

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



**2022 Annual Report**

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State of Georgia  
Department of Banking and Finance



**ANNUAL REPORT**  
For Year Ending December 31, 2022

Brian P. Kemp  
Governor

Kevin B. Hagler, CEM  
Commissioner

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# Message from the *Commissioner*

The economic impacts of the federal response to control rampant inflation, driven in large part by massive economic stimulus tied to the COVID-19 pandemic response as well as market disruption caused by the pandemic and Russia's invasion of Ukraine, continued to ripple through Georgia's economy and financial system in 2022. The most tangible evidence of the federal government's efforts was the seven interest rate increases by the Federal Reserve during the year, which rapidly raised the federal funds rate by 425 basis points. This precipitous increase in rates caused the securities portfolios of many banks to reflect significant unrealized losses, which negatively impacted a traditional source of liquidity. While most financial institutions still maintained an overabundance of deposits from federal stimulus programs in 2021 tied to COVID-19 relief, depositors' ability to chase higher interest rates and a conscious effort to right-size deposit levels by many institutions caused overall deposit levels to begin decreasing over the course of the year. The interest rate increases also had a pronounced chilling effect on the mortgage market, essentially ending any refinance activity and significantly impacting affordability in the home purchase market.



The Department ended the year with 119 banks, a net decline of two, but with total assets growing to \$134 billion. This continues a long trend of fewer but larger and more complex banks in the Department's portfolio. We were excited to welcome Moultrie Bank and Trust to the family of state-chartered banks as it opened for business in May. The credit union portfolio experienced some consolidation as well, with a decline of five charters. At the end of the year, there were 41 state-chartered credit unions with \$32 billion in total assets.

Despite the interest rate headwinds, we saw surprising growth of 17% in the total number of mortgage licensees. This increase continues a trend of very high growth in the mortgage industry spanning the last several years. Money service business licenses declined by 4% overall, driven by a decline in the number of licensed check cashers. However, we saw nearly 9% growth in entities receiving money transmitter or seller of payment instrument licenses as the fintech industry continued to expand. Several high-profile bankruptcy filings by crypto currency firms, many of which were licensed as a money service business by the Department, occurred during the year. Consumers are reminded of the Department's guidance on virtual currencies first published in April 2014 warning of the risks and suitability of these instruments as investments. Finally, the Department continued its close working relationship with the installment lending industry which came under the purview of the Department in July of 2020 and we saw a slight increase in the number of licensees to 165.

# Message from the *Commissioner*

The Department's collaborative efforts with representatives of the banking, credit union, and non-depository industry resulted in the enactment of the Department's housekeeping bill (HB 891, Bruce Williamson of the 115th) for the 2022 legislative session. The bill revised statutory provisions related to the majority of entities regulated by the Department – banks, credit unions, trust companies, installment lenders, mortgage lenders and brokers, and money service businesses. Of particular interest, many of the provisions in the bill reflected the Department's on-going critical review of its application processes. As a result of the Department's internal review, the processes related to acquisitions and changes in control involving banks and bank holding companies were significantly modernized and streamlined. In addition, a number of the changes in the bill for money service businesses were related to the Money Transmission Modernization Act ("Act") developed by the Conference of State Bank Supervisors ("CSBS") and the money service business industry. The Act was put out in two phases and the bill incorporated the revisions proposed in the first phase involving individuals or entities that exercise control over money service businesses. The Department intends on pursuing changes related to the second phase of the Act in the 2023 legislative session.



