

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



2023 ANNUAL REPORT TO CONGRESS



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1 Executive Summary

As of December 31, 2023, the Office of the Comptroller of the Currency (OCC) supervised 52 minority-owned national banks and federal savings associations (collectively, minority depository institutions or MDI), accounting for 5.4 percent of the 969 national banks and federal savings associations (collectively, banks) in the OCC's Midsize and Community Bank Supervision (MCBS) line of business.

As amended by section 367 of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd–Frank Act), section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) directs the Comptroller of the Currency to submit an annual report on actions taken to carry out section 308. Section 308 describes goals for preserving existing MDIs and promoting the creation of new MDIs and directs the Secretary of the Treasury to consult with the Comptroller and the chairpersons of the Board of Governors of the Federal Reserve System (Board), the National Credit Union Administration, and the Board of Directors of 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 2023 in support of the preservation and promotion of MDIs—such as providing technical assistance and support for MDIs and training for MDIs and OCC examiners supervising MDIs—in the following sections of the report: Condition of OCC-Supervised MDIs; OCC's National Minority Depository Institutions Program; and OCC Outreach Supporting MDIs.

In 2023, the OCC took numerous actions to achieve the goals of section 308, including the following:

- The OCC continued to support the Roundtable for Economic Access and Change (Project REACH), an initiative to bring together stakeholders to address barriers to economic inclusion.
 - A significant objective of Project REACH is the revitalization of MDIs, including through facilitating collaboration between larger financial institutions and MDIs. Many of the collaborations have resulted in operational technical assistance and investments from larger banks to MDIs.
 - Through Project REACH, the OCC and participating organizations have provided webinars, executive secondments, and one-on-one bank-specific technical assistance on a variety of topics, such as cybersecurity, third-party partnerships, and commercial real estate risk management.
 - Additionally, 26 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 included responding to questions concerning compliance with Bank Secrecy Act/anti-money laundering (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.

EXECUTIVE SUMMARY

- The OCC's MCBS line of business hosted two Minority Depository Institutions Advisory Committee (MDIAC) meetings in April and September. MCBS also hosted an in-person MDI Collaboration Forum at OCC headquarters which focused on collaborations between larger institutions and MDIs along with partnerships with midsize community banks.
- The OCC held in-person bank director workshops that addressed risk governance, credit risk, compliance risk, operational risk, capital markets, and other important banking issues. The OCC encouraged MDI directors to attend these workshops.
- The OCC's Community Affairs Officers conducted consultations and responded to questions from and provided resources to MDIs on community development, the Community Reinvestment Act (CRA), and related topics.
- OCC staff attended and participated in the annual National Bankers Association's (NBA) conference. Acting Comptroller of the Currency Michael Hsu addressed the NBA members during their annual conference.
- The OCC's External Outreach and Minority Affairs staff consulted with MDIs on relevant topics and informed them of other federal resources available to support their missions. In addition, the federal banking agencies (OCC, FDIC, and Federal Reserve System (FRS)) hosted the biannual Interagency MDI and Community Development Financial Institutions (CDFI) Conference to help preserve minority ownership of MDIs. The conference took place in November in Dallas.

2 Condition of OCC-Supervised MDIs

In 2023, the overall condition of OCC-supervised MDIs remained satisfactory. MDI composite ratings improved this year; 84 percent of MDIs were rated composite 1 or 2, compared with 82 percent for the prior year. Despite a sharp rise in the cost of funds, MDI net income increased in 2023 due primarily to higher operating revenue and a lower provision expense. The median MDI return on average assets increased 18 basis points to 0.90 percent while the net interest margin rose 22 basis points to 3.65 percent. MDI capital levels are solid. The MDI leverage ratio improved 65 basis points in 2023 to 13.30 percent, the highest level since the financial crisis. Asset quality remained satisfactory. Non-current loans and other real estate owned remained low and decreased one basis point to 0.37 percent as of December 31, 2023. MDIs continue to have ample liquidity. The MDI on-hand liquidity to total liabilities ratio remained adequate but declined to 25.94 percent as of December 31, 2023.

