

*State of Georgia*  
**Department of  
Banking & Finance**



**2021 Annual Report**

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State of Georgia  
Department of Banking and Finance



**ANNUAL REPORT**  
For Year Ending December 31, 2021

Brian P. Kemp  
Governor

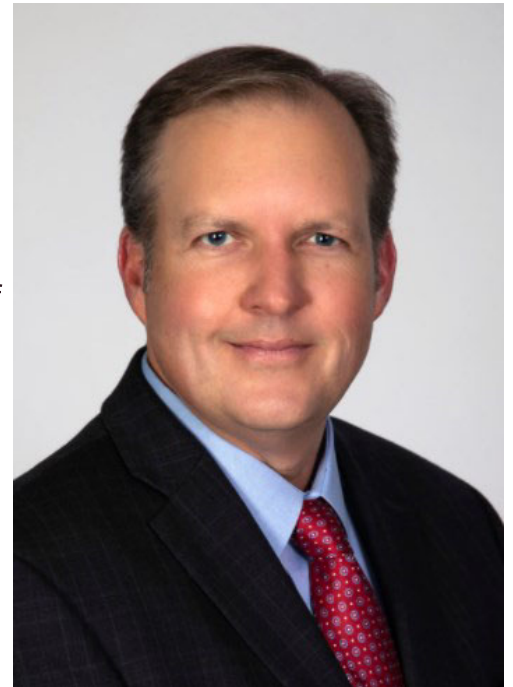
Kevin B. Hagler, CEM  
Commissioner

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# Message from the *Commissioner*

Throughout 2021, the economic reverberations of the Covid-19 pandemic continued to play a significant role in the performance and business activities of the industries regulated by the Department. Georgia's depository institutions, both banks and credit unions, generally saw their already strong financial conditions improve with increased earnings and liquidity. Loan quality also showed improving trends based on declining levels of past due, non-accrual, and charged-off loans. Heavy involvement in the Small Business Administration's Payroll Protection Program (PPP) had a temporary side effect of driving down net interest margins in participating institutions; however, a return to traditional lending through the course of the year began to reverse some of that compression. Capital levels were also suppressed by balance sheets inflated by PPP loans and a significant inflow of deposits from this and other federal government stimulus programs. Despite the loss of two bank charters to mergers and the loss of another charter to a bank relocating to a neighboring state, the total assets of the banking portfolio remained relatively stable at \$130 billion in total assets among the remaining 121 charters. While the credit union portfolio declined by three charters due to mergers, the 46 surviving charters increased their total assets to nearly \$30 billion.



Strong growth and performance were similarly observed in our non-depository portfolio. The number of Mortgage Loan Originator (MLO) licensees grew over 35% to 30,120. This growth rate is even more remarkable coming on the heels of last year's 20% growth and considering that the number of MLOs licensed in Georgia has nearly doubled in a mere five years. While the number of licensed check cashers in the state continues a gentle decline, we saw an increase of 18% in combined demand for Money Transmitter and Seller of Payment Instruments licenses. The Department attributes this increased interest to the fact the business models of fintech companies often have an element of money transmission and/or storing value for consumers, which necessitates one of these licenses. We maintained our close working relationship with Installment Lender licensees by continuing the transition of the industry to the licensing and examination regimes of the Department that began in July of 2020. We saw net growth of seven licensees in the portfolio to 161, also coming in part due to fintech business models that involve some aspect of small dollar lending.

The Department's collaborative efforts with representatives of the banking, credit union, and non-depository industries resulted in the enactment of the Department's housekeeping bill (HB 111, Bruce Williamson of the 115th) for the 2021 legislative session. The bill revises statutory provisions related to the majority of entities regulated by the Department. Generally speaking, the revisions

# Message from the *Commissioner*

focus on modernizing the Code and eliminating antiquated requirements or provisions found in Title 7. Of particular interest, the bill seeks to address some shortcomings in the law that became evident during the pandemic. At the onset of the pandemic, the Installment Loan Act provided that a loan agreement could not be longer than 36 months and 15 days, which created a hurdle for lenders desiring to work with consumers who were unable to make loan payments. The bill creates a structure in the installment lender space where borrowers and lenders can agree to defer payments notwithstanding the statutory limitation on the length of loans. The bill also permits boards of banks and credit unions to meet remotely as well as for the shareholder meeting at a bank or a member meeting at a credit union to be conducted remotely, in whole or in part. In light of social distancing requirements and limitations on large gatherings, this revision was necessary in order for banks and credit unions to safely satisfy the statutory requirement of board meetings as well as the annual shareholder or member meeting.

A handwritten signature in blue ink, appearing to read "Kevin Hagler".

