



**MINUTES OF
AMERICA'S MUTUAL BANKS
SEPTEMBER 25, 2017 MEETING**

Chairman Boulier chaired the meeting and called it to order at 1:00 pm ET. The following institutions and persons were in attendance:

Locke Lord LLP

- Doug Faucette
- Dan Weitzel

Institutions and Representatives

- Ion Bank—Charles Boulier
- First Federal of Lakewood—Tom Fraser
- First Shore Federal—Marty Neat
- Ridgewood Savings Bank—Peter Boger
- First FS&LA of San Rafael—Paul Simmons
- Raymond Federal Bank—John Marvin

Topics of Discussion

1. Approval of the August 21, 2017 Meeting Minutes

Chairman Boger asked for comments regarding the minutes of the August 21, 2017 meeting. A motion was made to approve the minutes, the motion was seconded and all voted in favor. The minutes were approved.

2. OCC Hosts MSAAC Meeting in Chicago on October 17

Mr. Faucette stated that in the past the FDIC and the OCC have rotated hosting the MSAAC meeting. However, when OCC hosts, they only invite federal banks and the attendance is very low. This time they gave adequate notice of the meeting in October, so attendance should

be up, relatively speaking. Mr. Faucette stated further that the meeting is significant because if there is a new comptroller, he may attend. However, attendance may still be low because of poor past participation. The more mutuals that attend, the better the access to decision makers. The focus of the meeting should be on supplemented capital opportunities and mutuals should talk to committee members again to keep trying to move the ball forward. As with previous meetings, the actual meeting is the night before and the forum is the following day. It would be helpful to find out what the agenda is prior to the meeting so that members are fully informed and are better able to talk to other members on the committee. Tom Fraser and Paul Simmons indicated that they will be attending the meeting. Hopefully, the opportunity will present itself to discuss the questions that should be presented to the committee as related to mutuals.

3. ABA and ICBA Oppose HR 3354 Subjecting FDIC and FRB Banking Supervision Costs to Appropriations Process

Mr. Faucette stated that this issue is very important. Even though the full impact of it hasn't been considered yet, at first glance, it's fairly simple. Funds have been derived from assessments and, as a result, the FDIC had the advantage of not charging assessments specifically for state chartered institutions as the OCC does for national banks and federal thrifts. HR 3354 states that bank assessments will no longer be allowed. The FDIC and FRB are saying that appropriations for the agencies will be received yearly and will indirectly come out of the banks' pockets. This could result in banks being regulated like HUD and all money spent will be subject to congressional scrutiny.

Mr. Faucette stated further that, an additional problem for mutuals is that the OCC has been increasingly disinterested in regulating small banks and it has lost a lot of OTS banks because of Dodd-Frank. OCC is moving back towards risky practices and desperation for revenue to the point that there is a risk of the agency becoming desperate for revenue so that it caters to the big banks. Mutuals should watch this issue very carefully because it highlights the risk of mutuals continuing to become less important. It would be more advantageous for the OCC if it only regulated big banks and not mutuals. AMB will continue to observe before it takes a position on this bill.

4. ABA Nomination of New Bank Directors

Mr. Faucette stated that although the ABA nominated a slate of new directors, none of them were from mutuals. The current President of the ABA is from a mutual bank but she steps down this fall. Only three mutual bankers were represented at the ABA meeting.

5. Agency Proposal of Basel III Relief

Mr. Faucette stated that, the proposal is to defer implementation of a fair number of Basel III provisions for a couple of years. It is going in the right direction and is an example of the Republicans in power. Mutuals should be grateful for the change even if it is not revolutionary. The agencies have already issued statements that they are holding back so it is a done deal for the next couple of years. It's difficult to gauge what they're going to do now as it relates to big bank rules.

6. ICBA Opposition to FinTech ILC

Mr. Faucette stated that, the OCC is concerned about its assessment base. The OCC realized that if there isn't a federal FinTech charter, the OCC won't be able to increase its assessment base. The ABA has been unsure about this issue from the beginning. Big banks are selling product or are invested in FinTech. The FinTech community has been very aggressive to the point that they decided not to pursue any OCC charters and have embraced the industrial loan company charter out of Utah. ICBA thinks this is a loophole and none of these applications should be approved. Nothing can get done until President Trump's nominees are in place. The Industrial Loan Charter continues to be a loophole but they can't make investments, which is a plus for mutuals.

7. NCUA Regulatory Reform Proposal on Alternative Capital

Mr. Faucette stated that this is the proposal that the NCUA made in response to President Trump's executive order that essentially asked, "How can you make things better". The NCUA came up with rules that were beneficial to credit unions. There is nothing in the proposal that is beneficial to community banks. The Trump administration must staff the FDIC as soon as possible. The Treasury and the OCC are the only department/agency that are staffed and they will try to take the lead. Banking agency response to President Trump's order was tepid. The NCUA response was very robust. AMB will be calling on its members to get going on this.

8. Next Meeting Schedule

Chairman Boulter moved to set the next meeting for October 23, 2017. The motion was seconded and passed unanimously.

The next AMB meeting was set for Monday, October 23, 2017, at 1:00 pm ET.

The meeting was adjourned by unanimous vote at 1:45 pm.