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 MDIs¹ 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 50 percent of OCC-supervised MDIs have assets totaling \$250 million or less, and 69.2 percent have assets of \$500 million or less.

Table 1: Asset Distribution for OCC-Supervised MDIs (as of December 31, 2023)

Asset size	National banks	Federal savings associations	Total MDIs	Percentage of total MDIs
\$50 million or less	1	0	1	1.9%
\$50 million to \$100 million	11	2	13	25.0%
\$100 million to \$250 million	9	3	12	23.1%
\$250 million to \$500 million	8	2	10	19.2%
\$500 million to \$1 billion	7	1	8	15.4%
Greater than \$1 billion	7	1	8	15.4%
Total	43	9	52	100%

OCC-supervised MDIs are in 23 states and have combined assets of \$35.3 billion. The heaviest concentrations of MDIs are in Texas (14) and California (9). Additionally, New York (4), Georgia (3), Oklahoma (3), and Massachusetts (2) are home to multiple OCC-supervised MDIs.

The total number of MDIs decreased by one in 2023 and the distribution changed slightly. African American-owned MDIs and women-owned MDIs increased by one each. Asian or Pacific Islander American-owned MDIs decreased by two and Native American or Alaskan Native-owned MDIs decreased by one. The largest group of MDIs is Asian or Pacific Islander American (37 percent), followed by women (35 percent), African American (13 percent), Hispanic American (10 percent), and Native American or Alaskan Native (6 percent).

3.2 Preserving the Minority Character of MDIs

When considering potential merger and acquisition partners for MDIs, the OCC 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. Consistent with section 308, the OCC applies the order of preference as follows:

¹ The OCC uses the term “minority depository institution” to include women-owned MDIs.

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

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

The OCC regularly provides technical assistance to community banks in the form of webinars and meetings on a wide range of topics, such as cybersecurity and strategic planning, and banks can also receive technical assistance by contacting their local supervisory office. Specific to MDIs, the OCC's efforts through the MDIAC and Project REACH provide a platform to discuss the challenges and resources needed to address concerns such as cybersecurity and provide technical assistance on technology-related and other matters. Project REACH has a technical assistance working group, which includes a subgroup focused on innovation. The OCC facilitated discussions among the MDI Innovation subgroup members about technology challenges facing MDIs and key risks, such as commercial real estate (CRE) risk.

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 mission of MDIs through many actions.

The OCC supports and preserves MDIs and their missions 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 FRS, hosts an interagency conference for MDIs and CDFIs to help promote and preserve the MDI mission.

As of December 31, 2023, the OCC supervised 52 MDIs² operating in the United States. Of the OCC-supervised MDIs, 43 have national bank charters and 9 have federal savings association charters.

² This includes 18 women-owned institutions.

OCC'S NATIONAL MINORITY DEPOSITORY INSTITUTIONS PROGRAM

On an annual basis, the OCC develops a supervisory strategy for each community bank, including MDIs. The supervisory strategy is designed to ensure safe and sound operations while addressing any unique risks facing the MDI and/or specific supervisory issues the agency identifies. As appropriate, the OCC supports MDIs by providing training, technical assistance, and educational programs via external outreach in such areas as compliance, risk management, and operations.

Additionally, the OCC provides advice and technical assistance to persons interested in obtaining a national bank or federal savings association charter to form an MDI. The agency provides organizing groups with materials that help facilitate the charter application and MDI designation process. The OCC assists organizing groups through prefilings meetings and by commenting on draft applications.

More information on the technical assistance the OCC provides to bank charter applications and MDI designation requests is available in appendix 2 of this report, the "OCC Policy Statement on Minority Depository Institutions."

3.5 Providing Training, Technical Assistance, and Educational Programs

OCC bank director workshops are among the many training opportunities available for MDI directors and senior management 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 2023, the OCC held 20 in-person workshops focusing on six subjects (see table 2). The table provides data on MDI participation in the 2023 bank director workshops.

