

Office of the Comptroller of the Currency  
Minutes of the Meeting of the  
Minority Depository Institutions Advisory Committee  
April 7, 2015

The Minority Depository Institutions Advisory Committee (MDIAC) convened for a meeting at 8:30 a.m. on April 7, 2015, at the Office of the Comptroller of the Currency (OCC) headquarters located at 400 7<sup>th</sup> Street, SW, Washington, DC.

In accordance with the provisions of Public Law 92-463, the meeting was open to the public from 8:30a.m. to 2:00 p.m.

**Advisory Committee Members Present**

Mukhtar Ali, Chief Executive Officer, Mission National Bank, San Francisco, CA; Jamie, Bartholomew Aller, General Counsel, The National Bank of Malvern, Malvern, PA; Larry Briggs, President and Chief Executive Officer, First National Bank & Trust Company, Shawnee, Oklahoma; Titi Cole, Retail Products and Lending Executive, Bank of America, Charlotte, NC; Guillermo Diaz-Rousselot, President, Continental National Bank of Miami, Miami, FL; John Hou, Chief Executive Officer and President, Asian Pacific National Bank, San Gabriel, CA; Preston Pinkett, III; Chairman and Chief Executive Officer, City National Bank of New Jersey, Newark, NJ; and Carlos Safie, Chairman, President and CEO, Executive National Bank, Miami, FL.

Joe Quiroga, President, Texas National Bank, Mercedes, TX was not present at the meeting.

**OCC Staff Attending**

Comptroller of the Currency Thomas J. Curry; Senior Deputy Comptroller (SDC) for Midsize and Community Bank Supervision (MCBS) Toney M. Bland; Attorney Jorge Aguilar, Congressional Affairs Specialist Karolina Arias; Analyst to the Deputy Comptroller for Thrift Supervision Charlotte Bahin; Community Development Expert David Black; Senior Advisor to the SDC for MCBS and Designated Federal Officer Beverly F. Cole; Senior Advisor for Outreach and Minority Affairs Glenda Cross; Deputy Comptroller for Thrift Supervision Donna Deale; Industry Analyst Ralph DeLeon; Deputy Comptroller for Public Affairs Robert Garsson; Director for Banking Relations Gregory Golembe, Director for Congressional Liaison Carrie Moore; Community Relations and Minority Affairs Specialist Andrew Moss; Director for Community and Consumer Law Donna Murphy; Senior Licensing Analyst YooJin Na; Director, Industry and Regional Analysis Richard Nisenson; Deputy Comptroller for Community Affairs Barry Wides; Congressional Affairs Specialist Nida Zaman.

**Public Attendees**

Anna Epstein, Product Development Director, Freddie Mac  
Rosa Munoz-Bogren, Mission, Legislative and Regulatory Affairs Department, Freddie Mac

Kianga Lee, Vice President, Independent Community Bankers of America

## **8:35 a.m. – Public Meeting**

### **Opening Remarks**

Beverly Cole, the OCC's Senior Advisor to the Senior Deputy Comptroller for MCBS and the MDIAC's Designated Federal Officer called the meeting to order at 8:35 a.m. and welcomed attendees. Ms. Cole introduced Charlotte Bahin, Analyst to the Deputy Comptroller for Thrift Supervision and asked her to provide an overview of the requirements for members of a committee chartered under the Federal Advisory Committee Act (FACA). Ms. Bahin provided a brief description governing the rules for FACA committees and their members, including the public nature of the meetings.

Ms. Cole turned the meeting over to the Comptroller of the Currency, Thomas Curry. He welcomed the new and returning members of the Committee. He highlighted the accomplishments of the MDIAC, which included providing technical advice to strengthen minority depository institutions through the financial crisis, providing meaningful responses to issues and concerns and the issuance of the OCC's paper on Collaborative Arrangements for Community Banks. Ms. Cole then asked the members of the MDIAC to introduce themselves and asked each of the members to provide a brief description of his or her institution. Each of the members introduced him or her self and the OCC staff attending the meeting introduced themselves.

### **Economic Update**

Ms. Cole introduced Richard Nisenson, Director, Industry and Regional Analysis in the OCC's Economic's Department. Mr. Nisenson provided a general economic update. Mr. Nisenson went through the slides in the attached handout and the members of the MDIAC asked clarifying questions or offered observations from their own experience. The topics addressed included:



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Meeting Econ final.p

- GDP
- Unemployment rate
- US economic growth
- Interest rate risk
- Historical perspective on rising rate environment
- The drop in oil prices and its impact on around the country
- Recovery of the real estate market: including home prices, multifamily starts, and housing construction

### **Technical Assistance to Address Cybersecurity Threats**

Greg Golembe, the OCC's Director of Banking Relations asked whether in conjunction with the Interagency Minority Depository Institution conference in July, the members of the MDIAC would send the members of their respective boards of directors to a workshop on cybersecurity. He explained that the OCC's Banking Relations group is putting together a one-day workshop for bank directors on operations risk and that one of the modules focusses on cybersecurity risks. He further explained that because the Interagency Minority Depository Institution Conference is at the OCC that there is an opportunity to have a more detailed workshop on cybersecurity risk. Comptroller Curry added that cybersecurity risk is of the top five risks faced by financial institutions today. Mr. Golembe asked whether the members of the MDIAC would send members of their Boards of Directors to such a workshop. Several members explained that the members of their Boards of Directors do not attend the Interagency Minority Depository Institution Conference, but that they do attend the one-day workshops.

