

OVERVIEW OF DUTIES AND RESPONSIBILITIES OF MEMBERS OF THE ALABAMA STATE BANKING BOARD

The following is an outline of the duties and responsibilities of members of the Alabama State Banking Board.

ALABAMA STATE BANKING BOARD

Section 5-2A-40, Code of Alabama, 1975 provides for the creation and composition of the State Banking Board. The Banking Board shall consist of six persons, who shall be appointed by the Governor, by and with the consent of the Senate and the Superintendent of Banks who shall be ex officio a member and chairman of the Board. At the time of appointment, members shall reside in different congressional districts to assure geographical representation. Board members shall be appointed for terms of six years so that the terms of two of the six members shall expire on February 1 of each odd-numbered year. Members of the Board, upon the expiration of their terms, shall continue to serve until their successors are appointed and have qualified.

Meetings of the Board may be had on the call of the Superintendent or any three members of the Board pursuant to Section 5-2A-41. The Superintendent is required to give each member of the Board at least three days notice of the time and place of any meeting of the Board unless notice is waived by all members of the Board. Section 5-2A-42 requires Banking Board meetings be held in Alabama, however, the Board may hold a meeting outside Alabama if so required by the federal agencies regulating banks. This reflects the active participation of federal regulatory agencies in the affairs of state banks and would permit the Board to meet in Washington, D. C., or other such cities as may be required.

A majority of the Board shall constitute a quorum for the transaction of any business. See, Section 5-2A-43. There may be a quorum without the Superintendent; this will permit the Board to discuss matters relating to the Superintendent without his being present.

Section 5-2A-44 provides for the filling of vacancies and lists the qualifications of Board members. If a vacancy occurs in the members of the Board, the vacancy shall be filled by appointment of the Governor, and the appointee shall hold office until the Senate meets and passes on the appointment. If such appointment is disapproved by the Senate, then the Governor shall make another appointment(s) until an appointment is confirmed by the Senate.

The Qualifications for Board members are as follows: The six appointed members of the Board shall be persons of good character. Four of the six must have had at least five years' experience in the ten years next preceding their appointment either as an officer or director of a bank or an examiner or other officer in a federal or state supervisory agency, including the Office of the Comptroller of the Currency, the Federal Reserve System, the Federal Deposit Insurance Corporation and the banking departments of the various states or other equivalent experience. In

addition , three of the members, during the time they hold office, shall be connected with some state bank doing business as a bank under the laws of the state of Alabama as an officer or director. The requirement that three members shall be connected with a state bank is properly viewed as a minimum; it does not preclude four, five or even all six members from being connected with a state chartered bank as long as at least four of the six have had at least five years' experience to comply with Section 5-2A-44.

No banking Board members shall receive any compensation for service on the Board except that each member shall receive \$50.00 per day and expenses as paid state employees for each day the Board is in session. See, Section 5-2A-45.

BANKING BOARD - STATUTORY SECTIONS

- 5-2A-2 Venue
Unless otherwise provided in chapters 1A through 13B and chapter 20 of Title 5 of the Code of Alabama, all actions in which the Banking Board or its members are named or joined shall be brought in the circuit court of Montgomery.
- 5-2A-3 Salary Range for the Superintendent and any Assistant Superintendent
The Superintendent shall be appointed by the Governor and his or her salary shall be set by the Governor within a salary range established by the Board. The salary of any Assistant Superintendent shall be set by the Governor within a salary range established by the Board for the position of Assistant Superintendent.
- 5-2A-6 Removal of Member of the Board
The Superintendent or any member of the Board may be removed by a vote of two thirds of the members of the entire Board for the following: (1) neglect of duty; (2) malfeasance; (3) misfeasance; (4) extortion or corruption in office; (5) incompetency; (6) intemperance in the use of intoxicating liquors or narcotics to such an extent to render such person unfit; or (7) any offense involving moral turpitude while in office committed under the color thereof or connected therewith. The Superintendent may be removed from office, without cause, upon written order of four members of the Board and the Governor.
- 5-2A-8 Regulations
The Superintendent may, with the concurrence of a majority of the members of the Board, promulgate reasonable regulations as may be necessary to carry out the provisions of chapters 1A through 13B of Title 5, Code of Alabama over which the banking department has jurisdiction.
- 5-2A-12 Removal of Directors and Officers
The Banking Board may, after ten days' written notice to the bank and or officer or director affected, and a hearing, remove any director or officer of a bank which

does not comply with the Superintendent's order to correct unsafe and unsound matters if the Board by written order enters a finding that the bank has thereby suffered or will probably suffer substantial financial loss and that such practice is one involving personal dishonesty on the part of such director or officer or one which demonstrates a willful and continuing disregard for the safety and soundness of the bank.

