Preservation and Promotion of Minority-Owned National Banks and Federal Savings Associations

*In accordance with section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989*
Preservation and Promotion of Minority-Owned National Banks and Federal Savings Associations

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1 Executive Summary

As of December 31, 2020, the Office of the Comptroller of the Currency (OCC) supervised 46 minority-owned national banks and federal savings associations (collectively, minority depository institutions or MDI), accounting for 4.5 percent of the 1,018 banks in the OCC’s Midsize and Community Bank Supervision (MCBS) line of business.

The OCC’s 2020 MDI report to Congress is submitted to comply with section 367 of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd–Frank Act). As amended by the Dodd–Frank Act, section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) directs the Comptroller of the Currency to report on actions taken to carry out section 308. Section 308 describes goals for preserving MDIs and directs the Secretary of the Treasury to consult with the Comptroller and chairpersons of the Board of Governors of the Federal Reserve System (FRB), the National Credit Union Administration, and the Federal Deposit Insurance Corporation (FDIC) on methods for best achieving these goals.

Pursuant to section 367, this report details the OCC’s actions taken in 2020 to preserve and promote MDIs—such as technical assistance, support, and training provided to MDIs and OCC examiners supervising MDIs—in the following sections: Condition of OCC-supervised MDIs; the OCC’s National Minority Depository Institutions Program; and OCC Outreach to MDIs.

In 2020, the OCC took numerous actions to achieve the section 308 goals, including the following:

• In July 2020, the OCC launched the Roundtable for Economic Access and Change (Project REACh), an initiative structured to address barriers to economic inclusion. A significant portion of Project REACh is dedicated to the revitalization of MDIs through facilitating collaboration between larger institutions and minority-owned banks. Many of the collaborations have resulted in operational technical assistance and investments in MDIs offered by larger banks. Through Project REACh, OCC and partner organizations are providing webinars, workshops, and one-on-one bank specific technical assistance on a variety of topics, such as cybersecurity, Bank Secrecy Act and anti-money laundering (BSA/AML) compliance, LIBOR transition, and more. Additionally, 22 financial institutions have adopted the Pledge to Strengthen MDIs and are pursuing a variety of collaboration partnerships.

• OCC subject matter experts provided regulatory technical assistance to MDIs on various topics, including safety and soundness, cybersecurity, legal, accounting, and compliance issues. This technical assistance focused on compliance with BSA/AML requirements, the current expected credit loss (CECL) accounting methodology, asset quality and loan administration, liquidity and interest rate risk management, and capital formation through earnings retention.

• The OCC’s Midsize and Community Bank Supervision (MCBS) Division virtually hosted two Minority Depository Institutions Advisory Committee (MDIAC) meetings in June and September.

• The OCC planned bank director workshops throughout the United States that addressed risk governance, credit risk, compliance risk, operational risk, and other important banking issues. The OCC encouraged MDI directors to attend these workshops and waived participation fees as an incentive.

• OCC’s District Community Affairs Officers conducted consultations, responded to questions from, and provided resources to several MDIs on community development, the Community Reinvestment Act (CRA), and related topics.

• OCC staff virtually participated in the National Bankers Association’s (NBA) virtual conference.

• The OCC hosted a webinar for MDIs on CRA in October.

• The OCC’s External Outreach and Minority Affairs staff consulted MDIs on relevant topics and advised them about other federal resources in support of their missions.
2 Condition of OCC-Supervised MDIs

In 2020, the financial health of OCC-supervised MDIs remained satisfactory. MDIs experienced some adverse effects from the coronavirus pandemic and the low interest rate environment. MDI earnings saw slight deterioration due to net interest margin compression and higher loan loss provisions related to the pandemic. As of December 31, 2020, the average return on assets declined seven basis points to 0.62 percent and the net interest margin fell 32 basis points from 3.75 percent to 3.43 percent. MDI capital levels were also impacted, with the average tier 1 capital leverage ratio declining 103 basis points since last year to 12.80 percent due in part to the Paycheck Protection Program (PPP) lending and an inflow of deposits, both of which inflated bank balance sheets. Asset quality metrics remained relatively stable despite the disruptions caused by the pandemic. Loan modification programs in the CARES Act established rules for forbearance, which put downward pressure on delinquency rates. As a result, non-current loans increased nominally from 1.04 percent to 1.12 percent. Liquidity levels at MDIs also benefited from an inflow of pandemic-related deposits and a higher consumer savings rate, which pushed the on-hand liquidity ratio 467 basis points higher to 33.31 percent.
3  OCC’s National Minority Depository Institutions Program

The OCC’s National Minority Depository Institutions program provides technical assistance and other support to OCC-supervised MDIs\(^1\) to promote and preserve these banks, consistent with the requirements of section 308 of the FIRREA.

