Annual Report to Congress

Preservation of Minority National Banks and Federal Savings Associations

2014
TABLE OF CONTENTS

I. EXECUTIVE SUMMARY ................................................................. 1

II. OVERALL CONDITION OF MINORITY DEPOSITORY INSTITUTIONS .......... 1

III. OCC'S NATIONAL MINORITY DEPOSITORY INSTITUTIONS PROGRAM .... 2
      A. Preserving the Present Number of Minority Depository Institutions ... 3
      B. Preserving the Minority Character of Minority Depository Institutions .... 3
      C. Providing Technical Assistance to Prevent the Insolvency of Institutions Not Now Insolvent .......................................................... 3
      D. Providing for Training, Technical Assistance, and Educational Programs ...... 3

IV. ADDITIONAL OCC ACTIVITIES IN SUPPORT OF MINORITY DEPOSITORY INSTITUTIONS .......................................................... 6
      A. Outreach .............................................................................. 6
      B. Educational Activities with Bank Examiners .................................... 8
      C. OCC Minority Depository Institutions Advisory Committee .............. 8

V. CONCLUSION ................................................................................. 8

APPENDIXES

Appendix 1—Minority- and Women-Owned Depository Institutions List ............... 9
Appendix 2—OCC Policy Statement on Minority-Owned National Banks and Federal Savings Associations .................................................................. 11
Appendix 3—OCC Minority Depository Institutions Advisory Committee Charter .... 15
I. EXECUTIVE SUMMARY

As of December 2014, the Office of the Comptroller of the Currency (OCC) supervised 51 minority national banks and federal savings associations (minority depository institutions (MDI)), accounting for 3.35 percent of the 1,521 community banks in the OCC’s Midsize and Community Bank Supervision (MCBS) line of business.

This report is submitted to comply with section 367 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd–Frank). This section of Dodd–Frank directs the Comptroller of the Currency to submit an annual report to Congress containing a description of actions taken by the OCC to carry out section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), as amended by Dodd–Frank. Section 308 describes goals for preserving minority ownership of minority financial institutions and directs the Secretary of the Department of the Treasury to consult with the Comptroller and a number of other agencies on methods for best achieving these goals.

This report provides details on the OCC’s activities completed in 2014 to support MDIs, including the overall condition of MDIs supervised by the OCC, the OCC’s compliance with section 308, an overview of the OCC’s outreach to MDIs, and the training the agency provided to examiners who supervised those institutions.

In 2014, the OCC engaged in numerous activities to carry out the goals detailed in section 308. For example,

- subject matter experts provided technical assistance to MDIs on various topics including cybersecurity, legal, accounting, compliance, and safety and soundness issues. Much of this activity focused on asset quality and loan administration, liquidity and interest rate risk management, and capital formation through earnings retention.
- bank director workshops were held throughout the country addressing topics such as risk assessment, credit risk, and compliance risk. The OCC made a special effort to encourage MDI directors to attend these workshops and waived their fees.
- the OCC’s District Community Affairs officers consulted with MDIs on community development, the Community Reinvestment Act (CRA), and related topics.
- OCC staff participated in the National Bankers Association’s (NBA) Annual Convention outreach events, including conferences sponsored by the NBA and the Independent Community Bankers of America’s Minority Bank Council.

II. OVERALL CONDITION OF MINORITY DEPOSITORY INSTITUTIONS

There are signs of improvement in the financial health of MDIs and, in general, all OCC-supervised community banks. One indicator of MDIs’ improving financial health is a reduction in the levels of noncurrent loans at MDIs from just over 3.57 percent of gross loans in 2013 to 2.31 percent in 2014, although this remains above the 1.71 percent in 2014 for all other OCC-supervised community banks. Another indication that MDIs’ financial condition is improving is in their capital positions. Because MDIs have higher levels of problem loans, they generally hold more tier 1 capital—an average of 12.60 percent in 2014, up from 12.37
percent in 2013 and higher than the average of 12.47 percent for OCC-supervised community banks. Additionally, profitability is generally improving for all banks, including MDIs. From 2013 to 2014, net interest margins (net interest income as a percentage of average earning assets) stabilized for MDIs at 3.47 percent. This was slightly higher than the 3.21 percent reported for all other OCC-supervised community banks.

III. OCC’S NATIONAL MINORITY DEPOSITORY INSTITUTIONS PROGRAM

The OCC’s national MDIs program provides technical assistance and other support to minority-owned national banks and federal savings associations to promote and preserve these institutions, consistent with the requirements of section 308 of FIRREA, as detailed below.