Table 2: MDI Participation in 2023 Workshops

Workshops	Sessions in 2023	Number of MDIs	Total institutions	Percentage of participants that are MDIs	Number of MDI directors	Total number of directors participating	Percentage of participating directors who are from MDIs
Risk Governance	4	2	59	3.38%	2	92	2.17%
Credit Risk	3	4	57	7.01%	6	93	6.45%
Compliance Risk	3	6	50	12.00%	7	83	8.43%
Operational Risk	2	5	35	14.28%	8	46	17.39%
Building Blocks for Directors	4	2	41	4.87%	5	85	5.88%
Capital Markets	4	1	44	2.27%	1	77	1.29%

In addition, the OCC's 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 MDIs to help them develop and implement effective CRA compliance and community development programs.
- offering technical assistance and responding to questions about the CRA at the request of MDIs or 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 MDIs and other banks.
- organizing tours and community meetings for the Acting Comptroller of the Currency that included participation by MDI officers and, in certain cases, involved visits with 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.

The OCC maintains publications relevant to MDIs, including 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 a Growing Market* discusses the specific approaches that bankers active in commercial lending have used to meet unique business and legal

OCC'S NATIONAL MINORITY DEPOSITORY INSTITUTIONS PROGRAM

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. Additionally, OCC staff members provide copies of the publications at conferences and other events.

4 OCC Outreach Supporting MDIs

4.1 Outreach

The OCC holds regional outreach meetings for bank executive officers typically once a year. CEOs 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 2023, the OCC held three roundtables.

The OCC distributes quarterly newsletters to the CEOs of OCC-supervised banks to provide updates on recent OCC issuances and guidance on current trending 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.”

The OCC maintains other publications and resources applicable to MDI and community banks, including *A Common Sense Approach to Community Banking*, which 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.

The OCC participates in a number of national and state banking conventions via an exhibit booth program of the agency’s Banking Relations and External Outreach 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 2023 included the following:

- The OCC held two MDIAC meetings, in April and September, to identify and discuss supervisory matters affecting MDIs.
- The OCC hosted an in-person MDI Collaboration Forum at OCC headquarters, which focused on collaborations between larger institutions and MDIs as well as partnerships with midsize community banks.
- The OCC met with the NBA chairman and president to discuss the issues and regulatory requirements affecting minority bankers’ ability to serve the needs of their communities.
- The OCC, along with the FDIC and Federal Reserve System, hosted virtual interagency listening sessions with MDI leaders to identify additional ways federal agencies can promote and preserve MDIs.
- The federal banking agencies (OCC, FDIC, and Federal Reserve System) hosted the biannual Interagency MDI and CDFI Conference to help preserve minority ownership of MDIs. The conference took place in November in Dallas, Texas.

These outreach events 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) at these events.

4.2 Educational Activities With OCC Bank Examiners

In 2023, 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 MDIs, their customers, and the communities they serve. The MDIAC also provides advice and insight regarding the condition of MDIs, potential regulatory changes or steps that may promote the health and viability of MDIs, and other issues affecting these institutions. The committee includes officers and directors of MDIs and other depository institutions committed to supporting MDIs of all types, sizes, operating strategies, and geographic areas.

The MDIAC met on April 25, 2023, and on September 12, 2023. 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 2023, the agency demonstrated its commitment to MDIs by planning, implementing, and participating in many outreach, training, educational, and examination actions supporting MDIs. OCC participants included senior agency management and other agency staff, including representatives from MCBS, Bank Supervision Policy, Banking Relations, Community Affairs, External Outreach and Minority Affairs, the Chief Counsel's Office, and the Office of Enterprise Governance and the Ombudsman.

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. The OCC's national and regional Project REACH initiatives further support MDIs by addressing the challenges MDI executives face in accessing investments and capital, training, exchange programs, and mentorship.

