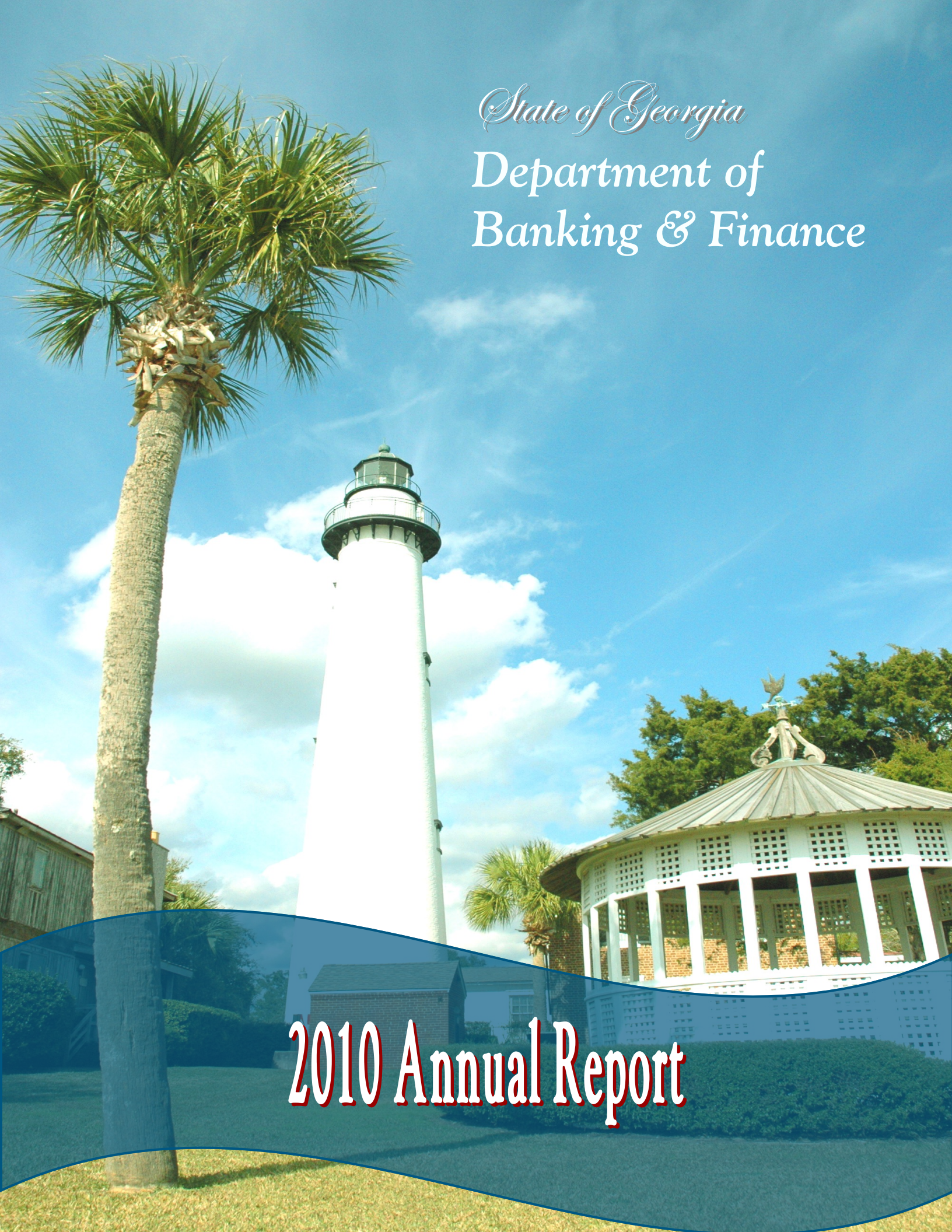

State of Georgia

Department of Banking & Finance

2010 Annual Report

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State of Georgia
Department of Banking and Finance

ANNUAL REPORT
For Year Ending December 31, 2010

Nathan Deal
Governor

Rob Braswell, CEM
Commissioner

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Message from the Commissioner

ROB BRASWELL
Commissioner

Welcome to the Department of Banking & Finance's 2010 Annual Report. This year has been one in which both the Department and the entities we regulate have certainly had to adapt to the challenges presented by these troubled economic times. I will attempt to summarize the activities of the Department, as well as highlight many of the changes that occurred this past year. Also, I encourage you to review the pages in which the Deputy Commissioners and the Director for Communications and Planning have listed additional 2010 highlights and activities for their respective areas of responsibility.

Regarding the entities we regulate, 2010 remained a difficult year for many of our institutions due to the weak housing market and depressed real estate values. Banks with concentrations in acquisition, development and construction lending continued to be hit the hardest, and unfortunately, led to the Department having to close 15 banks in 2010.

The operating performance of most state-chartered credit unions in 2010 could best be described as stable as key ratios remained on par with 2009 levels. One federal credit union converted to a state charter, but overall, the number of state-chartered credit unions decreased slightly due to continued merger activity and the conversion of one state-chartered credit union to a federal charter.

Also of note, our Supervisory Division was restructured effective December 31, 2010, in order for the Department to better operate within its budget and to more efficiently fulfill its mission. I am very pleased with the results of this restructuring thus far, and I would like to express my appreciation to the Department's staff members and the affected institutions that adapted to these changes so readily.

The mortgage side of the Non-Depository Financial Institutions (NDFI) Division remained extremely active in 2010 as it continued to combat mortgage fraud in Georgia while also licensing approximately 4,400 mortgage loan originators for the first time. The number of enforcement actions, including cease and desist orders, consent orders, revocations and license denials remained very high in 2010 due to the effectiveness of the risk-focused program and implementation of the Secure and Fair Enforcement (S.A.F.E.) Act. In fact, industry data indicates that Georgia's mortgage fraud index has continued to markedly decline and is no longer one of the top ten states regarding mortgage fraud! I want to take this opportunity to say "thank you" to the many partners with whom we routinely collaborate to protect the citizens of Georgia from mortgage fraud.

The Department also remained active in the oversight of Money Service Businesses (MSBs) by performing nearly 150 examinations and issuing three administrative actions. The MSB side of the NDFI Division ensures that these entities are properly licensed and comply with State law, the Bank Secrecy Act, and the requirements of the Office of Foreign Assets Control.

Message from the Commissioner

As you will see in the highlights of the Legal and Consumer Affairs (LCA) Division, the Department updated many of its rules via a separate rulemaking process. Due in large part to the current economic climate, several rule changes were made to provide greater flexibility to deposit institutions when dealing with their respective loan customers.

Lastly, I want to thank you for your feedback regarding our customer service effectiveness. We are constantly striving to exceed your expectations and to do our part in making Georgia the best managed state in the nation. Several of the initiatives highlighted throughout this report were developed due to the invaluable feedback that you provided; therefore, please keep your comments and suggestions coming.

As always, it remains our goal to be the best financial services industry regulator in the country. Thank you for your support of these efforts.

Sincerely,

Rob Braswell

Rob Braswell, CEM
Commissioner

ORGANIZATIONAL PROFILE

The Department of Banking and Finance (Department) is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers, lenders, processors and mortgage loan originators (MLOs); money service businesses; international banking organizations; and bank holding companies conducting business in Georgia.

Financial institutions and financial service providers are subject to strong statutory and regulatory requirements at both the federal and state levels. We share regulatory responsibility for Georgia state-chartered financial institutions with our federal counterparts (FDIC, FRB, NCUA). We are the sole regulatory agency for mortgage brokers, lenders, processors and MLOs, and money service businesses (with the exception of FINCEN and the IRS, which supervise the Bank Secrecy Act, USA PATRIOT Act and other anti-money-laundering efforts).

ACRONYMS:

CEM - Certified Examinations Manager

CEIC - Certified Examiner-In-Charge

CFE - Certified Financial Examiner or Certified Fraud Examiner

CPA - Certified Public Accountant

CSCUES - Certified State Credit Union Examination Supervisor

STRUCTURE OF THE DEPARTMENT

STEVE PLEGER

Functionally, the Department reports directly to the State's Chief Financial Officer and the Governor. The Department is headed by a Commissioner who is appointed by the Governor to serve a four-year term. Commissioner Rob Braswell is assisted by Senior Deputy Commissioner Steve Pleger.

The Department's operations are divided along functional lines: Supervision, Administration, Non-Depository Financial Institutions, and Legal and Consumer Affairs. These divisions are headed by Deputy Commissioners. The Director of Communication and Planning reports directly to Commissioner Braswell and is primarily responsible for: website administration; coordinating e-government initiatives; external publications; coordinating strategic and business planning; coordinating accreditation processes for the Department's bank and credit union supervisory programs; examination survey report compilation/analysis; coordinating employee survey processes; overseeing/coordinating all business resumption and emergency preparedness procedures and plans; and coordinating any marketing efforts of the Department.

NAME	TITLE	PHONE #
Rob Braswell, CEM	Commissioner	770-986-1628
Steve Pleger, CEM	Senior Deputy Commissioner	770-986-1629
Carol Webb, CEM	Director of Communications and Planning	770-986-1386
Susan Brown	Office Manager	770-986-1621

On the following pages, you will find a list of employees by Division and/or District Work Area. Group pictures of division and district employees can be found in each Division's Summary of Activities for 2010.

SUPERVISORY DIVISION

KEVIN HAGLER
Deputy Commissioner for Supervision

Supervision is responsible for the supervision, regulation, and examination of depository financial institutions and their affiliated companies that fall under the regulatory authority of the Department. Such institutions include state-chartered banks, trust companies and credit unions; bank holding companies; and international banking organizations. Supervision is also responsible for financial institution application, registration and notification processing. The Division is headed by Deputy Commissioner for Supervision Kevin Hagler.