A. Preserving the Present Number of Minority Depository Institutions

As noted in table 1, nearly 61 percent of the MDIs supervised by the OCC have assets totaling $250 million or less, and 80 percent have assets $500 million or less. This distribution has not changed materially since 2010.¹

<table>
<thead>
<tr>
<th>Asset Size</th>
<th>National Banks</th>
<th>Federal Savings Associations</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50 million or less</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>7.84%</td>
</tr>
<tr>
<td>$51 million to $100 million</td>
<td>10</td>
<td>0</td>
<td>10</td>
<td>19.61%</td>
</tr>
<tr>
<td>$101 million to $250 million</td>
<td>12</td>
<td>5</td>
<td>17</td>
<td>33.33%</td>
</tr>
<tr>
<td>$251 million to $500 million</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td>19.61%</td>
</tr>
<tr>
<td>$501 million to $1 billion</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>13.73%</td>
</tr>
<tr>
<td>Greater than $1 billion</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>5.88%</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
<td>10</td>
<td>51</td>
<td>100%</td>
</tr>
</tbody>
</table>

¹ In addition to the four areas discussed in this section, FIRREA also sets a goal of promoting and encouraging the creation of new MDIs. The OCC provides advice and technical assistance to applicants interested in becoming new MDIs by obtaining a national bank or federal savings association charter. Such technical assistance is generally described in Appendix 2 of this report, the OCC’s Policy Statement on Minority National Banks and Federal Savings Associations. This area is not further discussed in this report, however, as the OCC was not contacted by potential MDI applicants seeking this type of technical assistance during the reporting year.
OCC-supervised MDIs are located in 22 states with combined assets of $18.8 billion. The heaviest concentrations of MDIs are in the states of California (10 institutions), Texas (8 institutions), and New York (6 institutions).

MDI ownership remained similar to prior periods with the largest group of owners being Asian or Pacific Islander American, 43 percent; followed by Women, 25 percent; Hispanic American, 14 percent; African American, 12 percent; and Native American or Alaskan Native, 6 percent.

B. Preserving the Minority Character of Minority Depository Institutions

When considering potential merger and acquisition partners for MDIs, the OCC, in coordination with the Federal Deposit Insurance Corporation (FDIC), uses the “general preference guidelines” that are outlined in section 308 of FIRREA and listed below to establish preferences for the types of institutions for which a merger/acquisition would be most appropriate. The OCC applies these guidelines in the following order:

1. Same type of MDI in the same city
2. Same type of MDI in the same state
3. Same type of MDI nationwide
4. Any type of MDI in the same city
5. Any type of MDI in the same state
6. Any type of MDI nationwide
7. Any other bidders

C. Providing Technical Assistance to Prevent the Insolvency of Institutions Not Now Insolvent

MDIs faced challenges in 2014 because of higher-than-average levels of noncurrent loans. Technical assistance is regularly provided during on-site examinations and quarterly management discussions. In addition, the OCC provided various training and educational programs focused on improving overall asset quality and strengthening capital levels. OCC experts provided technical assistance in the following areas: asset quality and loan administration, liquidity and interest rate risk management, and capital formation through earnings retention. Furthermore, MDIs had ready access to OCC subject matter experts on a wide range of topics, including accounting, compliance, and capital markets.

D. Providing Training, Technical Assistance, and Educational Programs

OCC bank director workshops are one of many training opportunities available for bank directors to help them fulfill their fiduciary responsibilities. Directors are integral to the long-term health and viability of community-based financial institutions, and the OCC is committed to providing a support structure that recognizes and builds on that importance. Workshops focusing on four subjects (see Table 2) were held in various locations throughout the year to make participation as convenient as possible for attendees. While the OCC typically charges a registration fee to attend the bank director workshops, the registration fee
is waived for MDI directors to encourage their attendance. During 2014, the OCC conducted 35 workshops in 22 locations throughout the United States. The agency sent an announcement to all OCC-regulated MDIs notifying them of the 2014 workshop schedule and explaining that the registration fee would be waived for their directors. Table 2 provides data on MDI participation.

**Table 2: Participation of MDIs in Director Workshops**

<table>
<thead>
<tr>
<th>Workshop</th>
<th>Sessions During 2014</th>
<th>Number of MDIs Participating</th>
<th>Total Institutions Participating</th>
<th>MDIs as a Percentage of All Institutions Participating</th>
<th>Number of MDI Directors Participating</th>
<th>Total Number of Directors Participating</th>
<th>MDIs Directors as a Percentage of All Directors Participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Assessment</td>
<td>9</td>
<td>6</td>
<td>124</td>
<td>4.83%</td>
<td>14</td>
<td>221</td>
<td>6.33%</td>
</tr>
<tr>
<td>Credit Risk</td>
<td>8</td>
<td>4</td>
<td>95</td>
<td>4.21%</td>
<td>13</td>
<td>163</td>
<td>7.97%</td>
</tr>
<tr>
<td>Compliance Risk</td>
<td>9</td>
<td>4</td>
<td>112</td>
<td>3.57%</td>
<td>16</td>
<td>201</td>
<td>7.96%</td>
</tr>
<tr>
<td>Mastering the Basics</td>
<td>9</td>
<td>6</td>
<td>118</td>
<td>5.08%</td>
<td>15</td>
<td>162</td>
<td>9.25%</td>
</tr>
</tbody>
</table>

