

*State of Georgia
Department of
Banking & Finance*

2012 Annual Report

Photos of peaches used in this report are courtesy of The Georgia Peach Council

Rich History of the Georgia Peach:

Though peaches were originally planted in St. Augustine, Florida, Franciscan monks introduced them to St. Simons and Cumberland islands along Georgia's coast in 1571. By the mid-1700s peaches and plums were cultivated by the Cherokee Indians.

Raphael Moses, a planter and Confederate officer from Columbus, was among the first to market peaches within Georgia in 1851 and is credited with being the first to ship and sell peaches successfully outside of the South. His method of shipping peaches in champagne baskets, rather than in pulverized charcoal, helped to preserve the flavor of the fruit and contributed to his success.

Considerable expansion of peach acreage occurred in the late 19th and early 20th centuries, resulting in an all-time high production of almost eight million bushels by 1928. Since then production has decreased to about 2.6 million bushels annually. The first Georgia peaches were shipped to the New York market between 1858 and 1860. They were transported by wagon to Augusta, then by shallow-draft boat to Savannah, and finally by steamship to New York. Georgia earned its "Peach State" designation during the three decades following the Civil War.

Samuel Rumph, a middle Georgia peach grower during the early 1900's, revolutionized the peach industry with a new variety which he named after his wife Elberta. This yellow-fleshed peach was of superior quality and shipped better than previous varieties. Elberta remained the leading peach in Georgia until the 1960's but newer varieties have since replaced the Elberta in commercial use. Although the Elberta remains the most famous peach name, Georgia now produces more than 40 commercial varieties.

State of Georgia
Department of Banking and Finance



ANNUAL REPORT
For Year Ending December 31, 2012

Nathan Deal
Governor

Rob Braswell, CEM
Commissioner

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Message from the Commissioner

Welcome to the Department of Banking and Finance's 2012 Annual Report. This has certainly been a very active year for the Department and for the industries we regulate. 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 have listed additional 2012 highlights and activities for their respective areas of responsibility.

Regarding the entities we regulate, 2012 contained many encouraging signs indicating a slow, but steady economic recovery. The percentage of state chartered banks that were profitable continued to increase and reached 75% by year-end. Additionally, the number of banks that received composite rating upgrades increased substantially and the number of banks subject to enforcement actions reduced markedly as well. Unfortunately, there were ten state-chartered banks in Georgia that were unable to recover from the losses incurred in recent years and were closed in 2012.

The state's credit unions continued to face earnings challenges in 2012 from abundant liquidity, low loan demand, and the continued low interest rate environment. Net interest margins continued to decline and investment maturities were extended in many cases in an effort to increase yields. The Department remains focused on assessing the credit unions' abilities to manage their interest rate risk and overall asset liability management. Also of note, merger activity remained robust in 2012 as six state-chartered credit unions merged into other state and federal credit unions and two federal credit unions merged into two state-chartered credit unions.

The mortgage side of the Non-Depository Financial Institutions (NDFI) Division remained extremely active in 2012 as it continued to combat mortgage fraud in Georgia while also licensing approximately 7,500 mortgage lenders, brokers, processors and loan originators. The number of enforcement actions, including cease and desist orders, consent orders, revocations and license denials remained very high in 2012 due to the effectiveness of the risk-focused examination program and implementation of the Secure and Fair Enforcement (S.A.F.E.) Act. Many of these enforcement actions were taken against entities performing mortgage activities without being properly licensed. In fact, approximately 87% of the cease and desist orders issued by the NDFI Division were administered for performing unlicensed mortgage activity.

The Department also remained active in the oversight of Money Service Businesses (MSBs) by performing 160 examinations and visitations and issuing seven 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.

As you will see in the highlights of the Legal and Consumer Affairs (LCA) Division, the Department also updated several laws through passage of our "housekeeping bill" and many of its rules via a separate rulemaking process. We also provided regulatory and financial institution contact information to thousands of consumers to assist them in seeking resolutions to their respective financial issues.

Additionally, Governor Nathan Deal signed into law the Georgia Merchant Acquirer Limited Purpose Bank Act (Act) on March 28, 2012. The Act creates a new type of special purpose state-chartered bank for companies that provide merchant acquiring activities within payment card networks. The law is intended to allow merchant acquirers, who



ROB BRASWELL

Message from the Commissioner

qualify for and receive the special purpose charter, to enter card networks directly rather than operating through a financial institution sponsor. It is anticipated that the Department will be the sole regulator of these banks. The Department has spent numerous hours researching, investigating and developing appropriate regulations, policies, applications and oversight processes for this very unique charter.

I also want to take this opportunity to thank industry respondents for your feedback regarding our customer service effectiveness. We are constantly striving to exceed your expectations and enhance our performance. 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.

Lastly, thank you very much for your support over the past 7+ years in which I have had the privilege of serving as the Commissioner of the Department of Banking and Finance. I will be retiring June 1, 2013, after more than 30 years of service to this great State. I enjoyed my career immensely due to the terrific people that I interacted with on a regular basis – from dedicated colleagues that work hard to provide fair and reasonable regulation, to industry professionals that work hard to provide competitive services to the citizens of Georgia. Thank you all for making my journey so interesting and enjoyable. It has truly been a pleasure.

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.

STRUCTURE OF THE DEPARTMENT



From left to right (seated): Deputy Commissioner for Non-Depository Financial Institutions Rod Carnes
Deputy Commissioner for Supervision Kevin Hagler, Deputy Commissioner for Administration Tracy Whitesides

From left to right (standing): Deputy Commissioner for Legal and Consumer Affairs Bo Fears
Senior Deputy Commissioner 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; external publications; coordinating strategic and business planning and reporting; coordinating accreditation processes for the Department's bank and credit union supervisory programs; examination survey report compilation/analysis; coordinating employee and customer survey processes; overseeing/coordinating all business resumption and emergency preparedness procedures and plans; coordinating e-government initiatives; and coordinating any marketing efforts of the Department.

In November 2012, the Department conducted a test of its Business Resumption/Disaster Recovery Plan which included a test of recovery procedures at its alternate site; utilization of the Federal Reserve's Emergency Communication System (ECS); and testing of Government Emergency Telecommunications Service (GETS) cards. Overall, testing was successful, and the Department will utilize "lessons learned" for making improvements to our plan as well as recovery processes and procedures.

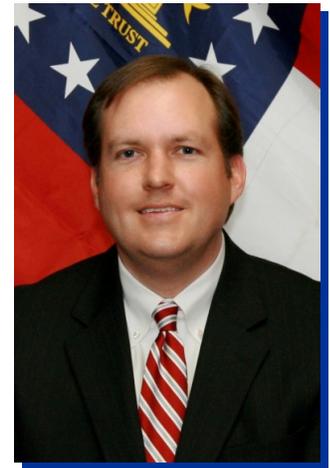


CAROL WEBB
Director of Communications
and Planning

Supervisory Division

SUMMARY OF ACTIVITIES FOR 2012

The Supervisory Division 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. We share regulatory responsibility for Georgia state-chartered financial institutions with our federal counterparts (FDIC, FRB, and NCUA). The Supervisory Division is also responsible for financial institution application, registration and notification processing. The Division is headed by Deputy Commissioner for Supervision Kevin Hagler.



