

DATA DISPATCH

Treasury program sets up minority depository institutions to outperform industry

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By David Hayes
Market Intelligence

U.S. minority depository institutions again posted stronger growth and profitability figures compared to the rest of the U.S. banking industry in the first quarter and new capital from a U.S. Treasury program can give them the opportunity to accelerate their expansion.

In total, the U.S.'s 143 operating minority depository institutions, or MDIs, posted a median 0.90% return on average assets in the first quarter, compared to 0.87% for the U.S. banking industry as a whole, according to S&P Global Market Intelligence data.

Meanwhile, deposits at MDIs grew by a median of 10.4% year over year in the first quarter and loans grew by 1.73%, both higher than the industry median.

Treasury's program adds growth capital

In December 2021, the U.S. Treasury announced that 186 community development financial institutions and minority depository institutions were approved to receive roughly \$8.7 billion in low-cost preferred stock or subordinated debt investments from the Emergency Capital Investment Program, or ECIP.

Fifty-seven MDIs, including credit unions, were approved to receive a combined \$3.1 billion in ECIP investments. Although a final tally of ECIP participants and investments is not yet available, multiple MDIs have already announced capital raises.

Two years after receiving the investment, MDIs are required to pay the Treasury a dividend of 2%, but that can drop to as low as 0.5% if they meet certain lending requirements.

Black, African American MDIs

On June 7, Broadway Financial Corp., the holding company for Washington, D.C.-based City First Bank NA, the nation's largest Black or African American MDI, received a \$150.0 million preferred stock investment from the U.S. Treasury's ECIP fund, equal to over 13% of the company's assets as of March 31.

Meanwhile, Durham, N.C.-based M&F Bancorp Inc., parent company of Mechanics & Farmers Bank, revealed that it had received \$80 million in ECIP funds, according to a June 24 article in the (Raleigh, N.C.) *The News & Observer*.

Q1'22 performance at Black, African American US MDIs

For the quarter ended March 31, 2022

Company (top-level ticker)	City, state/territory	For the quarter ended March 31, 2022					
		Total assets (\$M)	ROAA (%)	Efficiency ratio (%)	YOY deposit growth (%)	YOY loan growth (%)	Adj. NPAs/assets (%)
City First Bank NA (BYFC)	Washington, DC	1,128.6	0.38	76.99	137.9	187.9	0.24
Liberty Bank and Trust Co.	New Orleans, LA	1,014.3	0.89	73.44	21.8	16.4	1.16
Carver FSB (CARV)	New York, NY	735.3	0.28	89.94	12.2	19.8	2.36
Citizens Trust Bank (CZBS)	Atlanta, GA	681.0	0.46	79.13	13.9	6.7	0.43
OneUnited Bank	Boston, MA	657.5	0.11	97.64	10.8	20.2	0.80
Industrial Bank (IBWC)	Washington, DC	621.4	0.10	93.56	7.5	-7.0	1.39
First Independence Bank	Detroit, MI	396.3	0.26	88.88	25.9	21.8	0.14
Mechanics & Farmers Bank (MFBP)	Durham, NC	370.1	0.92	74.01	9.1	23.0	1.15
Harbor Bank of Maryland (HRBK)	Baltimore, MD	369.5	0.08	97.25	22.0	-11.0	2.56
Optus Bank	Columbia, SC	338.6	0.55	65.52	98.9	65.5	0.38
Unity National Bank of Houston	Houston, TX	251.5	1.07	91.61	34.9	-10.4	2.15
Citizens Savings Bank and Trust Co.	Nashville, TN	134.4	0.62	81.19	7.9	16.4	2.42
GN Bank ¹	Chicago, IL	79.8	0.26	87.25	-19.8	26.9	3.79
United Bank of Philadelphia	Philadelphia, PA	67.9	-1.60	143.43	11.9	4.2	3.15
Carver State Bank	Savannah, GA	64.0	-0.11	103.63	-5.7	-15.9	1.42
First Security Bank and Trust Co.	Oklahoma City, OK	59.8	1.25	78.65	-12.4	-9.5	1.68
Commonwealth National Bank	Mobile, AL	57.1	-1.10	137.97	2.9	16.0	0.00
Columbia Savings and Loan Association	Milwaukee, WI	26.6	0.16	95.94	5.2	9.8	3.42
Alamerica Bank ²	Birmingham, AL	15.3	-2.00	125.86	-6.1	-3.4	4.27
Black, African American MDI median			0.26	89.94	10.8	16.0	1.42
U.S. MDI median			0.90	68.22	10.4	1.7	0.41
U.S. commercial bank, thrift median			0.87	67.95	8.8	1.7	0.26

Data compiled July 7, 2022.

