

Greenlining Institute

Annual Bank Board Diversity Report 2012

This is the Greenlining Institute's seventh annual study of bank board diversity. This brief measures the racial, ethnic, and gender diversity of the boards of directors at the top 13 banks in California by market share. For the first time, we also examine the professional backgrounds of the directors at each bank.

Despite some improvements from last year, white and male leadership still predominates among the financial institutions studied.

Of the 13 financial institutions examined, only four (Bank of America, Wells Fargo, Union Bank, and US Bank) have at least one African American, Latino, Asian, and female board member. City National has no Asians, Latinos, or women on its board.

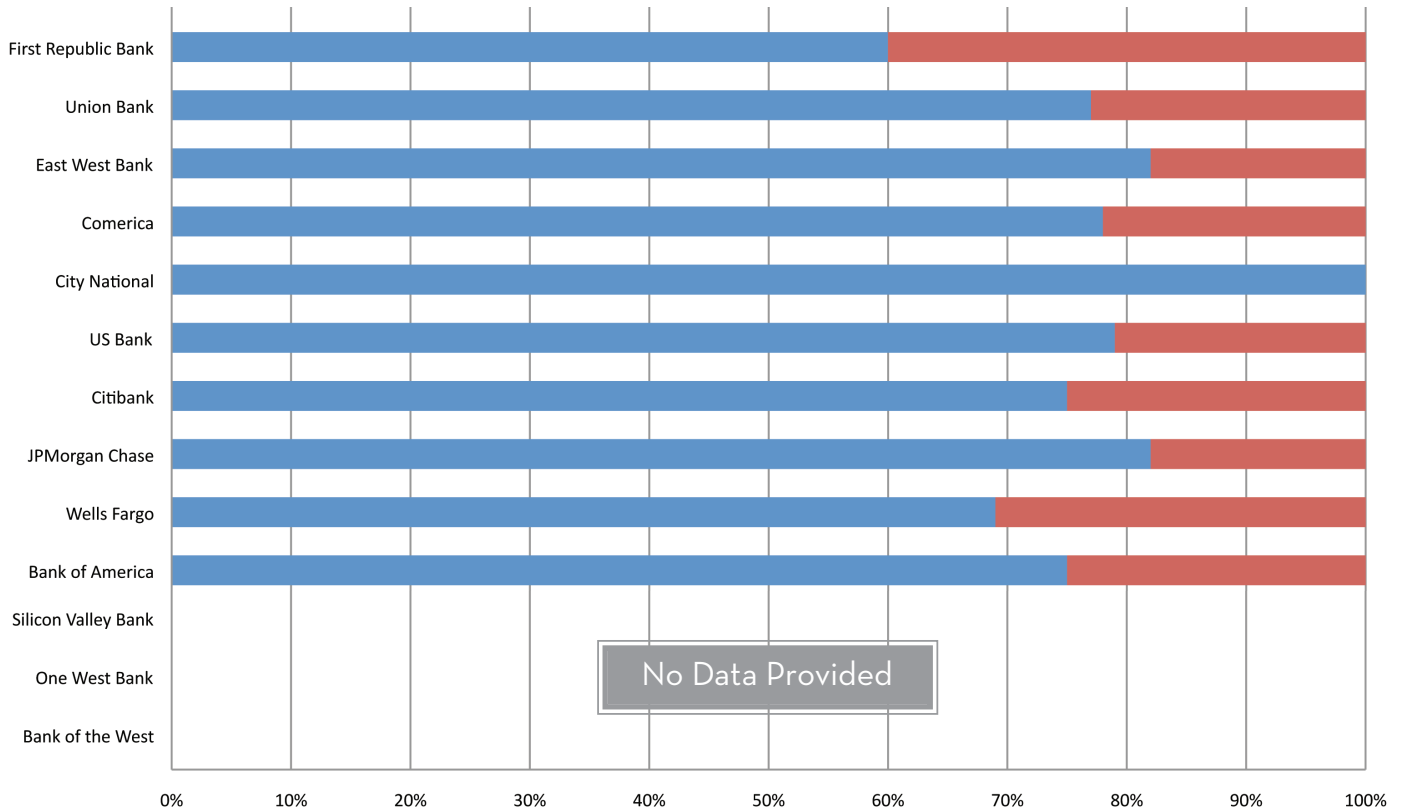
METHODOLOGY

We sought board diversity data from the top 13 banks in California, ranked by their California Deposit Market Share.¹ Together, these 13 financial institutions make up over 80 percent of the California market. For each, we obtained information about the name, race/ethnicity, and professional background of every board member from each company's website. We then contacted each bank to confirm the accuracy of our analysis. We were unable to find board member data for three banks: OneWest Bank, Bank of the West, and Silicon Valley Bank.²

FINDINGS**Gender**

Banking leadership is still clearly a male-dominated field. Every bank reviewed has a majority male board membership. First Republic Bank ranks highest in gender diversity with 40 percent female board membership, followed by Wells Fargo at 31 percent. City National ranks the lowest, with no female board members.

Bank Board Diversity by Gender



	Bank of America	Wells Fargo	JPMorgan Chase	Citibank	US Bank	City National	Comerica	East West Bank	Union Bank	First Republic Bank	Bank of the West	One West Bank	Silicon Valley Bank
Male	75%	69%	82%	75%	79%	100%	78%	82%	77%	60%	N/A	N/A	N/A
Female	25%	31%	18%	25%	21%	0%	22%	18%	23%	40%	N/A	N/A	N/A