Kevin Hagler

Major activities and challenges during the year included:

- Took possession of **10** 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 10 state-chartered banks closed in 2012 were largely unaffected, as acquiring institutions stepped forward to service those customers. Refer to **Page 6** of this Report for a listing of the state-chartered banks taken into receivership during the year.
- Performed 137 safety and soundness examinations of state-chartered banks and trust companies (29 state-only exams and 108 joint with the FDIC or FRB) and 46 safety and soundness examinations of state-chartered credit unions (45 state-only exams and 1 joint exam with the NCUA) during the year.
- During the year, 11 banks had their enforcement actions lifted and were removed from the Department's watch list.
- No new bank charter applications were received or approved during the year. 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.
- During the 2012 legislative session, the Governor signed into law the Georgia Merchant Acquirer Limited Purpose Bank Act ("Act"). The Act created a new type of special purpose state-chartered bank for companies that provide payment processing services for payment card networks. The law is intended to allow merchant acquirers, who qualify for and receive the special purpose bank charter, to enter card networks directly rather than operating through a financial institution sponsor. Merchant Acquirer Limited Purpose Banks (MALPBs) are anticipated to be solely regulated by the Department.

The Department has been working diligently to draft regulations, giving careful consideration to the scope of the MALPB charter and any limitations imposed upon its use; minimum capital levels to address risks presented by the activities and operations; appropriate examination and supervisory policies and procedures required to oversee MALPBs; and, particular issues related to information technology risks and consumer protection.

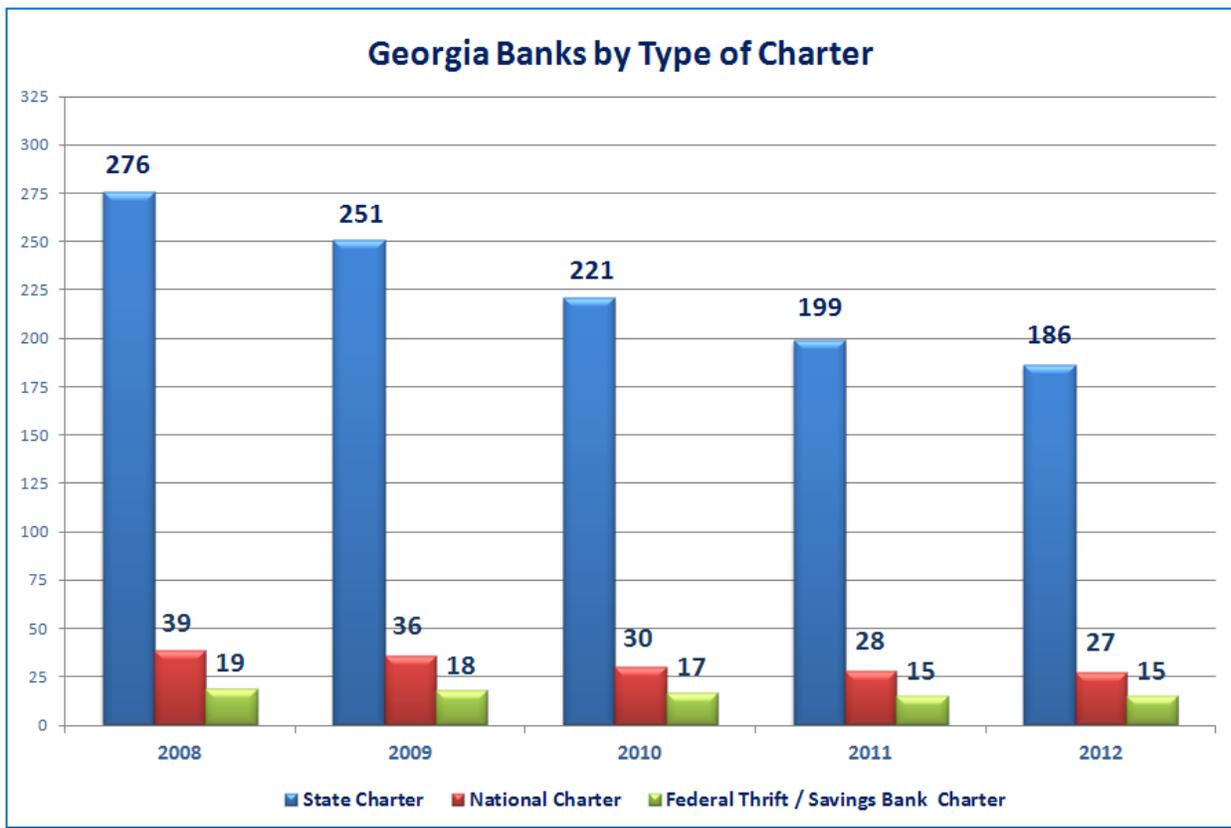
Supervisory Division

SUMMARY OF ACTIVITIES FOR 2012

STATE-CHARTERED BANKING STATISTICS

As of the end of the year, the number of state-chartered banks totaled 186, representing a net decrease of 13 or roughly 5% from the previous year. This decrease was the result of 10 state-chartered banks being closed by the Department and placed into FDIC receivership and three banks being merged out of existence.

Total bank assets under the Department's supervision at year-end was approximately \$253 billion. A five-year financial performance summary for state-chartered banks can be found on **Page 8** of this Report.



The chart on **Page 6** details the Georgia state-chartered banks that were closed by the Department during 2012. In each bank closure, the FDIC was appointed as Receiver of the bank effective upon the Department taking possession.