Main Office Staff

NAME	TITLE	PHONE #
Kevin Hagler, CEM	Deputy Commissioner for Supervision	770-986-1646
Lori Godfrey, CEM/CFE	Director for Supervision	770-986-1636
Lori Binford, CEM	Supervisory Manager (Banks -District 1, SunTrust, Synovus)	770-986-1627
Mike Killeen, CEM/CSCUES	Supervisory Manager (Banks -District 2, Credit Unions)	770-986-5049
Laura Millen, CEM	Supervisory Manager (Banks -Districts 4 & 5, Trust)	770-986-1643
Murali Ramachandran, CEM	Corporate Manager (Banks -District 2, Applications)	770-986-1645
Merian Johnson	Administrative Assistant	770-986-1658
Susan Rosentreter	Administrative Assistant	770-986-1659

From left to right (front): *Susan Rosentreter, Laura Millen, Lori Godfrey*
From left to right (back): *Lori Binford, Murali Ramachandran, Merian Johnson, Mike Killeen*

SUPERVISORY DIVISION
Division Profile and Staff Contact Information

District Work Area Staff

The Department currently has four examination districts which have district work areas located in various geographic regions of the state to facilitate the supervisory process.

District 1—Northwest

NAME	TITLE
Melissa Sneed, CEM	District Director
Daisy Mitchell, CEM	Supervisory Examiner
Rich Parker, CEM	Supervisory Examiner
Ernie Coats, CEIC	Capital Markets Specialist
Evans Yancy	Credit Specialist
Candice Daniel, CEIC	Senior Financial Examiner
Derek Thompson, CEIC	Senior Financial Examiner
George Campbell, CEIC	Financial Examiner
Vic Greene, CEIC	Financial Examiner
Larry Moody, CEIC	Financial Examiner
Presley Norris, CEIC	Financial Examiner
Mark Pressler, CEIC	Financial Examiner
Ryan Baker	Senior Assistant Financial Examiner
Aaron Fisher	Senior Assistant Financial Examiner
Kevin Vaughn	Senior Assistant Financial Examiner

From left to right (1st row): *Presley Norris, Aaron Fisher, Mark Pressler*
From left to right (2nd row): *Ryan Baker, Ernie Coats, Kevin Vaughn*
From left to right (3rd row): *Derek Thompson, Melissa Sneed, George Campbell*
From left to right (4th row): *Evans Yancy, Rich Parker, Candice Daniel*
From left to right (back row): *Vic Greene, Daisy Mitchell, Larry Moody*

Northwest District 1 - Woodstock
645 Molly Lane, Suite 140
Woodstock, Georgia 30189
Phone: (770) 928-1803 Fax: (770) 928-6209

SUPERVISORY DIVISION
Division Profile and Staff Contact Information

District 2—Northeast/Central

NAME	TITLE
Heather Sartain, CEM	District Director
Harold Carney, CEM	Supervisory Examiner
Dennis McNeer, CEM	Supervisory Examiner
Brittany Bohannon, CEIC	Senior Financial Examiner
Pam Keane, CEIC	Senior Financial Examiner
Justin McElheney, CEIC	Senior Financial Examiner
Mathew Robinson, CEIC	Financial Examiner
Robert (Jay) Duncan	Senior Assistant Financial Examiner
Lauren Ivey	Senior Assistant Financial Examiner
Brett Poole	Senior Assistant Financial Examiner
Cacey Rogers	Senior Assistant Financial Examiner
Victoria Williams	Senior Assistant Financial Examiner
Langford Hutcherson	Assistant Financial Examiner
Michael Thomas	Assistant Financial Examiner
Dustin Thompson	Assistant Financial Examiner

From left to right (1st row): *Heather Sartain, Lauren Ivey, Mathew Robinson, Dennis McNeer, Victoria Williams, Brittany Bohannon, Pam Keane*

From left to right (2nd row): *Harold Carney, Justin McElheney, Jay Duncan, Dustin Thompson, Langford Hutcherson, Brett Poole, Cacey Rogers*

Not Pictured: *Michael Thomas*

Northeast District 2 - Loganville
3715 Harrison Road, Suite 100
Loganville, Georgia 30052
Phone: (770) 554-0676 Fax: (770) 554-5915

SUPERVISORY DIVISION
Division Profile and Staff Contact Information

District 4—Southeast

NAME	TITLE
Gary Ford, CEM/CSCUES	District Director
Michael Hooks, CPA/CEM	Supervisory Examiner
David Widincamp, CEM/CSCUES	Supervisory Examiner
Vicki Brantley, CEM	Senior Financial Examiner/Training Specialist
Janet Bryan, CEIC	Senior Financial Examiner
Michael Bryan, CEIC	Senior Financial Examiner
Mark Smith, CEIC/CSCUES	Senior Financial Examiner
Patrick Brahana, CEIC	Financial Examiner
Bob Herndon, CEIC	Financial Examiner
William (Trey) Craig, III	Senior Assistant Financial Examiner
Kimberly Nobles	Senior Assistant Financial Examiner
Jakeise Moody	Assistant Financial Examiner
Lucas Richardson	Assistant Financial Examiner

From left to right (front row): *Michael Bryan, Janet Bryan, Mark Smith, Kimberly Nobles, Michael Hooks*

From left to right (back row): *Gary Ford, Patrick Brahana, William (Trey) Craig, III, David Widincamp, Bob Herndon, Lucas Richardson*

Not Pictured: *Vicki Brantley, Jakeise Moody*

Southeast District 4 - Dublin
P.O. Box 965
Dublin, Georgia 31040
Phone: (478) 275-6740 Fax: (478) 275-6742

SUPERVISORY DIVISION
Division Profile and Staff Contact Information

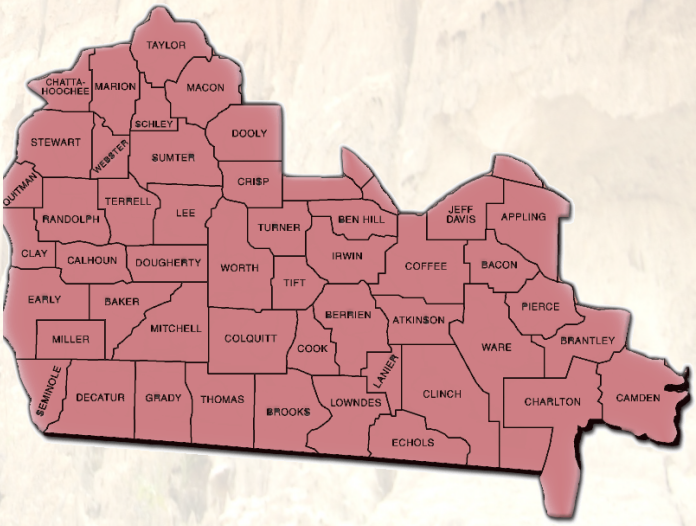
District 5—Southwest

NAME	TITLE
Virginia Riddick, CEM	District Director
Susan Andrews, CEIC	Supervisory Examiner
Joyce Jones, CEM/CSCUES	Supervisory Examiner
John Sonnier, CPA/CEIC	Senior Financial Examiner
Sue Ann Tucker, CEIC	Senior Financial Examiner
Terry Tucker, CEIC	Senior Financial Examiner
James Johnson, CEIC	Financial Examiner
Jim Mixon, CEIC	Financial Examiner
Natalie Holder	Senior Assistant Financial Examiner
Alicia Ashley	Assistant Financial Examiner
Peter Crowley	Assistant Financial Examiner
Frankie Keeling	Assistant Financial Examiner
Amy Lee	Assistant Financial Examiner

From left to right (seated): *Jim Mixon, Joyce Jones, John Sonnier*

From left to right (standing): *Natalie Holder, Frankie Keeling, Susan Andrews, Sue Ann Tucker, Alicia Ashley, Terry Tucker, Peter Crowley, Virginia Riddick, James Johnson*

Not pictured: *Amy Lee*



Southwest District 5 - Tifton
217 Main Street
Tifton, GA 31794-4834
Phone: (229) 382-6604 Fax: (229) 382-6434

SUPERVISORY DIVISION

SUMMARY OF ACTIVITIES FOR 2010

The Supervisory Division regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over subsidiaries of state-chartered banks, bank holding companies conducting business in Georgia, and international banking organizations. We share regulatory responsibility for Georgia state-chartered financial institutions with our federal counterparts (FDIC, FRB, and NCUA).

Major activities and challenges during the year included:

- Took possession of **15** banks pursuant to the Official Code of Georgia, Section 7-1-150(a) which authorizes the Department in its discretion to take possession of the business and property of any state-chartered financial institution whenever such financial institution is either insolvent or operating in an unsafe or unsound condition. The depositors of the **15** state-chartered banks closed in 2010 were largely unaffected, as acquiring institutions stepped forward to service those customers. Refer to **Page 15** of this Report for a listing of the state-chartered banks taken into receivership during the year.

- Performed **154** safety and soundness examinations and targeted visitations of banks and **52** safety and soundness examinations of credit unions during the year.

- Began development of an "early warning system" that includes surveillance, research and policy functions to identify and mitigate material risk conditions of state-chartered financial institutions.

- Began implementation of a new tracking mechanism for examination reports in process. Transitioning to the new tracking reports will allow the Department to better and more efficiently manage our exam workflow and to better communicate with our federal counterparts regarding joint examinations.

- Approved one new bank charter application in 2010. Financial institutions continued to take advantage of on-line, expedited processing procedures for corporate filings to establish branch offices, relocate branch offices, renew representative offices and expand credit union fields of membership.