6 Appendixes

6.1 Appendix 1: OCC-Supervised MDIs (as of December 31, 2023)

Name	Address	City	State	Zip	Phone	Charter	Total assets (\$000)	MDI Code
First National Bank Alaska	101 West 36th Avenue	Anchorage	AK	99503-0000	(907) 777-4362	12072	\$5,730,835	6
Commonwealth National Bank	2214 St. Stephens Rd.	Mobile	AL	36617-0000	(251) 476-5938	16553	\$66,944	1
The First National Bank of Izard County	2184 AR Highway 56	Calico Rock	AR	72519-0000	(870) 297-3711	21165	\$205,450	6
New Omni Bank, NA	1235 South Garfield Ave.	Alhambra	CA	91801-5037	(626) 284-5555	16840	\$538,454	3
American Plus Bank, NA	630 West Duarte Rd.	Arcadia	CA	91007-0000	(626) 821-9188	24716	\$673,257	3
Gateway Bank, FSB	360 8th St.	Oakland	CA	94607-0000	(510) 268-8108	708857	\$197,665	3
Beacon Business Bank, NA	425 California St.	San Francisco	CA	94104-0000	(415) 543-3377	18358	\$165,611	6
Mission National Bank	3060 16th St.	San Francisco	CA	94103-0000	(415) 826-3627	17176	\$201,297	3
Asian Pacific National Bank	333 West Valley Blvd.	San Gabriel	CA	91776-0000	(626) 457-4888	23006	\$56,953	3
Universal Bank	3455 Nogales Street-2nd Floor	West Covina	CA	91792-0000	(626) 854-2818	705801	\$370,662	3
California International Bank, A National Banking Association	15606 Brookhurst St., Suite C	Westminster	CA	92683-7582	(626) 872-0562	24577	\$56,042	3
Bank of Whittier, NA	15141 East Whittier Blvd.	Whittier	CA	90603-0000	(562) 945-7553	17548	\$175,831	3
Native American Bank, NA	201 North Broadway	Denver	CO	80203-0000	(303) 988-2727	21158	\$288,297	4
City First Bank, NA	1432 U Street, N.W.	Washington	DC	20009-0000	(202) 243-7100	22968	\$ 1,375,970	1
Interamerican Bank, A Federal Savings Bank	9190 Coral Way	Miami	FL	33165-2049	(305) 223-1434	707506	\$249,325	2
Touchmark National Bank	3651 Old Milton Pkwy.	Alpharetta	GA	30005-0000	(770) 407-6700	24789	\$528,314	3
Embassy National Bank	1817 North Brown Rd.	Lawrenceville	GA	30043-0000	(770) 822-9111	24679	\$142,856	3
Southeast First National Bank	10144 Commerce St.	Summerville	GA	30747-0000	(706) 857-3473	15651	\$62,433	6
Hawaii National Bank	45 North King St.	Honolulu	HI	96817-0000	(808) 528-7711	14911	\$797,347	3
The First National Bank of Manning	401 Main St.	Manning	IA	51455-0000	(712) 655-3557	3455	\$82,853	6