Kevin B. Hagler, CEM  
Commissioner

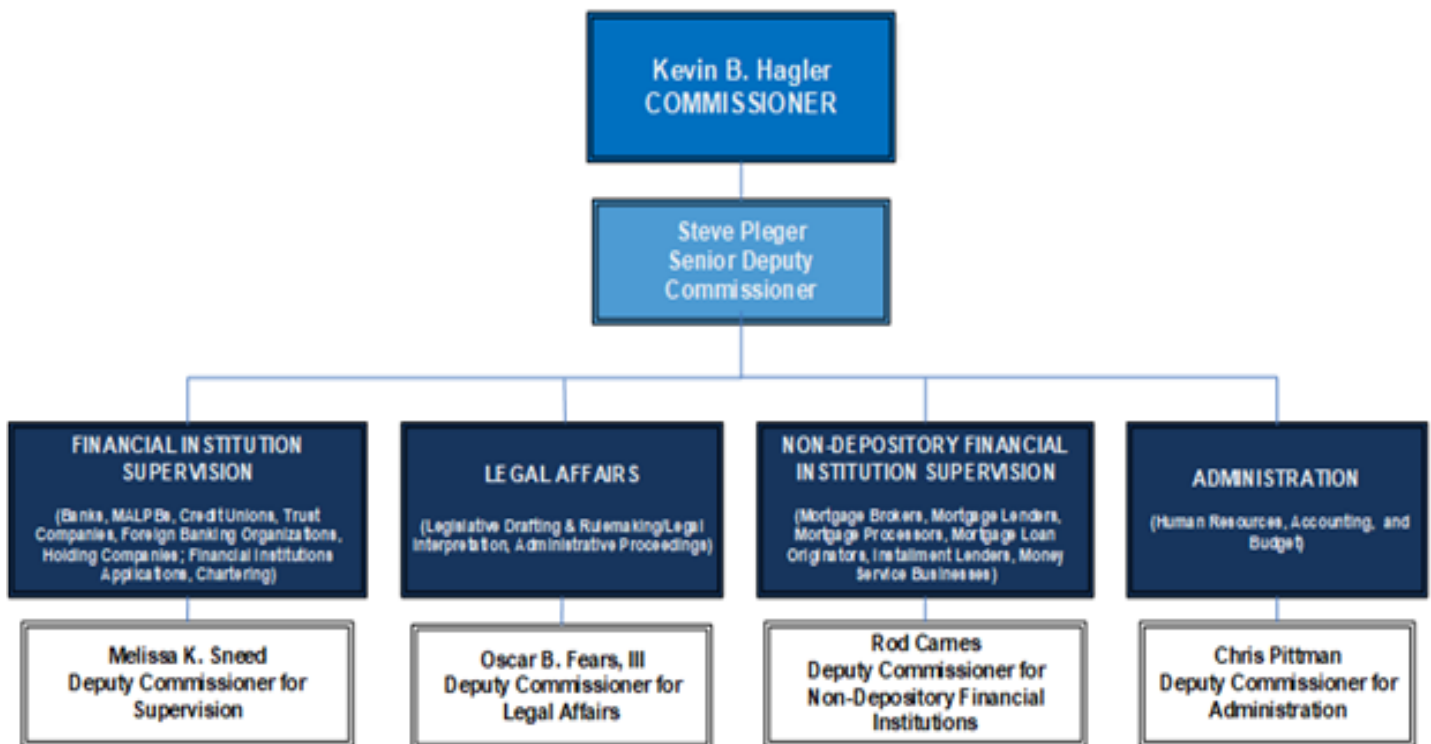
# Organizational Structure

The Department of Banking and Finance (Department) is the state agency that regulates and examines Georgia state-chartered banks, holding companies, credit unions, and trust companies. The Department also has responsibility for the supervision, regulation, and examination of merchant acquirer limited purpose banks (MALPBs) chartered in Georgia.

In addition, the Department has regulatory and/or licensing authority over mortgage lenders, mortgage brokers, mortgage processors, and mortgage loan originators, as well as installment lenders, check cashers, sellers of payment instruments, money transmitters, and international banking organizations conducting business in Georgia.

The Department is headed by a Commissioner who is appointed by the Governor to serve a four-year term. Functionally, the Commissioner reports directly to the state's Chief Financial Officer, who reports to the Governor. Commissioner Kevin B. Hagler is assisted by Senior Deputy Commissioner Steve Pleger. The Department's operations are divided along functional lines: Financial Institution Supervision, Non-Depository Financial Institution Supervision, Legal Affairs, and Administration. Each of these divisions is headed by a Deputy Commissioner.

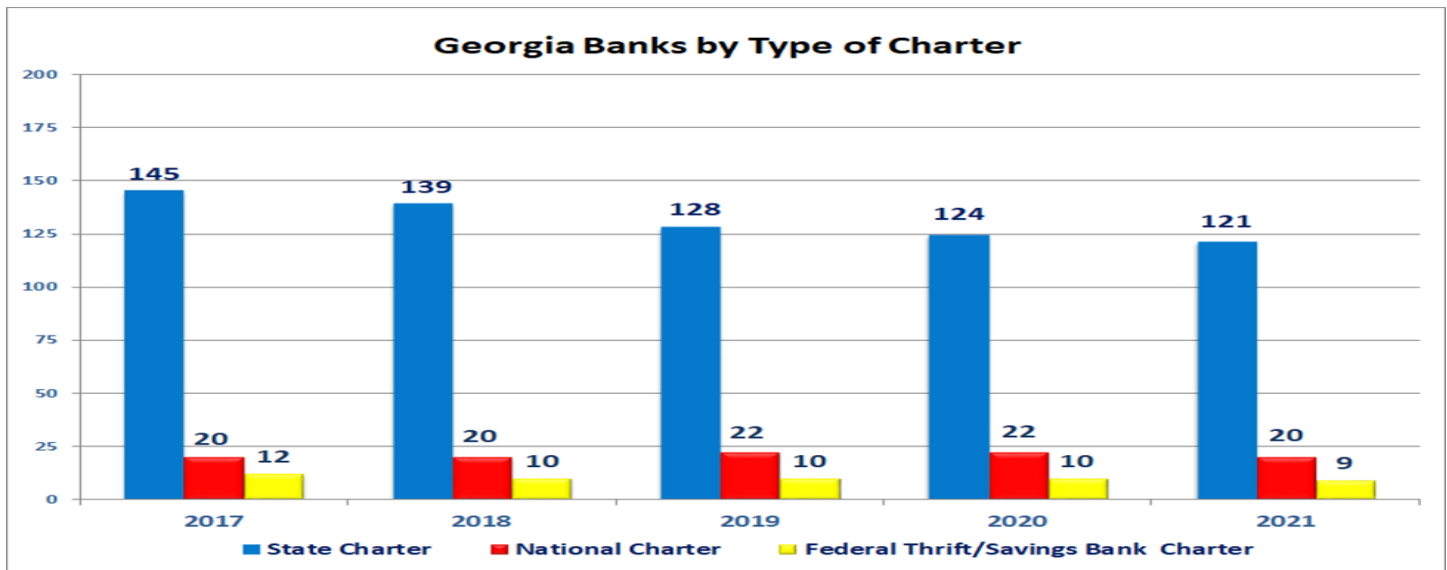
## DEPARTMENT OF BANKING AND FINANCE



# Financial Institution Supervision

## STATE-CHARTERED BANKING STATISTICS

At the end of 2021, the number of Georgia state-chartered banks totaled 121, representing a net decrease of three banks from the previous year. The net decrease resulted from two state-chartered banks being merged out of existence and one conversion to a South Carolina state-chartered bank. A five-year financial performance summary for Georgia state-chartered banks can be found on Page 6 of this Report.



### BANK HOLDING COMPANIES

A total of 100 bank holding companies were supervised by, or registered with, the Department at the end of 2021, representing a net decrease of two from 102 in the previous year. This net decrease is primarily attributed to the bank merger activity mentioned above.

### TRUST COMPANIES

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

### 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 activities other than a banking business. A representative office is not considered to be a main office or a branch office. There were 31 representative offices registered in Georgia at the end of 2021, a net decrease of 20 from the previous year.

### FOREIGN BANKING ORGANIZATIONS

Five international representative offices were registered with the Department at the end of 2021. This number increased by one from the previous year.



# Financial Institution Supervision

## STATE-CHARTERED BANKING STATISTICS

As shown in the table below, Georgia state-chartered commercial bank assets under supervision are fifteenth in the country by the end of 2021 (savings banks not included in totals below). The table is sorted by total state charter assets and dollar figures are in millions.