The OCC District Community Affairs officers, working with OCC supervisory office staff, assist national banks and federal savings associations, including MDIs, in providing credit and other banking services to their communities through activities, such as:

- training and technical assistance on resources and effective strategies for community development and CRA, financial literacy initiatives and other productive partnerships, and investing in community development projects.
- tailored one-on-one consultations that typically cover topics such as identifying opportunities for community development finance; strategies for forming partnerships with community development organizations and government agencies; creating mechanisms for expanding an institution’s community development capacity in urban and rural markets; and preparing for CRA exams.
- banker and community outreach, including sponsorship of roundtable discussions, conferences, seminars, and workshops to promote the exchange of information and ideas among bankers, community groups, government agencies and other stakeholders. These sessions address topics related to support of low- and moderate-income communities, such as economic recovery, small business lending programs, neighborhood stabilization, CRA, and community development challenges and opportunities.
Cybersecurity Training

To help MDIs address the growing importance of cybersecurity, the OCC developed and conducted cybersecurity training specifically for all OCC MDIs during the last quarter of 2014. The objectives of the training sessions were to clarify regulatory guidance; identify processes and technical controls; emphasize activities that are sometimes neglected or weak; and discuss options to improve the MDIs’ preparedness. To help reduce travel costs for MDIs, the OCC held the training sessions in five strategic locations: Santa Ana, California; Atlanta, Georgia; New York, New York; Houston, Texas; and Chicago, Illinois.

MDI Technical Assistance Forum

The OCC provided technical assistance training at a forum for all OCC MDIs in Dallas, Texas, on June 26, 2014. The training, which was very well received, addressed topics including:

- “An Economic Update and Discussion” (presented by the Deputy Comptroller for Economic and Policy Analysis).
- “Strategic Planning, the Challenges and Opportunities” (presented by a National Bank Examiner).
- “Lessons Learned From Bank Failures, the Bank Appeals Process,” “The Consumer Complaint Process,” and an overview of the OCC’s enterprise governance process, (presented by the Senior Deputy Comptroller for Enterprise Governance and Ombudsman).

Publications

The OCC’s Community Affairs Department conducts “best practice” research and issues publications that encourage economic development activities by national banks and federal savings associations consistent with safe and sound banking practices. Publications relevant to MDIs include the following:

- *Extending Credit in Indian Country: How Banks Use Federal Programs to Promote Economic Development* is a newsletter that highlights some best practices, challenges, and CRA treatment of investments, service, and credit extensions made by national banks and federal savings association in Indian Country.
- *Minority-Owned Banks: Making a Difference in Their Communities* is a newsletter that outlines the role MDIs play in meeting the credit needs of customers living in their communities.
- *A Guide to Tribal Ownership of a National Bank* is a companion to the OCC’s *Licensing Manual* that helps federally recognized Native American tribes explore entry into the national banking system by establishing, or acquiring control of, a national bank.
• *Commercial Lending in Indian Country: Potential Opportunities in an Untapped Market* is a report that discusses the specific approaches that bankers have used to meet some of the unique business and legal challenges posed by the tribal marketplace, including the use of several federal programs that are available to manage the risks in tribal commercial and business development.

• *Banking in Indian Country* is a newsletter that addresses how financial institutions, tribal organizations, and others have developed partnerships that lead to increased access to lending and other financial services on tribal lands. The newsletter describes successes in the areas of home mortgage lending, commercial lending, retail services, financial literacy initiatives, and development of Native American financial institutions.

• *Partnerships with Minority- and Women-Owned Financial Institutions and Low-Income Credit Unions* is a fact sheet that describes how banks can receive CRA consideration for investments in and partnerships with MDIs.

These publications are available on the Community Affairs pages of the OCC Web site. The publications are also promoted at conferences and events that OCC staff members attend.

IV. ADDITIONAL OCC ACTIVITIES IN SUPPORT OF MINORITY DEPOSITORY INSTITUTIONS

A. Outreach

The OCC holds regional outreach meetings for bank executive officers typically once a year. The chief executive officers (CEO) generally attend these meetings, which typically cover a variety of topics including compliance, accounting, economics, and safety and soundness.

Teleconference

The OCC held a teleconference entitled *Executive Leadership of Cybersecurity: What Today’s CEO Needs to Know About the Threats They Don’t See.* It was an overview of the operational risks posed by cyber threats that can expose banks to undue risk and undermine the confidentiality, integrity, and availability of data and the systems that process data.