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

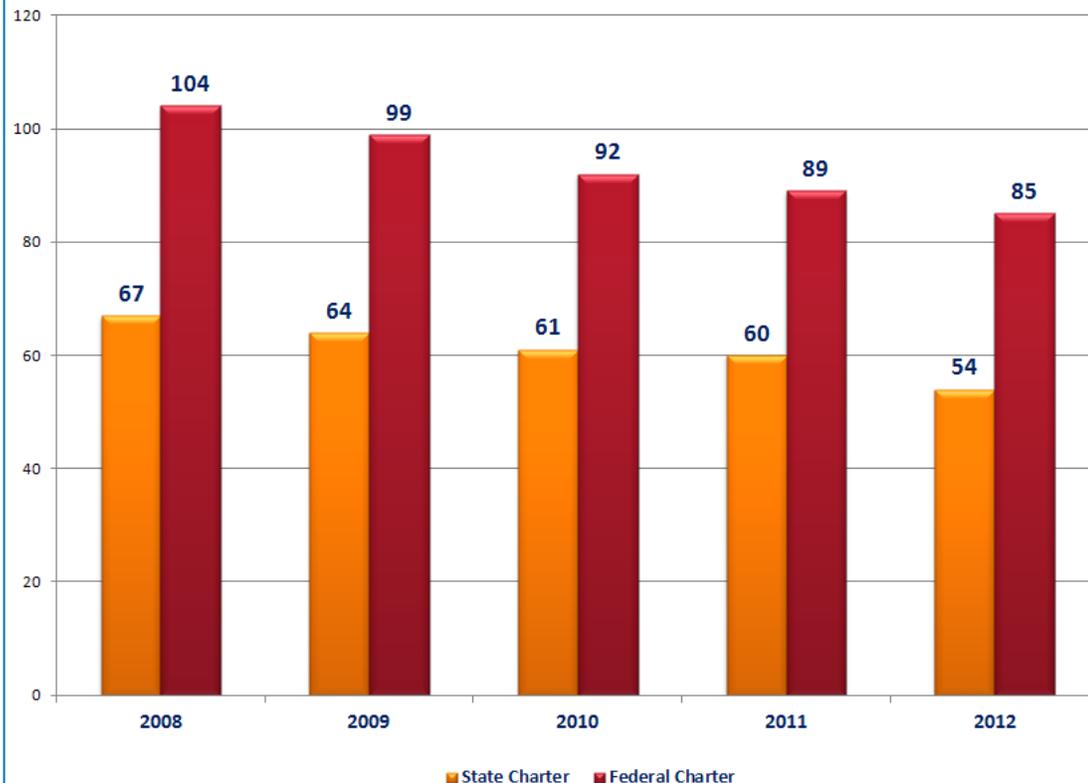
SUMMARY OF ACTIVITIES FOR 2012

State-Chartered Georgia Banks Taken into Receivership During 2012

Name	City	County	Receivership Date	Transaction Type
First State Bank	Stockbridge	Henry	01/20/2012	Whole Bank P&A / Loss Share
Central Bank of Georgia	Ellaville	Schley	02/24/2012	Whole Bank P&A / Loss Share
Global Commerce Bank	Doraville	DeKalb	03/02/2012	All Deposit, Modified Whole Bank P&A / No Loss Sharing
Covenant Bank & Trust	Rock Spring	Walker	03/23/2012	All Deposit, Whole Bank P&A / Loss Share
Security Exchange Bank	Marietta	Cobb	06/15/2012	Whole Bank P&A / Commercial only Loss Share
Montgomery Bank & Trust	Ailey	Montgomery	07/06/2012	All Deposit P&A
First Cherokee State Bank	Woodstock	Cherokee	07/20/2012	Whole Bank P&A / Loss Share
Georgia Trust Bank	Buford	Gwinnett	07/20/2012	Whole Bank P&A / Loss Share
Jasper Banking Company	Jasper	Pickens	07/27/2012	Whole Bank P&A /Optional Shared-Loss Agreements
Hometown Community Bank	Braselton	Jackson	11/16/2012	All Deposit, Whole Bank P&A /No Loss Sharing

STATE-CHARTERED CREDIT UNION STATISTICS

Georgia Credit Unions by Type of Charter



There were 54 state-chartered credit unions in Georgia at year-end 2012, a decrease of six from the previous year. This decrease was the result of six state-chartered credit unions merging out of existence during the year.

A five-year balance sheet and income statement snapshot for state-chartered credit unions can be found on **Page 9** of this Report.

Supervisory Division

SUMMARY OF ACTIVITIES FOR 2012

OTHER SUPERVISED/REGISTERED FINANCIAL INSTITUTIONS

BANK HOLDING COMPANIES

A total of 220 bank holding companies were registered with the Department at the end of 2012. The Department accepted one holding company formation application during the year, which was still pending at year-end. Eight bank holding companies closed during the year due to the failure of their bank subsidiaries and two merged out of existence. Three new out-of-state holding companies were registered during 2012.

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 2012, there were 54 entities registered with the Department having representative offices operating in this state.

Supervisory Division

State-Chartered Bank Financial Summary

	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
<i>(dollar figures in millions)</i>					
Number of institutions reporting	186	199	221	251	276

AGGREGATE CONDITION AND INCOME DATA

Net income	2,054	418	(1,939)	(3,249)	125
Total assets	252,711	256,842	256,307	252,309	278,744
Earning assets	225,310	227,864	224,414	219,323	239,822
Total loans & leases	179,655	180,729	182,298	179,090	199,159
Other real estate owned	2,040	2,572	3,259	2,870	1,874
Total deposits	204,129	203,067	206,567	198,056	196,565
Equity capital	30,688	29,046	27,712	25,630	28,380

PERFORMANCE RATIOS (YTD, %)

Yield on earning assets	4.08	4.39	4.59	4.73	5.67
Cost of funding earning assets	0.48	0.75	1.10	1.63	2.50
Net interest margin	3.60	3.64	3.49	3.10	3.18
Noninterest income to avg. earning assets	1.51	1.38	1.40	1.54	1.50
Noninterest expense to avg. earning assets	3.63	3.60	3.65	3.86	3.44
Net charge-offs to loans & leases	1.47	1.94	2.81	2.80	1.28
Credit-loss provision to net charge-offs	79.84	80.61	97.53	121.67	153.23
Net operating income to average assets	0.62	0.12	-0.82	-1.29	-0.33
Retained earnings to average equity	6.58	1.31	-7.25	-12.52	-4.55
Return on assets	0.81	0.17	-0.75	-1.26	0.05
Return on equity	6.90	1.47	-6.98	-12.18	0.43
Percent of unprofitable institutions	25.27	42.21	55.66	68.13	50.72

CONDITION RATIOS (%)

Net loans and leases to assets	69.77	68.83	69.27	69.12	70.12
Loss allowance to:					
Loans and leases	1.86	2.18	2.61	2.61	1.86
Noncurrent loans and leases	71.46	47.11	47.09	40.61	46.15
Noncurrent loans & leases to					
total loans & leases	2.61	4.62	5.53	6.44	4.04
Nonperforming assets to assets	2.66	4.25	5.21	5.71	3.56
Core deposits to total liabilities	84.28	80.21	77.89	71.37	60.13
Equity capital to total assets	12.14	11.31	10.81	10.16	10.18
Core capital (leverage) ratio	9.63	8.97	8.37	7.68	8.06
Total capital to risk-weighted assets	14.30	13.76	12.92	12.11	11.33

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

Supervisory Division

State-Chartered Credit Union Financial Summary

<i>(dollar figures in millions)</i>	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
ASSETS:					
Cash & Equivalents	1,190	1,122	1,230	1,006	754
TOTAL INVESTMENTS	3,944	3,882	3,543	3,625	2,403
TOTAL LOANS	7,395	7,023	6,502	5,878	5,405
(Allowance for Loan & Lease Losses)	86	92	92	74	51
Land And Building	203	207	194	171	163
Other Fixed Assets	29	32	33	34	37
NCUSIF Deposit	110	103	94	82	32
All Other Assets	205	202	133	122	127
TOTAL ASSETS	13,003	12,500	11,646	10,853	8,873
LIABILITIES & CAPITAL:					
TOTAL LIABILITIES	182	253	152	699	164
TOTAL SHARES & DEPOSITS	11,448	10,954	10,208	8,953	7,519
Regular Reserve	218	220	223	212	214
Other Reserves	(12)	(9)	(26)	(11)	(0)
Undivided Earnings	1,167	1,082	1,090	1,001	976
TOTAL EQUITY	1,373	1,294	1,286	1,201	1,189
TOTAL LIABILITIES & EQUITY	13,003	12,500	11,646	10,853	8,873
INCOME & EXPENSE:					
Loan Income	390	402	399	358	342
Investment Income	41	51	60	83	119
Other Income	161	138	131	107	84
Total Employee Compensation & Benefits	180	169	157	139	128
Temporary Corporate CU Stabilization Expense & NCUSIF Premiums ²	10	26	24	N/A	N/A
Total Other Operating Expenses	185	239	158	136	176
Non-operating Income & (Expense)	(2)	2	(4)	(17)	4
Provision for Loan/Lease Losses	-	-	-	N/A	N/A
Cost of Funds	51	58	78	75	45
Net Income (Loss) EXCLUDING Stabilization Expense & NCUSIF Premium ¹	75	106	137	175	206
NET INCOME	101	20	56	N/A	N/A
Total Credit Unions Reporting	54	60	61	64	67

¹ Prior to September 2010, this account was named Net Income (Loss) Before NCUSIF Stabilization Expense. From December 2010 forward, NCUSIF Stabilization Income, if any, is excluded.