State	State Charter	National Charter	All Bank Charters
New York	1,230,850	250,739	1,481,589
California	891,541	316,050	1,207,591
North Carolina	629,891	2,519,539	3,149,430
Texas	423,527	145,545	569,072
Utah	397,511	416,418	813,929
Illinois	388,808	253,351	642,159
Massachusetts	385,721	3,611	389,332
Alabama	220,873	984	221,857
Tennessee	206,050	7,378	213,429
Missouri	188,335	46,676	235,011
Delaware	156,831	1,119,572	1,276,403
Pennsylvania	142,008	109,063	251,071
Arkansas	136,818	8,504	145,322
Mississippi	134,470	26,543	161,013
<b>Georgia</b>	<b>129,505</b>	<b>18,584</b>	<b>148,089</b>
Virginia	109,452	705,665	815,116
Iowa	101,725	6,505	108,230
Indiana	96,625	34,558	131,183
Florida	94,286	129,035	223,321
New Jersey	85,615	57,858	143,473
Washington	85,291	20,786	106,076
Oklahoma	73,768	67,544	141,313
Colorado	71,943	8,885	80,829
Ohio	68,272	4,471,508	4,539,780
Wisconsin	68,044	61,698	129,741
Kentucky	65,452	7,419	72,871
Montana	62,660	755	63,415
Arizona	60,461	1,670	62,131
Minnesota	59,152	33,330	92,482
Nebraska	58,015	33,698	91,714
Kansas	57,862	22,162	80,024
Hawaii	55,732	891	56,623
Louisiana	52,562	10,003	62,564
Michigan	49,956	8,261	58,217
Maryland	46,189	5,473	51,662
South Carolina	44,529	2,838	47,367
North Dakota	38,428	5,012	43,440
Oregon	37,421	746	38,166
South Dakota	35,056	3,466,102	3,501,158
West Virginia	34,123	6,478	40,601
Nevada	15,819	19,874	35,693
New Mexico	15,115	471	15,586
Wyoming	9,517	1,703	11,220
Rhode Island	9,101	188,070	197,171
Idaho	8,773	-	8,773
Connecticut	6,604	101,261	107,865
Maine	6,106	7,977	14,084
Alaska	3,959	5,581	9,541
New Hampshire	3,302	-	3,302
Vermont	1,586	2,421	4,008

Source: FDIC Quarterly Banking Profile

# Financial Institution Supervision

## State-Chartered Bank Financial Summary

(dollar figures in millions)	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Number of banks reporting	121	125**	128	138*	145
<b>AGGREGATE CONDITION AND INCOME DATA</b>					
Net income	1,708	1,269	1,394	4,148	3,298
Total assets	129,505	132,850	113,636	308,305	298,192
Earning assets	120,185	122,441	104,335	280,275	269,530
Total loans & leases	84,733	91,293	83,412	225,372	216,061
Other real estate owned	64	105	170	339	424
Total deposits	112,517	114,831	93,682	248,492	246,303
Equity capital	13,256	14,402	13,681	35,651	34,789
<b>PERFORMANCE RATIOS (YTD, %)</b>					
Yield on earning assets	3.48	4.06	4.98	4.14	3.73
Cost of funding earning assets	0.21	0.49	0.90	0.57	0.35
Net interest margin	3.27	3.56	4.08	3.58	3.38
Noninterest income to avg. earning assets	0.98	1.10	0.90	1.34	1.47
Noninterest expense to avg. earning assets	2.42	2.78	2.93	2.93	2.93
Net charge-offs to loans & leases	0.11	0.20	0.14	0.20	0.23
Credit-loss provision to net charge-offs	(89.91)	349.33	152.28	77.36	106.72
Net operating income to average assets	1.40	0.96	1.34	1.39	1.15
Retained earnings to average equity	7.40	2.44	6.10	3.94	3.99
Return on assets	1.41	1.03	1.34	1.39	1.12
Return on equity	13.31	9.09	11.39	11.97	9.72
Percent of unprofitable institutions	5.79	4.80	4.69	4.35	9.66
<b>CONDITION RATIOS (%)</b>					
Net loans and leases to assets	64.67	67.74	72.81	72.35	71.63
Loss allowance to:					
Loans and leases	1.16	1.42	0.81	1.03	1.14
Noncurrent loans and leases	263.66	239.62	136.02	85.31	92.20
Noncurrent loans & leases to					
total loans & leases	0.44	0.59	0.60	1.20	1.23
Nonperforming assets to total assets	0.34	0.49	0.59	0.99	1.03
Core deposits to total liabilities	89.57	87.92	80.05	83.99	87.33
Equity capital to total assets	10.24	10.84	12.04	11.56	11.67
Core capital (leverage) ratio	9.29	9.56	10.46	10.14	10.03
Total capital to risk-weighted assets	N/A	N/A	13.62	12.82	13.07

\*One self-liquidating bank did not file a yearend Call Report.

Source: FDIC Quarterly Banking Profile

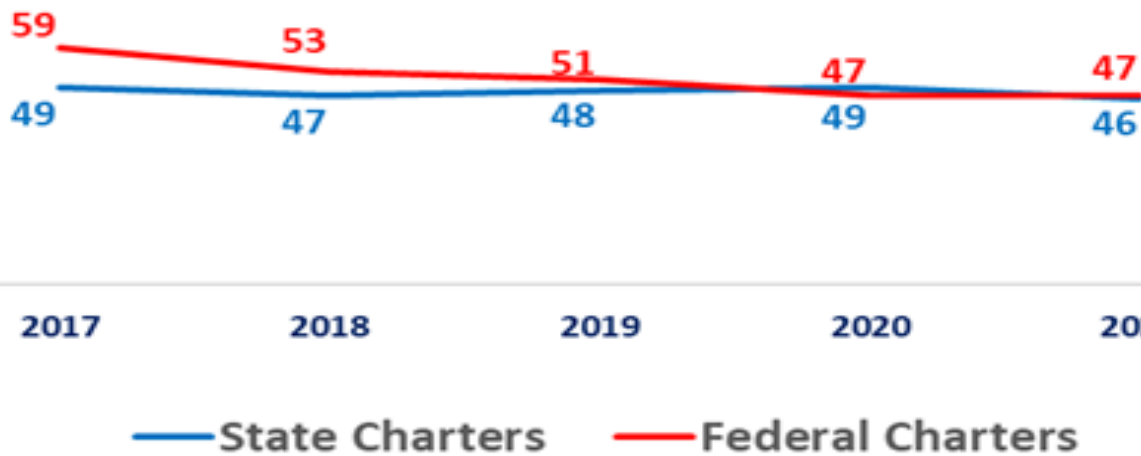
\*\* One merged bank filed a yearend Call Report.

