



### **The FDIC Podcast – Supporting Mission-Driven Banks**

**BRIAN SULLIVAN:** Welcome back to the FDIC Podcast, a place where we talk about our banks and *your* money. I'm Brian Sullivan with the Federal Deposit Insurance Corporation and today we're talking about mission-driven banks. These are FDIC-insured minority depository institutions...MDIs as they're called...and community development financial institutions, CDFIs. These banks primarily work and lend in lower income urban and rural communities where mainstream banking and financial services have historically been lacking.

Last September, FDIC Chairman Jelena McWilliams launched a first-of-its kind investment fund to support these banks. It's called the Mission-Driven Bank Fund and before you wonder ... what is a public agency like the FDIC doing promoting an investment fund of *any* kind?...let me defer to Chairman McWilliams herself who recently sat down to speak with two of the fund's anchor investors...Truist Financial Corporation and Microsoft.

**JELENA MCWILLIAMS:** I'm thrilled to be here today, and I am thrilled to be here today with two very important people to us and very special people who have done an enormous amount of work to make sure that we can set up what we just unveiled last week, which is the Mission-Driven Bank Fund which is a capital investment vehicle sponsored by the FDIC, but funded by private partners that we have teamed up with.

So we're here today with Bill Rogers from Truist, the CEO of Truist, and Anita Mehra, from she's a global VP at Microsoft. I will give you a moment to briefly introduce yourselves and your interest in this initiative.

But I will explain to the public that this fund is pretty unique for the government and early on in my tenure at the FDIC, we have been frankly, trying to figure out how to help Minority Depository Institutions in the United States. This was early 2018 when I came, mid 2018, when I came into the job and I met with a number of CEOs of Minority Depository Institutions and ask them, what do you really need? And we've done a number of initiatives on technical assistance, on making sure that they can bid for the failed banks early and before others in the failed bank process that the FDIC organizes when we close banks. We have done a lot of outreach, organized speed dating between MDIs and non MDIs, but it was clear that more needed to be done.

And in my conversations with these CEOs, the number one thing that they mentioned they could use and they would need is capital. And so fast forward, a few months later, late 2018, I was on a plane en route from, I believe, Texas or Missouri, back to DC and there was nothing good on DirecTV, which ended up being such a blessing because I ended up being stuck with *Shark Tank*, the show, an episode of the show *Shark Tank*.

And by the time I landed, I thought “why don’t we create a Shark Tank for Minority Depository Institutions?” And from that idea in late 2018 to today we have been working on how exactly to set up this fund, how to structure it. We engaged early with Microsoft and Truist as potential anchor investors.

And I’m more than pleased to announce that now we’re launching the fund with Microsoft and Truist being our anchor investors, Discovery being another investor in the fund as well. And in the aggregate, these companies have committed up to \$120 million to the fund that’s basically going to provide capital to MDIs and CDFIs that are insured by the FDIC. And we believe that the leverage, which is one-to-10 in this fund is going to enable banks to be able to lend to small businesses and help their communities up to over a billion dollars in potential lending amounts.

So Bill, Anita, couldn’t be more happy to be anywhere else right now, but with the two of you, so maybe just give us a brief introduction and I have a few questions for you. And Anita, why don’t we start with you.

**ANITA MEHRA:** Great, thank you so much for this opportunity and the partnership with you and Bill. I think, as you said, you know for me, it’s a very personal mission too, in addition to Microsoft’s goals and objectives. Being an immigrant to this country and having lived in Philadelphia towards the end of late 80s, I’ve seen firsthand the experience when communities are starving for capital, they are underbanked or are not able to find the role models to develop and grow and have the opportunity to live to their full potential, what kind of effect that can have. And I think your vision here to help the MDIs and CDFIs who are so close to these communities and really know them. I think this is a great opportunity. So I’m looking forward to the conversation and this partnership with you and Truist, and hopefully a lot of other investors who will come in.

**JELENA MCWILLIAMS:** Well, I certainly hope that others will, jump on the bandwagon, but we’ll just remember that you two were the first!

**WILLIAM H. ROGERS, JR.:** Sure, I’m the CEO of Truist. And many of you may know that Truist is the company that was formed with the merger of BB&T and SunTrust now a little over two years ago. And this just fits in exactly what we want to accomplish. Our purpose is to inspire and build better lives and communities. And when we started down this path, we said we wanted to merge *for* something. We didn’t want to

just merge for shareholders, but just didn't want to merge for clients, but we want to merge for our communities. What can we do? How can we be bigger? How can we play a play, a more important role? And we're constantly looking for ways to improve our communities and this is a perfect, perfect match for us.

And if our job is to inspire and build better lives and communities, what better way to do it than partner with institutions that know our communities better than anybody...that just know our community is better than anybody? And if we can partner in unique ways, and what we really loved about, this fund is that we're going to listen and learn.