3.1  Preserving the Present Number of MDIs

Table 1 indicates that 52 percent of OCC-supervised MDIs have assets totaling $250 million or less, and 72 percent have assets of $500 million or less.

<table>
<thead>
<tr>
<th>Asset size</th>
<th>National banks</th>
<th>Federal savings associations</th>
<th>Total MDIs</th>
<th>Percentage of total OCC MDIs</th>
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<tr>
<td>$50 million or less</td>
<td>1</td>
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<td>1</td>
<td>2%</td>
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<td>1</td>
<td>9</td>
<td>20%</td>
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<td>$251 million to $500 million</td>
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<td>3</td>
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<td>20%</td>
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<td>7</td>
<td>1</td>
<td>8</td>
<td>17%</td>
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<td>Greater than $1 billion</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>8</td>
<td>46</td>
<td>100%</td>
</tr>
</tbody>
</table>

OCC-supervised MDIs are located in 19 states and have combined assets of $20.8 billion. The heaviest concentrations of MDIs are in Texas (11) and California (10), while Georgia and New York have four each. MDI ownership remained similar to previous years. The largest group of minority owners are Asian or Pacific Islander American (43 percent), followed by women (28 percent), Hispanic American (11 percent), African American (11 percent), and Native American or Alaskan Native (7 percent).

3.2  Preserving the Minority Character of MDIs

When considering potential merger and acquisition partners for MDIs, the OCC, in coordination with the FDIC, uses the “general preference guidelines” outlined in section 308 of the FIRREA to establish preferences for the types of institutions for which a merger or acquisition would be most appropriate. The OCC applies the section 308 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

\(^1\) The OCC considers minority-owned and women-owned institutions as MDIs.
3.3 Providing Technical Assistance to Prevent the Insolvency of Institutions Not Now Insolvent

In 2020, MDIs—like other institutions—faced challenges due to a low interest rate environment. The OCC regularly provided technical assistance during examinations and quarterly management discussions. In addition, the OCC provided various training and educational programs focused on helping MDIs improve overall asset quality, strengthen capital levels, and improve compliance efforts. OCC experts provided technical assistance to MDIs via in-person meetings or workshops on BSA/AML requirements, CECL accounting methodology, CRA and community development, and technology innovations.

3.4 Supporting and Preserving MDIs

MDIs play, and have played for many years, a critical role in their local communities. Typically, MDIs serve economically challenged communities traditionally underserved by the banking industry and other businesses. The OCC understands that MDIs are uniquely positioned to create positive change in these communities and supports the MDI mission through many actions.

The OCC supports and preserves MDIs and their mission by conducting outreach, hosting educational conferences, and providing training, advice, and technical assistance to OCC-supervised MDIs and to new MDIs seeking to obtain national bank or federal savings association charters. For example, every two years, the OCC, in conjunction with the FDIC and the FRB, hosts an interagency conference for MDI and CDFI banks to help promote and preserve the MDI mission.

As of December 31, 2020, the OCC supervised 462 of the 160 MDIs operating in the United States. Of the OCC-supervised MDIs, 38 have national bank charters and 8 have federal savings association charters.

For each MDI it supervises, the OCC develops a supervisory strategy annually. The supervisory strategy is tailored based on the risks facing each MDI and addresses specific supervisory issues identified by the OCC as requiring review. 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.

Additionally, the OCC provides advice and technical assistance to MDI applicants interested in obtaining a national bank or federal savings association charter. The agency provides organizing groups with materials that help facilitate the MDI application process. The OCC assists organizing groups through prefiling meetings and by commenting on draft applications. In 2020, the OCC received one application for a national bank charter from a woman-owned bank. The bank was granted preliminary conditional approval but has yet to receive final approval to open and commence business.