² Prior to September 2010, this account was named NCUSIF Stabilization Expense. For December 2010 and forward, this account includes Temporary Corporate CU Stabilization Expense and NCUSIF Premiums.

Supervisory Division Staff

Main Office Staff

2990 Brandywine Road, Suite 200

Atlanta, Georgia 30341-5565

Phone: (770) 986-1633 Fax: (770) 986-1654 or 1655

Kevin Hagler, CEM - Deputy Commissioner for Supervision
Lori Godfrey, CEM/CFE - Director for Supervision
Heather Sartain, CEM - Training Director
Lori Binford, CEM - Supervisory Manager (Banks & Credit Unions - District 1, SunTrust, Synovus)
Brittany Bohannon, CEIC - Supervisory Manager (Banks & Credit Unions - District 2)
Pam Keane, CEM - Supervisory Manager (Banks – District 5, Credit Unions Districts 4 & 5, Trust)
Murali Ramachandran, CEM - Supervisory Manager (Applications; Banks - District 4)
Merian Johnson - Administrative Assistant
Amanda Gilbert - Administrative Assistant

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



From left to right (seated): Amanda Gilbert, Murali Ramachandran, Pam Keane

From left to right (standing): Heather Sartain, Lori Godfrey, Merian Johnson, Lori Binford, Brittany Bohannon

Supervisory Division Staff

District 1—Northwest

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

District Director: Melissa Sneed, CEM
Supervisory Examiner: Rich Parker, CEM

Ryan Baker, CEIC - Senior Financial Examiner
Presley Norris, CEIC - Senior Financial Examiner
Mark Pressler, CEIC - Senior Financial Examiner
Mathew Robinson, CEIC - Senior Financial Examiner
Derek Thompson, CEIC - Senior Financial Examiner
George Campbell, CEIC - Financial Examiner
Aaron Fisher, CEIC - Financial Examiner
Natalie Holder, CEIC - Financial Examiner
Kevin Vaughn, CEIC - Financial Examiner
Evans Yancy, CEIC - Financial Examiner

Casey Cook - Senior Assistant Financial Examiner
Ben Harris - Senior Assistant Financial Examiner
Dawn Shumpert - Senior Assistant Financial Examiner
Stanley Tan - Senior Assistant Financial Examiner
Amanda Burns - Assistant Financial Examiner
Stafford McCoy - Assistant Financial Examiner



From left to right (1st row): Ben Harris, Melissa Sneed, Dawn Shumpert, Casey Cook
From left to right (2nd row): Stanley Tan, Rich Parker, Natalie Holder
From left to right (3rd row): Aaron Fisher, George Campbell, Kevin Vaughn, Amanda Burns
From left to right (back): Stafford McCoy, Evans Yancy, Presley Norris
Mark Pressler, Ryan Baker



From left to right: Derek Thompson, Mathew Robinson

Supervisory Division Staff

District 2—Northeast/Central

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

District Director: Dennis McNeer, CEM
Supervisory Examiner: Justin McElheney, CEIC

Candice Daniel, CEIC - Senior Financial Examiner
Jessie Echols, CEIC - Financial Examiner
Victoria Williams, CEIC/CFE - Financial Examiner
Langford Hutcherson - Senior Assistant Financial Examiner
Jack Jackson - Senior Assistant Financial Examiner
Brett Poole, CEIC - Senior Assistant Financial Examiner

Arden Ward - Senior Assistant Financial Examiner
Austin Wen - Senior Assistant Financial Examiner
Katherine McClellan - Assistant Financial Examiner
Ashley Miller - Assistant Financial Examiner



From left to right (seated): Brett Poole, Candice Daniel, Jessie Echols, Austin Wen, Katherine McClellan, Ashley Miller
From left to right (standing): Justin McElheney, Victoria Williams, Langford Hutcherson, Dennis McNeer, Arden Ward, Jack Jackson

Supervisory Division Staff

District 4—Southeast

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

District Director: Gary Ford, CEM/CSCUES
Supervisory Examiner: Michael Hooks, CPA/CEM
Supervisory Examiner: David Widincamp, CEM/CSCUES

Janet Bryan, CEIC - Senior Financial Examiner
Michael Bryan, CEIC - Senior Financial Examiner
Mark Smith, CEIC/CSCUES - Senior Financial Examiner
Bob Herndon, CEIC - Financial Examiner
Kimberly Nobles, CEIC - Financial Examiner

Patrick O'Brien, Jr. - Senior Assistant Financial Examiner
Lucas Richardson - Senior Assistant Financial Examiner
Daniel Stanford - Senior Assistant Financial Examiner
Christopher Ward - Senior Assistant Financial Examiner
Kathryn Black - Assistant Financial Examiner



From left to right (seated): Janet Bryan, Michael Hooks, Gary Ford, Kimberly Nobles

From left to right (standing): Lucas Richardson, Daniel Stanford, Kathryn Black
Bob Herndon, Mark Smith



From left to right: Michael Bryan, David Widincamp
Patrick O'Brien, Jr., Christopher Ward

Supervisory Division Staff

District 5—Southwest

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

District Director: Virginia Riddick, CEM
Supervisory Examiner: Susan Andrews, CEIC
Supervisory Examiner: Joyce Jones, CEM/CSCUES

Sue Ann Tucker, CEIC - Senior Financial Examiner
Terry Tucker, CEIC - Senior Financial Examiner
James Johnson, CEIC - Senior Financial Examiner
Alicia Ashley - Senior Assistant Financial Examiner
Steven Caudell - Senior Assistant Financial Examiner

Peter Crowley - Senior Assistant Financial Examiner
Frankie Keeling - Senior Assistant Financial Examiner
Amy Senkbeil - Senior Assistant Financial Examiner
Johnny Pope - Assistant Financial Examiner
Kendra Young - Assistant Financial Examiner