Kevin B. Hagler, CEM  
Commissioner

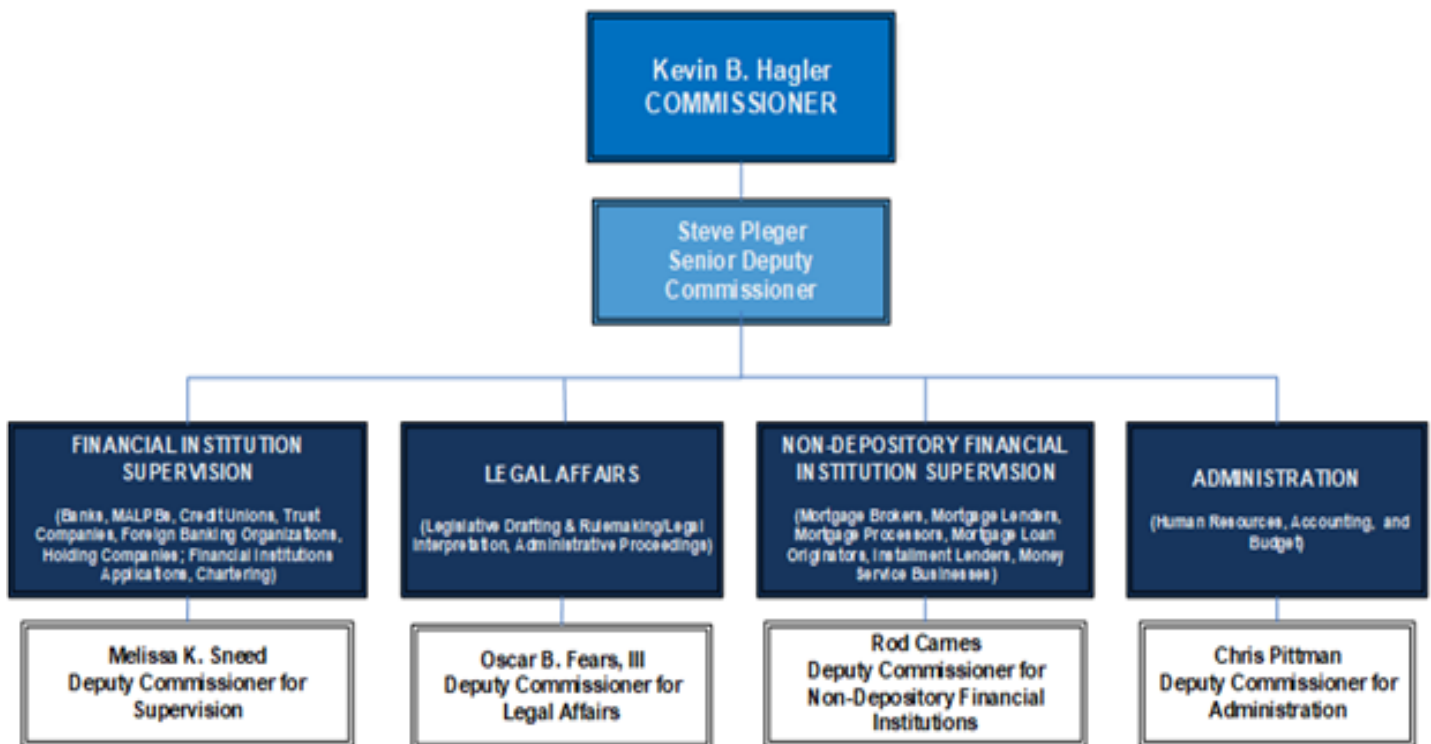
# Organizational Structure

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.

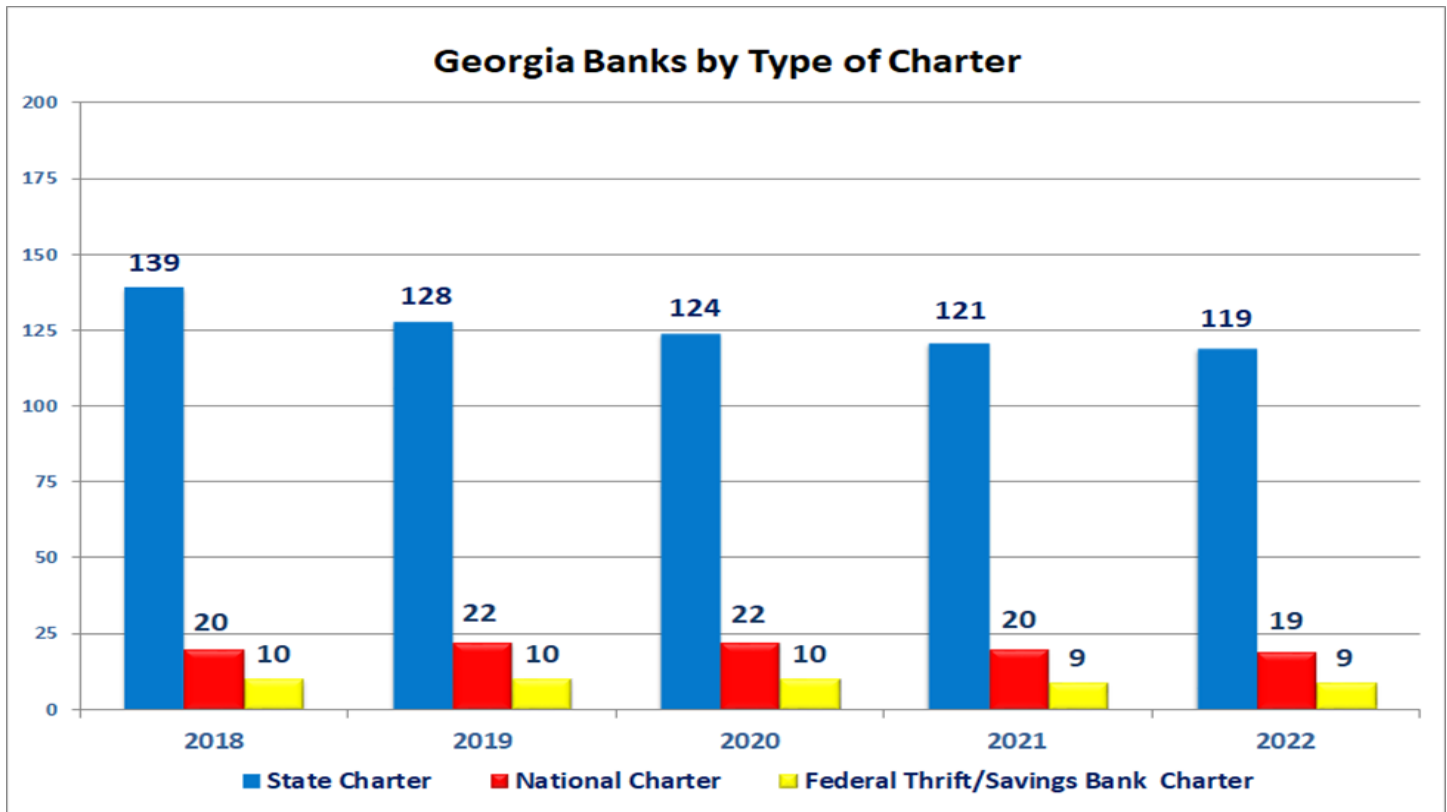
## DEPARTMENT OF BANKING AND FINANCE



# Financial Institution Supervision

## STATE-CHARTERED BANKING STATISTICS

At the end of 2022, the number of Georgia state-chartered banks totaled 119, representing a net decrease of two banks from the previous year. The net decrease resulted from three state-chartered banks being merged out of existence and one new state-chartered bank being opened. 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 2022, representing no net change from 100 in the previous year.

