

TODAY'S Mutual Community Banks

Dating from the early 1800s, the mutual charter is almost as old as the nation itself. Formed to provide banking services and credit access for ordinary citizens, whether state or federally chartered, they continue this tradition today.

Today's mutual banks and mutual holding companies are at the heart of a robust, consumer-oriented, community banking industry. As of September 30, 2015, the FDIC reports:

- There were a total of 549 mutual institutions, including 167 mutual holding companies and 382 mutual banks.
- Mutual banks held a total of \$129 billion in assets and banks held by mutual holding companies held a total of \$134.9 billion in assets, giving us a combined total of \$263.9 billion in assets.
- The median asset size for mutual banks was \$144.9 million. There were 141 mutual banks with under \$100 million in assets. There were 23 mutual banks with assets over \$1 billion.
- The median asset size for a mutual holding company was \$409.8 million. There were 17 stock banks under a mutual holding company with under \$100 million in assets. There were 33 stock banks under a mutual holding company with assets over \$1 billion.

Mutual Holding Companies

Mutual holding companies (MHCs) were first permitted at the federal level in 1987, in the Competitive Banking Equality Act. The MHC structure preserves the mutual interest while providing a holding company's flexibility and encouraging innovation and creativity.

MHCs can:

- Continue as mutuals and as independent entities.
- Facilitate controlled capital growth through limited stock offerings.
- Facilitate growth through branch or line of business purchase, mergers and acquisitions.

Mutual Governance

The directors or trustees of mutuals set policies and oversee management's operations. They also decide about corporate organization and the best means to serve the interests of the community. Because they are not subject to the pressures of stockholders interested in maximizing shareholder value, they can maintain their focus on preserving a healthy, viable mutual community bank that serves the community.

Directors and trustees are elected in different ways:

- Depositors and sometimes borrowers elect directors at federally chartered mutual savings associations and state chartered mutuals.
- Another form of governance, using the corporator form, is common with some New England state chartered mutuals. Representing the community at large, corporators elect the board of trustees.

ABA and Mutuality: Working Together

With the vast majority of the nation's 549 mutual banks among its members, ABA is the preeminent national organization for mutual institutions, and the leading advocate in promoting and protecting the mutual charter and culture, and enhancing its competitiveness.

- Mutual community bankers play a leading role in ABA's leadership: Three members of the ABA board of directors, including ABA's Chairman-Elect, lead mutually chartered banks or holding companies.
- A 10-member Mutual Institutions Executive Committee leads the 118 ABA member Mutual Institutions Council.
- ABA's annual Mutual Community Bank Conference is the only national meeting dedicated solely to mutual institutions.
- An annual Mutual Survey catalogues the issues most important to mutual institutions.
- ABA's Mutual Exchange is the only national newsletter that focuses on issues of vital importance to mutual institutions.
- Mutual members enjoy access to ABA's team of mutual experts with a combined 200 years of experience.

For more information about the vibrant tradition of mutual community banks and their role in the success of our nation's economy, please contact Alex Maroulis-Cronmiller, VP, Council and Committee Management, American Bankers Association, at acronmil@aba.com.