- Approved one application for conversion of a federal credit union to a state charter during 2010. In addition, the state-chartered corporate credit union, formerly know as Georgia Central Credit Union, converted to a federal charter during the year.

Restructuring of Depository Financial Institution Supervision Division:

In order for the Department to better operate within budget and efficiently fulfill its mission and supervisory responsibilities, the Department undertook a restructuring of its Supervisory Division. Effective December 31, 2010, the Department began operating with one less district - (District 3, College Park). The vast majority of community banks that were assigned to that district now fall under District 2, Loganville.

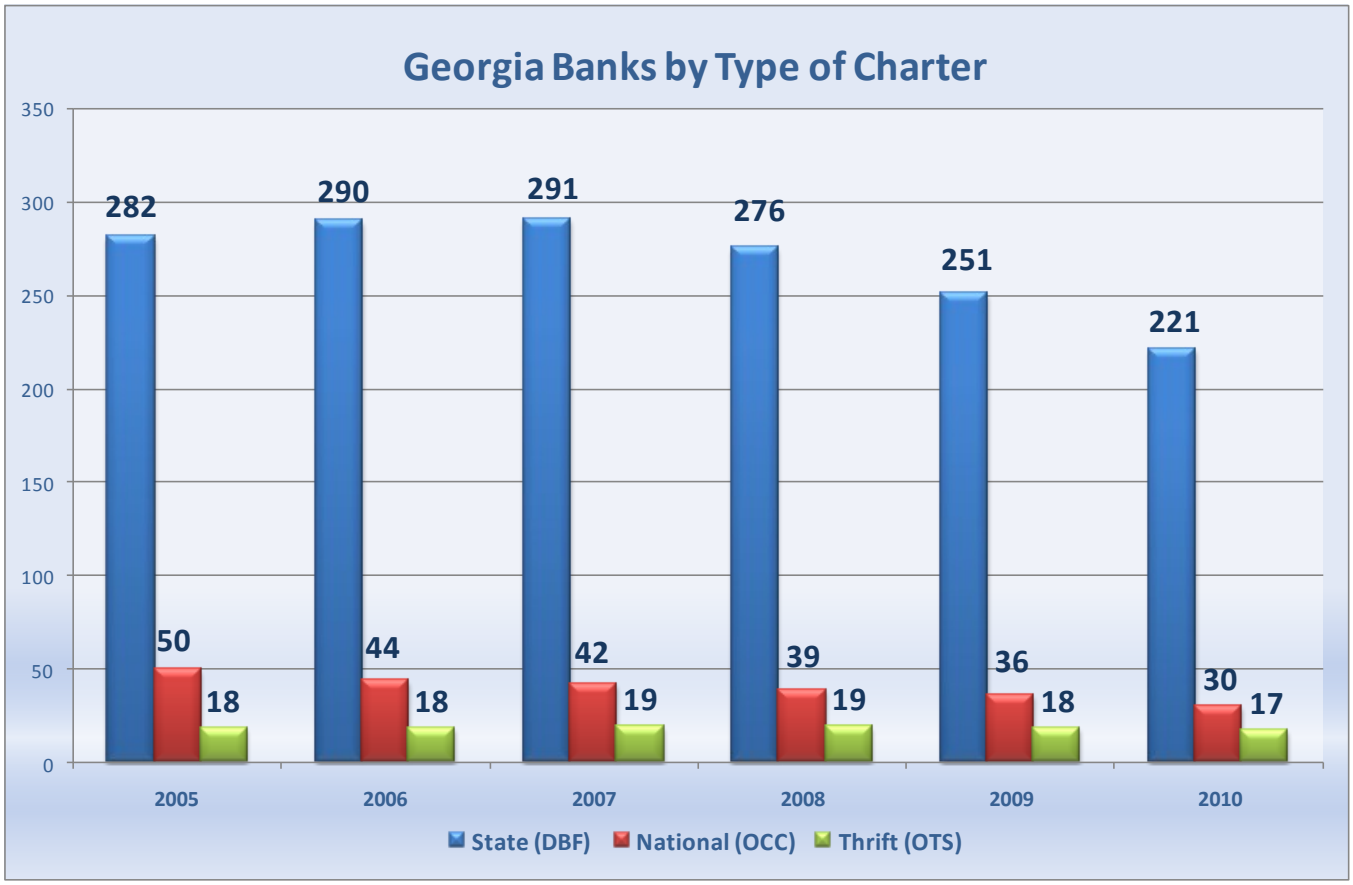
(Continued on page 14)

SUPERVISORY DIVISION
SUMMARY OF ACTIVITIES FOR 2010

The responsibility for the oversight of SunTrust and the credit unions formerly in District 3 now fall under District 1, Woodstock; while the oversight of Synovus Bank now falls under District 5, Tifton. Supervisory Manager assignments/ workloads were also redistributed to best align knowledge, skills, and experience.

NOTE: *Effective June 30, 2011, the Savannah satellite office of District 4, Southeast, will be closed. All existing personnel will remain as part of the Dublin office.*

STATE-CHARTERED BANKING STATISTICS



As of the end of the year, the number of state-chartered banks totaled **221**, representing a net decrease of **30** or **11.95%** from the previous year. This decrease was the result of:

- **One** state-chartered bank opening for business,
- **16** state-chartered banks merging out of existence, and
- **15** state-chartered banks being closed by the Department and placed into FDIC receivership.

Even with the decrease in the number of state-chartered banks, total bank assets under the Department's supervision grew by approximately 2% during the year to total approximately $257 billion. Total deposits also grew by approximately 4% from year-end 2009.

A four-year financial performance summary for state-chartered banks can be found on **Page 18** of this Report.

SUPERVISORY DIVISION
SUMMARY OF ACTIVITIES FOR 2010

State-Chartered Georgia Banks Taken into Receivership During 2010

Name	City	County	Receivership Date	Transaction Type
Community Bank & Trust	Cornelia	Habersham	01/29/2010	Whole Bank P&A / Loss Share
Century Security Bank	Duluth	Fulton	03/19/2010	Whole Bank P&A / Loss Share
Appalachian Community Bank	Ellijay	Gilmer	03/19/2010	Whole Bank P&A / Loss Share
Bank of Hiawassee	Hiawassee	Towns	03/19/2010	Whole Bank P&A / Loss Share
McIntosh Commercial Bank	Carrollton	Carroll	03/26/2010	Whole Bank P&A / Loss Share
Satilla Community Bank	St. Marys	Camden	05/14/2010	Whole Bank P&A / Loss Share
Crescent Bank and Trust Company	Jasper	Pickens	07/23/2010	Modified Whole Bank P&A / Loss Share
NorthWest Bank & Trust	Acworth	Cobb	07/30/2010	Whole Bank P&A / Loss Share
Bank of Ellijay	Ellijay	Gilmer	09/17/2010	Whole Bank P&A / Loss Share
First Commerce Community Bank	Douglasville	Douglas	09/17/2010	Whole Bank P&A / Loss Share
The Peoples Bank	Winder	Barrow	09/17/2010	Whole Bank P&A / Loss Share
The Gordon Bank	Gordon	Wilkinson	10/22/2010	All Deposits Acquired
Darby Bank & Trust Co.	Vidalia	Toombs	11/12/2010	Whole Bank P&A / Loss Share
Tifton Banking Company	Tifton	Tift	11/12/2010	Whole Bank P&A / Loss Share
Chestatee State Bank	Dawsonville	Dawson	12/17/2010	Whole Bank P&A / Loss Share

The above chart details the Georgia state-chartered banks that were closed by the Department during 2010. In each bank closure, the FDIC was appointed as Receiver of the bank effective upon the Department taking possession.

In addition to the 15 state-chartered banks that failed, five national banks and one federal thrift also failed during 2010, for a total of 21 Georgia bank failures during the year.

Detailed information about failed banks can be found on the FDIC's website at: http://www.fdic.gov/bank/individual/failed/banklist.html. This webpage contains useful information for the customers and vendors of these banks. This includes information on the acquiring bank (if applicable), how customer accounts and loans are affected, and how vendors can file claims against the receivership.

SUPERVISORY DIVISION
SUMMARY OF ACTIVITIES FOR 2010

Age Breakdown State:

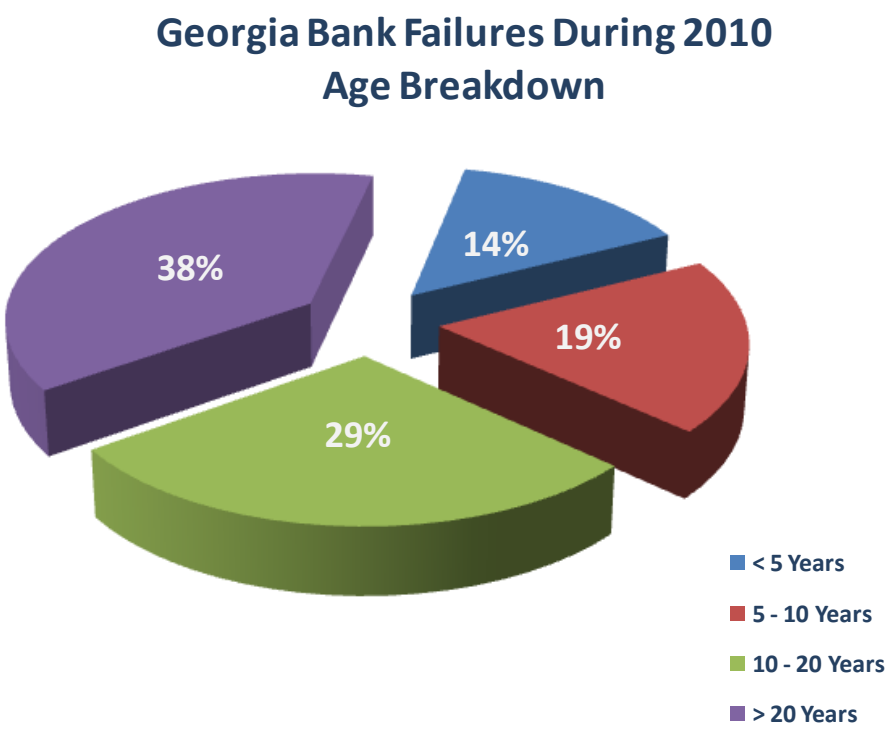
< 5 Years	2
5 - 10 Years	4
10 - 20 Years	3
> 20 Years	6
Total Count State:	**15**