FINDINGS

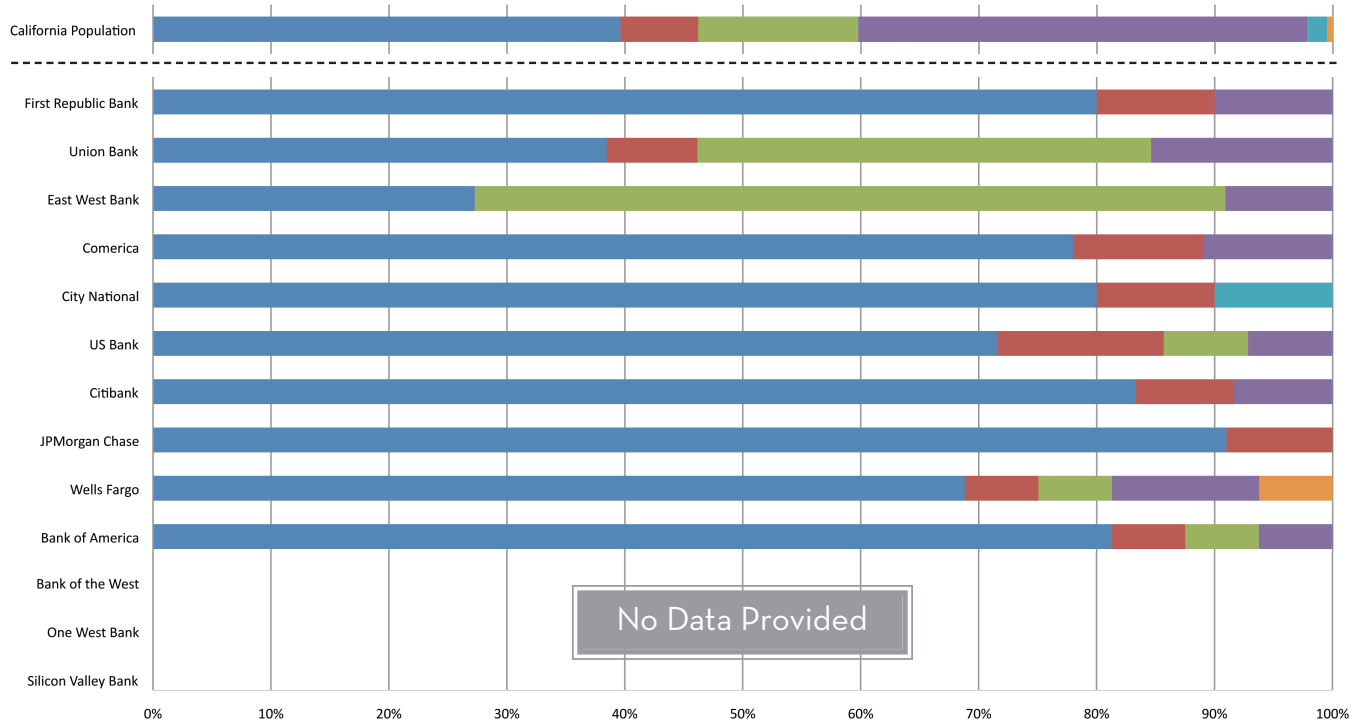
Race/Ethnicity

We applaud Bank of America, Wells Fargo, Union Bank, and US Bank for having at least one black, Asian, and Latino member on their boards. City National is the only bank we studied to have a Native American on its board. East West Bank, whose customer base is largely Asian, and Union Bank, which is foreign owned, have the highest percentages of non-whites. Not surprisingly, both of these banks have heavy Asian representation on their boards. Following them are Wells Fargo and US Bank, where racial and ethnic minorities comprise 31 percent and 29 percent of their boards, respectively.

Wells Fargo has shown the greatest improvement since last year, with the addition of one female board member, one Latino, and one Native Hawaiian/Pacific Islander. In one year, racial and ethnic minority representation on Wells Fargo’s board increased from 20 percent to 31 percent. Bank of America also added one Asian board member.