More information on the technical assistance the OCC provides to MDI applicants is available in appendix 2, the OCC’s “Policy Statement on Minority National Banks and Federal Savings Associations.”
3.5 Providing Training, Technical Assistance, and Educational Programs

OCC bank director workshops are among the many training opportunities available for MDI directors to help them fulfill their fiduciary responsibilities. Directors are integral to the long-term health and viability of community-based banks, and the OCC is committed to providing a support structure that recognizes and builds on the importance of the directors’ responsibilities. In 2020, workshops focusing on credit risk and operational risk were held in New Orleans before the pandemic. While the OCC typically charges a registration fee for attending bank director workshops, the registration fee was waived for MDI directors to encourage their attendance. The OCC’s workshops focusing on the other three subject areas, building blocks, risk governance, and compliance risk, were scheduled and ultimately canceled for the remainder of 2020. With the continued restrictions of the pandemic, in summer of 2020, the OCC began developing five workshops to launch in a virtual environment in early 2021.

The OCC’s District Community Affairs Officers supported MDIs by

• facilitating collaborative relationships between MDIs and larger institutions, primarily around deposit relationships, loan participations, and technical assistance.
• providing customized consultations with several MDIs to help them develop and implement effective CRA compliance and community development programs.
• offering technical assistance and responding to questions on the CRA from several MDIs on the direct request of the financial institutions and their supervisory teams.
• organizing and conducting, often in concert with other government agencies, community outreach events and listening sessions to exchange ideas about best practices, existing and innovative community development opportunities, and promoting partnerships between banks and MDIs.

Additionally, the OCC’s Community Affairs Division conducts “best practice” research and produces publications that encourage economic development actions by national banks and federal savings associations consistent with safe and sound banking practices.

OCC publications relevant to MDIs include the following newsletters, fact sheets, and reports:

• Profitable Partnerships: Collaborating with Minority Depository Institutions, published in May 2018, highlights how MDI partnerships with large and midsize banks can be profitable for all parties involved and help MDIs fulfill their missions and serve customers in a rapidly evolving industry.
• Housing Financing in Indian Country: Spotlight on HUD’s Title VI Program focuses on the U.S. Department of Housing and Urban Development’s Title VI Loan Guarantee Program, which provides an additional source of funding for Indian tribes receiving federal Indian Housing Block Grants for affordable housing activities.
• Extending Credit in Indian Country: How Banks Use Federal Programs to Promote Economic Development highlights best practices, challenges, and CRA treatment of the investments, services, and credit extensions that banks make in Indian Country.
• Minority-Owned Banks: Making a Difference in Their Communities outlines the role MDIs play in meeting the credit needs of customers in their communities.
• A Guide to Tribal Ownership of a National Bank, a companion to the OCC’s Comptroller’s Licensing Manual, 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* discusses the specific approaches that bankers active in this market have used to meet some of the unique business and legal challenges, including the use of several federal programs that are available to manage the risks in tribal commercial and business development.

• *Banking in Indian Country: Challenges and Opportunities* addresses how financial institutions, tribal organizations, and other organizations have developed partnerships that lead to increased access to lending and other financial services on tribal lands. Noted successes are 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* describes how banks can receive CRA consideration for investments in and partnerships with MDIs.

These publications are available on the OCC Community Affairs pages on the agency’s website at [www.occ.gov](http://www.occ.gov). Additionally, the publications are promoted at conferences and events that OCC staff members attend.
4 OCC Outreach Supporting MDIs

4.1 Outreach

The OCC holds regional outreach meetings for bank executive officers typically once a year. Chief executive officers (CEO) generally attend these meetings, which cover a variety of topics including compliance, accounting, economics, and safety and soundness. Every year since 2016, the OCC has held MDI collaboration roundtables. In 2020, however, the OCC’s three scheduled roundtables had to be cancelled due to COVID-19 travel disruptions and other pandemic-related priorities. MDI executives focused their efforts on providing for the safety and welfare of their employees and customers, and worked tirelessly to support stimulus programs such as the Paycheck Protection Program.

The OCC distributes quarterly newsletters to the CEOs of OCC-supervised banks to provide updates on recent OCC issuances and guidance on current hot topics pertaining to safety and soundness or compliance matters. The format of agency bulletins, which announce new regulations, guidance, and other issuances, includes an easily identifiable and readable box summarizing the applicability of the guidance to community banks titled “Note for Community Banks.”

Other publications specifically designed for MDI and community banks include the following:

- *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 capital rule that are generally relevant for small, non-complex banks and savings associations 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.