Age Breakdown National/Federal:

< 5 Years	1
5 - 10 Years	0
10 - 20 Years	3
> 20 Years	2
Total Count:	**6**

Age Breakdown Total:

< 5 Years	3
5 - 10 Years	4
10 - 20 Years	6
> 20 Years	8
Total	**21**



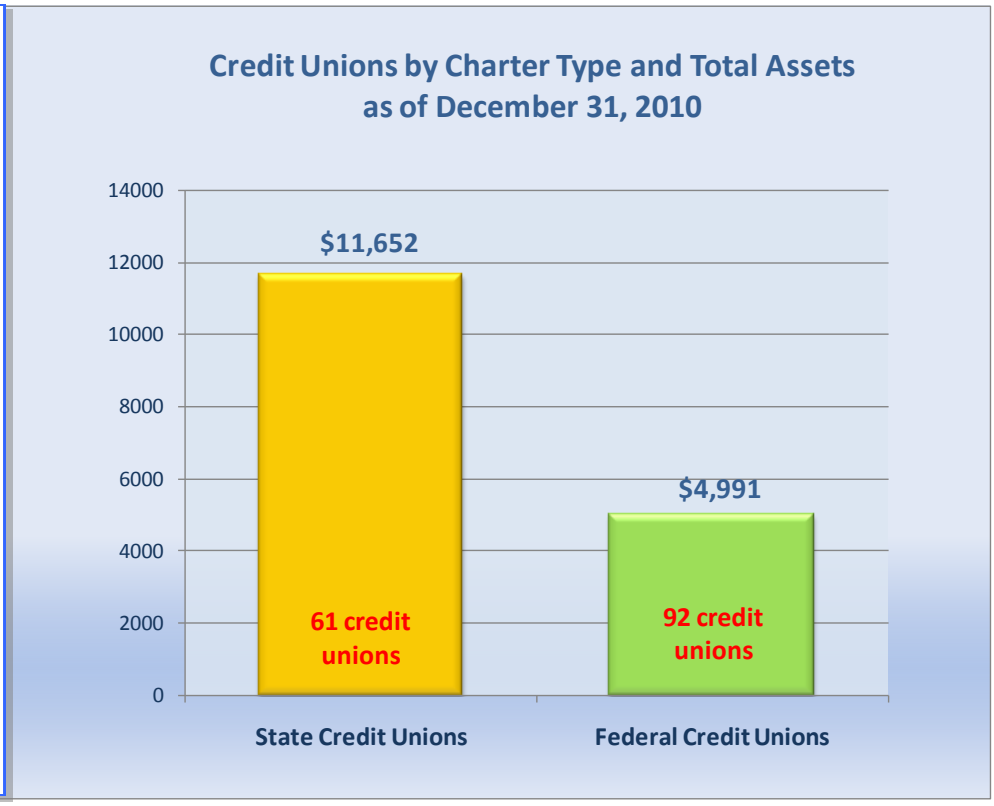
STATE-CHARTERED CREDIT UNION STATISTICS

There were **61** state-chartered credit unions in Georgia at year-end 2010, a decrease of four from the previous year.

The net decrease is attributed to one federal credit union converting to a state charter, one state-chartered credit union* converting to a federal charter, and four state-chartered credit unions merging out of existence during the year.

A four-year balance sheet and income statement snapshot for state-chartered credit unions can be found on **Page 19** of this Report.

**NOTE: The Corporate Credit Union (f/k/a Georgia Central Credit Union) converted to a federal charter during the year and is excluded from the figures in the graph to the right.*



OTHER SUPERVISED/REGISTERED FINANCIAL INSTITUTIONS

BANK HOLDING COMPANIES

A total of **241** bank holding companies were registered with the Department at the end of 2010. The Department accepted three and approved three holding company formation applications during 2010. Fifteen bank holding companies closed during the year due to the failure of their bank subsidiaries. Five new out-of-state holding companies were registered during 2010 due to entering Georgia through the acquisition of failed banks.

FOREIGN BANKING ORGANIZATIONS

The number of foreign banking organizations licensed by or registered with the Department remained unchanged during the year. One International Bank Agency holds an agency license, but operates as an international representative office only. In addition, one Domestic International Banking Facility continued to be licensed and two International Representative Offices continued to be registered during the year.

TRUST COMPANIES

Trust activities continue to be conducted principally by bank trust departments. There is one state-chartered non-deposit trust company in Georgia that is an independent trust company (Reliance Trust Company, Atlanta, Georgia).

REPRESENTATIVE OFFICES OF BANKS AND BANK HOLDING COMPANIES

A representative office is an office established by a bank, a bank holding company, or an agent or subsidiary of either for the purpose of conducting other than a banking business, and is not considered a main office or a branch office. As of the end of 2010, there were **50** entities registered with the Department having representative offices operating in this state.

SUPERVISORY DIVISION
STATE-CHARTERED BANK FINANCIAL SUMMARY

State Banking Performance Summary

	12/31/2010	12/31/2009	12/31/2008	12/31/2007
(dollar figures in millions)				
Number of institutions reporting	***221***	***251***	***276***	***291***
AGGREGATE CONDITION AND INCOME DATA				
Net income	(1,686)	(3,250)	125	2,816
Total assets	256,563	252,307	278,744	266,128
Earning assets	224,711	219,323	239,822	236,008
Total loans & leases	182,545	179,090	199,159	200,172
Other real estate owned	3,325	2,871	1,874	748
Total deposits	206,572	198,056	196,565	191,737
Equity capital	27,975	25,628	28,380	29,276
PERFORMANCE RATIOS (YTD, %)				
Yield on earning assets	4.59	4.73	5.67	6.88
Cost of funding earning assets	1.10	1.63	2.50	3.48
Net interest margin	3.49	3.10	3.18	3.41
Noninterest income to avg. earning assets	1.42	1.54	1.50	1.55
Noninterest expense to avg. earning assets	3.64	3.86	3.44	2.98
Net charge-offs to loans & leases	2.79	2.80	1.28	0.36
Credit-loss provision to net charge-offs	96.52	121.67	153.23	167.69
Net operating income to average assets	-0.72	-1.29	-0.33	0.92
Retained earnings to average equity	-6.33	-12.52	-4.55	1.66
Return on assets	-0.65	-1.26	0.05	1.06
Return on equity	-6.06	-12.19	0.43	9.69
Percent of unprofitable institutions	52.94	68.13	50.72	15.12
CONDITION RATIOS (%)				
Net loans and leases to assets	69.32	69.13	70.12	74.34
Loss allowance to:				
Loans and leases	2.57	2.61	1.86	1.16
Noncurrent loans and leases	46.3	40.61	46.14	68.71
Noncurrent loans & leases to total loans & leases	5.56	6.44	4.04	1.69
Nonperforming assets to assets	5.25	5.71	3.56	1.55
Core deposits to total liabilities	77.89	71.37	60.13	60.38
Equity capital to total assets	10.9	10.16	10.18	11.00
Core capital (leverage) ratio	8.42	7.68	8.06	8.28
Total capital to risk-weighted assets	12.96	12.11	11.33	11.17

Source *: Call Report and Thrift Financial Report*
FDIC-Division of Insurance and Research