Publications

The OCC distributes quarterly newsletters to the CEOs of national banks and federal savings associations to provide updates on recent OCC issuances as well as guidance on current hot topics pertaining to safety and soundness or compliance matters. In addition, the OCC has modified the format of its bulletins, which announce new regulations, guidance, or other issuances, so that bulletins now include an easily identifiable and readable box describing the applicability of information in the bulletin to community banks and savings associations. Other publications specifically designed for community institutions include:
• A Common Sense Approach to Community Banking describes fundamental banking best practices that have proven useful to boards of directors and management in successfully guiding community institutions through economic cycles and environmental changes.

• New Capital Rule Quick Reference Guide for Community Banks is a high-level summary of the aspects of the new capital rule that are generally relevant for small, non-complex banks that are not subject to the market risk rule or the advanced approaches capital rule. Community banking organizations became subject to the new rule on January 1, 2015.

• 2013 Mortgage Rules Quick Reference Guide helps community bankers better understand some of the requirements of these rules, which became effective on January 1, 2014. The topics covered include: “Ability to Repay/Qualified Mortgage Rules”; “Comparison of High-Cost Mortgage; Higher-Priced Mortgage Loan; and Higher-Priced Covered Transactions”; “Summary of Points and Fees”; “Higher-Priced Mortgage Loan Appraisal Requirements”; “Higher-Priced Mortgage Loan Escrow Requirements”; and “Small Creditor/Servicer Chart.”

**Industry Meetings**

The OCC participates in a number of national and state banking conventions through an exhibit booth program sponsored by the agency’s Banking Relations unit. In addition, OCC staff members participate in events sponsored by minority trade associations and typically attended by a significant number of MDI representatives. Outreach efforts specifically targeted to MDIs in 2014 included the following:

• The Comptroller delivered the keynote address during the National Bankers Association (NBA) Annual Convention and OCC staff participated in the exhibitor and workshop sessions.

• OCC External Outreach and Minority Affairs staff participated in the NBA Annual Legislative and Regulatory Conference and in discussions regarding minority banks with Congressional representatives.

• OCC staff participated in monthly interagency meetings, chaired by the Senior Advisor for External Outreach and Minority Affairs, to discuss, plan, and execute the 2015 Interagency MDI and Community Development Financial Institution Bank Conference.

• The Comptroller and the Senior Deputy Comptroller and Chief of Staff held meetings at the OCC with the NBA Chairman and President to discuss concerns that minority bankers have with regulatory requirements and other challenges they face in serving the needs of their communities.

• The Senior Advisor for External Outreach and Minority Affairs participated in discussions with representatives from NBA, FDIC, the Board of Governors of the Federal Reserve System (FRB), Small Business Administration, and the Minority Business Development Agency to discuss partnership opportunities with non-minority financial institutions.

These meetings provided forums in which the OCC and the banking community communicated in an informal environment and maintained a valuable line of communication. These meetings gave the OCC the opportunity to hear suggestions from MDI bankers about
issues affecting their institutions and the industry at large, as well as provided the bankers with information on banking trends and issues. Agency staff highlighted OCC-developed resources (e.g., a commercial real estate stress test model and comparative analysis reports on the OCC’s BankNet Web site) for OCC-supervised institutions.

B. Educational Activities With Bank Examiners

In 2014, the OCC conducted diversity-awareness training sessions for newly hired examiners as part of their orientation to the agency. The sessions provided information about cultural and generational diversity to enhance examiners’ interactions with the diverse workforces of the OCC and the institutions they supervised. The training helped employees understand how their own attributes, traits, and experiences influence their perceptions of and interactions with others.

In addition, the Office of Minority and Women Inclusion (OMWI) began planning training sessions on “Unconscious Bias” to highlight the importance of being aware of the unconscious mind, understanding the impact of unconscious bias in the workplace, and ways to mitigate bias in one's behavior.

C. OCC Minority Depository Institutions Advisory Committee

The OCC’s Minority Depository Institutions Advisory Committee (MDIAC) provides advice to the agency on meeting the goals of section 308 of FIRREA. The MDIAC members are officers and directors of MDIs, as well as other financial institutions committed to supporting these institutions. The MDIAC provides the OCC with an assessment of the current condition of MDIs and of regulatory changes or other steps the OCC should consider as part of its efforts to preserve minority institutions.

The MDIAC met on January 28, 2014; June 25, 2014; and October 7, 2014. These meetings were informative for both the OCC and the committee members. Minutes of the meetings are posted online at www.occ.gov.

V. CONCLUSION

The OCC has long supported the MDI provisions of FIRREA. During 2014, the third year in which Dodd–Frank MDI provisions applied to the OCC, the agency demonstrated its commitment to MDIs by planning and implementing or participating in a number of activities for the benefit of MDIs. OCC participants included senior management and other representatives from various agency units, including MCBS, Chief National Bank Examiner, Banking Relations, Community Affairs, External Outreach and Minority Affairs, Licensing, and the Ombudsman’s Office.