# Financial Institution Supervision

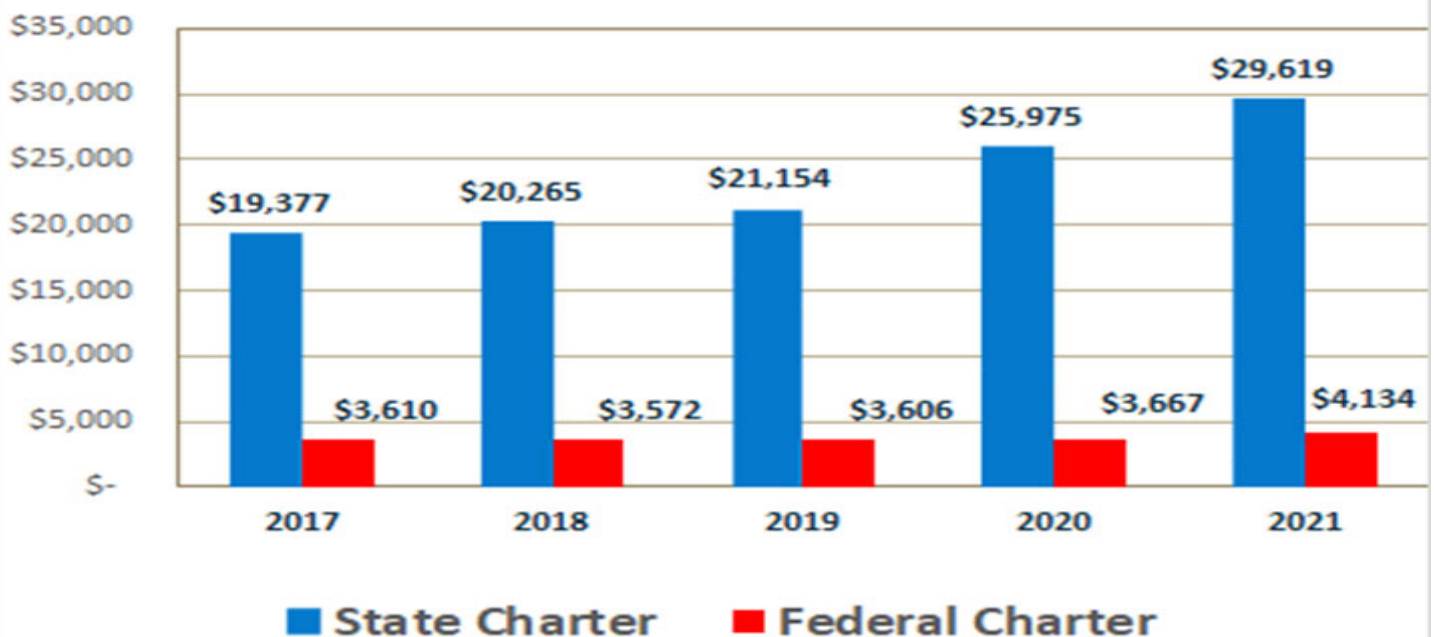
## STATE-CHARTERED CREDIT UNION STATISTICS

The number of Georgia state-chartered credit unions decreased by three to a total of 46 and state-chartered credit union assets grew by roughly \$3.6 billion to just under \$30 billion at the end of 2021. There is now one fewer state-chartered credit union compared to federal-chartered credit unions in Georgia. A five-year financial performance summary for Georgia state-chartered credit unions can be found on Page 8 of this Report.

### Georgia Credit Unions by Charter Type



### Georgia Credit Union Assets by Charter Type (dollar figures in millions)



# Financial Institution Supervision

## State-Chartered Credit Union Financial Summary

<i>(dollar amounts in millions)</i>	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
<i>Number of institutions reporting</i>	45*	49	48	47	49
<b>ASSETS</b>					
Cash & Equivalents	4,033	4,203	1,716	1,199	1,382
Total Investments	7,265	4,463	2,889	3,082	3,216
Total Loans	17,124	16,288	15,609	15,052	13,933
(Allowance for Loan & Lease Losses)	(154)	(165)	(118)	(95)	(102)
Land And Building	281	281	254	245	243
Other Fixed Assets	107	87	85	69	64
NCUSIF Deposit	233	198	169	166	157
All Other Assets	728	620	550	547	484
<b>TOTAL ASSETS</b>	<b>29,619</b>	<b>25,975</b>	<b>21,154</b>	<b>20,265</b>	<b>19,377</b>
<b>LIABILITIES &amp; CAPITAL</b>					
<i>TOTAL LIABILITIES</i>	434	399	487	431	466
<i>TOTAL SHARES &amp; DEPOSITS</i>	26,106	22,589	17,896	17,290	16,561
Regular Reserve	240	243	239	239	238
Other Reserves	(38)	67	9	(30)	(26)
Undivided Earnings	2,877	2,677	2,523	2,334	2,138
<i>TOTAL EQUITY</i>	<b>3,079</b>	<b>2,987</b>	<b>2,771</b>	<b>2,544</b>	<b>2,350</b>
<i>TOTAL LIABILITIES, SHARES, &amp; EQUITY</i>	<b>29,619</b>	<b>25,975</b>	<b>21,154</b>	<b>20,265</b>	<b>19,377</b>
<b>INCOME &amp; EXPENSE</b>					
Loan Income	677	710	695	625	553
Investment Income	61	65	92	79	65
Other Income	375	332	322	311	275
Total Employee Compensation & Benefit	411	390	361	324	299
Temporary Corporate CU Stabilization Expense & NCUSIF Premiums	-	-	-	-	-
Total Other Operating Expenses	381	362	350	337	298
Non-operating Income & (Expense)	4	13	10	8	5
Provision for Loan/Lease Losses	24	128	72	75	81
Cost of Funds	89	122	128	98	71
<b>NET INCOME (LOSS) w/o STABILIZATION EXPENSE &amp; NCUSIF PREMIUM</b>	<b>212</b>	<b>118</b>	<b>208</b>	<b>189</b>	<b>149</b>
<i>NET INCOME (LOSS)</i>	<b>212</b>	<b>118</b>	<b>208</b>	<b>189</b>	<b>149</b>