The OCC participates in a number of national and state banking conventions via an exhibit booth program of the agency’s Banking Relations and Minority Affairs units. 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 2020 included the following:

- In March, the OCC organized a community tour, led by the Comptroller, of Memphis to highlight successful examples of, and opportunities for, financing community reinvestment, economic revitalization, and financial empowerment. The community tour brought together more than 60 bankers and community leaders, including officers of regional MDIs.
- The OCC held two virtual MDIAC meetings, in June and September, to identify and discuss supervisory matters affecting MDIs.
- The OCC organized two convenings in July and August led by the Acting Comptroller in Charleston, S.C. and Denver designed to improve access to capital among minority small businesses and promote best practices of banks supporting underserved communities and MDIs. The Denver event featured a Denver-based Native-owned bank as one of two presenting banks.
- The OCC developed and delivered workshops for MDIs on small business lending and innovation in the industry.
- The OCC met with the NBA’s Chairman and President to discuss concerns that minority bankers have with regulatory requirements and other challenges in serving the needs of their communities.
- External Outreach and Minority Affairs staff participated in virtual meetings with representatives from the NBA, FDIC, FRB, Small Business Administration, and Minority Business Development Agency to discuss partnership opportunities with non-minority financial institutions and private sector entities.
These meetings gave the OCC the opportunity to hear suggestions from MDI bankers about issues affecting their banks and the banking industry, and provided MDI 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 website, a secure site only for OCC-supervised banks).

4.2 Educational Activities with OCC Bank Examiners

In 2020, 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 supervise. The training helped employees understand how their own attributes, traits, and experiences influence their perceptions of and interactions with others.

4.3 OCC Minority Depository Institutions Advisory Committee

The MDIAC advises the OCC on issues and opportunities facing minority depository institutions. It is designed to provide advice to help meet the goals of section 308 of the FIRREA. The committee provides an invaluable perspective on the business environment affecting minority depository institutions, their customers, and the communities they serve. The committee also provides advice and insight regarding the condition of minority depository institutions, potential regulatory changes or steps that may promote the health and viability of minority depository institutions, and other issues affecting these institutions. The committee includes officers and directors of minority depository institutions and other depository institutions committed to supporting MDIs of all types, sizes, operating strategies, and geographic areas. MDIs frequently provide financial services to low- and moderate-income and minority communities.

The MDIAC met via remote means on June 17, 2020, and September 1, 2020. These meetings were informative for both the OCC and the committee members. Minutes of the meetings are posted on the agency’s website at www.occ.gov.
5 Conclusion

The OCC enthusiastically supports the MDI goals of the FIRREA. During 2020, the ninth year in which the FIRREA’s MDI provisions, as amended by the Dodd–Frank Act, applied to the OCC, the agency demonstrated its commitment to MDIs by planning and implementing or participating in many outreach, training, educational, and examination actions supporting MDIs. OCC participants included senior management and other representatives from various agency units, including MCBS, Bank Supervision Policy, Banking Relations, Community Affairs, External Outreach and Minority Affairs, the Chief Counsel, Licensing, and the Ombudsman’s offices.

Recognizing the importance of MDIs to the community bank sector and the local communities they serve, the OCC continues to support MDI banks through proactive and coordinated programs and through ongoing and new partnerships with other agencies and community groups. To further this effort, the OCC launched Project REACh with the goal of providing investment and capital, along with training, exchange programs, and mentorship, to MDI executives and board members.
6 Appendixes