Recognizing the importance of MDIs to the community bank sector in the United States, the OCC continues to support these institutions through its proactive and coordinated programs, as well as through partnerships with other agencies as those opportunities become available.
# APPENDIX 1

## Minority- and Women-Owned Depository Institutions

(As of December 31, 2014)

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>CITY</th>
<th>STATE</th>
<th>ZIP CODE</th>
<th>TELEPHONE</th>
<th>CHARTER</th>
<th>TOTAL ASSETS ($000)</th>
<th>OWNER CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth National Bank</td>
<td>2214 St. Stephens Road</td>
<td>Mobile</td>
<td>AL</td>
<td>36617-0000</td>
<td>(251) 476-5938</td>
<td>16553</td>
<td>58,720</td>
<td>1</td>
</tr>
<tr>
<td>The First National Bank of Izard County</td>
<td>2005 Highway 56</td>
<td>Calico Rock</td>
<td>AR</td>
<td>72519-0000</td>
<td>(870) 297-3711</td>
<td>21165</td>
<td>158,539</td>
<td>6</td>
</tr>
<tr>
<td>New Omni Bank, National Association</td>
<td>1235 South Garfield Avenue</td>
<td>Alhambra</td>
<td>CA</td>
<td>91801-5037</td>
<td>(626) 284-5555</td>
<td>16840</td>
<td>310,629</td>
<td>3</td>
</tr>
<tr>
<td>American Plus Bank, National Association</td>
<td>630 West Duarte Road</td>
<td>Arcadia</td>
<td>CA</td>
<td>91007-0000</td>
<td>(626) 821-9188</td>
<td>24716</td>
<td>303,187</td>
<td>3</td>
</tr>
<tr>
<td>Broadway Federal Bank, F.S.B.</td>
<td>4835 West Venice Blvd.</td>
<td>Los Angeles</td>
<td>CA</td>
<td>90019-0000</td>
<td>(323) 634-1700</td>
<td>705141</td>
<td>350,860</td>
<td>3</td>
</tr>
<tr>
<td>Gateway Bank, F.S.B.</td>
<td>919 Clement Street</td>
<td>San Francisco</td>
<td>CA</td>
<td>94118-0000</td>
<td>(415) 831-1288</td>
<td>708857</td>
<td>186,626</td>
<td>3</td>
</tr>
<tr>
<td>Mission National Bank</td>
<td>3060 16th Street</td>
<td>San Francisco</td>
<td>CA</td>
<td>94103-0000</td>
<td>(415) 826-3627</td>
<td>17176</td>
<td>177,448</td>
<td>3</td>
</tr>
<tr>
<td>Trans Pacific National Bank</td>
<td>55 Second Street, Suite 100</td>
<td>San Francisco</td>
<td>CA</td>
<td>94105-0000</td>
<td>(415) 543-3377</td>
<td>18358</td>
<td>112,352</td>
<td>3</td>
</tr>
<tr>
<td>Asian Pacific National Bank</td>
<td>333 West Valley Boulevard</td>
<td>San Gabriel</td>
<td>CA</td>
<td>91776-0000</td>
<td>(626) 457-4888</td>
<td>23006</td>
<td>55,431</td>
<td>3</td>
</tr>
<tr>
<td>Universal Bank</td>
<td>3455 Nogales Street-2nd Floor</td>
<td>West Covina</td>
<td>CA</td>
<td>91792-0000</td>
<td>(626) 854-2818</td>
<td>705801</td>
<td>316,829</td>
<td>3</td>
</tr>
<tr>
<td>Saigon National Bank</td>
<td>15606 Brookhurst Street, Suite C</td>
<td>Westminster</td>
<td>CA</td>
<td>92683-7582</td>
<td>(714) 336-8712</td>
<td>24577</td>
<td>48,867</td>
<td>3</td>
</tr>
<tr>
<td>Bank of Whittier, National Association</td>
<td>15141 East Whittier Boulevard</td>
<td>Whittier</td>
<td>CA</td>
<td>90603-0000</td>
<td>(562) 945-7553</td>
<td>17548</td>
<td>54,521</td>
<td>3</td>
</tr>
<tr>
<td>Native American Bank, National Association</td>
<td>999 18th Street, Suite 2460</td>
<td>Denver</td>
<td>CO</td>
<td>80202-0000</td>
<td>(303) 988-2727</td>
<td>21158</td>
<td>63,434</td>
<td>4</td>
</tr>
<tr>
<td>Continental National Bank of Miami</td>
<td>1801 Colonial Plaza</td>
<td>Miami</td>
<td>FL</td>
<td>33135-0000</td>
<td>(305) 642-2440</td>
<td>16325</td>
<td>362,397</td>
<td>2</td>
</tr>
<tr>
<td>Executive National Bank</td>
<td>9600 North Kendall Drive</td>
<td>Miami</td>
<td>FL</td>
<td>33176-0000</td>
<td>(305) 964-2442</td>
<td>15974</td>
<td>318,775</td>
<td>2</td>
</tr>
<tr>
<td>Interamerican Bank, A FSB</td>
<td>9190 Coral Way</td>
<td>Miami</td>
<td>FL</td>
<td>33155-2049</td>
<td>(305) 223-1434</td>
<td>707506</td>
<td>208,103</td>
<td>2</td>
</tr>
<tr>
<td>Touchmark National Bank</td>
<td>3651 Old Milton Parkway</td>
<td>Alpharetta</td>
<td>GA</td>
<td>30005-0000</td>
<td>(770) 407-6700</td>
<td>24789</td>
<td>160,890</td>
<td>3</td>
</tr>
<tr>
<td>Embassy National Bank</td>
<td>1817 North Brown Road</td>
<td>Lawrenceville</td>
<td>GA</td>
<td>30043-0000</td>
<td>(770) 822-9111</td>
<td>24679</td>
<td>74,223</td>
<td>3</td>
</tr>
<tr>
<td>Quantum National Bank</td>
<td>505 Peachtree Industrial Blvd.</td>
<td>Suwanee</td>
<td>GA</td>
<td>30024-0729</td>
<td>(770) 831-2601</td>
<td>22905</td>
<td>334,959</td>
<td>3</td>
</tr>
<tr>
<td>Hawaii National Bank</td>
<td>45 North King Street</td>
<td>Honolulu</td>
<td>HI</td>
<td>96817-0000</td>
<td>(808) 528-7711</td>
<td>14911</td>
<td>640,346</td>
<td>3</td>
</tr>
<tr>
<td>First Newton National Bank</td>
<td>100 North 2nd Avenue West</td>
<td>Newton</td>
<td>IA</td>
<td>50208-0000</td>
<td>(641) 792-3010</td>
<td>13609</td>
<td>77,171</td>
<td>6</td>
</tr>
<tr>
<td>Illinois-Service F S &amp; LA</td>
<td>4619 S King Dr</td>
<td>Chicago</td>
<td>IL</td>
<td>60653-4107</td>
<td>(773) 624-2000</td>
<td>703395</td>
<td>114,709</td>
<td>1</td>
</tr>
<tr>
<td>The First National Bank of Odon</td>
<td>501 W Main Street</td>
<td>Odon</td>
<td>IN</td>
<td>47582-1223</td>
<td>(812) 636-7324</td>
<td>7260</td>
<td>86,873</td>
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<td>Sunflower Bank, National Association</td>
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<td>(781) 646-3900</td>
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<td>Woodlands National Bank</td>
<td>122 Main Street</td>
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<td>(888) 532-4142</td>
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<td>NE</td>
<td>69343-0000</td>
<td>(308) 282-0050</td>
<td>8521</td>
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<td>BNB Bank, National Association</td>
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<td>City National Bank of New Jersey</td>
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<td>(973) 6240665</td>
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<td>Ponce de Leon Federal Bank</td>
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<td>NY</td>
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## APPENDIX 1 (Cont’d)