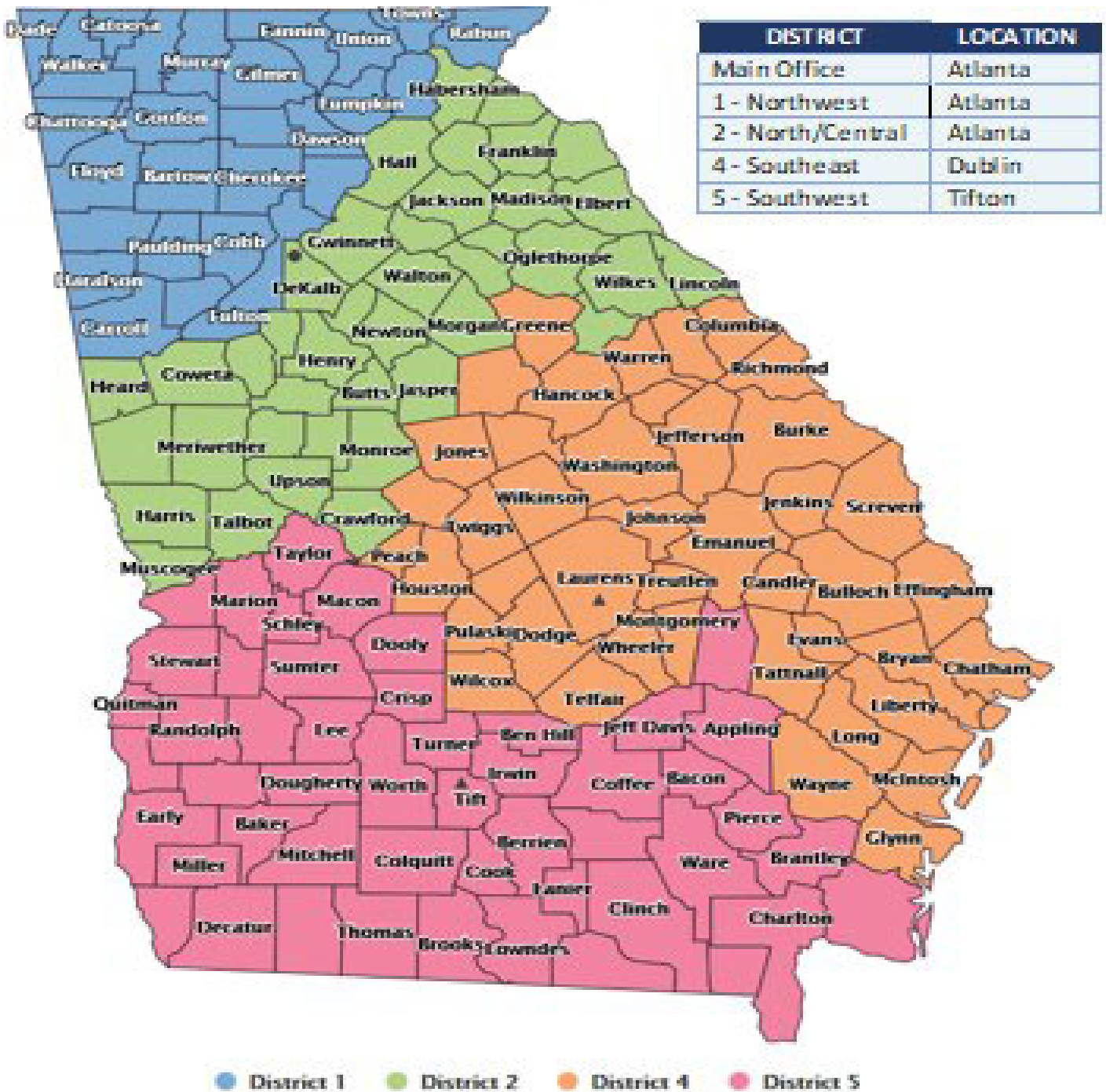
\*One state charter converted in 2022 but filed the yearend Call Report as a federal charter.

Source: NCUA Financial Performance Reports

# Financial Institution Supervision Examination Districts and Work Areas

## Financial Institution Supervision

### Examination Districts and Work Areas



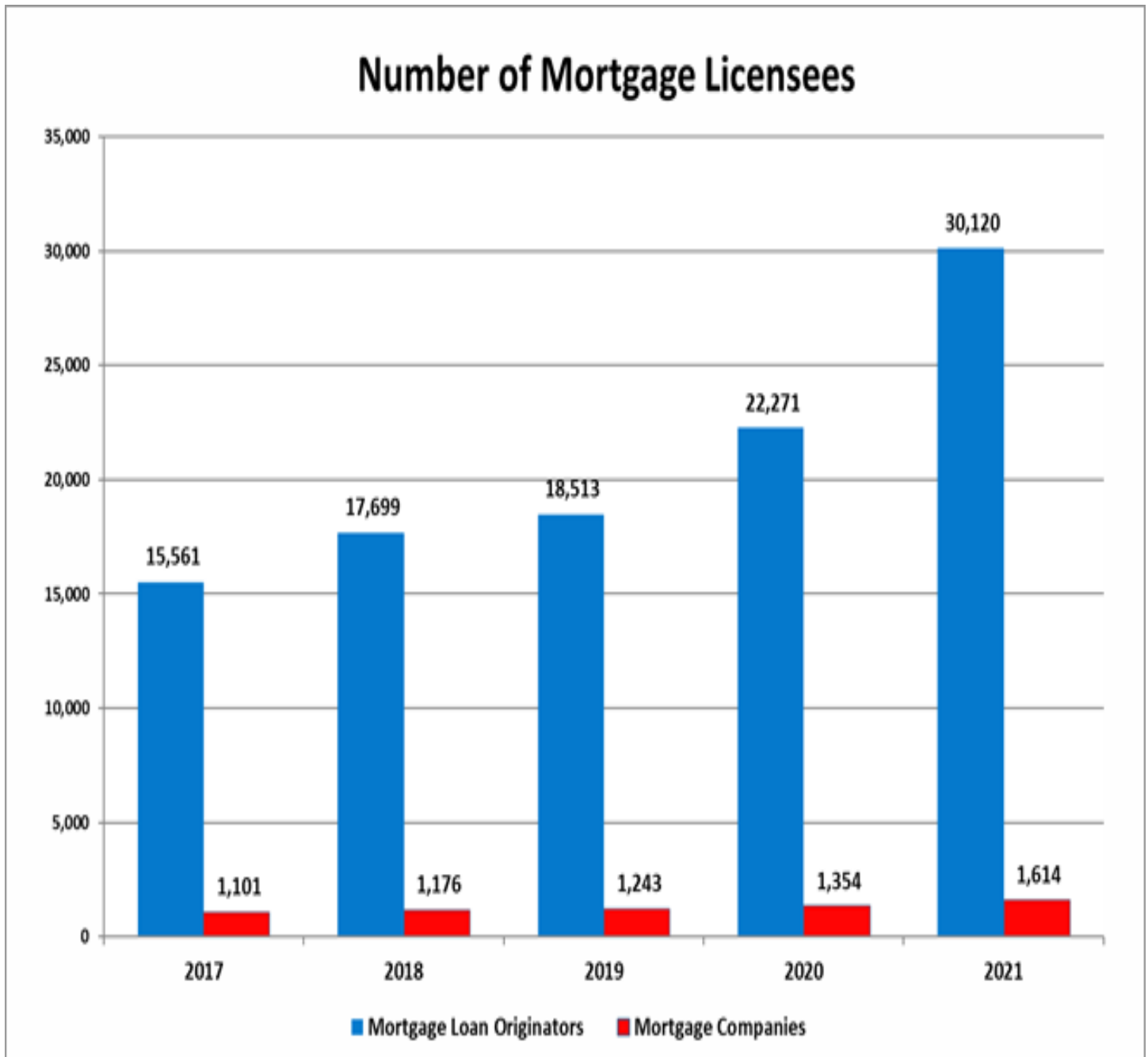
The above map is primarily for the purpose of exhibiting geographical district boundaries based on current institution assignments. However, some districts may have institutions assigned in other areas of the state due to multibank holding companies and/or district workload and scheduling issues. **Note:** District 3 was merged into Districts 1 and 2 on December 31, 2010.