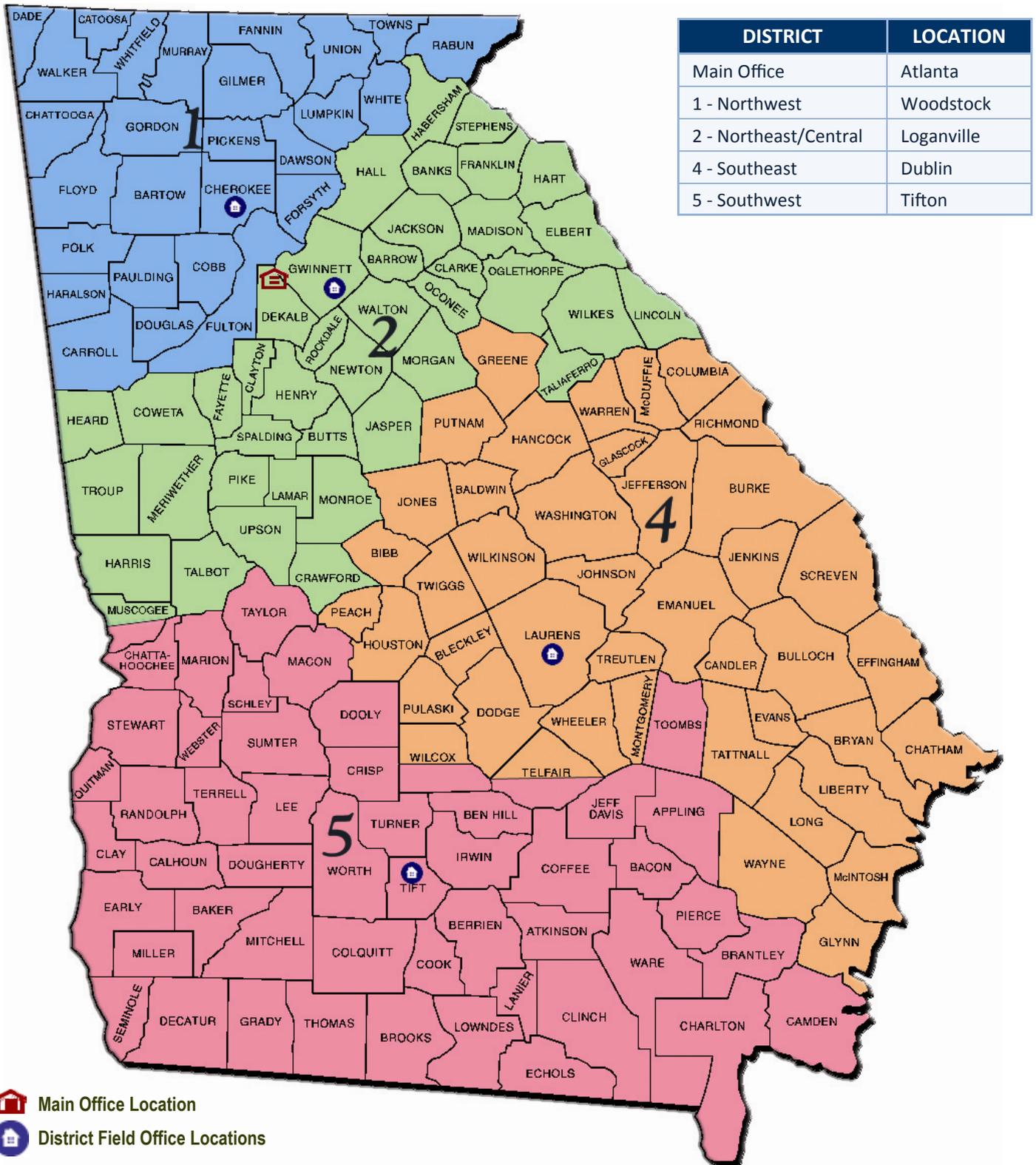


From left to right (seated): Susan Andrews, Joyce Jones, Virginia Riddick, Terry Tucker

From left to right (standing): Peter Crowley, Johnny Pope, Sue Ann Tucker, Amy Senkbeil, Frankie Keeling
Alicia Ashley, Kendra Young, Steven Caudell, James Johnson

Supervisory Division

Examination Districts and Work Areas



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

SUMMARY OF ACTIVITIES FOR 2012

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 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 Department now regulates over 7,000 Mortgage Licensees and Registrants and over 1,100 MSBs. The Division is headed by Deputy Commissioner for Non-Depository Financial Institutions Rod Carnes.



Rod Carnes

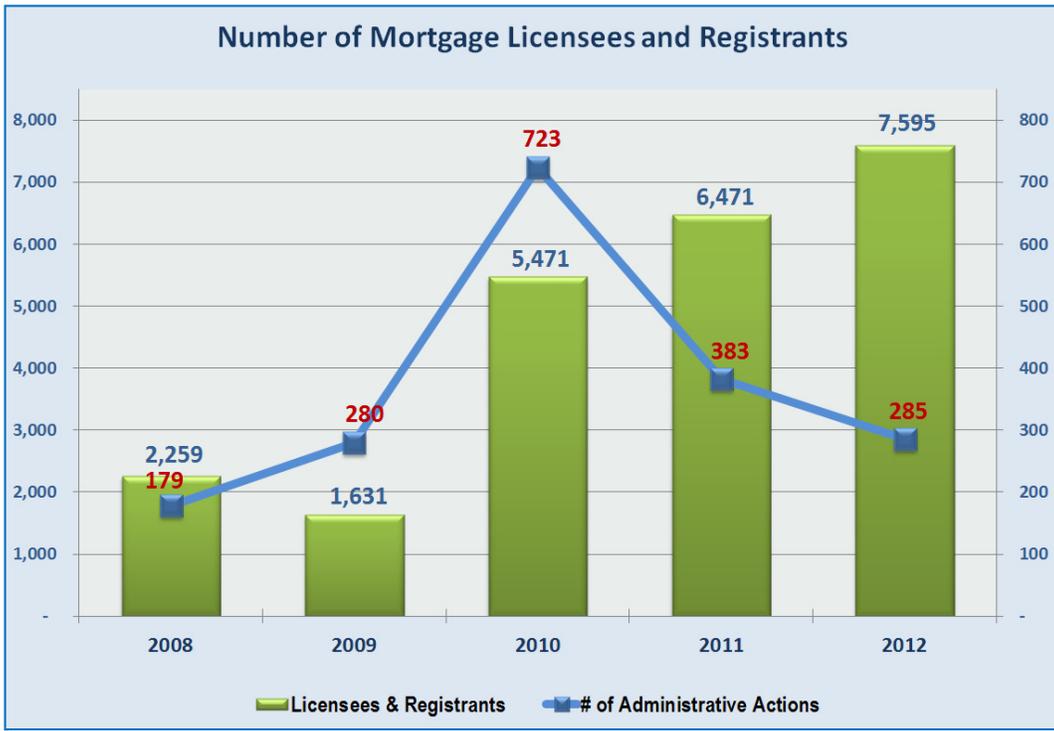
Major activities during the year included:

- Fighting mortgage fraud remained a primary strategic focus for NDFI. We continued our risk-focused examination program, which targets those involved in mortgage fraud. During 2012, the Department issued 76 Cease and Desist Orders and 62 Intent to Revoke Orders, and made referrals of cases totaling more than \$2 million to other regulatory and law enforcement agencies as a result of our examinations and investigations.
- According to the LexisNexis® Mortgage Asset Research Institute's 14th Periodic Mortgage Fraud Case Report (July 2012), Georgia was accorded an exemplary Mortgage Fraud Index (MFI) of 36 for 2011. 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. 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 76 Cease and Desist Orders issued during the year, approximately 87% were for unlicensed activity.
- During 2012, NDFI received 2,622 license applications, 2,531 of which were for mortgage loan originators (MLOs). NDFI approved 2,347 mortgage brokers, lenders, processors, and MLO license or reinstatement applications during the year. The average processing time for a good and complete MLO application is two weeks and four weeks for a mortgage company application.
- NDFI continued its risk-focused examination program for MSBs. In 2012, we issued seven administrative actions (four Consent Orders and three Intent to Revoke Orders). 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 2012, we also gave presentations at MSB conventions and to various industry groups. We 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 2012