So this isn't a, here's what we're going to do, and here's the money and here's how you use it. It's an opportunity to learn from the people who know most about communities and most about communities who've a lot of people are forgotten about. And you know, there's no, no escaping that, COVID has exacerbated economic mobility and has created more challenges in more communities and the opportunity to actually help bend that curve and be a pioneer and do it in ways that are unique...we are really, excited about being part of this process.

And having Microsoft be a partner who's somebody we've been working with for a long time. And looking for ways to partner was just perfect. And then of course being led by the FDIC and Chairman McWilliams, your incredible vision for this and your openness to innovate. That's not often the thing that's most associated with regulators, but your openness to use innovation and allow us to all be flexible and learn as we go and build something that'll really be powerful as it is a great testament to your leadership, so thank you.

**JELENA MCWILLIAMS:** Thank you Bill. So we call these mission-driven banks in the aggregate. They're really Minority Depository Institutions and Community Development Financial Institutions that serve low and moderate income neighborhoods of color. They serve rural communities and they're quite often the only presence, the only banking presence, in those communities and, their support for the community is vital. I would say it's obvious why these institutions matter, but Microsoft, Truist, two giants of the industry...why are CDFIs and MDIs important to you? To the extent that you're committed to this fund. And I know you have a lot of philanthropic efforts, but why this fund in particular? And maybe Anita, we'll start with you again.

**ANITA MEHRA:** Yeah great, thank you. I think, you know, if I look at the mission statement that Microsoft has to empower every person and every organization on the planet to achieve more and that achieve more, does not just happen. And we do need to be very intentional about how do we support every community in the ecosystem, where we live, where we operate. And I think that's been very fundamental and core to our cultural beliefs and how do we need to support this inclusive growth, that's been referred

to it. So if I use that inclusive growth lens, then you know, we've been working with MDIs for 15-plus years and hearing from them on what's working, what's not working.

You know when an entrepreneur who wants to start a barber shop in the neighborhood and create jobs and create enrichment for the neighborhood cannot walk in and just get a loan processing time or any number of hurdles.

How can we enable that? And how can we also provide flexible or patient capital for these institutions to provide the loans which may take longer to recover, which may have a very different risk profile. And I think those were the reasons we were very motivated based on everything we have heard from our friends in the mission-driven bank community to help in any way we could.

**JELENA MCWILLIAMS:** Thank you Anita. And Bill, you briefly touched upon this in your opening introductory remarks, but you have a lot of opportunities to work with different banks. Why, why specifically MDIs and CDFIs and how do you see this connection with the Truist working out?

**WILLIAM H. ROGERS, JR.:** Yeah, I think, I think there are a couple of things. One is, and I think everything they said is exactly right. You have to go to the leaders in the community who actually know where the issues are and know what the challenges are and know where the opportunities are. And I think, you know, to think that we know all those answers is just not the right approach.

So being able to partner with, MDIs and CDFIs and all Mission-driven Institutions is just the correct way to really really serve communities. So to go where the challenges are, go where the opportunities are, and we just don't know all that. We'd like to think we do. We'd like to think we're omni-present. We really aren't a lot of these markets, but being able to partner with, these institutions and then the other is, it works! Part of great philanthropy is working with people that know how to do things and that it works. So these are institutions that are doing well. These are institutions that know how to make things happen. These are institutions that know how to use this capital for the right reasons. So it works.

There's almost no better explanation than, you know...go where things work and have the highest impact and the ability to partner and the thing I love about this fund, as well as the, open door to think about, there are tons of Microsoft products I'm sure that could be part of this process. There are lots of things that we do at Truist that we'd love to share and be a part of that are way beyond the capital that we've committed. But if there's any expertise that could be leveraged in any way, we've got lots of great ideas of things that we're doing, but being able to deploy them in an effective way to the communities that need us most, it's really, exciting to be part of.

**JELENA MCWILLIAMS:** I'm, absolutely excited because I think that this fund is going to be above and beyond just the capital investment. The partnership that these MDIs and CDFIs will be able to establish with both of your institutions...and again, as I said, giants of the industry...will not only provide the technical tools and, and the business acumen that's, quite often needed in these communities. But I'm just really excited to see the, exponential factor, the compounded interest over time that's going to come, not just from the capital investment, but from your involvement with these communities through the fund.

So you two are our anchor investors and as anchor investors, you will have the ability to actually choose a fund manager. So maybe we briefly can talk about what exactly are you going to look for in a fund manager? And Bill why don't we go with you this time.

**WILLIAM H. ROGERS, JR.:** Yeah, well I think it has to start with, we want to fund manager that looks like our communities. So I think that's a pretty good place to start. So a fund manager, that's committed to the same things that we're committed to. We're going to need all the things, the professional management, the systems, and all that...that's a given, we'll find that. That exists out there. But to find a fund manager that shares the same passion that, we share for this, to find a fund manager that, you know, is as committed to their own company that has an inclusive company and is thinking about how to serve those markets and has people and fund managers that look like our communities that we serve. I think it's going to be an important criteria. So that the chance that you've given us to actually think about this differently and to plow new ground, not only in that area, I think is also really exciting. And, we'd love feedback on that as well. You know, we'd love to find out, you know, ideas that you've may have on, people that we can partner with in this process.

