

From the Triangle Business Journal:

<https://www.bizjournals.com/triangle/news/2020/10/13/why-bank-of-america-is-investing-in-m-f-bank.html>

How this Black-owned bank in Durham will use infusion from Bank of America

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Charlotte banking giant Bank of America (NYSE: BAC) has taken a 4.9 percent stake in the holding company behind Durham-based M&F Bank – a \$500,000 investment.

The move, described in a recent securities filing, is part of a broader push by Bank of America to invest \$50 million in historically Black-owned institutions.

Other big banks – JPMorgan Chase (NYSE: JPM), Wells Fargo (NYSE: WFC) and Citibank (NYSE: C) – have all set aside capital to invest in Black banks.

M&F CEO James Sills declined to say whether the bank was having discussions with additional institutions. But Sills said M&F is one of six firms Bank of America has invested in so far through its initiative.

The capital makes for a stronger bank, he said. Sills predicts ending 2020 in the black.

“We’ve been putting a lot of our income into our loan loss reserves because of the pandemic,” he said.

“I still think the government needs to provide a second or third round of stimulus for the economy to continue,” Sills said. “If we don’t see more stimulus, I think you



DAVID PURTELL

M&F Bank branch in downtown Durham

will see some losses at various banks into the new year.”

And that’s why capital infusions – like the one by Bank of America – are important, he said.

“These strategic partnerships allow us to potentially grow our asset size, increase investments in technology, strengthen our bank and better serve our market,” he said.

Sills said M&F’s role in the community is particularly important as customers – both individuals and businesses – work to come out on the other side of a pandemic that has already cost the region thousands of jobs. M&F, like many banks in the community, participated in the Paycheck Protection Program, and 75 percent of the firms it supported through that SBA initiative were minority-owned.

“That just tells us we are close to the communities that we serve and that banks like ours are important to make sure that access to capital flows into communities,” he said.

Unlike some banks, which used the PPP program to gain new customers, M&F kept it in house, only deploying PPP loans to current customers. M&F has already opened its loan forgiveness portal. And recent moves to make the forgiveness process easier for loans totaling less than \$50,000 are benefitting its customers in a big way, as the vast majority of the bank's PPP deals fall under that category, he said.

As of June 30, M&F had total assets of \$291.2 million.

As for Bank of America, so far it’s also completed equity infusions in:

CSB&T Bancorp, the parent of Tennessee-based Citizens Savings Bank and Trust Co
Detroit-based First Independence Corp

Liberty Financial Services

SCCB Financial Corp, the parent of Columbia, S.C.-based Optus Bank

Southern Bancorp

And Unity National Bank of Houston NA

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