6.1 Appendix 1: OCC-Supervised MDIs (as of December 31, 2020)

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
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<td>2214 St. Stephens Rd.</td>
<td>Mobile</td>
<td>AL</td>
<td>36617-0000</td>
<td>(251) 476-5938</td>
<td>16553</td>
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<td>The First National Bank of Izard County</td>
<td>2184 AR Highway 56</td>
<td>Calico</td>
<td>AR</td>
<td>72519-0000</td>
<td>(870) 297-3711</td>
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<td>New Omni Bank, NA</td>
<td>1235 South Garfield Ave.</td>
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<td>630 West Duarte Rd.</td>
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<td>(626) 821-9188</td>
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<td>Broadway Federal Bank, FSB</td>
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<td>(323) 634-1700</td>
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<td>Gateway Bank, FSB</td>
<td>360 8th St.</td>
<td>Oakland</td>
<td>CA</td>
<td>94607-0000</td>
<td>(510) 268-8108</td>
<td>708857</td>
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<tr>
<td>Beacon Business Bank, NA</td>
<td>88 Kearny St., Suite 1750</td>
<td>San Francisco</td>
<td>CA</td>
<td>94108-0000</td>
<td>(415) 543-3377</td>
<td>18358</td>
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<tr>
<td>Mission National Bank</td>
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<td>San Francisco</td>
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<tr>
<td>Asian Pacific National Bank</td>
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<td>San Gabriel</td>
<td>CA</td>
<td>91776-0000</td>
<td>(626) 457-4888</td>
<td>23006</td>
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<td>Universal Bank</td>
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<td>West Covina</td>
<td>CA</td>
<td>91792-0000</td>
<td>(626) 854-2818</td>
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<td>Bank of Whittier, National Association</td>
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<td>90603-0000</td>
<td>(562) 945-7553</td>
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<td>Native American Bank, NA</td>
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<td>CO</td>
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<td>Interamerican Bank, FSB</td>
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<td>Miami</td>
<td>FL</td>
<td>33165-2049</td>
<td>(305) 223-1434</td>
<td>707506</td>
<td>227,519</td>
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<td>GA</td>
<td>30005-0000</td>
<td>(770) 407-6700</td>
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<td>Embassy National Bank</td>
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<td>Lawrenceville</td>
<td>GA</td>
<td>30043-0000</td>
<td>(770) 822-9111</td>
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<td>Southeast First National Bank</td>
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<td>Summerville</td>
<td>GA</td>
<td>30747-0000</td>
<td>(706) 857-3473</td>
<td>15651</td>
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<td>GN Bank</td>
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<td>Chicago</td>
<td>IL</td>
<td>60653-4107</td>
<td>(773) 624-2000</td>
<td>70395</td>
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<td>First National Bank in Fredonia</td>
<td>730 Madison St.</td>
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<td>KS</td>
<td>66736-1339</td>
<td>(620) 378-2151</td>
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<td>Leader Bank, NA</td>
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<td>Arlington</td>
<td>MA</td>
<td>02474-0000</td>
<td>(781) 646-3900</td>
<td>24131</td>
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### Preservation and Promotion of Minority-Owned National Banks and Federal Savings Associations