JPMorgan Chase ranks lowest in racial/ethnic diversity, with one black board member but no Asian or Latino representation. Citibank showed a dramatic decrease in diversity, with racial and ethnic minority representation on its board dropping by half, from 33 percent to 17 percent. Citibank no longer has any Asians on its board.

Bank Board Diversity by Race/Ethnicity



	Bank of America	Wells Fargo	JPMorgan Chase	Citibank	US Bank	City National	Comerica	East West Bank	Union Bank	First Republic Bank	Silicon Valley Bank	One West Bank	Bank of the West	California Population
White	81%	69%	91%	83%	71%	80%	78%	27.27%	38.46%	80%	N/A	N/A	N/A	39.70%
Black	6%	6.25%	9.00%	8.30%	14%	10%	11%	0%	7.69%	10%	N/A	N/A	N/A	6.60%
Asian	6%	6.25%	0%	0%	7.14%	0%	0%	63.64%	38.46%	0%	N/A	N/A	N/A	13.60%
Latino	6%	12.50%	0%	8.33%	7.14%	0%	11%	9.09%	15.38%	10%	N/A	N/A	N/A	38.10%
American Indian	0%	0.00%	0%	0%	0%	10%	0%	0%	0%	0%	N/A	N/A	N/A	1.70%
Pacific Islander/Native Hawaiian	0%	6.25%	0%	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	0.50%

FINDINGS

Gender and Race

East West Bank and Union Bank lead their peers in overall diversity, with people of color and/or women constituting 72.7 percent and 69.2 percent of their boards, respectively. They are followed by Wells Fargo (56.3 percent) and US Bank (42.8 percent).

