholder event to build relationships with MWOLFs. In addition, the Legal Division conducted compliance reviews to assess the diversity policies and practices of the 10 top-billing law firms (both non-minority-owned and MWOLFs) pursuant to Section 342(b)(2)(C) of the Dodd-Frank Act.

FINANCIAL INSTITUTION DIVERSITY

Financial Institution Diversity (FID) is a program for assessing the diversity policies and practices of FDIC regulated financial institutions. Financial institutions are encouraged to conduct a self-assessment annually, and share results with OMWI. In 2020, the FDIC released an automated Form 2710/05, *Diversity Self-Assessment of FDIC Regulated Financial Institutions,* via the new Financial Institution Diversity Self-Assessment (FID-SA) application that is accessible through the *FDICconnect* portal. FID-SA was designed to make the completion of the assessment more user-friendly for financial institutions and more secure.

The FDIC received 152 self-assessments from 787 regulated institutions having 100 or more employees for the 2019 reporting period, representing 19.3 percent of all regulated institutions and a 60 percent increase in participation over the first 2016 reporting period.



Analysis of the self-assessment data allows OMWI to identify exemplary practices that financial institutions have implemented as part of their workforce recruitment, supplier diversity procurement, and training practices.

Despite the challenges presented by the pandemic, OMWI successfully completed the following outreach initiatives in 2020:

- Created a dedicated resources page and prepared material to help financial institutions develop or strengthen their diversity and inclusion practices and policies;
- Presented the FID Program to the FDIC's Advisory Committee on Community Banks and to the FDIC's Advisory Committee on Economic Inclusion; and
- Participated in the American Bankers Association's (ABA's) Unconventional Convention, and Diversity, Equity, and Inclusion Summit.

Through these outreach efforts, the FDIC reinforces the value of conducting voluntary self-assessments and making diversity information transparent to the public.

More Information about the FDIC's efforts related to diversity and inclusion is located at www.fdic.gov/about/diversity.

MINORITY DEPOSITORY INSTITUTIONS ACTIVITIES

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. The MDI Subcommittee, comprised of nine MDI executives representing all types of MDIs, 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 also provides a platform to showcase MDI best practices.

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

Partnerships

In 2019, the FDIC facilitated a number of networking roundtables to bring together MDIs and large banks, and these networking opportunities continued to bear fruit in 2020 with more than $10 million in additional deposits into MDIs.

In October 2020 the FDIC published a resource guide, *Investing in the Future of Mission-Driven Banks: A Guide to Facilitating New Partnerships*, as well as an MDI and CDFI Bank Locator to help private investors develop partnerships with MDIs and other mission-driven banks. The resource guide outlines the important role FDIC-insured MDIs and CDFIs play in the financial system, describes the business needs of these banks, and outlines strategies for private companies and philanthropic organizations to consider in supporting MDIs and CDFIs through equity investments, grants, deposits, creation of an investment fund, technology support, and other partnership opportunities. These strategies can help MDIs build capacity and scale.

The FDIC issued a resource guide in October 2020 to help private investors develop partnerships with MDIs and other mission-driven banks.

In December 2020, the FDIC reviewed proposals to engage a financial services advisory firm to work with law firms retained by the FDIC to begin standing up the Mission-Driven Bank Fund, which will channel private investment funds into FDIC-insured mission-driven banks such as MDIs and CDFIs. The fund will provide opportunities for FDIC-insured mission-driven banks to pitch proposals for equity capital, loan participations, and other ways to build capacity and scale. With significant investment commitments by private companies, philanthropic organizations, and other financial institutions, it is anticipated that the fund will provide a sizeable source of capital and other helpful tools that can help MDIs and CDFIs grow their operations and expand their impact in minority communities. The FDIC intends to launch the fund in 2021. The FDIC will not be an investor or play a role in hiring the independent fund manager or investment committee.

Policies

The FDIC's Board of Directors updated and strengthened its Statement of Policy Regarding Minority Depository Institutions in August and published it for public notice-and-comment in September 2020. The policy statement reflects the agency's enduring commitment to fulfilling the five 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. The public comment period closed in November 2020, and after reviewing and considering the comments, the FDIC will issue the final Statement of Policy in 2021.

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 early 2020, the FDIC began recording and publishing 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, the FDIC recorded and promoted a number of videos and podcasts centered on MDIs, and agency leaders emphasized the significance of MDIs in numerous public speaking engagements.

Outreach, Technical Assistance, Education

The FDIC also continuously pursued efforts to improve communication and interaction with MDIs and to respond to the concerns of minority bankers in 2020. The agency maintains active outreach with MDI trade groups and offers to arrange annual meetings between FDIC regional management and each MDI's board of directors to discuss issues of interest. The FDIC routinely contacts MDIs to offer return visits and technical assistance following the conclusion of FDIC safety and soundness, consumer compliance, Community Reinvestment Act (CRA), and other specialty examinations to help bank management better understand and implement examination

FDIC Chairman Jelena McWilliams (center) participates in the Freedman's Bank Forum, an event held at the U.S. Treasury on March 3, 2020, to commemorate the 155th anniversary of the bank's founding. From left, NCUA Chairman Rodney Hood, Treasury Assistant Secretary Bimal Patel, Comptroller of the Currency Joseph M. Otting, and Federal Reserve Governor Michelle W. Bowman.

recommendations. These return visits, normally conducted within 90 to 120 days after the examination, are intended to provide useful recommendations or feedback for improving operations, not to identify new issues.

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 2020, the FDIC provided 135 individual technical assistance sessions on approximately 40 risk management, consumer compliance, and resolution topics, including:

- Accounting,
- Bank Secrecy Act (BSA) and Anti-Money Laundering (AML),
- Business continuity planning,
- Community Reinvestment Act,
- Compliance management,
- Funding and liquidity,
- Information technology risk management and cybersecurity,
- Internal audit,
- Loan modifications and Troubled Debt Restructuring, and
- Pandemic contingency planning.

The FDIC also held outreach, training, and educational programs for MDIs through conference calls and regional banker roundtables. In 2020, topics of discussion for these sessions included many of those listed above, as well as collaboration and partnerships, CECL accounting methodology, IT vendor management, cybersecurity, CRA, innovation, BSA, CDFI Fund Programs, and emerging technology.