Name	Address	City	State	Zip	Phone	Charter	Total assets (\$000)	MDI Code
GN Bank	4619 S King Dr	Chicago	IL	60653-4107	(773) 624-2000	703395	\$63,898	1
First National Bank in Fredonia	730 Madison St.	Fredonia	KS	66736-0000	(620) 378-2151	14370	\$99,398	6
Leader Bank, NA	141 Massachusetts Ave.	Arlington	MA	02474-0000	(781) 646-3900	24131	\$4,434,341	3
Millbury National Bank	18 Main Street	Millbury	MA	01527-0000	(508) 865-9521	13835	\$119,423	6
Woodlands National Bank	122 Main Street	Hinckley	MN	55037-0000	(888) 532-4142	23926	\$327,784	4
Grand Bank For Savings, FSB	204 Westover Drive	Hattiesburg	MS	39402-0000	(601) 264-1467	707547	\$161,125	1
The First National Bank of Gordon	134 N. Main Street	Gordon	NE	69343-0000	(308) 282-0050	8521	\$322,304	6
KEB Hana Bank USA, NA	201 Main Street	Fort Lee	NJ	07024-0000	(212) 689-5292	20622	\$430,106	3
Ponce Bank	2244 Westchester Ave.	Bronx	NY	10462-0000	(718) 931-9000	706509	\$2,736,531	2
Abacus Federal Savings Bank	6 Bowery	New York	NY	10013-5101	(212) 285-4770	708059	\$322,380	3
Carver Federal Savings Bank	75 W. 125th Street	New York	NY	10027-4512	(212) 360-8810	705273	\$776,913	1
Eastbank, NA	183 Centre St.	New York	NY	10013-0000	(212) 219-9000	18431	\$159,576	3
Warsaw Federal Savings & Loan Association	3533 Warsaw Ave	Cincinnati	OH	45205-1850	(513) 244-6900	701158	\$96,974	1
BancCentral, NA	604 Flynn St.	Alva	OK	73717-0000	(580) 327-1122	12152	\$317,015	6
First National Bank in Okeene	124 N. Main Street	Okeene	OK	73763-0000	(580) 822-3300	10913	\$87,396	6
The Pauls Valley National Bank	101 W. Paul Avenue	Pauls Valley	OK	73075-3218	(405) 238-9321	7892	\$317,682	4
The National Bank of Malvern	King and Warren Streets	Malvern	PA	19355-0000	(610) 647-0100	3147	\$200,349	6
American Bank, National Association	2707 West Northwest Highway	Dallas	TX	75220-0000	(214) 358-3111	16320	\$451,309	3
The First National Bank in Falfurrias	200 S. St. Mary Street	Falfurrias	TX	78355-0000	(361) 325-2565	14072	\$74,827	6
Agility Bank, NA	2401 N. Shepherd	Houston	TX	77088-2990	(713) 324-8810	25225	\$76,638	6
American First National Bank	9999 Bellaire Blvd.	Houston	TX	77036-0000	(713) 596-2888	23521	\$2,588,150	3
Golden Bank, NA	9315 Bellaire Blvd.	Houston	TX	77036-0000	(713) 777-3838	18558	\$1,768,297	3
Southwestern National Bank	6901 Corporate Dr.	Houston	TX	77036-0000	(713) 771-9700	23081	\$1,109,185	3

APPENDIXES

Name	Address	City	State	Zip	Phone	Charter	Total assets (\$000)	MDI Code
Unity National Bank of Houston	2602 Blodgett St.	Houston	TX	77004-0000	(713) 387-7400	21008	\$209,014	1
Texas National Bank of Jacksonville	300 Neches Street	Jacksonville	TX	75766-0000	(903) 586-0931	18594	\$807,378	6
Texas National Bank	201 S. Texas Ave.	Mercedes	TX	78570-0000	(956) 565-2485	11879	\$830,269	2
Lone Star National Bank	206 West Ferguson	Pharr	TX	78577-0000	(956) 781-4321	17611	\$2,942,962	2
The Santa Anna National Bank	610 Wallis Ave.	Santa Anna	TX	76878-0000	(325) 348-3108	13854	\$58,947	6
Commercial National Bank of Texarkana	5515 Summerhill Road	Texarkana	TX	75505-0000	(870) 773-4561	15257	\$308,776	6
First National Bank and Trust Company of Weatherford	220 Palo Pinto Street	Weatherford	TX	76086-0000	(817) 596-0345	2477	\$989,499	6
Zapata National Bank	703 Hidalgo Blvd	Zapata	TX	78076-0000	(956) 765-4302	14955	\$88,752	2
First National Bank in Tigerton	140 Cedar Street	Tigerton	WI	54486-9527	(715) 535-2291	14150	\$27,343	6

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

6.2 Appendix 2: Policy Statement on Minority Depository Institutions

1. Introduction

Minority depository institutions (MDIs) are national banks and Federal savings associations (banks) that support the economic viability of the communities they serve, including but not limited to the minority individuals, women, or other socially and economically disadvantaged individuals in those communities.