**JELENA MCWILLIAMS:** No, perfect. And as you know, the FDIC will have an advisory role for the committee. So we'll be watching, you will be helping, we'll be there for you to move this initiative forward. And Anita, from your perspective, what exactly would you be looking for in a fund manager?

**ANITA MEHRA:** I totally agree with what Bill just shared. And I think just to build on that. I think an innovative fund manager, right, who's thinking about things differently. Using the same old approach of how to review risk, how to think about return on capital...all of those old principles are not going to be effective. You know, based on everything that I've heard from the communities that we talk to on a regular basis. And so that ability to think differently and the ability to focus on the impact that this fund is trying to drive, that needs to be front and center.

Because if you lose sight of that then, as Bill was saying, there are so many qualified fund managers. You're not looking for just, you know, a technically sharp person. We're

looking for someone with that passion. It should be in their soul to say, this is what I want to do.

**JELENA MCWILLIAMS:** Speaking of the fund that, you know, there are a lot of different initiatives that people and corporations engage in. What are you hoping to achieve? What is, what would you consider a success? Because again, we're talking about patient capital, we're talking about the social impact, the ability of these communities to prosper. What, do you hope to accomplish? What is the end product here?

**ANITA MEHRA:** I think as I was talking about the fund manager, truly is the same thing, the impact, and I'll share a story. We do, and just like I'm sure Truist and others are, focusing on helping communities in so many different ways. One of them for us is helping partners in our ecosystem with access to capital. In the story that really touched me was a partner in Texas who said that when he got the check and he walked into a regular top-10 bank to deposit the check, the manager actually alerted the security team because of size of the check. And to me, that's the differentiator. We can impact the community in so many ways.

Mission-driven banks that are in the community, know the community, will know who this person is that this person runs the small business in our neighborhood! And so my hope is that CEO I'm talking about from Texas can walk in without feeling like security is going to be alerted when he walks in. He should feel that this banking team, this team that's going to fund me. that's really what I would say is success. And I think a related one is why being a capitalist, I'm sure Bill you would agree, now the reason both our companies are in this is we want to attract other investors. And so being that capitalist, being impactful is really what I'm hoping for.

**WILLIAM H. ROGERS, JR.:** You know, when we were building our purpose statement for our company we started with this concept of build better lives and communities, that seemed to be right, what we wanted to do. It seemed to be in the core. It's everybody gravitated around it. And just a really, great leader raised her hand and said, "what about adding the word 'inspire?'" So why don't we inspire and build better lives and communities and inspire means you have to do things differently.

So it's not just *build*. So this fund was a great example as we probably in fairness, and other times would have taken a long time, we would have gone through a big process. We would have gone through a lot of committees. We would have said, gosh maybe let's let somebody else start it. We'll come in second. You know, let's get it all set up first, let's not take too much risk. But when your goal is to inspire, then you have to go *first* and you have to be *first* in the community and you have to so the opportunity to do this *first* and do it with Microsoft and hopefully inspire others to join this that was really important to us, that word. And then that applies in the same thing in the community.

So you, said the word patient capital, which is exactly right. This is not a third-year ROI kind of investment. It just doesn't work that way. These are generational challenges that we're facing in these communities. And so we have to be patient and to, to me is, if we're the proverbial, maybe rather than pebble in a pond, but boulder in a pond, so hopefully the ripples are bigger. But if we're the proverbial pebble in the pond and people can look back and say, "Wow, that Mission-Driven Fund, remember that 50 years ago, remember what that did? And remember the ripples that it created and all these generational things of you know, people employed, people going to school, businesses being created, and the communities being changed forever?" That's the goal...just to be able to think longer and to think more impactful is what's so exciting about this.

**JELENA MCWILLIAMS:** Alright, give me a 20-second elevator pitch for the fund. We'll start with you, Bill.

**WILLIAM H. ROGERS, JR.:** Do you want to make a difference in the world or do you just want to be part of the world? Period.

**JELENA MCWILLIAMS:** Mission-Driven Bank Fund hashtag, I love it. Anita?

**WILLIAM H. ROGERS, JR.:** Mission-Driven Bank Fund hashtag, I forgot that part.

**ANITA MEHRA:** Do you want to create inclusive growth opportunities or just focus on your growth? Hashtag mission-driven banks!

**JELENA MCWILLIAMS:** I love it! We've got a hashtag Mission-Driven Bank Fund and Bill Rogers and Anita Mehra here from Truist and Microsoft. Thank you so much. This fund wouldn't exist today without you. And for that we're grateful to you, the communities are grateful to you and I look forward to see what all we do. So I'll make my 20-second pitch. I will say the FDIC is proud to sponsor behind this fund to stand behind this fund. We have teamed up with two great companies and Discovery as well to set up the fund. I hope others will join because this fund will have a lasting impact...hashtag Mission-Driven Bank Fund! Thank you both.

**WILLIAM H. ROGERS, JR.:** Thank you.

**ANITA MEHRA:** Thank you!