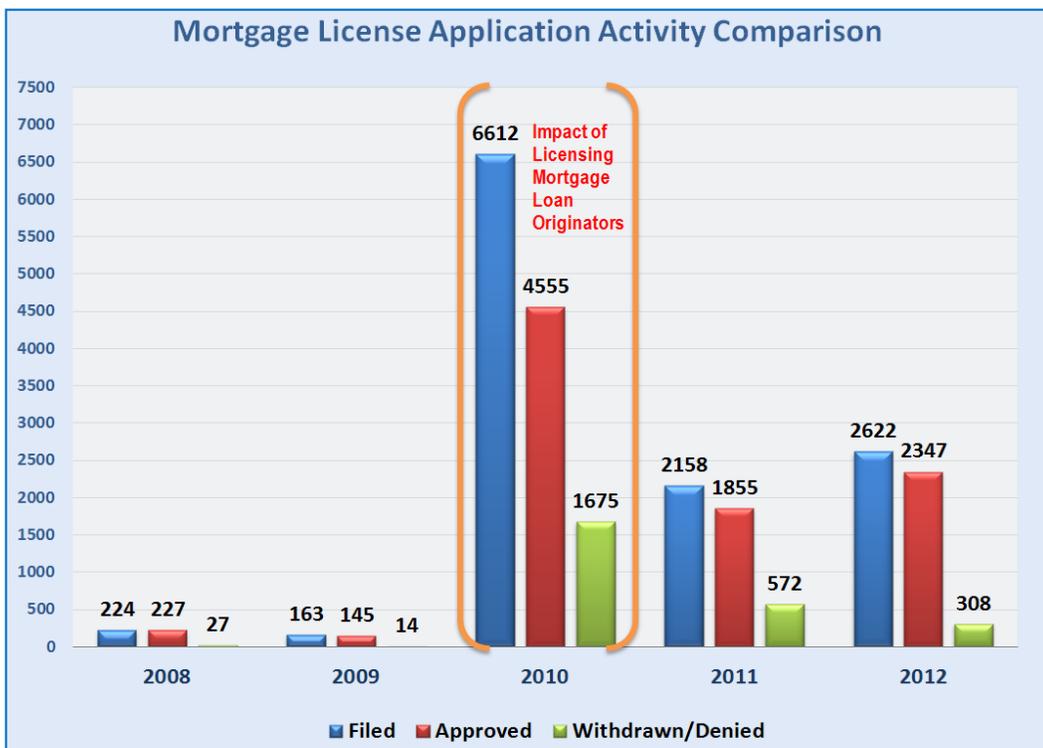
MORTGAGE LICENSEE AND REGISTRANT STATISTICS



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.

At the end of 2012, active mortgage licensees and registrants totaled 7,595, representing a net increase of 1,124 or 17% from the previous year.

The majority of the increase was due to continued licensing of mortgage loan originators, which represented approximately 96% of the applications approved during 2012.



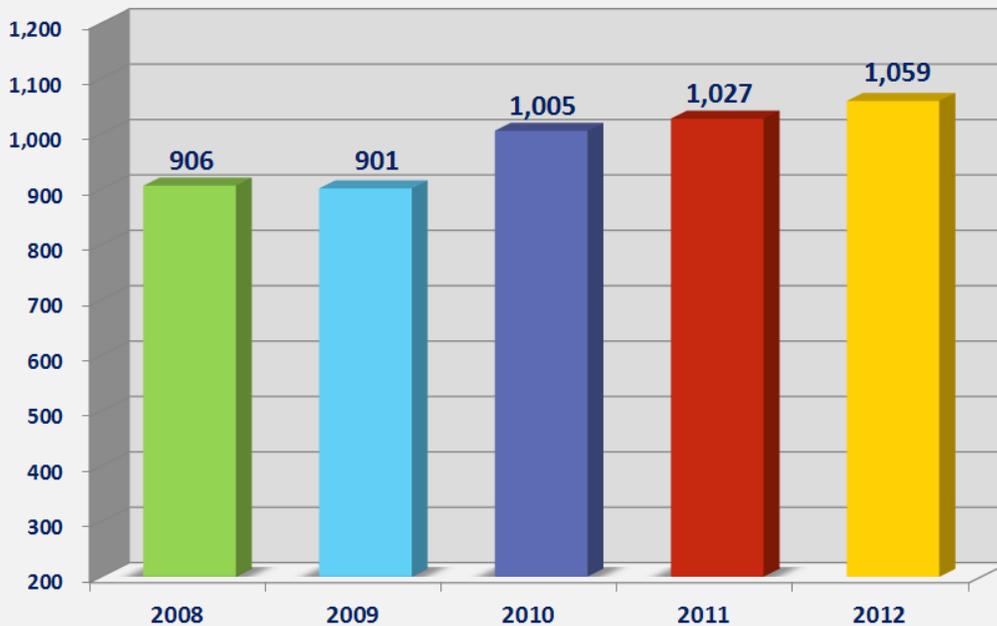
The Department began licensing mortgage loan originators in January 2010, as required by the Secure and Fair Enforcement Mortgage Licensing Act (S.A.F.E.). The impact of the initial mortgage loan originator licensing process is reflected in the sharp increase in application activity for 2010.

Non-Depository Financial Institutions Division

SUMMARY OF ACTIVITIES FOR 2012

MONEY SERVICE BUSINESSES STATISTICS

Number of Check Cashers Licensed or Registered

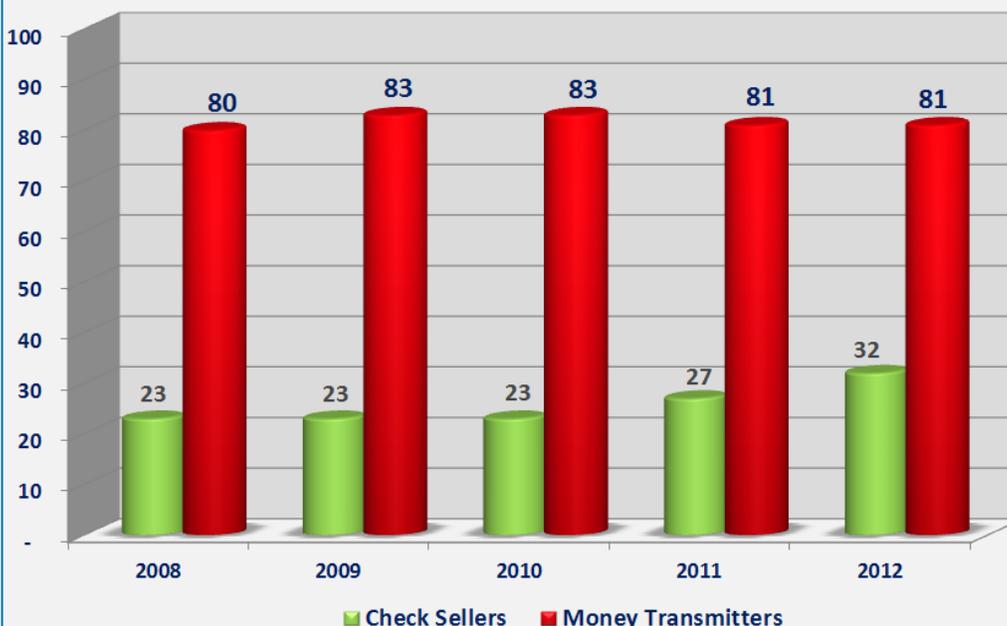


Unless otherwise exempt, anyone that engages in the cashing of checks, money orders, or other drafts for a fee must be licensed or registered by the Department under Article 4A of Title 7 of the Official Code of Georgia Annotated.