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<td>708059</td>
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<td>Carver Federal Savings Bank</td>
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<td>NY</td>
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<td>705273</td>
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<td>Eastbank, National Association</td>
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<td>American First National Bank</td>
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<td>(713) 777-3838</td>
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<td>Southwestern National Bank</td>
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<td>Texas National Bank</td>
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<td>Lone Star National Bank</td>
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<td>Pharr</td>
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<td>78577-0000</td>
<td>(956) 781-4321</td>
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<td>Commercial National Bank of Texarkana</td>
<td>5515 Summerhill Road</td>
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<td>75505-0000</td>
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<td>Old Dominion National Bank</td>
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<td>North Garden</td>
<td>VA</td>
<td>22959-0000</td>
<td>(434) 293-5201</td>
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<td>First National Bank in Tigerton</td>
<td>140 Cedar Street</td>
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<td>(715) 535-2291</td>
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**Owner Codes**  
1=African American  
2=Hispanic American  
3=Asian or Pacific Islander American  
4=Native American or Alaskan Native  
5=MUltiracial Minorities  
6=Women
APPENDIX 2

Policy Statement on Minority National Banks
and Federal Savings Associations

The Office of the Comptroller of the Currency (OCC) recognizes the vital role that minority national banks and federal savings associations (herein referred to as minority depository institutions or MDIs), play in promoting the economic viability of the communities they serve. The OCC reaffirms its commitment to further the regulatory and legislative mandates designed to support the creation and preservation of these institutions.

Statutory Framework

Consistent with its mission of ensuring a safe and sound federal banking system, the OCC promotes the preservation of robust and healthy MDIs and seeks to advance the goals of section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), where applicable. In meeting these goals, the OCC will seek to:

- preserve the number of MDIs.
- preserve their minority character in cases of merger or acquisition.
- provide technical assistance to help MDIs remain healthy.
- promote and encourage the creation of new MDIs.
- provide training, technical assistance, and educational programs.