# Non-Depository Financial Institution Supervision

## MORTGAGE LICENSEE AND REGISTRANT STATISTICS

Article 13 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated (O.C.G.A.) requires all persons who transact business as a residential mortgage lender, broker, processor or loan originator be licensed or registered with the Department, unless they are exempt.

At the end of 2021, active mortgage licensees and registrants totaled 31,734, representing a net increase of 8,109 or roughly 34 percent from the previous year. The year-over-year increase is largely due to heightened demand for mortgage loan originator licenses, which reflects the continuation of a longer-term trend.



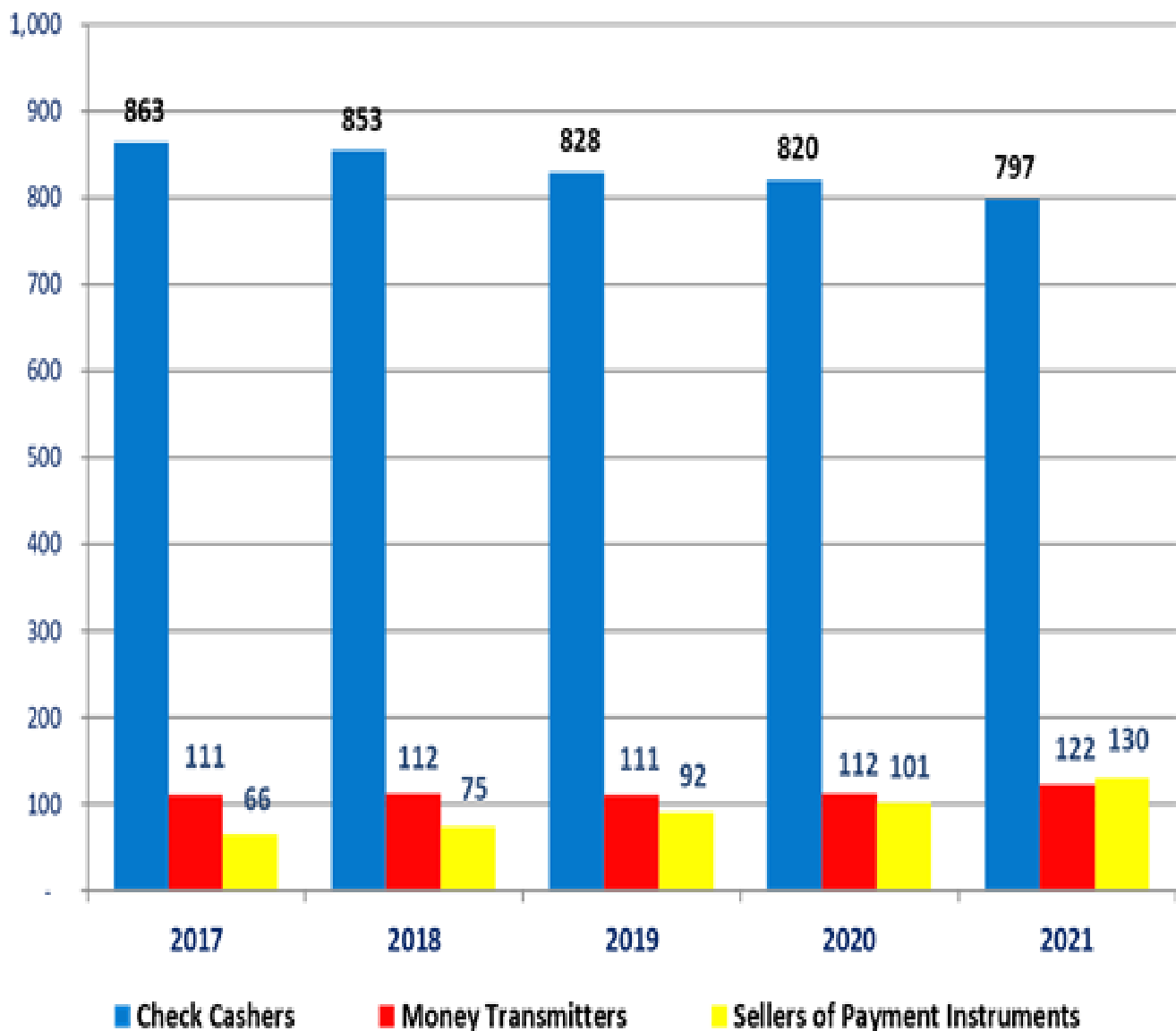
# Non-Depository Financial Institution Supervision

## MONEY SERVICE BUSINESSES STATISTICS

Unless otherwise exempt, anyone that engages in the cashing of payment instruments for a fee must be licensed by the Department under Article 4A of Title 7 of the O.C.G.A. Unless otherwise exempt, anyone that engages in the sale of payment instruments or money transmission must be licensed by the Department under Article 4 of Chapter 1 of Title 7 of the O.C.G.A.

At the end of 2021, the number of money service businesses (MSB) licensed by the Department totaled 1,049, a net increase of 16 licensees from the previous year.