### 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).

### FOREIGN BANKING ORGANIZATIONS

Five international representative offices were registered with the Department at the end of 2022. This number remained unchanged 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 remained fifteenth in the country by the end of 2022 (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	1,278,010	368,393	1,646,403
California	916,848	237,570	1,154,418
North Carolina	701,001	2,418,523	3,119,524
Texas	426,559	139,795	566,355
Utah	414,900	463,476	878,376
Massachusetts	396,134	4,452	400,587
Illinois	340,203	267,701	607,904
Alabama	214,102	841	214,943
Tennessee	200,594	7,796	208,390
Missouri	189,387	42,644	232,032
Delaware	178,364	1,083,211	1,261,575
Arkansas	150,733	7,450	158,183
Mississippi	144,402	20,808	165,210
Pennsylvania	141,251	111,920	253,170
<b>Georgia</b>	<b>134,244</b>	<b>15,066</b>	<b>149,310</b>
Virginia	111,632	631,676	743,308
Washington	106,880	764	107,644
Iowa	106,163	5,906	112,069
Indiana	104,461	57,039	161,500
Florida	98,466	140,749	239,214
Oklahoma	80,356	64,100	144,456
Colorado	79,796	11,134	90,930
Montana	76,362	768	77,130
Ohio	72,134	4,396,998	4,469,132
Arizona	69,354	1,671	71,025
Wisconsin	67,662	67,976	135,639
Kentucky	65,275	7,447	72,722
Nebraska	62,133	35,410	97,544
Minnesota	60,397	32,965	93,362
New Jersey	60,364	73,224	133,589
Kansas	58,974	22,232	81,206
Hawaii	56,173	847	57,020
Louisiana	56,062	10,639	66,700
South Carolina	49,459	2,913	52,372
Maryland	48,144	5,547	53,691
Michigan	48,012	9,425	57,437
North Dakota	43,282	5,177	48,460
Nevada	38,567	19,049	57,616
Oregon	37,901	753	38,653
West Virginia	35,102	6,355	41,457
South Dakota	22,800	3,500,417	3,523,217
New Mexico	15,918	457	16,376
Rhode Island	9,869	226,402	236,271
Idaho	9,252	-	9,252
Maine	7,698	8,367	16,065
Connecticut	7,528	73,080	80,608
Wyoming	7,497	1,665	9,161
Alaska	3,950	5,338	9,287
New Hampshire	3,387	-	3,387
Vermont	1,792	2,416	4,208

Source: FDIC Quarterly Banking Profile

# Financial Institution Supervision

## State-Chartered Bank Financial Summary

(dollar figures in millions)	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
<i>Number of banks reporting</i>	119	121	125**	128	138*
<b>AGGREGATE CONDITION AND INCOME DATA</b>					
Net income	1,776	1,708	1,269	1,394	4,148
Total assets	134,244	129,505	132,850	113,636	308,305
Earning assets	123,762	120,185	122,441	104,335	280,275
Total loans & leases	95,745	84,733	91,293	83,412	225,372
Other real estate owned	29	64	105	170	339
Total deposits	113,154	112,517	114,831	93,682	248,492
Equity capital	12,263	13,256	14,402	13,681	35,651
<b>PERFORMANCE RATIOS (YTD, %)</b>					
Yield on earning assets	4.02	3.48	4.06	4.98	4.14
Cost of funding earning assets	0.40	0.21	0.49	0.90	0.57
Net interest margin	3.62	3.27	3.56	4.08	3.58
Noninterest income to average assets	0.73	0.91	1.00	0.83	1.22
Noninterest expense to average assets	2.20	2.23	2.55	2.70	2.66
Net charge-offs to loans & leases	0.09	0.11	0.20	0.14	0.20
Credit-loss provision to net charge-offs	216.01	(89.91)	349.33	152.28	77.36
Net operating income to average assets	1.37	1.40	0.96	1.34	1.39
Retained earnings to average equity	9.34	7.40	2.44	6.10	3.94
Return on assets	1.37	1.41	1.03	1.34	1.39
Return on equity	14.38	13.31	9.09	11.39	11.97
Percent of unprofitable institutions	3.36	5.79	4.80	4.69	4.35
<b>CONDITION RATIOS (%)</b>					
Net loans and leases to assets	70.53	64.67	67.74	72.81	72.35
Loss allowance to:					
Loans and leases	1.11	1.16	1.42	0.81	1.03
Noncurrent loans and leases	271.37	263.67	239.62	136.02	85.31
Noncurrent loans & leases to total loans & leases	0.41	0.44	0.59	0.60	1.20
Nonperforming assets to total assets	0.31	0.34	0.49	0.59	0.99
Core deposits to total liabilities	84.21	90.46	89.32	83.89	84.49
Equity capital to total assets	9.13	10.24	10.84	12.04	11.56
Core capital (leverage) ratio	9.75	9.29	9.56	10.46	10.14
Total capital to risk-weighted assets	N/A	N/A	N/A	13.62	12.82