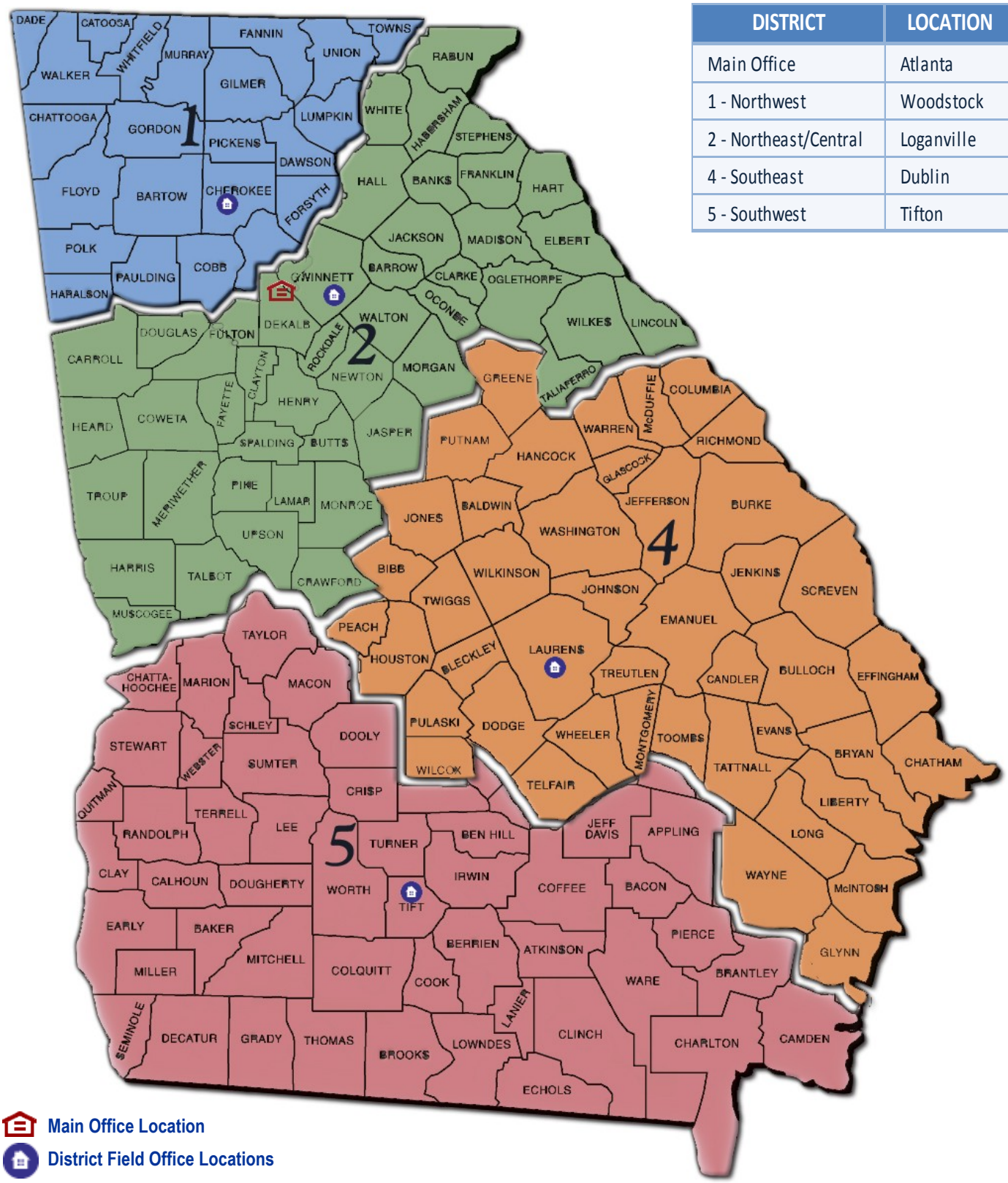
SUPERVISORY DIVISION
STATE-CHARTERED CREDIT UNION FINANCIAL SUMMARY

State Credit Union Performance Summary
(amounts in millions)

	12/31/2010	12/31/2009	12/31/2008	12/31/2007
ASSETS:				
Cash & Equivalents	1,230	1,006	754	700
TOTAL INVESTMENTS	3,543	3,625	2,403	2,105
Loans Held for Sale	8	10	4	6
Real Estate Loans	3,035	2,680	2,270	1,783
Unsecured Loans	785	741	685	587
Other Loans	2,683	2,457	2,450	2,118
TOTAL LOANS	6,503	5,878	5,405	4,488
(Allowance for Loan & Lease Losses)	88	74	51	42
Land And Building	194	171	163	125
Other Fixed Assets	33	34	37	43
NCUSIF Deposit	94	82	32	56
All Other Assets	134	122	127	109
TOTAL ASSETS	11,652	10,853	8,873	7,591
LIABILITIES & CAPITAL:				
Dividends Payable	3	4	4	4
Notes & Interest Payable	42	595	57	48
Accts. Payable & Other Liabilities	107	101	104	82
TOTAL LIABILITIES	152	699	164	133
Share Drafts	1,099	905	757	669
Regular Shares	3,005	2,775	2,674	2,868
All Other Shares & Deposits	6,104	5,273	4,088	2,811
TOTAL SHARES & DEPOSITS	10,208	8,953	7,519	6,348
Regular Reserve	223	212	214	199
Other Reserves	(26)	(11)	(0)	(7)
Undivided Earnings	1,095	1,001	976	919
TOTAL EQUITY	1,292	1,201	1,189	1,110
TOTAL LIABILITIES & EQUITY	11,652	10,853	8,873	7,591
INCOME & EXPENSE:				
Loan Income	399	358	342	284
Investment Income	60	83	119	133
Other Income	131	107	84	81
Total Employee Compensation & Benefits	156	139	128	104
Temporary Corporate CU Stabilization Expense & NCUSIF Premiums	24	15	N/A	N/A
Total Other Operating Expenses	158	136	176	112
Non-operating Income & (Expense)	(4)	(17)	4	(1)
Prov for Loan/Lease Losses	73	75	45	25
Cost of Funds	137	175	206	212
Net Income (Loss) EXCLUDING Stabilization Expense & NCUSIF Premium	61	47	N/A	N/A
NET INCOME	36	32	(6)	45
Total Credit Unions Reporting	***61***	***64***	***67***	***68***

SUPERVISORY DIVISION
EXAMINATION DISTRICTS AND WORK AREAS

DISTRICT	LOCATION
Main Office	Atlanta
1 - Northwest	Woodstock
2 - Northeast/Central	Loganville
4 - Southeast	Dublin
5 - Southwest	Tifton



The above map is primarily for the purpose of exhibiting geographical district boundaries based on current institution assignments. However, some districts may have institutions assigned in other areas of the state due to multibank holding companies and/or district workload and scheduling issues.

NON-DEPOSITORY FINANCIAL INSTITUTIONS DIVISION

ROD CARNES
Deputy Commissioner for Non-Depository Financial Institutions

NDFI is responsible for the licensing and supervision of mortgage lenders, brokers, processors and loan originators who are licensees and registrants under the law. NDFI is also responsible for the licensing and supervision of check cashers, sale of check companies and money transmitters - collectively referred to as Money Service Businesses (MSBs). The Division is headed by Deputy Commissioner for Non-Depository Financial Institutions Rod Carnes.

NAME	TITLE	PHONE #
Rod Carnes, CFE	Deputy Commissioner for Non-Depository Financial Institutions	770-986-1371
Sandra Sheley, CEM	Director for Non-Depository Financial Institutions	770-986-5036
Helen O'Leary	Senior Non-Depository Financial Institutions Division Attorney	770-986-1649
Felicia Faison-Holmes	Non-Depository Financial Institutions Division Attorney	770-986-1648
Larry Shelley, CEM	Supervisory Manager - Mortgage Regulation	770-986-1372
Janet Anderson	Supervisory Manager - Mortgage Licensing	770-986-1268
Bob Bauguss, CFE	Senior Financial Examiner - Mortgage	770-986-5043
Joel Byers, CFE	Senior Financial Examiner - Mortgage	770-986-1656
Andy Reid, CFE	Senior Financial Examiner - Mortgage	770-986-1310
Betty Thomas, CFE	Senior Financial Examiner - Mortgage	770-986-1316
Fernando Ornelas, CFE	Financial Examiner - Mortgage	770-986-1313
Teresa Koeppel, CFE	Administrative Examiner - MSBs	770-986-1639
Deborah Long	Assistant Financial Examiner - Review	770-986-2810
Susan Nelson	Applications Analyst - MSBs	770-986-1652
Irene Harper	Applications Analyst - Mortgage	770-986-5027

From left to right: *Irene Harper, Janet Anderson, Larry Shelley, Deborah Long*

MORTGAGE LICENSING STAFF

The primary responsibilities of the mortgage licensing staff are to process new and renewal applications for the licensing or registration of mortgage lenders, brokers, processors, registrants and loan originators. In addition, the staff processes changes to existing licensees such as the addition and deletion of branch locations, addition or change to branch managers, change in business structure/name, change in control, change in management, changes to the surety bond, and registration of a d/b/a name. Mortgage licensing also processes state educational provider applications and their renewals.

NON-DEPOSITORY FINANCIAL INSTITUTIONS DIVISION
Division Profile and Staff Contact Information

MORTGAGE SUPERVISION / EXAMINATION STAFF

The mortgage supervision/examination staff examines mortgage licensees for compliance and conducts mortgage fraud investigations of both licensed and unlicensed entities. Its members prepare the reports of examinations and, if administrative action is warranted, they collect and organize the supporting evidence. The division's attorneys then issue the action or forward the documentation to the Attorney General's office in preparation for an administrative hearing. The staff also works with law enforcement and prosecutors on criminal mortgage fraud and unlicensed cases.

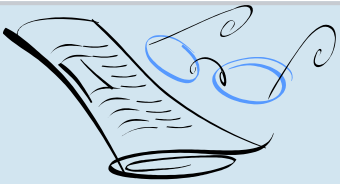
Seated from left to right: *Bob Bauguss, Joel Byers, Andy Reid*

Standing from left to right:
Helen O'Leary, Betty Thomas, Fernando Ornelas, Felicia Faison-Holmes, Sandra Sheley

From left to right: *Susan Nelson, Teresa Koeppel*

MONEY SERVICE BUSINESSES (MSB) LICENSING / SUPERVISION STAFF

The primary responsibilities of the MSB licensing/supervision staff are to process new and renewal applications for the licensing or registration of sale of check companies, money transmitters, and check cashers. In addition, the staff handles changes in address, branch office locations and relocations, office closure notifications, contact changes, and agent updates for seller of checks and money transmitters. Also, staff members perform examinations of the licensees, prepare the report of examination, and recommend administrative action where needed.



Did you know that the Department publishes a monthly mortgage summary and a quarterly MSB newsletter to keep licensees and registrants informed?

Please visit the Publications section of our website to view past issues of our newsletters or to learn more about subscribing to any of our publications or news/press releases.

