

From the Triangle Business Journal:

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## Durham bank's latest boost comes from JPMorgan Chase, Google

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Another big bank has publicly stepped up to buy a stake in Durham's M&F Bank. This time it's JPMorgan Chase (NYSE: JPM), following similar moves made by both Bank of America (NYSE: BAC) and Wells Fargo (NYSE: WFC) in recent months.

It's good business for both banks, said Erica Ellenbogen, managing director for technology and disruptive commerce at JPMorgan's commercial banking unit. Securities filings and interviews show that, altogether, since the renewed social justice movement came to a head last summer, big banks have funneled \$18 million in equity into M&F Bank, one of the oldest historically Black-led banks in the nation.

JPMorgan Chase, a \$3.4 trillion bank, is committing \$50 million to Minority Depository Institutions and Community Development Financial Institutions. Already, \$40 million in total has been doled out – including to M&F Bank. Other institutions to receive an investment from the initial round include Louisiana-based Liberty Bank and Trust, New York-based Carver Federal Savings Bank and Los Angeles-based Broadway Federal Bank.

But JPMorgan is adding something new to the equation through a partnership with Google (Nasdaq: GOOG) – a money market product geared specifically for minority depository institutions



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James Sills is CEO M&F Bank

(MDIs) such as M&F. In addition to collecting fees from the new product, JPMorgan also gets to boost minority communities – including areas it’s targeted for retail branches as part of its nationwide rollout.

Like similar pledges by Bank of America and Wells Fargo, JPMorgan is making an equity investment to fund M&F’s immediate needs. But unique to JPMorgan’s initiative is the money market share class it is creating. The program, called Empowering Change, is being created with \$500 million from Google. And it is exclusively for distribution by MDIs, including M&F. 12.5 percent of the fees from the money market program will go back into the community through donations to local nonprofits.

Along with M&F, The Harbor Bank of Maryland, Liberty Bank and Trust and Unity National Bank are the MDIs distributing the money market share class initially.

“There’s been, over the last decade, a number of MDIs and small regional banks that have closed down because of the high regulatory cost,” Ellenbogen said. “By us being a strategic partner one, on the equity side, and two, through these ... money market funds, it will provide a much longer-term sustainable business model for M&F.”

M&F CEO James Sills said his team is “really excited” about the opportunity. The M&F team has been in talks with JPMorgan for four months, he said.

“We’re just really excited about the opportunity to partner with them,” he said. “It’s unbelievable. ... It’s just a great opportunity for the bank to have a relationship with two large-scale companies like that ... to actually generate revenue for the bank which will help us sustain our institution and provide greater services.”

The equity infusion will allow JPMorgan to “get into and provide additional capital to the under-served communities that M&F acts in,” Ellenbogen said.

She said it’s a natural progression for JPMorgan, which, through a nationwide branch rollout, has been trying to extend its geographic reach in recent years – including in the Triangle, where

it's already opened branches in places such as Chapel Hill and Apex.

The investment in M&F Bank is part of JPMorgan's previously announced \$30 billion "Path Forward" commitment to advance racial equity.

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