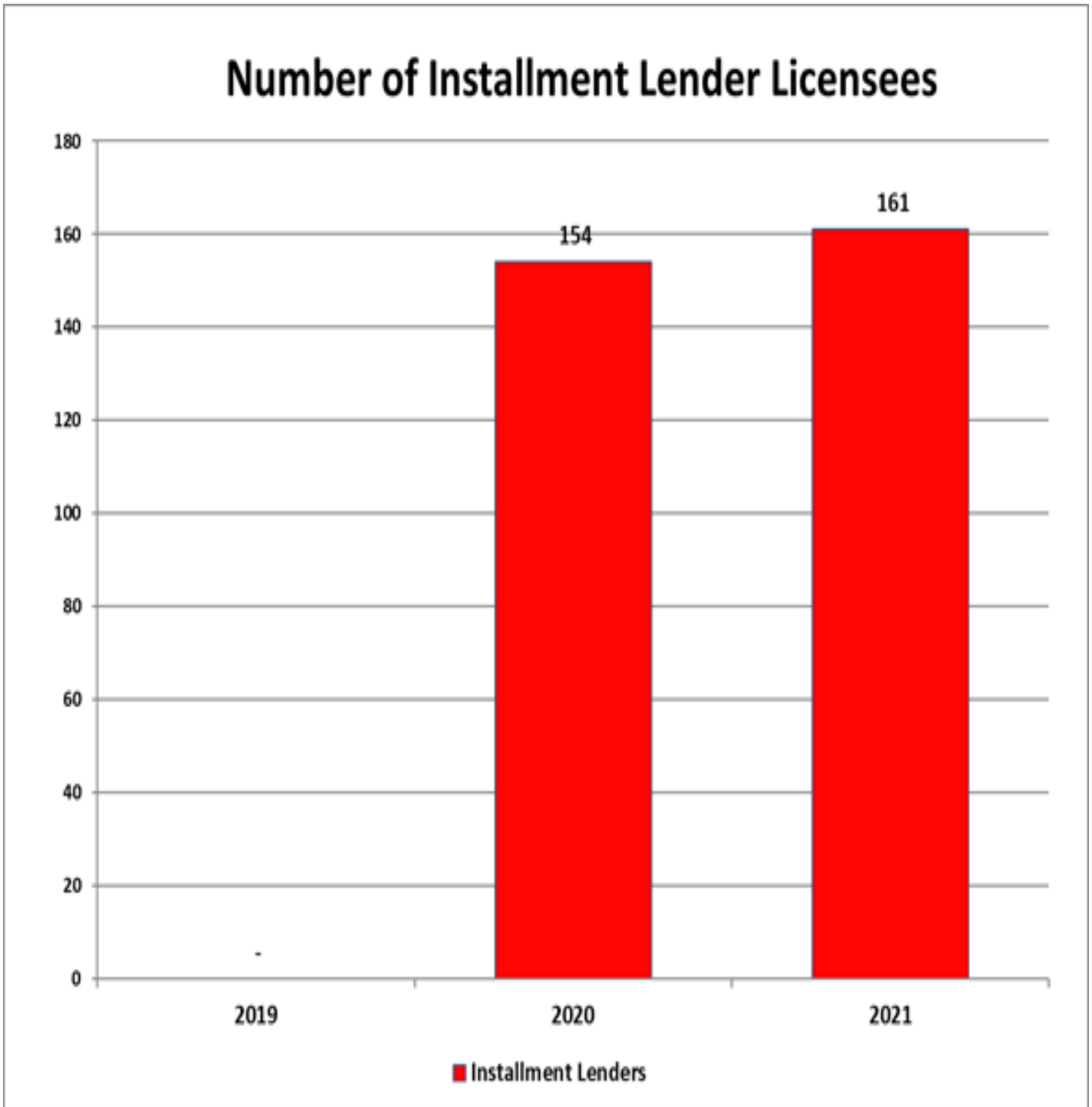
### Number of Money Service Businesses Licensed



# Non-Depository Financial Institution Supervision

## INSTALLMENT LENDER STATISTICS

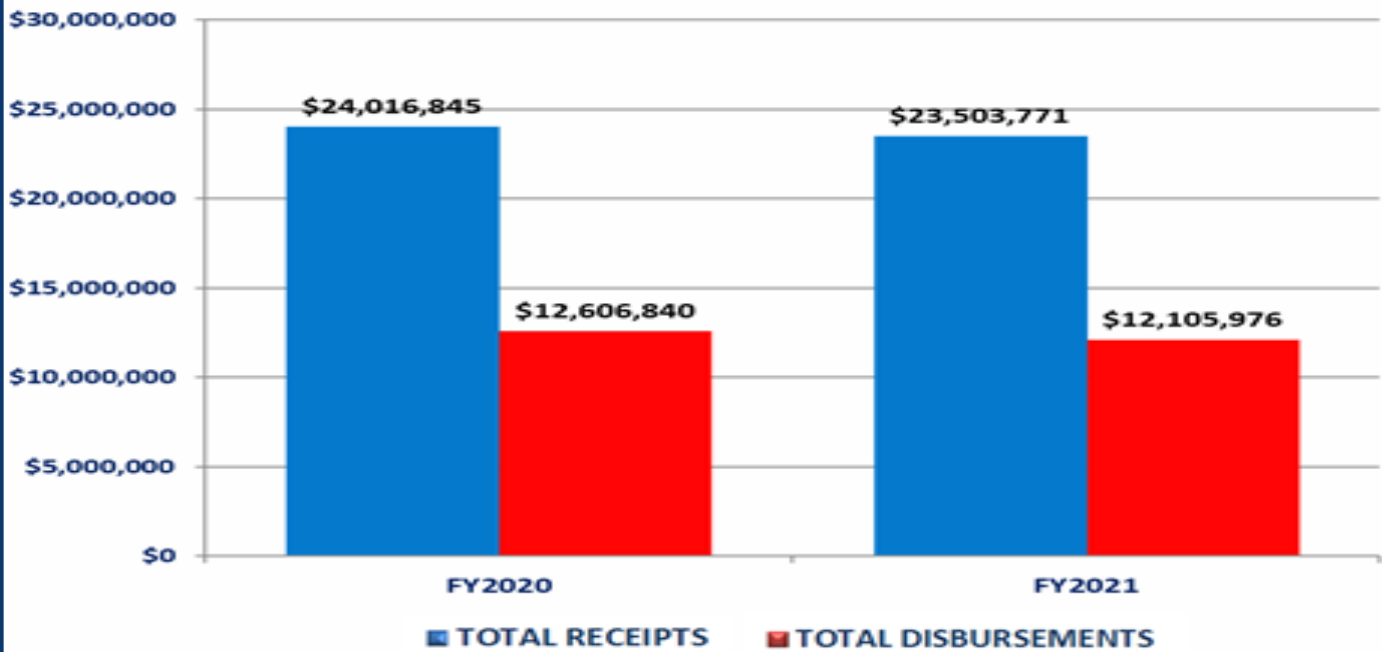
Chapter 3 of title 7 of the O.C.G.A. requires a person that makes consumer installment loans of \$3,000 or less to be licensed with the Department unless such person is expressly exempt from licensure. At the end of 2021, the number of installment lenders licensed by the Department totaled 161, a net increase of 7 licensees from the previous year.