The Office of the Comptroller of the Currency (OCC or agency) recognizes the important role of MDIs in the communities they serve and, consistent with the agency’s mission to ensure a safe and sound Federal banking system, the OCC actively supports MDIs through a number of initiatives. The agency’s efforts to support MDIs also reflect its commitment to the goals of section 308 of Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).¹

2. Meaning of MDI²

- A. *National banks or Federal stock savings associations.*³ The OCC defines an MDI to include a national bank or Federal stock savings association that is at least 51 percent owned by one or more minority individuals, women, or other socially and economically disadvantaged individuals.⁴
- B. *Federal mutual savings associations.* The OCC—
 - i. Defines an MDI to include a Federal mutual savings association (1) where minority individuals comprise a majority of both its Board of Directors and its account holders and (2) that serves the credit and other economic needs of a community comprised predominantly of minority individuals; and
 - ii. Considers a Federal mutual savings association to be an MDI if (1) a majority of its Board of Directors is comprised of minority individuals, women, or other socially and economically disadvantaged individuals and (2) minority individuals, women, or other socially and economically disadvantaged individuals hold a significant percentage of its senior management positions.

1 12 U.S.C. 1463 (note). The goals of section 308 are to preserve the number of MDIs; preserve MDIs minority character in cases of merger or acquisition; provide technical assistance to help MDIs remain healthy; promote and encourage the creation of new MDIs; and provide training, technical assistance, and educational programs.

2 In addition to the other requirements discussed in this policy statement, an MDI may not be a U.S. subsidiary of a foreign-owned bank.

3 A Federal stock savings association may be publicly or privately owned.

4 For purposes of this policy statement, “individual” means a natural person, corporation, partnership or entity. “Minority individual” means a black American, Native American, Hispanic American, or Asian American individual. Therefore, a bank that is owned by a minority-owned corporation is owned by a minority individual. “Women” incorporates the definition of “individual” and is not limited to natural persons. Therefore, a bank that is owned by a women-owned corporation is owned by women.

3. Formation, Designation, and On-Going Review

- A. *De novo bank formation and designation.* The process of forming a de novo bank that is designated as an MDI involves two steps: an applicant must (1) file an application and receive approval to form a bank and (2) request that the bank be designated as an MDI. If the OCC determines that all of the applicable requirements are met, the OCC will provide (1) a letter approving the formation of a bank and (2) a separate MDI designation letter. For individuals interested in this process, the OCC offers advice and technical assistance, including guidance on determining whether the applicant satisfies the meaning of MDI as set forth in section 2 of this policy statement, through pre-filing and exploratory meetings. Requests for assistance should be directed to OCC Licensing.
- B. *Designation of existing banks.* A bank that believes it satisfies the meaning of MDI as set forth in section 2 of this policy statement may request the OCC designate it as an MDI. If the OCC determines the bank satisfies the meaning of MDI, the agency will provide the bank with an MDI designation letter. For banks interested in this process, the OCC offers advice and technical assistance, including guidance on determining whether the bank satisfies the meaning of MDI. Requests for assistance should be directed to the Minority Depository Institution Advisory Committee Designated Federal Officer.
- C. *Continued designation.* At its discretion, the OCC may continue to designate as an MDI a bank that no longer satisfies the meaning of MDI as set forth in section 2 of this policy statement if the bank supports the economic viability of a community comprised predominantly of minority individuals, women, or other socially and economically disadvantaged individuals.
- D. *On-going review.* On an annual basis, the OCC reviews whether (1) a bank designated as an MDI continues to satisfy the meaning of MDI as set forth in section 2 of this policy statement or (2) continued designation is appropriate.

4. List of OCC-Supervised MDIs and Related Information

The OCC maintains a list of OCC-supervised MDIs and information about MDI initiatives and related events on its website at www.occ.gov.