NON-DEPOSITORY FINANCIAL INSTITUTIONS DIVISION

SUMMARY OF ACTIVITIES FOR 2010

The Non-Depository Financial Institutions Division (NDFI) is responsible for the licensing, regulation and examination of mortgage lenders, brokers/processors and loan originators who are licensees and registrants and Money Service Businesses (MSBs) which include sale of check companies, money transmitters, and check cashers. The Department now regulates over 5,000 Mortgage Licensees and Registrants and over 1,100 MSBs.

Major activities during the year included:

- Fighting mortgage fraud remained a primary strategic focus for NDFI. We continued our Risk-Focused Examination Program, which targets those involved in mortgage fraud, with great results. During the past year, the Department issued 54 Cease and Desist Orders and 12 Intent to Revoke Orders, and made referrals of cases totaling more than $10 million to other regulatory and law enforcement agencies as a result of our examinations and investigations.

- According to the LexisNexis®Mortgage Asset Research Institute 13th Periodic Mortgage Fraud Case Report (May 2011) for 2010, Georgia is no longer ranked in the top 10 for mortgage fraud. In addition, Georgia's Mortgage Fraud Index (MFI) has fallen below 93. An MFI below 100 is significant because an MFI of 100 would indicate that the reported fraud and misrepresentation for a state is exactly what one would expect in terms of fraud rates, given the level of loan originations in that state. Although we are happy to be out of the top 10, we will continue to work with federal, state, and local law enforcement and regulatory agencies, the Georgia Real Estate Fraud Prevention & Awareness Coalition, community task forces, and the industry to fight mortgage fraud.

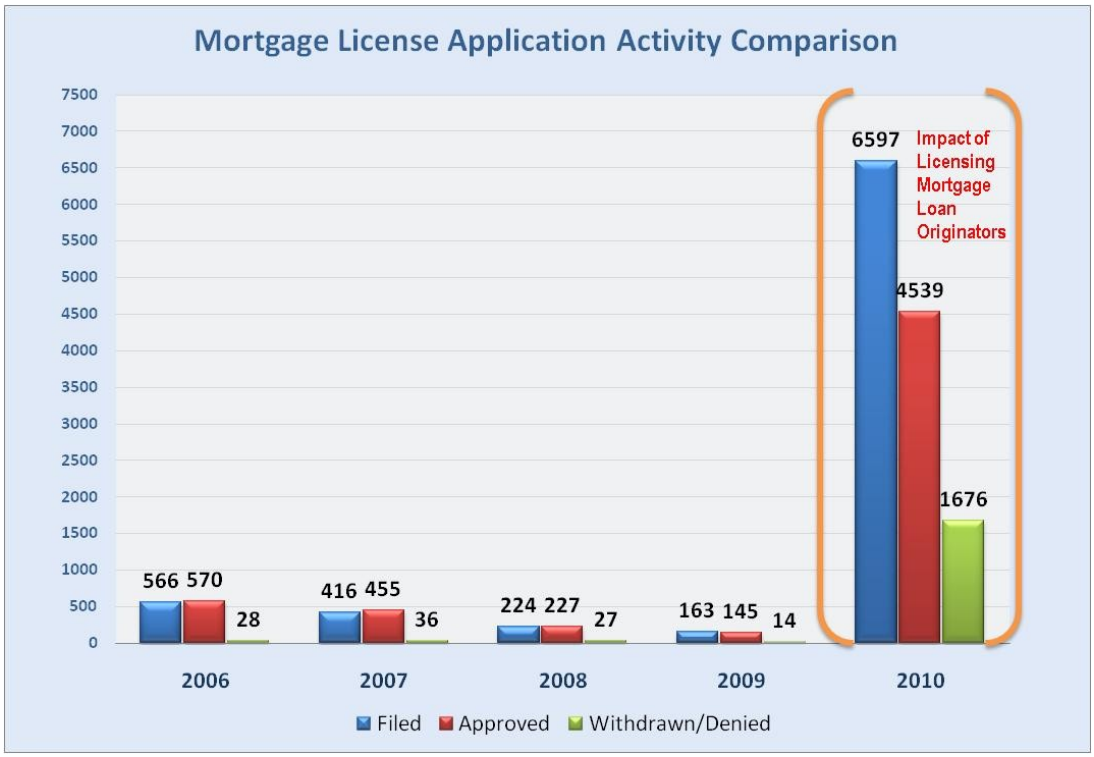
- The division remained committed to taking action against unlicensed activity, especially unlicensed loan modification companies. Of the 54 Cease and Desist Orders issued during the year, 46 were for unlicensed activity, of which 18 were to unlicensed loan modification companies.

- Under the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act), the division coordinated the licensing of mortgage loan originators (MLOs) through the Nationwide Mortgage Licensing System (NMLS). During 2010, NDFI received 6,525 MLO applications and licensed 4,435 MLO applicants. The Department held 182 in-house hearings for MLOs who subsequently requested a hearing after receiving notice of the Department's intent to deny their license applications. Conducting these hearings in-house saved the Department approximately $300,000 in administrative hearings cost during 2010.

- NDFI continued its Risk-Focused Examination Program for MSBs. In 2010, we issued three administrative actions (two Cease and Desist Orders and one Intent to Revoke Order). Our examination program not only focuses on Georgia law and Department rules, but also ensures compliance with the Bank Secrecy Act and anti-money laundering initiatives. In 2010, we also gave presentations at MSB conventions and will continue to work closely with the MSB industry to provide training and feedback under our program.

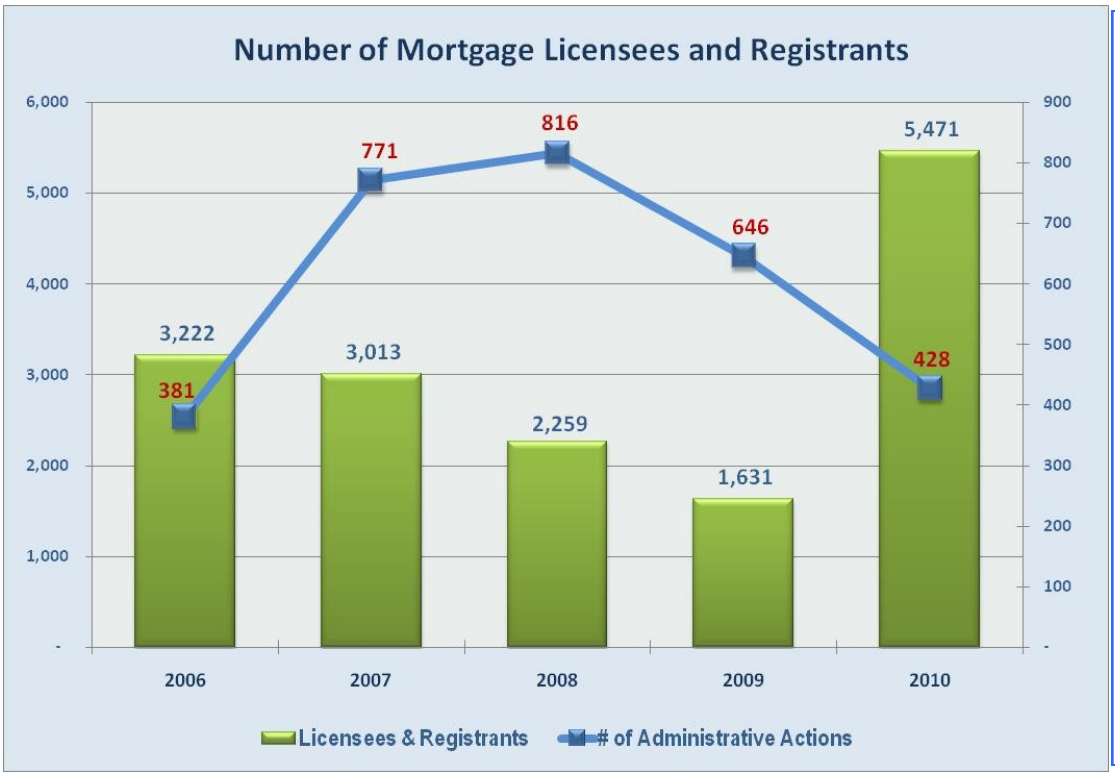
NON-DEPOSITORY FINANCIAL INSTITUTIONS DIVISION
SUMMARY OF ACTIVITIES FOR 2010

MORTGAGE LICENSEE AND REGISTRANT STATISTICS



Article 13 of Title 7 of the Official Code of Georgia Annotated requires all persons who transact business as a residential mortgage lender, broker, processor or loan originator to be licensed or registered with the Department, unless they are exempt.

The Department began licensing mortgage loan originators in January 2010, as required by the Secure and Fair Enforcement Mortgage Licensing Act (S.A.F.E).



At the end of 2010, active mortgage licensees and registrants totaled 5,471, representing a net increase of 3,840 or 235% from the previous year.

As indicated in the applications graph above, the licensing of mortgage loan originators resulted in a significant increase in licensees from the previous year.

NON-DEPOSITORY FINANCIAL INSTITUTIONS DIVISION
SUMMARY OF ACTIVITIES FOR 2010

MONEY SERVICE BUSINESSES (MSB) STATISTICS

Check Cashers

The Department continued to experience a moderate amount of application activity for check casher licenses/ registrations during 2010.