MDI = minority depository institution

Adj. NPAs/assets = nonperforming assets net of delinquent U.S. government guaranteed portion and other real estate owned covered by loss-sharing agreements with the Federal Deposit Insurance Corp. as a percent of assets

Includes the 19 operating Black or African American designated MDIs reported by the FDIC as of March 31, 2022.

Data based on regulatory filings.

¹ Ultimate parent company is based outside the U.S.² Merger target.

U.S. commercial bank and thrift median includes all operating U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Source: S&P Global Market Intelligence

In March, the three main federal banking regulatory agencies noted that ECIP preferred stock investments would count as additional Tier 1 capital, so for a company like M&F Bancorp, its ECIP investment should more than double its Tier 1 capital levels.

Black or African American MDIs have already been outpacing the rest of the industry in loan and deposit growth; during the first quarter, African American MDIs reported 10.8% median deposit growth year over year and 16.0% loan growth.

Asian, Pacific Islander American MDIs

Among the top 20 Asian or Pacific Islander American MDIs by assets as of March 31, Arlington, Mass.-based Leader Bancorp Inc. and Los Angeles-based PCB Bancorp, the holding companies of Leader Bank NA and Pacific City Bank, respectively, were the only two approved for ECIP investments, according to a December 2021 list from the Treasury.

PCB received a \$69.1 million ECIP investment from the Treasury on May 24.



- * Download the U.S. Treasury's list of the 186 institutions approved for ECIP investments.
- * Download a spreadsheet containing detailed financial information for a target institution.

Once again, the U.S.'s Asian, Pacific Islander American MDIs were more profitable than the broader banking industry in the first quarter, but the group's loan growth was below the national median.

Q1'22 performance at top 20 Asian American, Pacific Islander US MDIs

For the quarter ended March 31, 2022

Company (top-level ticker)	City, state/territory	Total assets (\$B)	ROAA (%)	Efficiency ratio (%)	YOY deposit growth (%)	YOY loan growth (%)	Adj. NPA's/assets (%)
East West Bank (EWBC)	Pasadena, CA	62.22	1.55	37.41	10.8	9.1	0.30
Cathay Bank (CATY)	Los Angeles, CA	20.85	1.39	40.97	10.2	11.1	0.48
Bank of Hope (HOPE)	Los Angeles, CA	17.80	1.44	47.97	1.9	3.4	0.46
Hanmi Bank (HAFC)	Los Angeles, CA	6.73	1.39	48.44	5.1	10.4	0.05
Preferred Bank (PFBC)	Los Angeles, CA	6.14	1.72	30.78	12.5	10.1	0.27
CTBC Bank Corp. (USA) (2891)*	Los Angeles, CA	4.49	0.93	54.20	15.3	18.1	0.68
Royal Business Bank (RBB)	Los Angeles, CA	4.01	1.55	39.11	10.1	14.2	0.41
Leader Bank NA	Arlington, MA	3.20	1.11	60.48	41.9	27.4	0.02
Woori America Bank (A316140)*	New York, NY	3.18	0.79	59.18	27.3	17.8	0.06
Metro City Bank (MCBS)	Doraville, GA	3.15	2.49	30.71	35.4	36.5	0.49
Bank of Guam (BKGM)	Hagatna, GU	2.70	0.47	82.09	14.0	-7.2	1.78
American First National Bank	Houston, TX	2.31	1.92	39.81	10.0	8.9	0.05
Pacific City Bank (PCB)	Los Angeles, CA	2.20	1.92	47.03	9.0	4.3	0.09
Shinhan Bank America (A055550)*	New York, NY	1.99	0.01	98.84	3.1	-5.2	1.12
Open Bank (OPBK)	Los Angeles, CA	1.86	1.88	43.65	29.9	27.9	0.10
Commonwealth Business Bank (CBB)	Los Angeles, CA	1.79	1.92	49.51	28.7	15.6	0.15
State Bank of Texas	Dallas, TX	1.40	3.95	23.57	44.4	32.5	0.46
Golden Bank NA	Houston, TX	1.37	1.70	46.87	7.7	13.6	0.07
First General Bank	Rowland Heights, CA	1.26	2.13	24.53	14.7	0.9	0.08
Wallis Bank	Wallis, TX	1.12	3.63	43.65	3.2	-27.1	0.38
Asian American, Pacific Islander MDI median			1.11	56.65	10.1	0.9	0.27
U.S. MDI median			0.90	68.22	10.4	1.7	0.41
U.S. commercial bank, thrift median			0.87	67.95	8.8	1.7	0.26