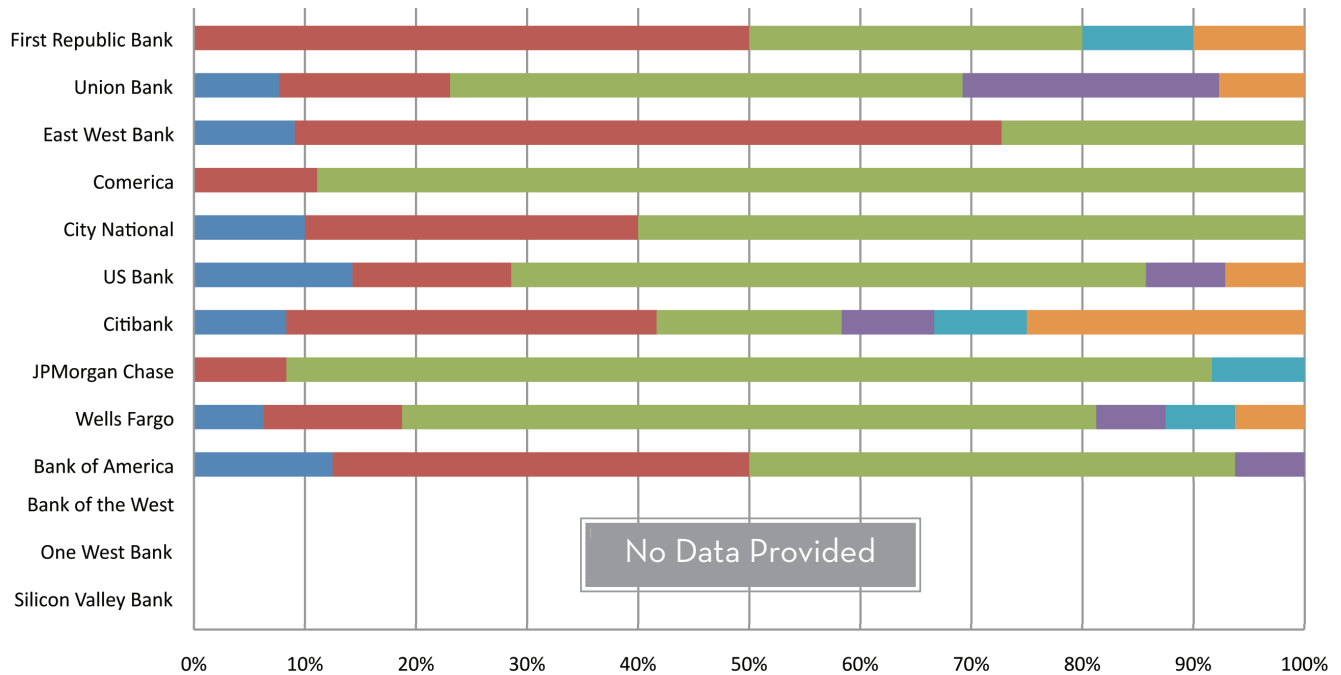
FINDINGS

Diversity by Professional Background

For the first time this year, Greenlining also conducted a preliminary analysis of the professional backgrounds of all board members. We based our analysis on the last known position held by each board member. In the interest of simplicity, we organized professions into six categories: government, financial services, other private sector (including the leadership of other major corporations), non-US-based, not for profit, and academia.

As expected, the vast majority, almost 80 percent, of board members represent the financial services industry or come from other large private corporations. Four banks (Wells Fargo, Citibank, JPMorgan Chase, and First Republic Bank) have nonprofit leaders on their boards, and five (Union Bank, US Bank, Citibank, Wells Fargo, and First Republic Bank) have academic representation on their boards. Only two, Wells Fargo and Citibank, have a board membership that includes all six sectors.

Bank Board Diversity by Professional Background



	Bank of America	Wells Fargo	JPMorgan Chase	Citibank	US Bank	City National	Comerica	East West Bank	Union Bank	First Republic Bank	Silicon Valley Bank	One West Bank	Bank of the West
■ Government	12.50%	6.25%	0%	8.33%	14.29%	10%	0%	9.09%	7.69%	0%	N/A	N/A	N/A
■ Financial Services	37.50%	12.50%	8.33%	33.33%	14.29%	30%	11.11%	63.64%	15.38%	50%	N/A	N/A	N/A
■ Other Private Sector	43.75%	62.50%	83.33%	16.67%	57.14%	60%	88.89%	27.27%	46.15%	30%	N/A	N/A	N/A
■ Non US Based Company	6.25%	6.25%	0%	8.33%	7.14%	0%	0%	0%	23.09%	0%	N/A	N/A	N/A
■ Not for Profit	0%	6.25%	8.34%	8.34%	0%	0%	0%	0%	0%	10%	N/A	N/A	N/A
■ Academia	0%	6.25%	0%	25%	7.14%	0%	0%	0%	7.69%	10%	N/A	N/A	N/A