Definition of MDIs

The OCC defines MDI as any national bank or federal savings association that (1) is not a U.S. subsidiary of a foreign-owned bank; and (2) is at least 51 percent owned by minorities (African Americans, Asian Americans, Hispanic Americans, and Native Americans), women, or socially and economically disadvantaged individuals.

The OCC may consider additional factors when evaluating mutual institutions. First, the OCC may consider a mutual federal savings association an MDI if the majority of the Board of Directors is minority and the communities that it serves are predominantly minority. Second, the OCC may consider a mutual institution an MDI if women comprise a majority of the Board of Directors and hold a significant percentage of senior management positions.

The OCC, at its discretion, may continue to treat a national bank or federal savings association previously designated as an MDI as covered by this policy statement, even if that institution no longer meets the ownership criteria outlined above, provided that the institution primarily serves the credit and other economic needs of the community in which it is chartered, and that community is predominantly minority.
APPENDIX 2 (Cont’d)

Identification of MDIs

The OCC maintains a list of MDIs on its Web site at www.occ.gov.

Formation of MDIs

The OCC provides advice and technical assistance to MDI applicants interested in obtaining a national bank or federal savings association charter. The agency makes available materials useful to organizing groups that help facilitate MDI applications. The OCC assists organizing groups through pre-filing meetings and by commenting on draft applications. Requests for such assistance should be directed to the licensing director in the OCC district office that serves the area where the MDI will be headquartered.

An MDI may be eligible for designation as a community development bank if its activities primarily support: (1) low- and moderate-income individuals or areas; (2) government-targeted revitalization areas; or (3) activities that would be considered "qualified investments" under the Community Reinvestment Act (CRA) regulations. An MDI’s designation as a community development bank may facilitate investments in that community development bank by other depository institutions.

Examination Support for MDIs

The OCC develops a supervisory strategy annually for each MDI. The supervisory strategy is based on the risks facing each MDI and addresses specific supervisory issues identified by the OCC as requiring attention. As part of the supervisory strategy, OCC examiners also consider the MDI’s need for technical assistance, training, and education in such areas as compliance, risk management, and operational issues.

The OCC assigns assistant deputy comptrollers (ADCs) and portfolio managers to MDIs who are familiar with the issues and define and needs of MDIs. Assignment of examiners to MDIs takes into account the expertise and background needed to properly evaluate the products and services offered by those MDIs and the markets and environments in which they operate.

Each OCC district has expert advisers who provide institutions with guidance on credit, asset management, consumer compliance, capital markets, licensing, bank information systems, legal issues, economic conditions, and other concerns.

The OCC periodically convenes meetings and discussions among ADCs with responsibility for supervising MDIs. The purpose of the meetings is to exchange information and best practices for supervising MDIs. ADCs also meet with minority bank trade associations to keep abreast of important topics and emerging concerns.
APPENDIX 2 (Cont’d)

Capital for MDIs

The OCC supports investments by national banks and federal savings associations in MDIs pursuant to their respective public welfare investment authority (12 CFR 24 and 560.36). National banks and federal savings associations that invest in MDIs may receive positive consideration under CRA.

Resolution of Supervisory Cases

In the course of its ongoing supervision, the OCC provides advice and technical assistance to help prevent the failure of MDIs. In resolving supervisory cases involving MDIs, the OCC encourages remedies—including mergers and acquisitions—that are consistent with the MDIs’ safety and soundness and the goal of maintaining their minority ownership.

Supporting MDIs Through the Community Reinvestment Act

The OCC recognizes that majority-owned institutions are often key partners with MDIs. As such, in assessing the record of a majority-owned, non-women-owned institution under CRA, the OCC considers capital investment, loan participation, and other ventures undertaken in cooperation with MDIs if such activities help meet the credit needs of local communities in which the MDIs are chartered.

MDI Advisory Committee and Working Group
Roles and Responsibilities

The OCC seeks advice from a Minority Depository Institution Advisory Committee (MDIAC) and the MDI Working Group to meet the goals outlined in section 308 of FIRREA and in this policy statement. The Senior Advisor for Midsize and Community Bank Supervision is the OCC official responsible for the MDIAC and the primary point of contact regarding MDI Advisory Committee matters.

The Senior Advisor for External Outreach and Minority Affairs serves as chairperson of the MDI Working Group and as the agency’s focal point for MDI matters. The OCC’s efforts in support of MDIs are coordinated through the MDI Working Group, which is comprised of representatives from several OCC departments, including Public Affairs (which includes External Outreach and Minority Affairs), Midsize and Community Bank Supervision, Office of Minority and Women Inclusion, and Community Affairs.
APPENDIX 2 (Cont'd)

Information, Education, and Outreach for MDIs

The OCC provides relevant information to MDIs through news blasts and on the Minority Bankers page on the agency's Web site at www.occ.gov.