Data compiled July 7, 2022.

MDI = minority depository institution

Adj. NPA's/assets = nonperforming assets net of delinquent U.S. government guaranteed portion and other real estate owned covered by loss-sharing agreements with the Federal Deposit Insurance Corp. as a percent of assets

Includes the 20 largest operating Asian American or Pacific Islander American designated MDIs by assets as of March 31, 2022.

MDI designation is as reported by the FDIC as of March 31, 2022.

Data based on regulatory filings.

* Ultimate parent company is based outside the U.S.

U.S. commercial bank and thrift median includes all operating U.S. commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Top-level ticker based on ultimate parent company's home country stock exchange.

Source: S&P Global Market Intelligence

Hispanic American MDIs

With \$2.42 billion in assets as of March 31, Miami-based Banesco USA, was the largest Hispanic American MDI to receive approval for an ECIP investment. Banesco plans to use the Treasury's \$250.0 million investment — which

should more than double the \$190.3 million in Tier 1 capital the company reported at March 31 — to increase lending in South Florida and Puerto Rico.

Q1'22 performance at top 20 Hispanic American US MDIs

For the quarter ended March 31, 2022

Company (top-level ticker)	City, state/territory	For the quarter ended March 31, 2022					
		Total assets (\$B)	ROAA (%)	Efficiency ratio (%)	YOY deposit growth (%)	YOY loan growth (%)	Adj. NPAs/assets (%)
Banco Popular de Puerto Rico (BPOP)	San Juan, PR	58.56	1.09	62.66	8.5	-1.5	3.05
FirstBank Puerto Rico (FBP)	San Juan, PR	19.92	1.59	48.17	8.1	-4.9	2.64
Popular Bank (BPOP)	New York, NY	10.58	1.01	59.74	0.5	9.9	0.39
Oriental Bank (OFG)	San Juan, PR	10.15	1.48	58.18	2.5	-0.4	2.07
International Bank of Commerce (IBOC) ¹	Laredo, TX	9.31	1.34	47.65	-14.8	-12.7	0.11
Ocean Bank	Miami, FL	5.37	0.87	69.61	16.4	5.3	0.43
International Bank of Commerce (IBOC) ¹	Brownsville, TX	3.90	1.30	47.54	198.6	64.6	0.43
Lone Star National Bank	McAllen, TX	3.03	1.07	67.46	16.2	-9.4	0.93
Banesco USA	Miami, FL	2.42	0.72	69.74	17.5	20.1	0.39
Commercial Bank of California	Irvine, CA	1.97	0.72	70.17	26.1	3.5	0.18
U.S. Century Bank (USCB)	Doral, FL	1.97	1.01	58.96	22.1	14.0	0.20
Falcon International Bank	Laredo, TX	1.91	1.28	52.15	17.4	10.4	0.97
Ponce Bank (PDLB)	Bronx, NY	1.59	-1.05	113.90	6.2	6.4	1.31
Apollo Bank ²	Miami, FL	1.07	0.91	66.13	19.2	33.1	0.17
International Finance Bank	Miami, FL	0.95	0.78	67.99	9.6	6.3	0.45
Rio Bank	McAllen, TX	0.77	0.64	79.16	11.8	2.0	0.23
Texas National Bank	Mercedes, TX	0.68	1.53	55.88	53.2	2.0	0.39
Commerce Bank (IBOC) ¹	Laredo, TX	0.66	0.88	54.55	18.4	-12.7	0.13
Sunstate Bank	Miami, FL	0.51	0.45	78.38	1.5	-14.4	0.11
International Bank of Commerce (IBOC) ¹	Zapata, TX	0.48	0.82	68.22	8.4	-14.7	0.18
Hispanic American MDI median			0.91	67.18	9.7	0.7	0.41
U.S. MDI median			0.90	68.22	10.4	1.7	0.41
U.S. commercial bank, thrift median			0.87	67.95	8.8	1.7	0.26