The Department continued to experience a moderate amount of application activity for check casher licenses / registrations during 2012.

During 2012, there were 260 applications for new or reinstated check casher licenses / registrations, and 227 companies either closed or did not renew their licenses/ registrations during the year.

Licensed Check Sellers and Money Transmitters



Unless otherwise exempt, anyone that (1) engages in the selling or issuing of checks or money orders, or (2) engages in the business of receiving money for transmission or transmitting money, must be licensed by the Department under Article 4 of Title 7 of the Official Code of Georgia Annotated.

At the end of the year, 32 check sellers having over 21,000 agents throughout the state were licensed to do business in Georgia.

At the end of the year, 81 money transmitters having over 5,000 agents throughout the state were licensed to do business in Georgia.

NDFI Division Staff

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Phone: (770) 986-1633 Fax: (770) 986-1029 or 1655

Rod Carnes, CFE - Deputy Commissioner for Non-Depository Financial Institutions
Felicia Faison-Holmes, JD - Director for Non-Depository Financial Institutions
Morgan Clemons - Non-Depository Financial Institutions Division Attorney
Heidi Dias - Non-Depository Financial Institutions Division Attorney

Janet Anderson - Supervisory Manager - Mortgage Licensing
Betty Thomas, CFE - Supervisory Manager - Mortgage Regulation
Joel Byers, CFE - Senior Financial Examiner - Mortgage/MSBs
Harold Carney, CEM - Senior Financial Examiner - Mortgage
Fernando Ornelas, CFE - Senior Financial Examiner - Mortgage
Andy Reid, CFE - Senior Financial Examiner - Mortgage
Ursula Bobbitt - Assistant Financial Examiner - Mortgage
Bradley DeLettera - Assistant Financial Examiner - Mortgage

Deborah Long - Assistant Financial Examiner - Review
Irene Harper - Applications Analyst - Mortgage
LaTosha Rose - NDFI Analyst
Teresa Koeppel, CFE - Financial Examiner - MSBs
Susan Nelson - Applications Analyst - MSBs
Sheila Ball - Administrative Secretary

Mortgage Licensing Staff

The primary responsibilities of the mortgage licensing staff are to process new and renewal applications for the licensing or registration of residential 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 changes to branch managers, changes in business structures/names, changes in control, changes in management, changes to surety bonds, and registrations of trade (d/b/a) names. Mortgage licensing also processes state educational provider applications and renewals.



From left to right (seated): Felicia Faison-Holmes, Janet Anderson, Betty Thomas
From left to right (standing): Irene Harper, Deborah Long, LaTosha Rose, Sheila Ball

NDFI Division Staff

Mortgage Supervision and Examination Staff

The mortgage supervision and examination staff examines mortgage licensees for compliance and conducts mortgage fraud investigations of both licensed and unlicensed entities. The staff prepares reports of examination and, if they recommend administrative action, the examiners will collect and organize the supporting evidence. The staff also works with law enforcement and prosecutors on criminal mortgage fraud and unlicensed cases. Additionally, the examiners contact new licensees to review the rules and regulations of the Department and support the licensing staff as needed.



From left to right (front row): Harold Carney, Bradley DeLettera, Felicia Faison-Holmes, Ursula Bobbitt

From left to right (back row): Joel Byers, Fernando Ornelas, Andy Reid

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.

NDFI Division Staff

MSB Licensing and Examination Staff

The primary responsibilities of the MSB licensing and examination 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. Additionally, staff members perform examinations of the licensees / registrants, prepare reports of examination, and recommend administrative action where warranted.



From left to right: *Teresa Koepfel, Felicia Faison-Holmes, Susan Nelson*



From left to right: *Morgan Clemons, Heidi Dias*

NDFI Legal Staff

The division's legal staff issues administrative actions to applicants, licensees, registrants and unlicensed entities. The legal staff will prepare and present administrative cases heard before the Commissioner or forward matters to the Attorney General's office to be heard before the Office of State Administrative Hearings. They often resolve administrative matters before hearings and successfully negotiate resolutions that expedite final disposition of these matters. The legal staff also supports the division by serving as custodian of records.

Legislative Highlights

The Legal and Consumer Affairs Division is responsible for providing legal advice and legislative and regulatory drafting support for the Commissioner and staff. The Division also responds to Georgia Open Records Act requests and subpoenas, in addition to coordinating legal matters with the Georgia Attorney General's Office and other state and federal agencies. The Division is headed by Deputy Commissioner for Legal and Consumer Affairs Bo Fears.



Bo Fears

Highlights of 2012 Legislation:

In 2012, the Department helped the sponsor craft a bill which provided non-controversial statutory amendments and clarifications to Title 7. The Department also supported a bill in response to changes implement by federal law. Governor Deal signed both bills into law with an effective date of July 1, 2012. The highlights of the changes made by the bills include:

- Amending O.C.G.A. § 7-1-415 to allow a bank to issue stock for less than par value under certain circumstances with Department approval.
- Amending O.C.G.A. § 7-1-460 in order to grant the Department the necessary discretion to allow a financial institution to pay dividends in certain cases where a bank's retained earnings may be negative but the financial institution has re-capitalized through either private placement or public offering and meets the Department's safety and soundness criteria for the payment of dividends.
- Amending O.C.G.A. § 7-1-285 regarding derivative transactions and state legal lending limits in response to changes in federal law (the Dodd-Frank Act). The Dodd-Frank Act permits a state-chartered bank to engage in derivative transactions if the state lending limit law takes credit exposure to derivative transactions into consideration.

In addition to the bills above, on March 28, 2012, Governor Deal signed into law the Georgia Merchant Acquirer Limited Purpose Bank Act (Act). The Act creates a new type of special purpose state-chartered bank for companies that provide merchant acquiring activities within payment card networks. The law is intended to allow merchant acquirers, who qualify for and receive the special purpose charter, to enter card networks directly rather than operating through a financial institution sponsor. It is anticipated that the Department will be the sole regulator of these banks.

Highlights of 2012 Rulemaking:

The Department's Rules were updated in 2012, via the rulemaking process, as provided for by the Georgia Administrative Practices Act, after review and consultation with interested parties and members of the industry. The Department welcomes comments from the public or from the industry throughout the year regarding suggested amendments or clarifications to Department Rules that will enhance the regulatory oversight and enforcement of its regulated entities.

The revisions to the Rules were primarily designed to eliminate references to outdated forms and to modify language that could be interpreted as inconsistent or redundant with other Rules. In addition to these general modifications, the Rules were amended to: (1) reduce the fine from \$1,000.00 to \$100.00 for the failure to timely file a mortgage call report; and (2) clarify that credit files are to be retained for five years after payout on loans of \$5,000.00 or more and on all loans secured by real estate.