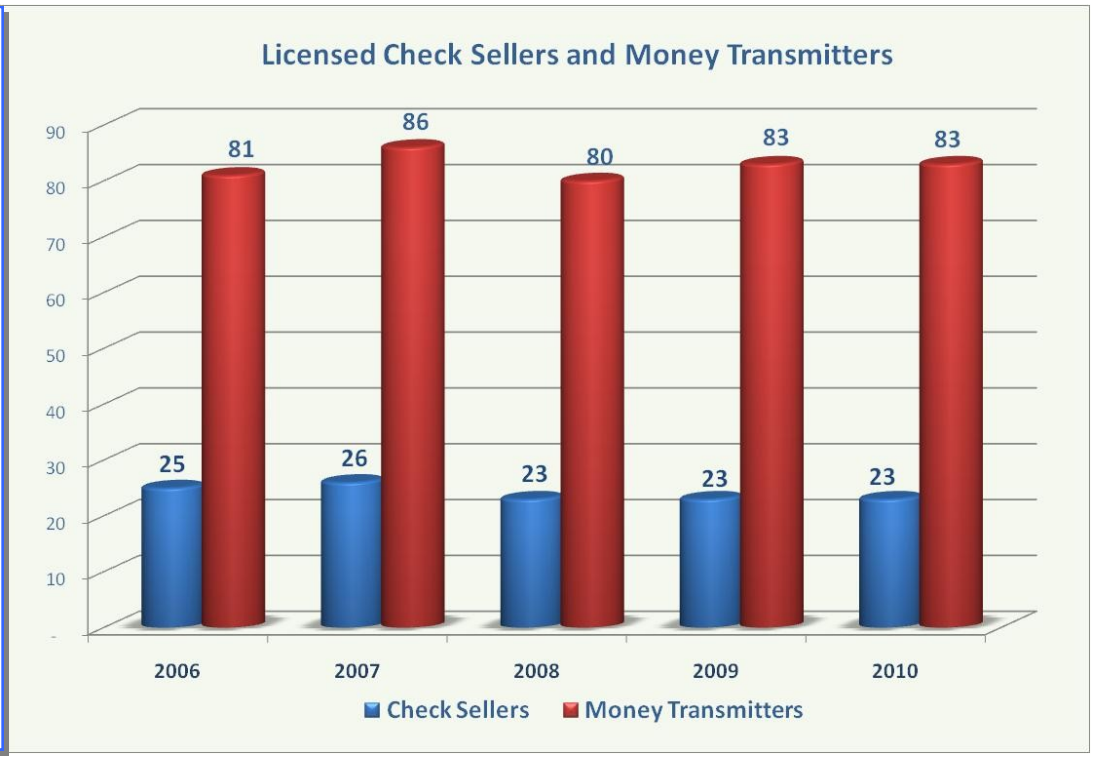
During 2010, there were 261 applications for new or reinstated check casher licenses or registrations, and 157 companies either closed or did not renew their licenses during the year. This represents a net increase of 104 or 11.5% from the previous year.

Check Sellers and Money Transmitters

Since 1965, the Department has been supervising companies that sell travelers' checks and money orders to people in Georgia, and has been licensing money transmitters since 2003.

At the end of the year, 23 check sellers having over 11,000 agents throughout the state were licensed to do business in Georgia.

At the end of the year, 83 money transmitters having over 2,600 agents throughout the state were licensed to do business in Georgia.



LEGISLATIVE HIGHLIGHTS

JUDY NEWBERRY
Deputy Commissioner for Legal and Consumer Affairs

The Legal and Consumer Affairs Division is responsible for providing legal advice and legislative drafting support for the Commissioner and staff. Major 2010 highlights included:

- In 2010, the Department did not sponsor a "housekeeping bill", which traditionally provides statutory clarifications. However, during the 2010 legislative session, the Department supported legislation (HB 926) which added language to O.C.G.A. § 7-1-285 (c)(9) that allowed for renewing loans, consistent with safe and sound banking practices, that were within a bank's legal lending limit at origination but which may be outside the bank's legal lending limit at renewal or restructuring. This law change was a relatively straightforward modification to address situations in which a loan that was in conformance with legal lending limits at the time it was made could not be readily renewed due to a decline in the bank's statutory lending limits. Provided that no new funds are advanced on the credit and that no new borrower(s) replaces the original borrower, the bank now has the ability to renew or restructure such loans.

  As a reminder, the fact that a financial institution may renew or rework a credit under these circumstances in compliance with Georgia law is a separate issue from whether or not such lending relationship would be subject to adverse classification in a Report of Examination. Credit relationships continue to be analyzed by examiners based on their credit characteristics; collateral position; cash flow; and financial capacity and performance of the borrower. In addition, Rule 80-1-5-.01 was updated February 1, 2011, to avoid any conflict with the new language in O.C.G.A. § 7-1-285(c)(9). Language in the Rule as it was written prior to the February 2, 2011, Rule change appeared to require that original loan documents allow for extensions and renewals. This limiting language was deleted from the Department's Rule as O.C.G.A. § 7-1-285(c)(9) does not contain that requirement.

- Department Rules were updated in 2010, as provided for by the State Administrative Practices Act, after review and consultation with interested parties and members of the industry. Highlights of 2010 rulemaking include:
  - Definitions were added for "control" and "capital and surplus", consistent with the Federal Reserve "Regulation O" definitions, as they relate to the combination of debt for legal lending limit purposes.
  - A change was made to allow all entities cashing checks to offer the customer the option of receiving a receipt instead of a strict requirement that a receipt be provided.
  - Changes were made to clarify assessments in cases where institutions are merged, acquired, etc.
  - The specific dollar charge of $30 for fingerprint cards was deleted and language was added to provide the actual dollar amount the Department is charged for the processing of fingerprint cards.
  - Additional language was added to clarify that if there is a conflict between federal RESPA rules and the Department's rules, a licensee will be considered to be in compliance on the state level so long as the licensee is in compliance with federal RESPA requirements.
  - References to the $6.50 per loan fee were updated to a $10.00 per loan fee in response to a statutory increase enacted in 2010.

ADMINISTRATIVE DIVISION

TRACY WHITESIDES
Deputy Commissioner for Administration

The Administrative Division is responsible for human resource management, budgeting, accounting services, information systems, training activities, property management, and records systems/ management. The Division is headed by Deputy Commissioner for Administration Tracy Whitesides.

Major highlights of the year included:

- Transitioned to new electronic travel and leave systems where both of these items are completed online, reducing the need to complete paper forms. These systems allow for faster reimbursement to employees and more efficient processes.

- Participated in the State Accounting Office's Payroll Shared Service project as a pilot agency. The Department went live with this service on July 1, 2010. Also participated in the State Accounting Office Working Capital Optimization Accounts Payable transformation project as a pilot agency. The project identified opportunities within the Accounts Payable process to reduce costs to the state. This includes payment terms, automating the cash disbursement process, utilizing prompt payment discounts and recovering overpayments and unused credits.

- Streamlined the revenue collection process and automated the coding of PeopleSoft fund sources for every paycode in the Department's database.

- Completed the transition of the EPerformance Management review. The next plan year will see a few changes, but overall it is an effective tool for performance reviews.

- Implemented several security measures to protect examiner data on laptops; Air Cards were replaced by MiFi devices which allow up to four examiners to share data securely and gain access to the internet while out on examinations; and security policies were updated to include social networking, changes to incident reporting and stronger handheld device security.

- Increased the number of fees that can be paid online. The Department's website and database were modified to give institutions and licensees not directly supervised by the Department the ability to pay their Georgia Residential Mortgage Act fees online. Also, three new online certificate websites were created to allow Money Service Businesses (MSBs) licensees/registrants and mortgage licensees/registrants to login and print their license/ registration certificates from a secure website. This allows the licensee/registrant to login at any time to retrieve and print their certificate.

- Increased computer-based training and maximized access to training opportunities offered by other supervisory agencies. During 2010, three internal training classes were held and 473 computer-based training courses were completed. Examiners also attended core training classes provided by the FDIC and training courses provided by the NCUA.

ADMINISTRATIVE DIVISION
Division Profile and Staff Contact Information

NAME	TITLE	PHONE #
Tracy Whitesides, CPA, CEM	Deputy Commissioner for Administration	770-986-1640
Denise Brown	Director of IT	770-986-1651
Reneé Martin	Accounting Director I	770-986-1641
Charlene Haynie	Accounting Specialist	770-986-5038
Marilyn Harris, CEIC	Accounting and HR Specialist	770-986-1638
Felicia Hedgebeth	Network and Information Security Administrator	770-986-1373
Carol Hyde	IS Database Integrator	770-986-1383
Susan Brown	Office Manager	770-986-1621
Kaushik Mehta	Support Services Officer	770-986-1622
Sheila Ball	Administrative Secretary	770-986-1633

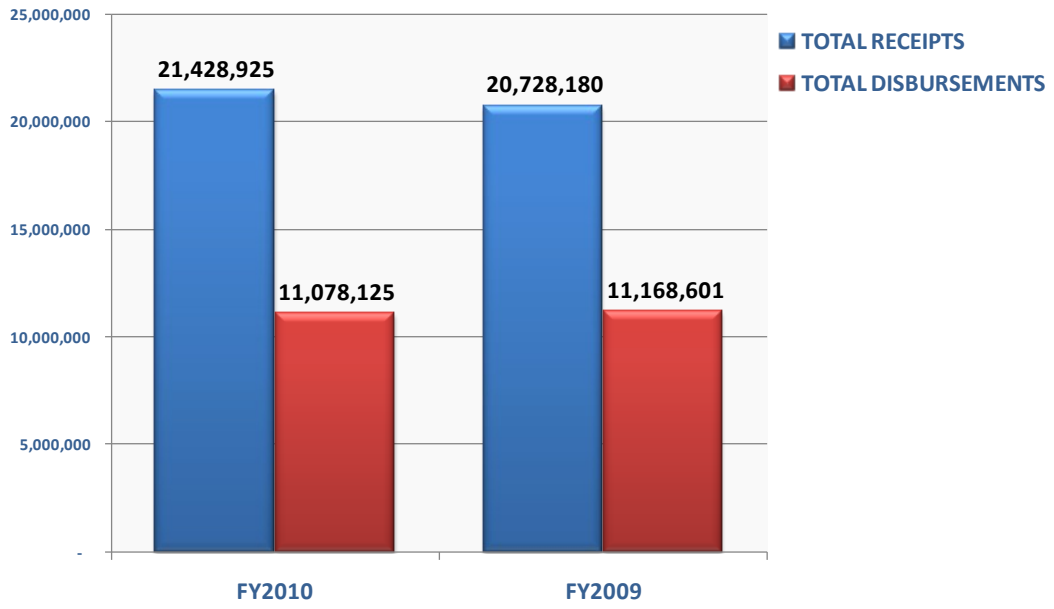
The primary responsibilities of the front desk/ office management staff are to provide general and clerical support to the Department's divisions. The Office Manager serves as administrative support for the Commissioner and Senior Deputy Commissioner. The receptionist receives calls, provides general information and forwards calls as appropriate. The Support Services Officer oversees the receipt, sorting, and distribution of mail; maintains office equipment and supplies; and assists with routine repairs and preventive maintenance.