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

Source: FDIC Quarterly Banking Profile

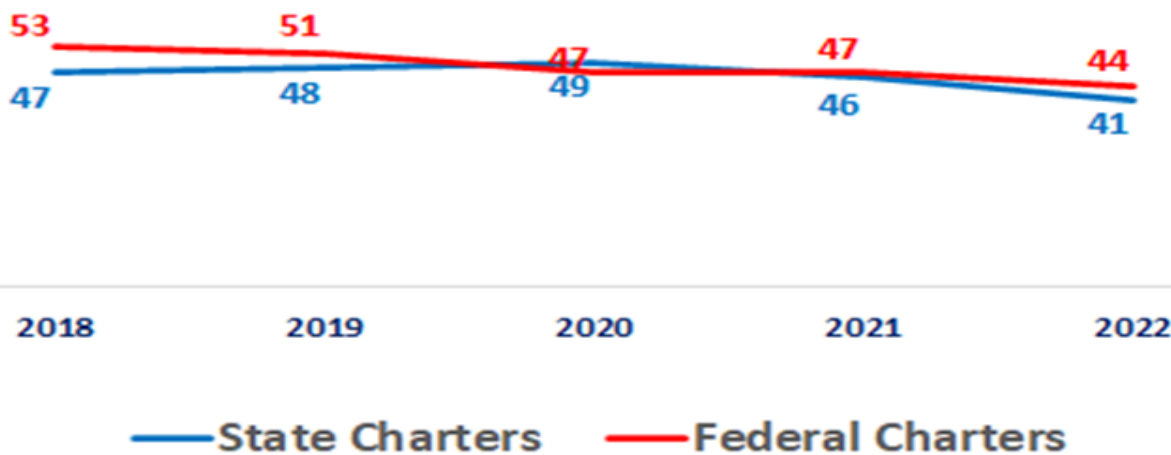
\*\* One merged bank filed a yearend Call Report.

# Financial Institution Supervision

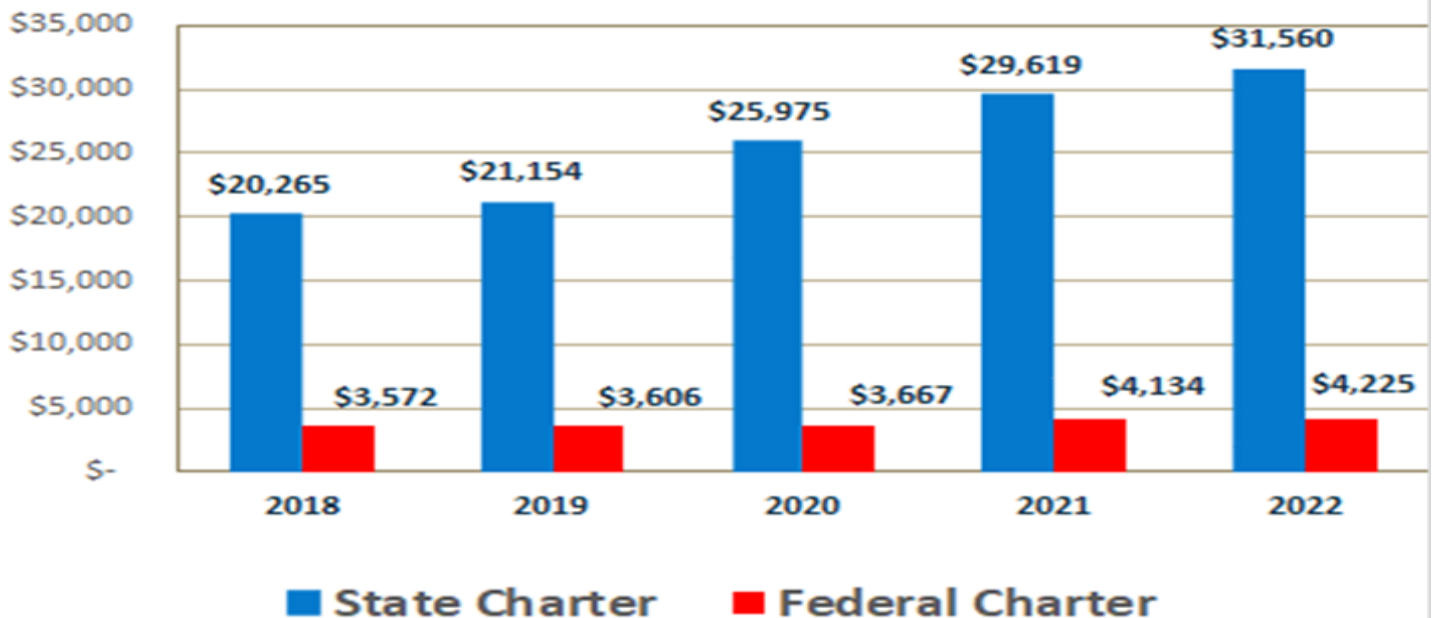
## STATE-CHARTERED CREDIT UNION STATISTICS