**Office of the Comptroller of the Currency**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Zip</th>
<th>Phone</th>
<th>Charter</th>
<th>Total assets ($000)</th>
<th>Owner code</th>
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<td>Woodlands National Bank</td>
<td>122 Main St.</td>
<td>Hinckley</td>
<td>MN</td>
<td>55037-0000</td>
<td>(888) 532-4142</td>
<td>23926</td>
<td>296,132</td>
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<td>The First National Bank of Gordon</td>
<td>134 N. Main St.</td>
<td>Gordon</td>
<td>NE</td>
<td>69343-0000</td>
<td>(308) 282-0050</td>
<td>8521</td>
<td>240,659</td>
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<td>KEB Hana Bank, NA</td>
<td>201 Main St.</td>
<td>Fort Lee</td>
<td>NJ</td>
<td>07024-0000</td>
<td>(212) 689-5292</td>
<td>20622</td>
<td>258,189</td>
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<td>Ponce Bank</td>
<td>2244 Westchester Ave.</td>
<td>Bronx</td>
<td>NY</td>
<td>10462-0000</td>
<td>(718) 931-9000</td>
<td>706509</td>
<td>1,315,286</td>
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<td>Carver Federal Savings Bank</td>
<td>75 W. 125th St.</td>
<td>New York</td>
<td>NY</td>
<td>10027-4512</td>
<td>(212) 360-8810</td>
<td>705273</td>
<td>687,169</td>
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<td>Eastbank, NA</td>
<td>183 Centre St.</td>
<td>New York</td>
<td>NY</td>
<td>10013-0000</td>
<td>(212) 219-9000</td>
<td>18431</td>
<td>162,349</td>
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<td>Bancentral, NA</td>
<td>604 Flynn St.</td>
<td>Alva</td>
<td>OK</td>
<td>73717-0000</td>
<td>(580) 327-1122</td>
<td>12152</td>
<td>554,283</td>
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<td>First National Bank in Okeene</td>
<td>124 N. Main</td>
<td>Okeene</td>
<td>OK</td>
<td>73763</td>
<td>(580) 822-3300</td>
<td>10913</td>
<td>79,427</td>
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<td>First National Bank and Trust Company</td>
<td>130 East Macarthur</td>
<td>Shawnee</td>
<td>OK</td>
<td>74804-0000</td>
<td>(405) 275-8830</td>
<td>18430</td>
<td>314,092</td>
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<td>The National Bank of Malvern</td>
<td>King and Warren Streets</td>
<td>Malvern</td>
<td>PA</td>
<td>19355-0000</td>
<td>(610) 647-0100</td>
<td>3147</td>
<td>174,003</td>
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<tr>
<td>American Bank National Association</td>
<td>2707 West Northwest Highway</td>
<td>Dallas</td>
<td>TX</td>
<td>75220</td>
<td>(214) 358-3111</td>
<td>16320</td>
<td>133,185</td>
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<tr>
<td>American First National Bank</td>
<td>9999 Bellaire Blvd.</td>
<td>Houston</td>
<td>TX</td>
<td>77036-0000</td>
<td>(713) 396-2888</td>
<td>23521</td>
<td>2,065,901</td>
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<td>Golden Bank, NA</td>
<td>9315 Bellaire Blvd.</td>
<td>Houston</td>
<td>TX</td>
<td>77036-0000</td>
<td>(713) 777-3838</td>
<td>18558</td>
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<td>Southwestern National Bank</td>
<td>6901 Corporate Dr.</td>
<td>Houston</td>
<td>TX</td>
<td>77036-0000</td>
<td>(713) 771-9700</td>
<td>23081</td>
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<td>Unity National Bank of Houston</td>
<td>2602 Blodgett St.</td>
<td>Houston</td>
<td>TX</td>
<td>77004-0000</td>
<td>(713) 387-7400</td>
<td>21008</td>
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<td>Texas National Bank of Jacksonville</td>
<td>300 Neches Street</td>
<td>Jacksonville</td>
<td>TX</td>
<td>75766-0000</td>
<td>(903) 586-0931</td>
<td>18594</td>
<td>632,104</td>
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<td>Texas National Bank</td>
<td>201 S. Texas Ave.</td>
<td>Mercedes</td>
<td>TX</td>
<td>78570-0000</td>
<td>(956) 565-2485</td>
<td>11879</td>
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<td>Lone Star National Bank</td>
<td>206 West Ferguson</td>
<td>Pharr</td>
<td>TX</td>
<td>78577-0000</td>
<td>(956) 781-4321</td>
<td>17611</td>
<td>2,564,189</td>
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<td>The Santa Anna National Bank</td>
<td>610 Wallis Ave.</td>
<td>Santa Anna</td>
<td>TX</td>
<td>76878-0000</td>
<td>(325) 348-3108</td>
<td>13854</td>
<td>53,178</td>
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<tr>
<td>Commercial National Bank of Texarkana</td>
<td>5515 Summerhill Rd.</td>
<td>Texarkana</td>
<td>TX</td>
<td>75505-0000</td>
<td>(870) 773-4561</td>
<td>15257</td>
<td>254,568</td>
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<tr>
<td>Zapata National Bank</td>
<td>7th &amp; Hidalgo</td>
<td>Zapata</td>
<td>TX</td>
<td>78076-0000</td>
<td>(956) 765-4302</td>
<td>14955</td>
<td>90,170</td>
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<tr>
<td>First National Bank in Tigerton</td>
<td>140 Cedar St.</td>
<td>Tigerton</td>
<td>WI</td>
<td>54486-9527</td>
<td>(715) 535-2291</td>
<td>14150</td>
<td>24,527</td>
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</table>

**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

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Office of the Comptroller of the Currency 11
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.

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 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.

**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’s primary point of contact regarding MDI Advisory Committee matters.
The Director for Minority Outreach 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.

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.
6.3 Appendix 3: Charter

CHARTER

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

1. **Committee’s Official Title.** Office of the Comptroller of the Currency’s (OCC) Minority Depository Institutions Advisory Committee (MDIAC).

2. **Authority.** This charter is prepared and filed in accordance with the provisions of the Federal Advisory Committee Act (FACA), as amended, 5 USC, 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 USC 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 the 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 the 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.** The 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 .50 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 USC 5703.

8. **Designated Federal Officer (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 the OCC.

14. **Recordkeeping.** The records of the MDIAC and its subcommittee(s) will be handled in accordance with the General Records Schedule 6.2, 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 USC 552.

15. **Filing Date.** The filing date of this charter is 6/23/2020.

Approved:

[Signature]
Date: 6/11/2020

[Signature]
Date: 6/17/2020

Brian P. Brooks
Acting Comptroller of the Currency
Office of the Comptroller of the Currency

David F. Elsner
Assistant Secretary for Management