### **Interest Rate Risk Update**

Ms. Cole introduced Christopher McBride, Group Leader, Balance Sheet Management, Credit and Market Risk, to discuss interest rate risk. After describing his background, Mr. McBride described two recent data compilations that the OCC had undertaken regarding interest rate risk that were available to OCC-supervised national banks and federal savings associations. One was transmitted by a CEO letter to all OCC-supervised institutions and the other was part of the most recent Semi-Annual Risk Perspective. Mr. McBride went through the attached presentation. Among the topics he addressed were the following:



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IRR Data Summary d

- The market environment
  - Deposit growth
  - Long-term assets for those IDIs with greater than \$10 billion in assets
  - Long-term assets for those IDIs with less than \$10 billion in assets
- Interest rate risk range of practice
  - Risk limits
  - Short-term interest rate risk
  - Long-term interest rate risk
  - Non-maturity deposits – repricing rates
  - Non-maturity deposits – decay rates

### **Collaboration Paper Discussion**

Ms. Cole asked Charlotte Bahin, Analyst to the Deputy Comptroller for Thrift Supervision, to describe the paper published by the OCC in January on Collaborative Partnerships for Community Banks. Ms. Bahin described the discussions that lead to the development of the paper and described the contents of the paper, including the authorities under which national banks and federal savings associations may engage in collaborative arrangements and some examples of such arrangements. The members of the MDIAC described some of the arrangements with which they were familiar and discussed their interest in other types of

arrangements. David Black, Community Development Expert, Community Affairs Policy described how consortia and partnerships of banks may originate larger loans to take advantage of Low Income Tax Credit or New Market Tax Credit Programs. He also described how larger financial institutions can support minority depository institutions and be granted CRA credit. Further, he described the use of multibank partnerships in the community development area and the use of the Public Welfare Investment authority. Larger banks may contribute capital or other nonfinancial support to a non-profit entity, for example, staff may provide expertise and advice or may serve as a board member of the non-profit.

Barry Wides, Deputy Comptroller for Community Affairs distributed several publications, prepared by Community Affairs and available on the OCC's website, that describe the organization and purpose of multi-bank community development organizations (CDC). The publications describe some of the organizational issues that arise when banks decide to form a multibank CDC. The Comptroller added that large banks may provide knowledge and planning for CDCs and may get consideration for CRA credit for collaborating with minority banks. He added that success stories are needed to provide examples for other minority banks.

A member of the MDIAC offered that an important issue is to find a bank that has the capacity to lead the effort. Human and financial capital is necessary. Another member of the MDIAC suggested using investment credit for CRA purposes. Other members of the committee discussed the more traditional forms of collaboration, including bankers' banks and correspondent lending. Several members mentioned that many large banks no longer have correspondent lending programs for community banks and that some regional banks are stepping into that product. Another member of the MDAIC said that it is important to identify organizations that can help smaller minority banks. Mr. Bland asked about the value proposition of correspondent banking and committee members noted that it is necessary to have economies of scale and to expand beyond minority institutions. The involvement of other entities was suggested, for example state trade organizations. Finally, a member said that he had circulated the OCC's paper on Collaborative Arrangements to other banks and that it had been favorably received.

### **Roundtable Discussion with Members**

A number of topics were discussed during the Roundtable portion of the meeting. The topics raised by the Committee members included:

- Concerns regarding various mortgage lending compliance regulations, including the requirements to be considered a "qualified mortgage" and proposals issued by the CFPB
- Status of the real estate market in the geographic areas of MDAIC members:
- Issues regarding de novo banks and the supervision of those institutions
- Possible regulatory burden relief for community banks, the EGRPRA Review and a discussion of the OCC's legislative proposals

- Discussion of tailored regulation and the extent to which it is possible for community banks
- Discussion of Call Report items and whether the Call Report maybe streamlined for community banks
- Discussion of proposals issued by the CFPB to amend HMDA reporting requirements or implement additional reporting requirements
- Discussion of OCC examination staffing at small banks and the resources available to community banks
- Discussion of community groups and how they differ, but a common theme among the groups is the trust of customers and the community
- Discussion of the development of products with input from and collaboration with community groups
- Use of technology in delivering banking services and the development of products that meet customer's needs

### **Future Meetings**

Ms. Cole told the Committee that the next 2015 meeting has been tentatively scheduled for Tuesday, September 15, 2015 in Washington, D.C.


### **Public Statements, Wrap up and Adjourn**

Written public statements were not submitted in advance of this meeting.

Comptroller Curry and SDC Bland thanked the members of the committee for their participation and involvement with the committee and reiterated the value to the OCC of the members' participation in the committee. The members complemented Ms. Cole for her work on committee.

Ms. Cole adjourned the meeting at 1:55 p.m.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

  
Beverly F. Cole  
Designated Federal Officer