A series of workshops are available to directors of national banks and federal savings associations. The workshops cover a variety of topics relevant to all community banks, including those with minority ownership. The OCC actively promotes these workshops to MDIs, encourages their directors to participate, and waives their registration fees.

The OCC, in collaboration with other financial regulatory agencies, periodically co-sponsors an interagency national conference for MDIs. The conference highlights current regulatory developments and provides the OCC's executive leadership and managers opportunities to understand and identify strategies to address issues facing MDIs. The OCC provides staff resources to serve as speakers, moderators, and instructors.

OCC District Community Affairs Officers provide advice and technical assistance to MDIs interested in structuring community development investments. District Community Affairs Officers also advise MDIs on designing community development initiatives.

Annual Report

Pursuant to section 367 of the Dodd–Frank Wall Street Reform and Consumer Protection Act and section 308 of FIRREA, the Comptroller of the Currency (1) consults with the Secretary of the Treasury on methods for best achieving the aforementioned policy goals and (2) submits an annual report to the Congress on actions taken to carry out the goals of section 308 of FIRREA.

Conclusion

The OCC recognizes the important role of MDIs in their communities and the federal banking system. The agency is committed to employing measures and providing resources that preserve minority ownership of national banks and federal savings associations and to helping MDIs remain safe, sound, and capable of meeting the financial needs of their communities.

/\S\/

Thomas J. Curry
Comptroller of the Currency

6-7-13
Date
APPENDIX 3

CHARTER

OFFICE OF THE COMPTROLLER OF THE CURRENCY MINORITY DEPOSITORY INSTITUTIONS ADVISORY COMMITTEE


2. Authority. This charter is prepared and filed in accordance with the provisions of the Federal Advisory Committee Act (FACA), as amended, 5 U.S.C., App. 2.

3. Objective and Scope of Activities.

The MDIAC will provide advice to the Department of the Treasury, OCC, on meeting the goals established by section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Pub. L. No. 101-73, Title III, 103 Stat. 353, 12 U.S.C. § 1463 note, to preserve the present number of minority depository institutions, preserve the minority character of minority owned institutions in cases involving mergers or acquisitions, provide technical assistance, and encourage the creation of new minority depository institutions.

The scope of the MDIAC's work will include an assessment of the current condition of minority depository institutions, what regulatory changes or other steps OCC may be able to take to fulfill the mandate of section 308, and other issues of concern to OCC-supervised minority depository institutions.

4. Description of Duties. The MDIAC shall meet to discuss issues of importance to minority depository institutions and provide advice and recommendations to OCC. No non-advisory functions shall be performed.

5. Official to Whom Committee Reports. The MDIAC reports to the Comptroller of the Currency, who shall be solely responsible for any action taken with respect to the MDIAC's advice and recommendations.

6. Support Services. OCC shall provide all necessary support to the MDIAC.

7. Estimated Annual Operating Costs and Staffing. The estimated annual cost to operate the MDIAC is approximately $125,000 (includes approximately .35 full-time equivalent.) While MDIAC members are not compensated for their services, they are reimbursed for travel-related expenses to attend meetings and outreach and orientation sessions in accordance with 5 U.S.C. § 5703.
8. **Designated Federal Official (DFO).** The DFO (or designee) is a full-time federal employee who will be appointed by the Comptroller of the Currency and shall ensure compliance with the requirements of FACA and its implementing regulations. The DFO will approve or call all of the advisory committee and subcommittee meetings, prepare and approve all meeting agendas, attend all committee and subcommittee meetings, and adjourn any meeting when determined to be in the public interest.

9. **Estimated Number and Frequency of Meetings.** The MDIAC generally meets two to three times each calendar year. Advance notice of the meetings will be published in the Federal Register.

10. **Duration.** The MDIAC is a continuing advisory committee.

11. **Termination Date.** The authority to utilize the MDIAC expires two years from the original charter filing as indicated in paragraph 15.

12. **Membership and Designation.** The MDIAC shall consist of no more than 10 members serving for one two-year term. Each member shall serve as a representative of his or her institution.

   A structured application process shall be used to provide a balanced membership and ensure that diverse views are represented, including the views of officers and directors of minority depository institutions and other depository institutions with a commitment to supporting minority depository institutions.

13. **Subcommittees.** The OCC has the authority to create subcommittees that must report back to the MDIAC. The subcommittees may not provide advice or recommendations directly to OCC.

14. **Recordkeeping.** The records of the MDIAC and its subcommittee(s) will be handled in accordance with the General Records Schedule 26, item 2 or other approved OCC records disposition schedule. The records will be available for public inspection and copying, subject to the Freedom of Information Act, 5 U.S.C. § 552.
15. **Filing Date.** The filing date of this charter is

Approved:  

Date: 7/24/12

//S//

Thomas J. Curry  
Comptroller of the Currency  
Office of the Comptroller of the Currency

Approved:  

Date: 7/27/12

//S//  

Nani A. Coloretti  
Acting Assistant Secretary for Management