The number of Georgia state-chartered credit unions decreased by five to a total of 41. Through year-end 2022, state-chartered credit union assets grew by roughly \$1.9 billion to roughly \$32 billion, as compared to \$4 billion in total assets for federally-chartered credit unions in Georgia. There are now three fewer state-chartered credit unions compared to federally-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>	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
<b>Number of institutions reporting</b>	<b>41</b>	<b>45*</b>	<b>49</b>	<b>48</b>	<b>47</b>
<b>ASSETS</b>					
Cash & Equivalents	1,999	4,033	4,203	1,716	1,199
Total Investments	7,384	7,265	4,463	2,889	3,082
Total Loans	20,618	17,124	16,288	15,609	15,052
(Allowance for Loan & Lease Losses)	(136)	(154)	(165)	(118)	(95)
Land And Building	324	281	281	254	245
Other Fixed Assets	138	107	87	85	69
NCUSIF Deposit	254	233	198	169	166
All Other Assets	979	728	620	550	547
<b>TOTAL ASSETS</b>	<b>31,560</b>	<b>29,619</b>	<b>25,975</b>	<b>21,154</b>	<b>20,265</b>
<b>LIABILITIES &amp; CAPITAL</b>					
<b>TOTAL LIABILITIES</b>	<b>1,976</b>	<b>433</b>	<b>399</b>	<b>487</b>	<b>431</b>
<b>TOTAL SHARES &amp; DEPOSITS</b>	<b>26,905</b>	<b>26,106</b>	<b>22,589</b>	<b>17,896</b>	<b>17,290</b>
Other Reserves	(630)	(38)	67	9	(30)
Undivided Earnings	3,309	3,118	2,920	2,762	2,573
<b>TOTAL EQUITY</b>	<b>2,679</b>	<b>3,080</b>	<b>2,987</b>	<b>2,771</b>	<b>2,544</b>
<b>TOTAL LIABILITIES, SHARES, &amp; EQUITY</b>	<b>31,560</b>	<b>29,619</b>	<b>25,975</b>	<b>21,154</b>	<b>20,265</b>
<b>INCOME &amp; EXPENSE</b>					
Loan Income	769	677	710	695	625
Investment Income	135	61	65	92	79
Non-interest Income	402	380	344	332	319
Total Employee Compensation & Benefits	(460)	(411)	(390)	(361)	(324)
Other Non-interest Expenses	(414)	(379)	(362)	(350)	(337)
Provision for Loan/Lease Losses	(39)	(24)	(128)	(72)	(75)
Cost of Funds	(113)	(89)	(122)	(128)	(98)
<b>NET INCOME (LOSS)</b>	<b>280</b>	<b>213</b>	<b>116</b>	<b>208</b>	<b>189</b>

\*One state charter converted in 2022 but filed the 2021 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



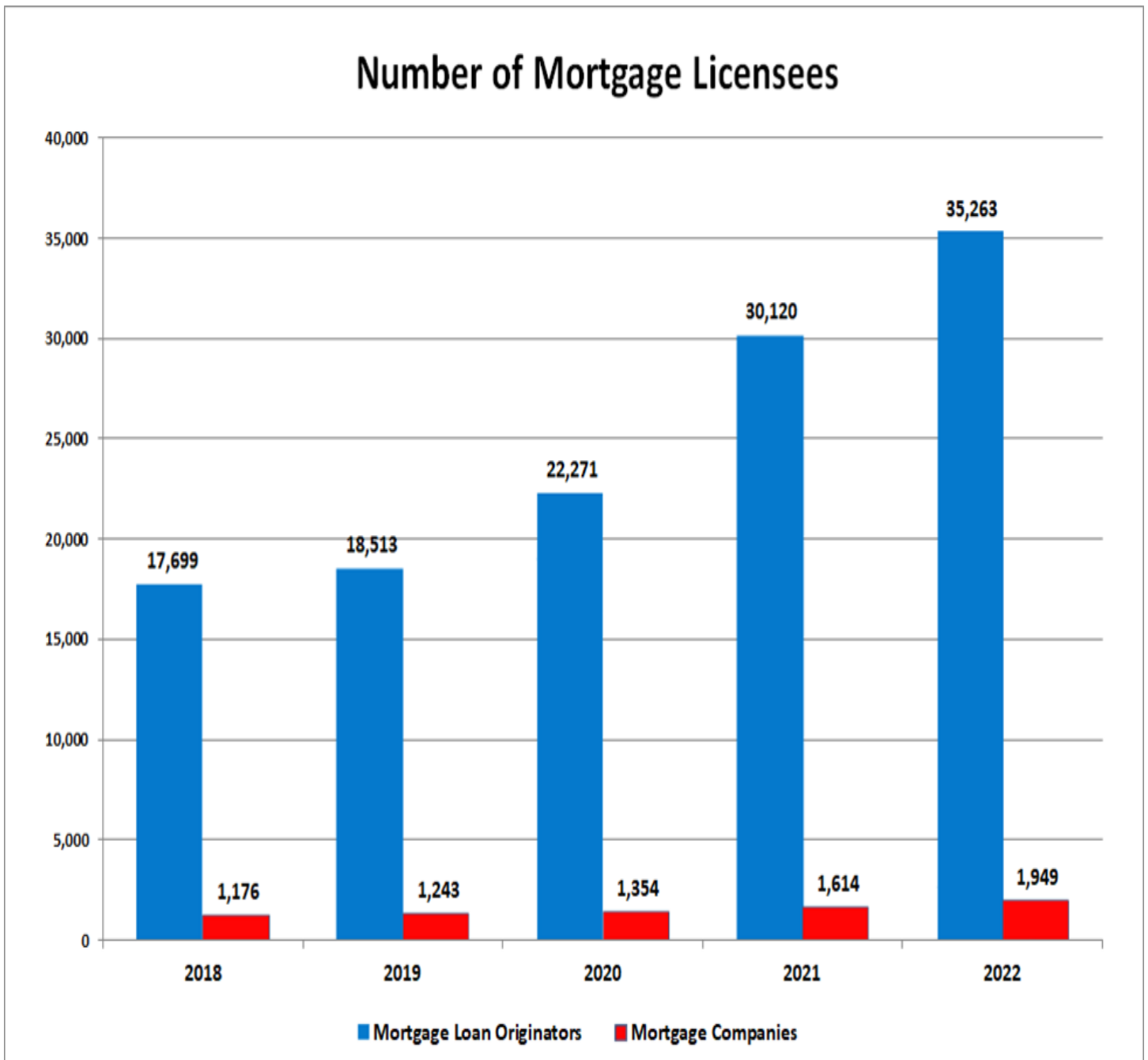
The above map is primarily for the purpose of exhibiting geographical district boundaries based on current institution assignments. However, some districts may have institutions assigned in other areas of the state due to multibank holding companies and/or district workload and scheduling issues. **Note:** 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 2022, active mortgage licensees and registrants totaled 37,212, representing a net increase of 5,478 or roughly 17 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.