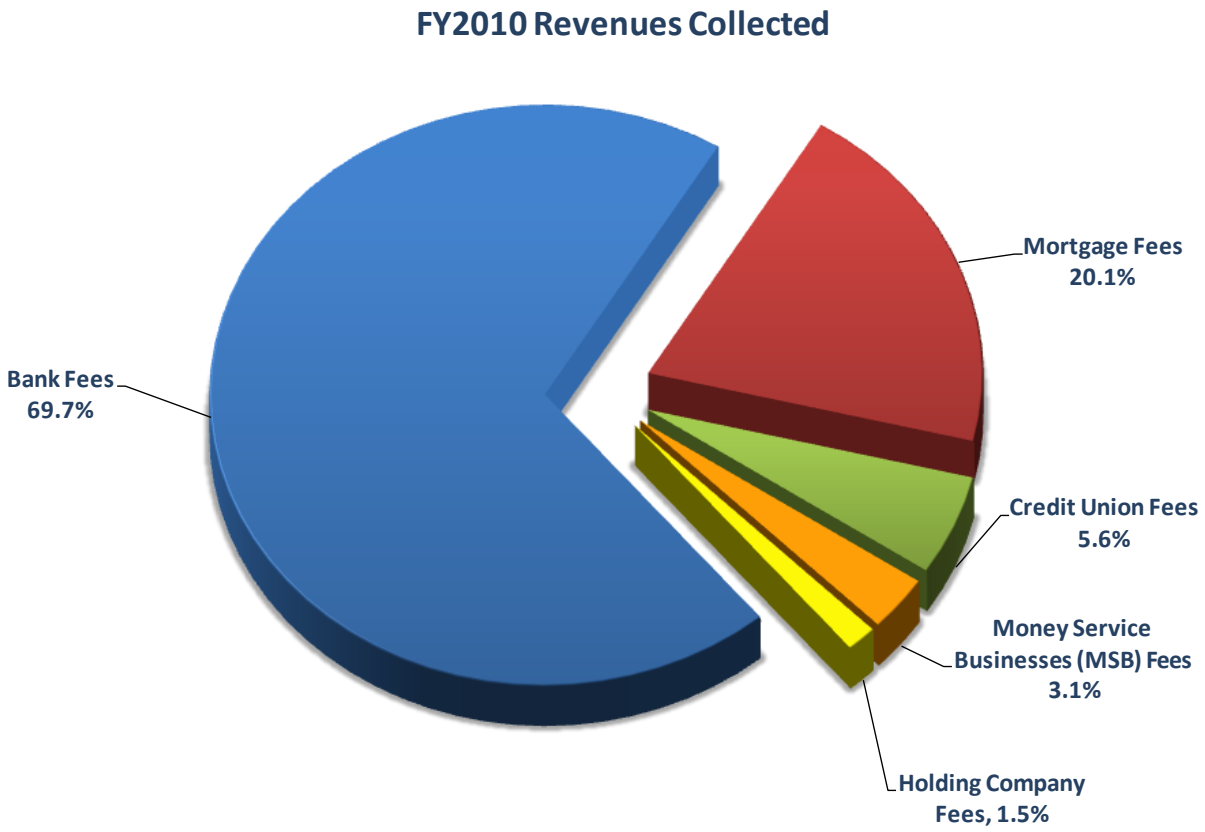
From left to right (1st row): *Marilyn Harris, Sheila Ball, Reneé Martin*
From left to right (2nd row): *Felicia Hedgebeth, Carol Hyde, Charlene Haynie*
From left to right (3rd row): *Susan Brown, Denise Brown, Kaushik Mehta*

The primary responsibilities of the IT staff are to: (1) Procure and maintain computer equipment and software (desktop, laptop, handheld, server, local area network, firewall, wide area network, etc.); and (2) Provide technical support (Help Desk) to Department employees. These individuals also comprise the Department's IT Recovery Team which, in the event of an emergency situation, is responsible for recovery of the Department's IT infrastructure and recovery and restoration of data and voice communications.

The primary responsibilities of the human resources/accounting/budget staff are to: (1) Provide and administer the functions necessary for the recruitment, training, and certification of a professional staff; (2) Manage appropriated budget funds; assuring proper accounting and tracking of revenue and expense collections; (3) Coordinate benefit and payroll transactions, records and reports, and oversight of employee benefit programs, (4) Perform all State dictated accounting functions and processes (involving payables, receivables, payroll, balancing of accounts, etc.); and (5) Manage physical property acquisition and disposition.

ADMINISTRATIVE DIVISION
FISCAL YEAR 2010 RECEIPTS AND DISBURSEMENTS





NOTE: Revenues collected are remitted to the Office of the Treasury and Fiscal Services. The level of expenditures is subject to the state budgetary process.

2010 HIGHLIGHTS FROM THE DIRECTOR OF COMMUNICATION AND PLANNING

CAROL WEBB
Director of Communications and Planning

During 2010, the Department continued its focus on customer service improvement through strategic planning initiatives that impact our external customers and our employees. Initiatives that have not been mentioned elsewhere in this report are highlighted below, along with other accomplishments and activities during the year:

- The Department continued to meet the requirements for accreditation through the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS) during 2010. These two accreditation programs identify banking and credit union departments that serve the citizens of their state by operating a capable and professional regulatory program.

- The Department's strategic focus continues to be primarily on the following two areas:
  - Increase overall supervisory capabilities and effectiveness.
  - Reduce mortgage fraud in Georgia.

- Each year, the Department conducts annual customer service satisfaction surveys to gain feedback from the institutions and licensees/registrants under its supervision, with the goal of maintaining overall quality of service ratings of 90% or greater (this is the percent of customers rating the service they received during the year as good or excellent). The results of our customer service satisfaction surveys for our programs continued to be extremely positive for 2010.
  - Depository financial institutions responding to the annual survey gave the Department an overall quality of service rating of 97%.
  - Mortgage broker and lender licensees/registrants responding to the annual survey gave the Department an overall quality of service rating of 95%.
  - Money Service Businesses (i.e., check cashers, check sellers and money transmitters) licensees/registrants responding to the annual survey gave the Department an overall quality of service rating of 99%.

  Given the challenging environment we have been operating in for the last several years, we are extremely proud of these results as well as the number of compliments our staff received through customer feedback.

- In addition to the Department's internal employee recognition program, our agency participates in the Governor's Customer Service Commendation Program, as well as the Governor's Annual Customer Service Awards Program. During 2010, IS Database Integrator Carol Hyde was awarded a Governor's Commendation for Excellence in Customer Service for going "above-and-beyond" in assisting internal and external customers.

From left to right: *State Treasurer/ former CFO Tommy Hills presenting the award to Carol Hyde*

SUMMARY OF ACTIVITIES

FOR STATE-CHARTERED FINANCIAL INSTITUTIONS AND OTHER ENTITIES REGULATED BY, LICENSED BY, OR REGISTERED WITH THE DEPARTMENT OF BANKING AND FINANCE DURING 2010

FINANCIAL INSTITUTION, REGISTRANT, OR LICENSEE	Totals 12/31/2009	Opened Registered Licensed	Converted	Merged	Closed Liquidated Deregistered	Totals 12/31/2010
BANKS (including credit card banks)	251	1	0	(16)	(15)	221
TRUST COMPANIES	1	0	0	0	0	1
CREDIT UNIONS	65	0	+1 (1)	(4)	0	61
BANK HOLDING COMPANIES (Supervised and/or Registered)	248	8	0	0	(15)	241
INTERNATIONAL BANK AGENCIES	1	0	0	0	0	1
INTERNATIONAL BANKING FACILITIES	1	0	0	0	0	1
INTERNATIONAL BANK REPRESENTATIVE OFFICES	2	0	0	0	0	2
REPRESENTATIVE OFFICES	48	7	0	0	(5)	50
CHECK SELLERS	23	1	0	0	(1)	23
MONEY TRANSMITTERS	83	7	0	0	(7)	83
CHECK CASHERS	901	261	0	0	(157)	1,005
MORTGAGE BROKERS / PROCESSORS, LENDERS, REGISTRANTS and ORIGINATORS	1,631	4,555	0	0	(715)	5,471

*Our **Motto** is: "Safeguarding Georgia's Financial Services"*

*Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.*

*Our **Vision** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.*

Visit us on the web at:
http://dbf.georgia.gov

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