Administrative Division

SUMMARY OF ACTIVITIES FOR 2012

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

Major highlights of the year included:

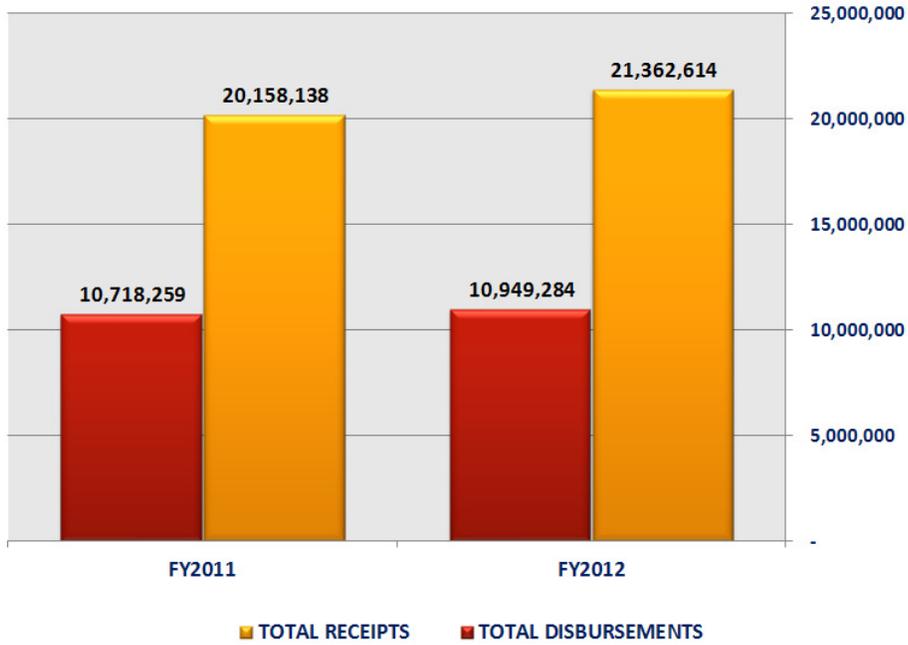
- Successfully completed Disaster Recovery testing. This included upgrading internet circuits in the Main Office and District 2 to assist with the disaster recovery data restore and Citrix access.
- Upgraded the Department's phone system and equipment.
- Upgraded the District firewalls to ensure network security in the field offices.
- Upgraded all examiners laptops with the new ETS ALERT Software.
- As one of the pilot agencies of the Teamwork's Travel and Expense system, the Department is participating in the Travel Advisory Council.
- Completed phase 1 of the Teamworks Accounts Receivable direct journal upload. This process will eventually eliminate the manual data entry of daily revenue to PeopleSoft.
- Continued participation 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 cost to the state. This includes payment terms, automating the cash disbursement process, utilizing prompt payment discounts and recovering overpayments and unused credits. Electronic payments as of December 2012 stand at 90%.



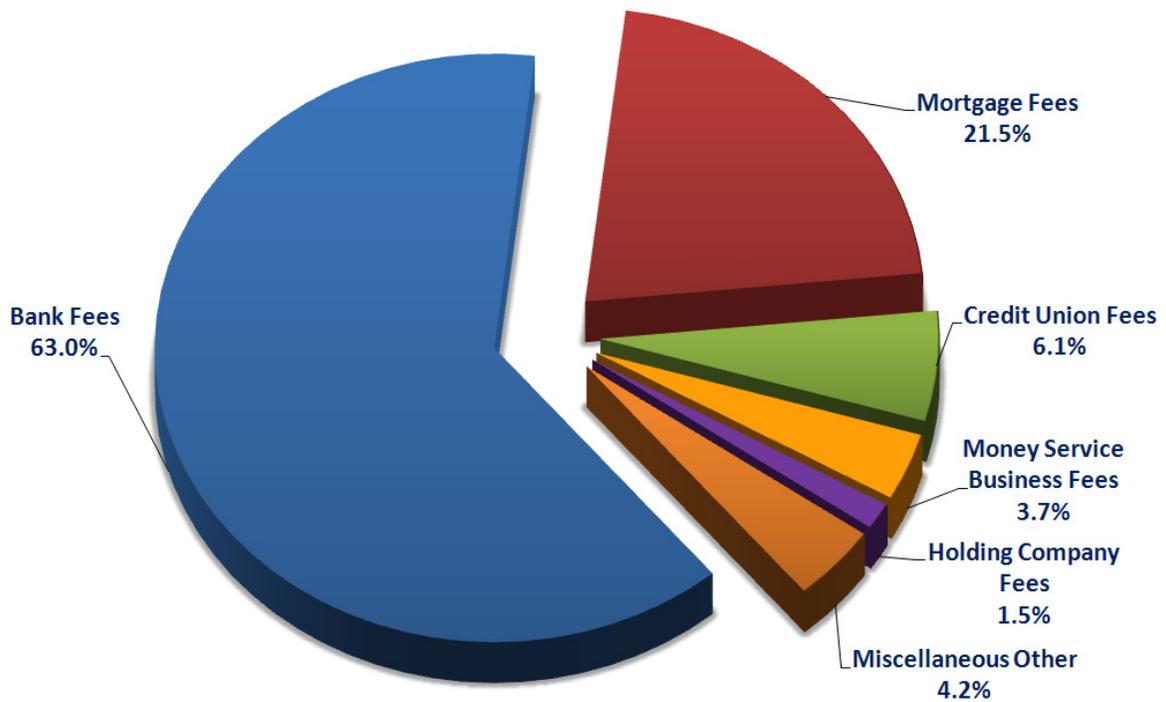
Tracy Whitesides

Administrative Division

FISCAL YEAR 2012 RECEIPTS AND DISBURSEMENTS



FY2012 Revenues Collected



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.

Administrative Division Staff

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Tracy Whitesides, CPA, CEM - Deputy Commissioner for Administration

Accounting, Human Resources and Budget Staff:

Reneé Martin - Accounting Director I
Marilyn Harris, CEIC - Accounting and HR Specialist
Charlene Haynie - Accounting Specialist

Front Desk / Office Management Staff:

Susan Brown - Office Manager
Kaushik Mehta - Support Services Officer

IT Staff:

Denise Brown - Director of IT
Felicia Hedgebeth - Network and Information Security Administrator
Carol Hyde - IS Database Integrator

Accounting, Human Resources and Budget Staff

The primary responsibilities of the human resources, accounting and 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 by 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; and (5) Manage physical property acquisition and disposition.

Front Desk / Office Management Staff

The primary responsibilities of the 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 Support Services Officer oversees the receipt, sorting, and distribution of mail; maintains office equipment and supplies; and assists with routine repairs and preventive maintenance.

IT Staff

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 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.



From left to right (seated): Felicia Hedgebeth, Kaushik Mehta, Charlene Haynie

*From left to right (standing): Marilyn Harris, Susan Brown, Denise Brown,
Carol Hyde, Reneé Martin*

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 2012

FINANCIAL INSTITUTION, REGISTRANT, OR LICENSEE	Totals 12/31/2011	Opened Registered Licensed	Converted	Merged	Closed Liquidated Deregistered	Totals 12/31/2012
BANKS	199	0	0	(3)	(10)	186
TRUST COMPANIES	1	0	0	0	0	1
CREDIT UNIONS	60	0	0	(6)	0	54
BANK HOLDING COMPANIES (Supervised and/or Registered)	227	3	0	(2)	(8)	220
CHECK SELLERS	27	3	3	0	(1)	32
MONEY TRANSMITTERS	81	10	(3)	0	(7)	81
CHECK CASHERS	1,027	260	0	0	(228)	1,059
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	49	10	0	0	(5)	54
MORTGAGE BROKERS, LENDERS, REGISTRANTS AND ORIGINATORS	6,471	2,347	0	0	(1,223)	7,595



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.*

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GEORGIA
DEPARTMENT OF
BANKING AND FINANCE

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<http://dbf.georgia.gov>*