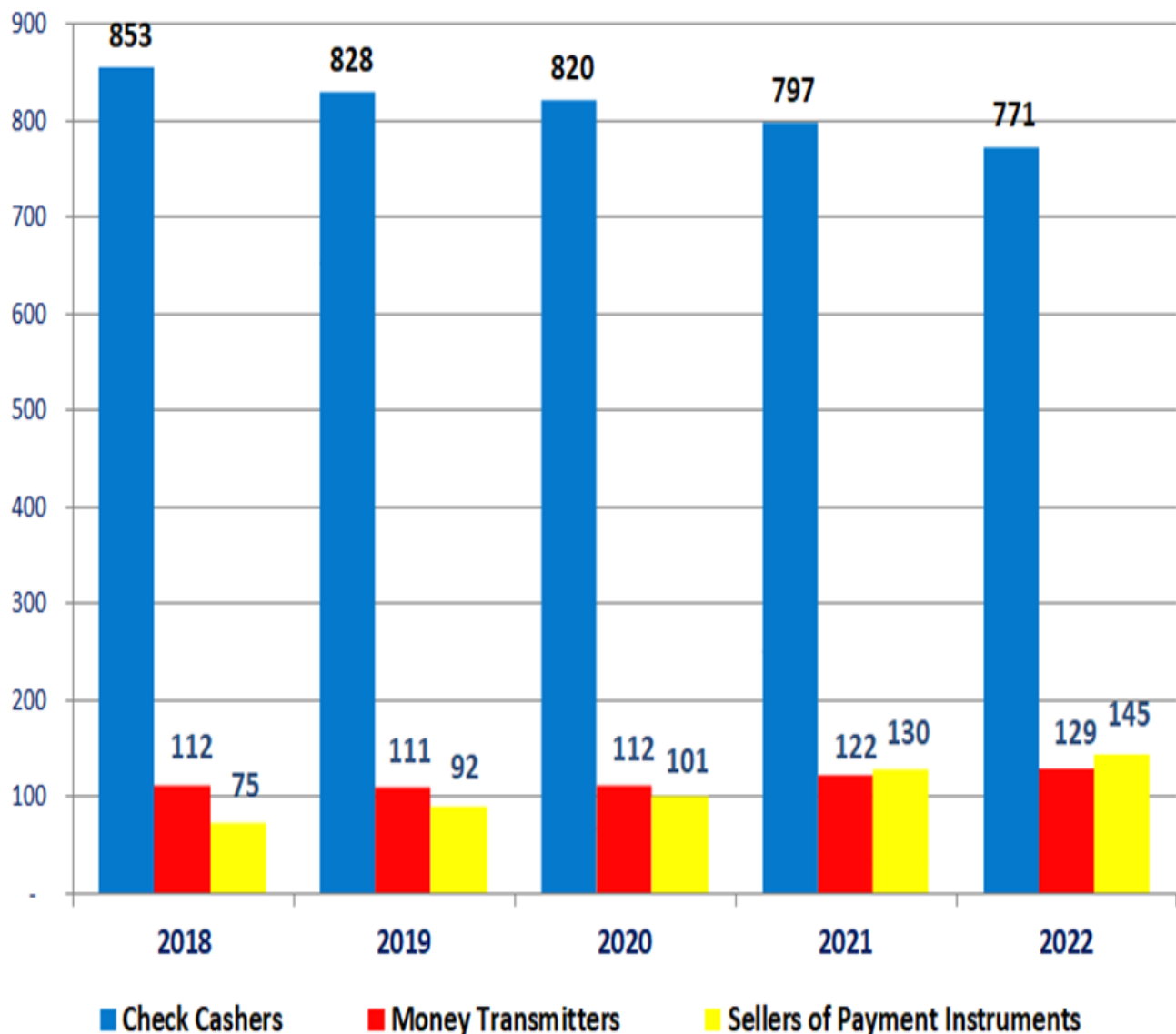
# Non-Depository Financial Institution Supervision

## 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 2022, the number of money service businesses (MSB) licensed by the Department totaled 1,045, a net decrease of 4 licensees from the previous year.