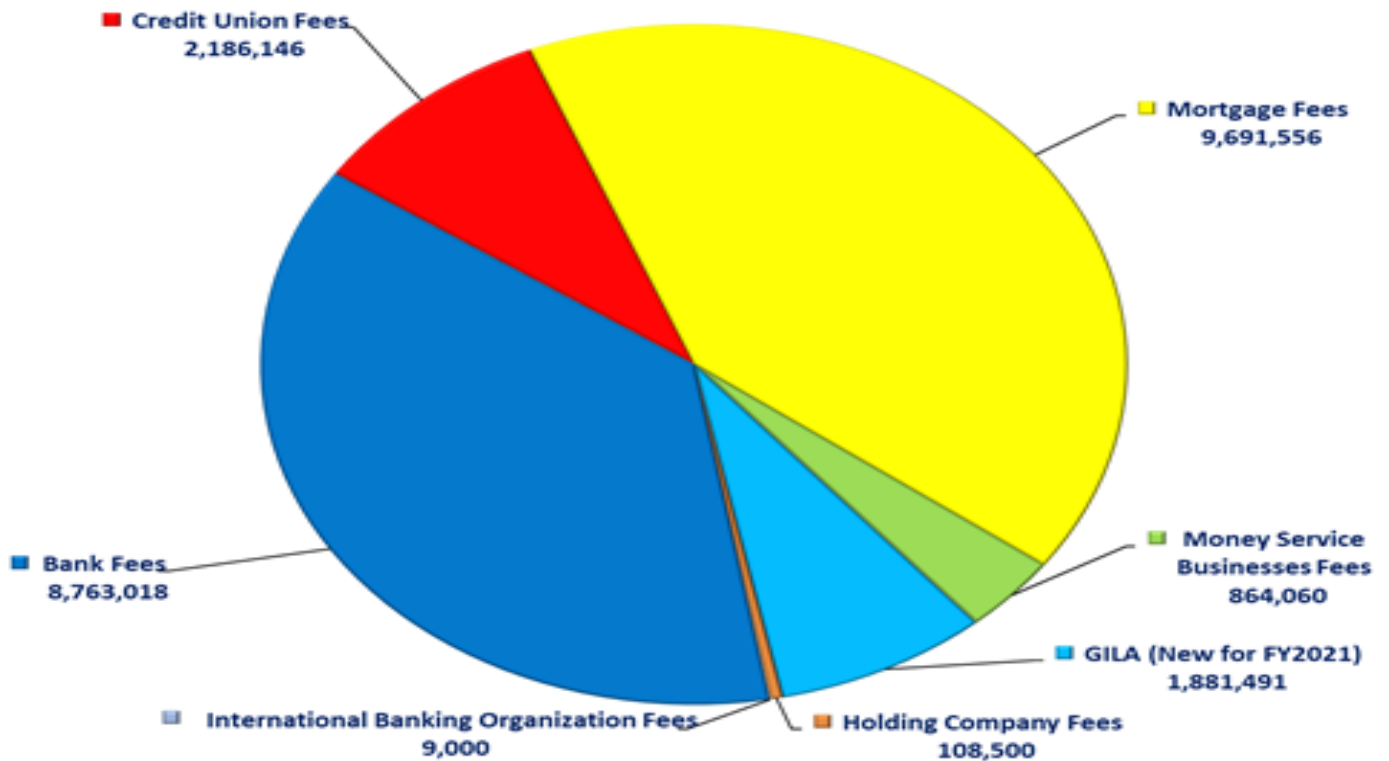


# Administration

## FISCAL YEAR 2021 RECEIPTS AND DISBURSEMENTS



### FY2021 Revenues Collected



**NOTE:** Revenues of the Department are collected and remitted to the Office of the State Treasurer. The level of the Department's expenditures is subject to the state's budgetary process.

# 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 2021

FINANCIAL INSTITUTION, REGISTRANT, OR LICENSEE	Totals 12/31/2020	Opened Registered Licensed	Converted	Merged	Closed Liquidated Deregistered	Totals 12/31/2021
BANKS	124	0	-1	-2	0	121
TRUST COMPANIES	1	0	0	0	0	1
MALPBS	0	0	0	0	0	0
CREDIT UNIONS	49	0	0	-3	0	46
BANK HOLDING COMPANIES (Supervised and/or Registered)	102	3	-1	-2	-2	100
SELLERS/ISSUERS OF PAYMENT INSTRUMENTS	101	35	0	0	-6	130
MONEY TRANSMITTERS	112	18	0	0	-8	122
CHECK CASHERS	820	65	0	0	-88	797
INTERNATIONAL BANK AGENCIES	0	0	0	0	0	0
INTERNATIONAL BANKING FACILITIES	0	0	0	0	0	0
INTERNATIONAL BANK REPRESENTATIVE OFFICES	4	1	0	0	0	5
REPRESENTATIVE OFFICES	51	16	0	0	-36	31
INSTALLMENT LENDERS	154	19	0	0	-12	161
MORTGAGE BROKERS, LENDERS, REGISTRANTS AND ORIGINATORS	23,625	10,813	0	0	-2,704	31,734

## Benefits of the State Charter

### § Local, Responsive, and Timely Decision Making

State-chartered financial institutions have access to local decision makers in Georgia who are familiar with their unique marketplace and competitive environment. Decision makers in our Atlanta office and in field offices located around the state are easily reached for timely responses to questions and concerns from state-chartered institutions.

### § Local Community and Market Knowledge

Examination staff live in the districts where they work and are familiar with the local markets and communities. The Department's culture promotes decision-making by staff that have first-hand knowledge of your financial institution but with quick access for escalation to the Commissioner, when necessary, to ensure responsive and timely action on issues of concern to you.

### § Effective Regulation and Supervision

The Commissioner believes that all financial institutions deserve right-sized regulation and supervision scaled to their size, complexity, and risk profile. The Department is nationally accredited through the *Conference of State Bank Supervisors (CSBS)* and the *National Association of State Chartered Credit Union Supervisors (NASCUS)* to ensure that "best practice" regulation and supervision principles are implemented. Supervisory activities of the Department are conducted in coordination with federal and other state regulators, as applicable, through joint examinations and interstate cooperative agreements to deliver a seamless supervisory experience that minimizes duplication and regulatory burden.

### § Efficient Regulation and Supervision

Annual regulatory fees and assessments to cover costs of the Department's regulation and supervision activities are typically far less than those charged to comparable federally-chartered financial institutions.

### § Powers Comparable or Superior to Federal Charters

State-chartered financial institutions frequently enjoy powers that equal or exceed those available to federally-chartered financial institutions. To maintain competitiveness of the state charter, the Department routinely assesses laws and regulations, in coordination with the industry and our federal regulatory peers, to identify opportunities to expand powers or reduce unnecessary regulatory burden. O.C.G.A. §§ 7-1-296 and 7-1-671 provide that a state-chartered bank or credit union may exercise any power available to a similar federally-chartered financial institution so long as the bank or credit union provides advance notice and the Department offers no objection to the exercise of such power.

***Firm, but fair, right-sized regulation and supervision are guiding principles for promoting safe, sound, competitive financial services in Georgia.***



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

*Our Vision is to support vibrant economic growth and prosperity in Georgia.*

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DEPARTMENT OF  
BANKING AND FINANCE

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*[dbf.georgia.gov](http://dbf.georgia.gov)*