5. Support for MDIs

The OCC develops an annual strategy to support MDIs. The strategy is designed to support their financial vitality and safe and sound operations and to address unique risks facing MDIs. As needed, the OCC supports MDIs by providing training, technical assistance, and educational programs in such areas as compliance, risk management, and operations.

The OCC recognizes that depository institutions that are not MDIs (non-minority depository institutions or NMDIs) can be key partners with MDIs. The agency actively supports these relationships, which can be valuable tools for assisting MDIs, and provides resources to help identify relevant partnership opportunities.

For example, NMDIs may provide direct or indirect financial support for MDIs through an applicable investment authority.⁵ This type of support includes an NMDI (1) investing in subordinated debt issued by an MDI; (2) placing deposit funds in an MDI; (3) purchasing MDI issued capital stock (e.g., common or preferred stock); and (4) engaging in a loan participation with an MDI. Other types of support that an NMDI can offer include collaborating with an MDI on products and services (e.g., in-kind services that aid an MDI in serving its customers) and contributing excess real estate to an MDI (e.g., surplus branch facilities).

In assessing the record of an NMDI under the Community Reinvestment Act (CRA) and its implementing regulations,⁶ the OCC considers capital investments, loan participations, and other ventures undertaken in cooperation with minority- and women-owned financial institutions and low-income credit unions if such activities help meet the credit needs of the local communities served by the MDI or low-income credit union. NMDIs that invest in MDIs may receive positive consideration under the CRA if those investments are consistent with the requirements of the CRA and its implementing regulations.

6. Attribution of Investments for Purposes of the Ownership Threshold

An investment in an MDI by a natural person may be attributed to the MDI ownership threshold only if the natural person is a minority individual, woman, or other socially and economically disadvantaged individual.

An investment in an MDI by a corporation, partnership, or entity may be attributed to the MDI ownership threshold only if the corporation, partnership, or entity is (1) also an MDI or (2) at least 51 percent owned by one or more minority individuals, women, or other socially and economically disadvantaged individuals.⁷

7. Resolution of Supervisory Cases

In the unlikely event that it is necessary to resolve an MDI, the OCC seeks remedies (including mergers and acquisitions) that are consistent with and aim to maintain the MDI's safety and soundness and its character, in accordance with the goals of section 308 of FIRREA.

⁵ See, e.g., national banks' public welfare investment authority (12 CFR Part 24) and Federal savings associations' community development investment authority (12 CFR 160.36).

⁶ See 12 U.S.C. 2901 et seq. and 12 CFR Part 25.

⁷ See *supra* note 4 (meaning of "individual," "minority individual," and "women"). For example, an investment in an MDI by a private equity fund would count toward the 51 percent ownership threshold only if the fund itself is at least 51 percent owned by one or more minority individuals, women, or other socially and economically disadvantaged individuals.

8. Minority Depository Institutions Advisory Committee and Other MDI-Focused Initiatives

In addition to the initiatives discussed above, the OCC's Minority Depository Institutions Advisory Committee (MDIAC) and other MDI-focused initiatives also help to support MDIs. Information about these initiatives can be found on the website at www.occ.gov and include the following:

- A. *MDIAC*. The MDIAC is an OCC-chartered advisory committee organized in accordance with the Federal Advisory Committee Act (FACA).⁸ The MDIAC includes officers and directors of MDIs and other depository institutions committed to supporting MDIs and provides advice to the OCC on meeting the goals in section 308 of FIRREA. As required by FACA, the OCC has an MDIAC Designated Federal Officer, who is responsible for the MDIAC and serves as the OCC's primary point of contact on MDI matters.
- B. *Director of Minority Outreach*. The OCC's Director of Minority Outreach coordinates the agency's interdepartmental and interagency outreach efforts, including interagency conferences and other activities.
- C. *Minority Depository Institution Collaboration Initiative*. The OCC's Minority Depository Institution Collaboration Initiative promotes collaboration and relationships between MDIs and larger NMDIs and is designed to provide access to products and services that promote empowerment to disadvantaged and underserved communities, economic independence, job creation, and community development/revitalization. This initiative is coordinated by the OCC's Midsize and Community Bank Supervision (MCBS) staff.
- D. *Project Roundtable for Economic Access and Change (REACH)*. The OCC-established Project REACH promotes financial inclusion through greater access to credit and capital. Project REACH brings together leaders from the banking industry, national civil rights organizations, other businesses, and the technology industry to reduce specific barriers that prevent full, equal, and fair participation in the nation's economy. Project REACH supports MDIs through its MDI Revitalization Workstream, which addresses the challenges MDIs face in accessing capital, expanding technology capabilities, and modernizing infrastructure. Project REACH is coordinated by the OCC's Director of Minority Outreach. Information on Project REACH is available at Project REACH.
- E. *Regional Community Affairs Officers*. The OCC's Regional Community Affairs Officers provide advice and technical assistance to MDIs interested in structuring community development investments and initiatives and identifying opportunities for relationships between NMDIs and MDIs.

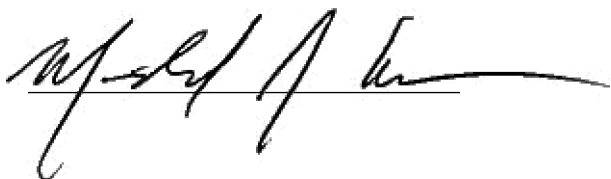
8 See 5 U.S.C. Appendix 2.

9. Consultation and Annual Report

The Secretary of the U.S. Department of the Treasury consults with the Comptroller of the Currency, under section 308 of FIRREA, on the methods for best achieving the goals of section 308 of FIRREA. The law also directs the OCC to submit an annual report to Congress on the actions taken to carry out these goals. The OCC's Director of Minority Outreach is responsible for submitting the annual report to Congress.

10. Conclusion

The OCC recognizes the important role of MDIs in the communities they serve and actively supports MDIs through the initiatives discussed above.

A handwritten signature in black ink, appearing to read "Michael J. Hsu", written over a horizontal line.

Michael J. Hsu,
Acting Comptroller of the Currency.

Date: July 26, 2022

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 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. § 1001 et seq.
3. Objective and Scope of Activities.

The Minority Depository Institutions Advisory Committee (MDIAC) will provide advice to the Department of the Treasury, Office of the Comptroller of the Currency (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 depository institutions in cases involving mergers or acquisitions, provide technical assistance, and encourage the creation of new minority depository institutions.

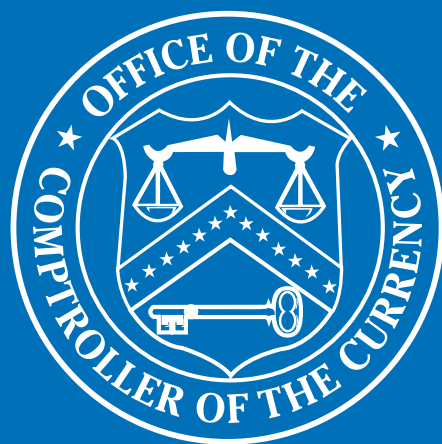
The scope of the MDIAC's work will include an assessment of the current condition of minority depository institutions, what regulatory changes or other steps the OCC may be able to take to fulfill the mandate of section 308, and other issues of concern to OCC-supervised minority depository institutions.

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 Staff Years. The estimated annual cost to operate the MDIAC is \$125,000 (including .50 staff years/FTEs). Annual operating costs include, but are not limited to, travel expenses and staff salaries. While MDIAC members are not compensated for their time or services, they are reimbursed for their travel-related expenses to attend public meetings, working sessions, outreach and orientation sessions in accordance with 5 U.S.C. § 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 a 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 U.S.C. 552.
15. Filing Date. The filing date of this charter is June 20, 2024.



OCC HEADQUARTERS

400 7th St. SW
Washington, DC 20219