### Number of Money Service Businesses Licensed

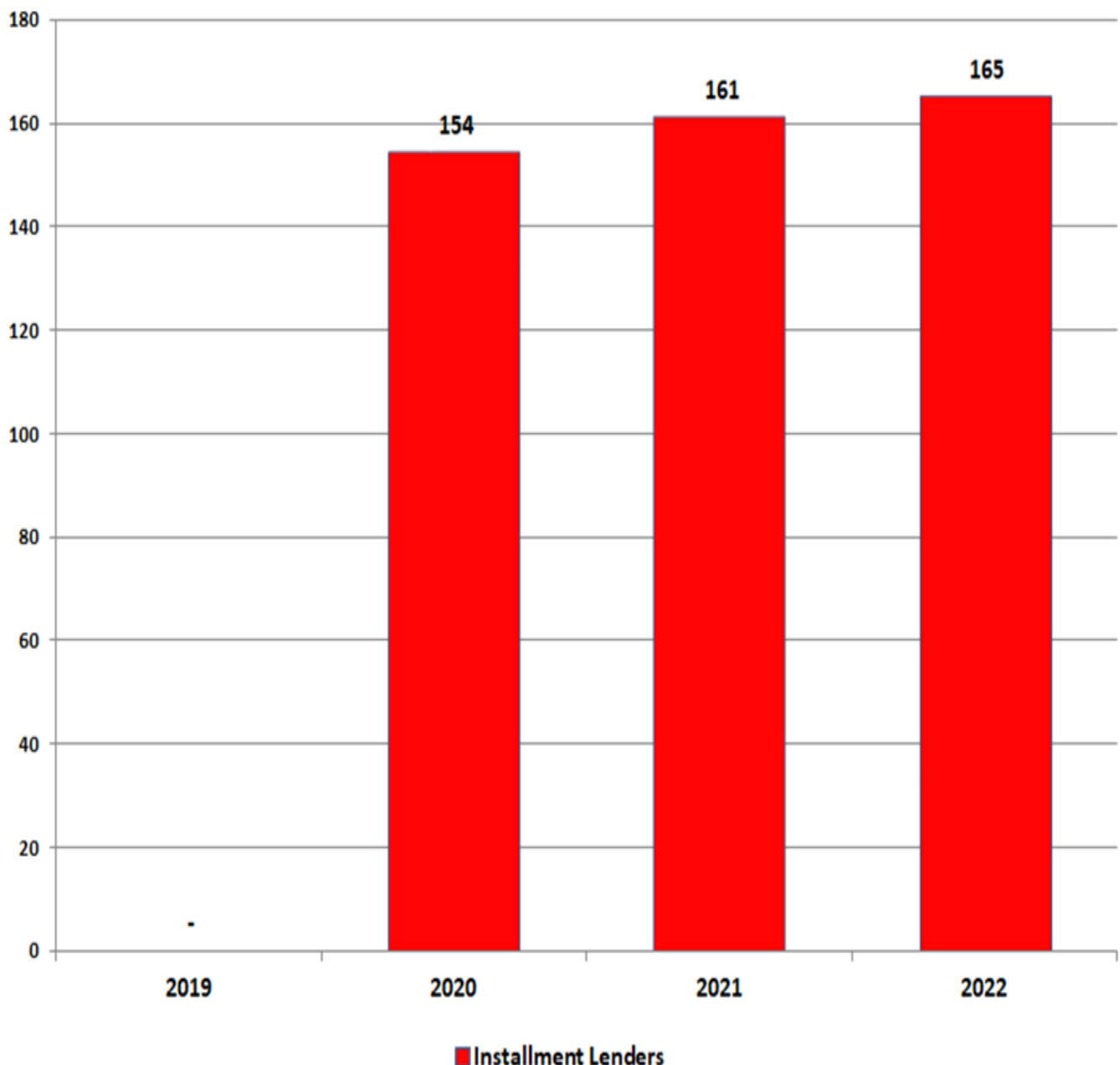


# Non-Depository Financial Institution Supervision

## 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 2022, the number of installment lenders licensed by the Department totaled 165, a net increase of 4 licensees from the previous year.

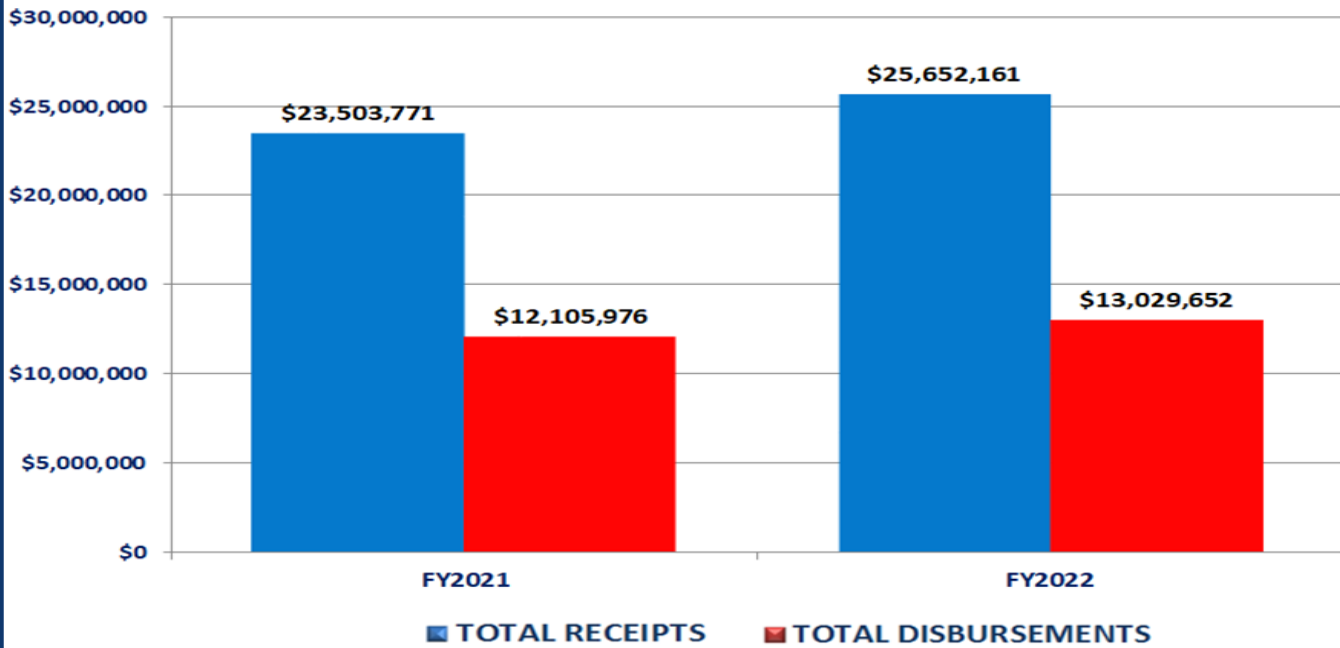
### Number of Installment Lender Licensees