5-2A-16 Limitation on Liability

No member of the Board shall be personally liable for acts done in good faith while in office.

5-2A-20 Assessment of Banks

The rate of assessment fee is in an amount fixed by the Superintendent and approved by the Board.

5-3A-3 Disclosure of Information

No member of the Board shall disclose the condition and affairs of any bank ascertained by an examination or report. The Superintendent may disclose such information and confer with the Board.

5-3A-11 Confidentiality of Board Meetings

Generally, the minutes of the Banking Board are public record. The minutes of the Board which relate to a bank or several banks may contain financial matters of individuals as well as information which may be incorrectly construed or improperly used, and that portion of the minutes is not subject to inspection.

5-5A-8 Incorporation of a Bank - Appeal from Refusal

A proposed stockholder or individual may appeal a refusal to permit incorporation to the Board within 28 days of notice of refusal. The Board may take evidence and examine witnesses as to the propriety of the refusal and may make such findings and orders as necessary to confirm or permit incorporation. The Board shall notify all parties of its decision. The right of appeal to the Board is available only in cases of a refusal to permit incorporation by the Superintendent.

5-5A-9 Judicial Review

The circuit court of Montgomery County may review and reverse the action of the Board in granting or refusing a charter. Notice of appeal must be filed with that court within 28 days of the order from which appeal is taken. Granting or refusing a charter by the Board shall be taken as prima facie just and reasonable.

5-5A-13 Fees

The Board shall, from time to time, fix the amount of the fee for the following: (1) application for a new bank; (2) establishment of a branch; (3) conversion of a

national bank to a state bank; (4) merger of existing banks; (5) establishment and operation of any facility authorized under Sections 5-2A-7 and 5-2A-8; (6) acquisition of a majority of voting stock of a bank; (7) examination as a result of the foregoing; or (8) other actions requiring approval of the Superintendent or the Board.

5-8A-20 Insolvent Banks

The Superintendent may call a meeting of the Board and submit to the Board matters of default or misconduct in the affairs of a bank. If a majority of the Board so directs, the Superintendent shall take possession of the property and business of such bank and retain such possession until the bank shall resume business or a receiver is appointed.

BANKING EMERGENCIES

5-10A-1 The Superintendent, with the concurrence of not less than two other members of the Board, or any three members without action by the Superintendent may postpone paying liabilities, segregate deposits and assets or make or renew loans in a banking emergency.

5-10A-2 The Superintendent, with the concurrence of not less than two other members of the Board, or any three members without action by the Superintendent may make and adopt such rules and regulations as deemed proper in a banking emergency.

5-10A-3 The Superintendent, with the concurrence of not less than two other members of the Board, or any three members without action by the Superintendent may declare and put into effect a bank holiday as deemed necessary in a banking emergency.

5-10A-4 The Superintendent, with the concurrence of not less than two other members of the Board, or any three members without action by the Superintendent may extend, modify, suspend or terminate a bank holiday or rule or regulation in a banking emergency.

5-10A-5 Such actions in chapter 10A - Banking Emergencies shall be reported to the Board and automatically terminate after 120 days unless such action is approved during that period by the majority of the Board.

5-10A-13 The Superintendent, with the concurrence of not less than two other members of the Board, or any three members without action by the Superintendent may authorize a bank or group of banks to issue and reissue script, certificates or emergency currency in a banking emergency.

- 5-10A-15 The Superintendent, with the concurrence of not less than two other members of the Board, or any three members without action by the Superintendent may approve and authorize any bank to reorganize without receivership liquidation in a banking emergency.

INTERSTATE BANKING & BRANCHING

The "Alabama Interstate & International Banking Act of 1995" will be codified as Title 5 Chapter 13B. The following are statutory provisions involving the Banking Board.

- Section 6 Superintendent may, with the concurrence of a majority of the Board, adopt a procedure whereby the 30 percent limitation on control of deposits may be waived for good cause.
- Section 15 An out-of-state bank may establish and maintain one or more branches in Alabama upon the approval of the Superintendent, with the concurrence of a majority of the Board, if the Superintendent determines that acquisition of branch or branches is required because the bank which owns the branch or branches is in default or in danger of default or required to divest and the branch or branches have first been offered to Alabama banks and out-of-state banks operating branches in Alabama.
- Section 24 The Superintendent, with the concurrence of a majority of the Board, may issue such rules and regulations and orders as the Superintendent may deem necessary under Article 3 of the "Alabama Interstate & International Banking Act of 1995".