RECOMMENDATIONS

The establishment of the Offices of Minority and Women Inclusion, which monitor the racial, ethnic, and gender diversity of the workforce and senior management of all federal financial regulatory agencies and their regulated entities, ensures that the diversity of the major financial agencies will soon be analyzed on the federal level. We are pleased to see many financial institutions taking positive steps in the past year to increase the diversity of their boards, but more needs to be done. In order to continue building boards that reflect the diversity of California, we offer the following recommendations:

❑ **Expand Qualifications for Board Members**

Employees of color in leadership positions within nonprofit and community-serving organizations represent an untapped resource for board member recruitment. Restricting membership to executive management from the private and government sectors unnecessarily excludes otherwise qualified applicants. Considering more leaders with nonprofit backgrounds could increase the number of diverse professionals ready to step into leadership roles.

❑ **Support Professional Development**

Providing professional development support, whether through internal programs or by funding external curricula, will create a pipeline that increases the number of diverse executives who may become board members later in their careers. Skills that employees learn through the course of their employment can enhance their performance and help those with high potential to advance to executive management ranks—a level which they may not reach without the additional support. Investing in the professional development of diverse employees can lay the foundation for long-term increases in board and executive management diversity.

❑ **Create a Commitment from the Top**

Every bank CEO should make a voluntary commitment to include at least one African American, Latino, and Asian American leader on his or her firm's board. This should include a specific commitment to include board members from a broader range of professional backgrounds and experience. Such a commitment could preempt further regulatory interventions and set the standard for all Fortune 500 companies.

❑ **Ensure a Diverse Applicant Pool**

In previous reports, Greenlining has praised the National Football League's "Rooney Rule," which requires that at least one minority candidate be included in the applicant pool for any senior position. We echo Sen. Robert Menendez (D-New Jersey) in recommending that all major financial institutions implement the Rooney Rule for new board and executive committee positions.

In an era when consumers are looking more and more for banks to prove that they have consumers' best interests at heart, it is imperative for those banks to demonstrate that their leadership reflects and understands the needs of an increasingly diverse customer base. We believe that such diverse leadership will both strengthen banks' relationships with their customers and help financial institutions adapt more quickly to our rapidly evolving society.

¹ Deposit Market Share Report, Federal Deposit Insurance Company, as of June 30, 2012.

² Bank of the West did not reply to our data request in time, Silicon Valley Bank declined to participate in this report, and OneWest Bank replied that as a private company, they are not required to make their board data public.

Executive Director

ORSON AGUILAR

General Counsel

SAMUEL KANG

Chief Operating Officer

PREETI VISSA

Directors:

DANIEL BYRD
STEPHANIE CHEN
JANINE MACBETH
ROSA MARTINEZ
BRUCE MIRKEN
BRAELAN MURRAY
CLAUDIA PAREDES
MICHELLE ROMERO
CARLA SAPORTA
VIEN TRUONG

Board of Directors

ROSARIO ANAYA
ROBERT J. APODACA
JESSIE BUENDIA
GEORGE DEAN
ALFRED FRAIJO
YUSEF FREEMAN
DAVID GLOVER
ORTENSIA LOPEZ
DARLENE MAR
OLGA TALAMANTE
TUNUA THRASH



THE GREENLINING INSTITUTE
1918 UNIVERSITY AVENUE, 2ND FLOOR
BERKELEY, CALIFORNIA 94704
WWW.GREENLINING.ORG

T: 510.926.4001 | F: 510.926.4010

ACKNOWLEDGEMENTS

AUTHOR: PREETI VISSA, CHIEF OPERATING OFFICER, THE GREENLINING INSTITUTE

EDITOR: BRUCE MIRKEN, MEDIA RELATIONS DIRECTOR,
THE GREENLINING INSTITUTE

EDITORIAL ASSISTANCE: TRAM NGUYEN,
THE GREENLINING INSTITUTE

DESIGN: VANDY RITTER DESIGN, SAN FRANCISCO

CONTACT: BRUCE MIRKEN, MEDIA RELATIONS DIRECTOR
T: 510.926.4022 | BRUCEM@GREENLINING.ORG

WWW.GREENLINING.ORG