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Data based on regulatory filings.

¹ Laredo, Texas-based International Bancshares Corp. operates three separate banks named International Bank of Commerce.

These three banks, along with Commerce Bank, were all designated Hispanic American MDIs as of March 31, 2022.

² Merger target.

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Source: S&P Global Market Intelligence

Native American, Alaskan Native American MDIs

Shawnee, Okla.-based First National Bank and Trust Co., the second-largest Native American MDI by assets, was the largest Native American MDI to receive approval for an ECIP investment.

The company has already more than doubled in size over the last year following its acquisition of Oklahoma City-based MidWest Community Financial Corp., which was completed in July 2021.

Q1'22 performance at Native American US MDIs

For the quarter ended March 31, 2022

Company (top-level ticker)	City, state	For the quarter ended March 31, 2022					
		Total assets (\$M)	ROAA (%)	Efficiency ratio (%)	YOY deposit growth (%)	YOY loan growth (%)	Adj. NPAs/assets (%)
Gateway First Bank	Jenks, OK	1,886.9	2.46	76.12	-2.5	-15.1	2.14
First National Bank and Trust Co.	Shawnee, OK	689.3	0.16	92.40	107.9	343.8	0.49
F&M Bank	Edmond, OK	652.8	1.35	62.35	10.7	11.1	0.08
FirstBank	Antlers, OK	604.1	0.64	69.42	6.1	1.1	0.16
Lumbree Guaranty Bank (LUMB)	Pembroke, NC	486.4	0.87	68.63	13.4	-12.0	0.97
People's Bank of Seneca	Seneca, MO	363.0	1.04	51.55	23.1	12.1	0.73
Chickasaw Community Bank	Oklahoma City, OK	362.1	1.33	68.99	31.4	32.5	0.77
Security State Bank of Oklahoma	Wewoka, OK	358.1	1.51	48.35	26.2	-5.6	1.22
Woodlands National Bank	Onamia, MN	340.3	0.77	64.34	8.6	-16.3	0.15
Pauls Valley National Bank	Pauls Valley, OK	311.9	0.52	69.42	6.2	1.7	0.59
Pinnacle Bank	Marshalltown, IA	281.7	2.29	31.22	29.7	18.5	1.37
Turtle Mountain State Bank	Belcourt, ND	215.9	0.15	82.54	227.7	-18.4	0.21
Bay Bank	Green Bay, WI	200.9	0.40	82.51	35.4	-8.8	0.38
Bank of Cherokee County	Hulbert, OK	174.3	0.37	89.80	17.3	17.5	0.09
Native American Bank NA	Denver, CO	170.1	-0.07	100.96	0.8	-17.8	0.99
Carson Community Bank	Stilwell, OK	168.1	1.88	62.60	1.7	-3.4	1.32
Eagle Bank	Polson, MT	97.4	0.95	60.00	5.7	-1.2	0.07
First State Bank	Abernathy, TX	61.7	1.71	70.98	47.8	37.9	0.16
AllNations Bank	Calumet, OK	53.7	0.57	92.36	17.9	8.2	0.68
Native American MDI median			0.87	69.42	17.3	1.1	0.59
U.S. MDI median			0.90	68.22	10.4	1.7	0.41
U.S. commercial bank, thrift median			0.87	67.95	8.8	1.7	0.26

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Source: S&P Global Market Intelligence

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