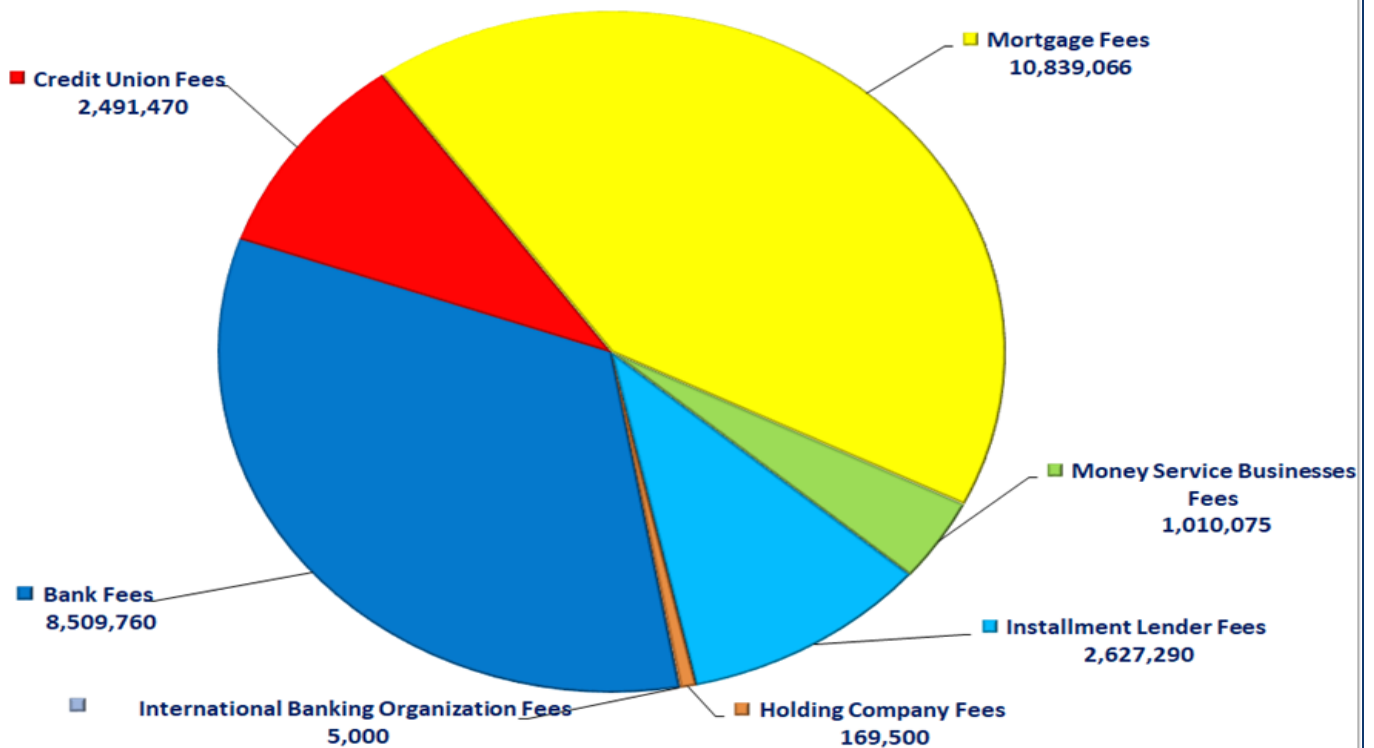


# Administration

## FISCAL YEAR 2022 RECEIPTS AND DISBURSEMENTS



**FY2022 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 2022

FINANCIAL INSTITUTION, REGISTRANT, OR LICENSEE	Totals 12/31/2021	Opened Registered Licensed	Converted	Merged	Closed Liquidated Deregistered	Totals 12/31/2022
BANKS	121	1	0	-3	0	119
TRUST COMPANIES	1	0	0	0	0	1
MALPBS	0	0	0	0	0	0
CREDIT UNIONS	46	0	-1	-4	0	41
BANK HOLDING COMPANIES (Supervised and/or Registered)	100	2	0	-2	0	100
SELLERS/ISSUERS OF PAYMENT INSTRUMENTS	130	30	0	0	-15	145
MONEY TRANSMITTERS	122	19	0	0	-12	129
CHECK CASHERS	797	79	0	0	-105	771
INTERNATIONAL BANK AGENCIES	0	0	0	0	0	0
INTERNATIONAL BANKING FACILITIES	0	0	0	0	0	0
INTERNATIONAL BANK REPRESENTATIVE OFFICES	5	0	0	0	0	5
INSTALLMENT LENDERS	161	15	0	0	-11	165
MORTGAGE BROKERS, LENDERS, REGISTRANTS AND ORIGINATORS	31,734	10,806	0	0	-5,328	37,212

# 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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