

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



2023 Annual Report

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State of Georgia
Department of Banking and Finance



ANNUAL REPORT
For Year Ending December 31, 2023

Brian P. Kemp
Governor

Kevin B. Hagler, CEM
Commissioner

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Message from the *Commissioner*

Shockwaves rippled throughout the overall banking environment in early 2023 when three of the largest bank failures in this country's history occurred in rapid succession. While all three failures occurred far from Georgia and involved unconventional banking models catering to fintech and venture capital firms, they highlighted liquidity and interest rate risks that had risen quickly throughout the banking system due in large part to aggressive interest rate hikes by the Federal Reserve which started roughly one year before the first failure. The failures also brought to the forefront the compounding, and in these cases devastating, effect social media can play on otherwise manageable risk exposures. Notwithstanding these national concerns, I am pleased to report that banking in Georgia continued to perform well throughout 2023, reflecting the robust economy of our state, and the stability of the traditional community banking model.

The number of state-chartered banks headquartered in Georgia declined slightly to 117 due to merger and acquisition activity, while total assets remained \$134 billion. State-chartered credit unions also performed well throughout the year and saw a decline to 39 charters as a result of two intrastate mergers. Total assets in the credit union portfolio remained a robust \$31 billion.

Relatively high interest rates and a limited supply of available housing drove a 21% decline in the total number of residential mortgage licenses after several years of unprecedented growth in a historically low-rate environment. The seller of payment instrument license was absorbed into an expanded money transmitter license in 2023, and the combined license showed a modest decline year-over-year due primarily to difficulties in the virtual currency space after several high-profile scandals and failures. The Department saw a slight increase in the number of installment lender licenses on a net basis; however, the traditional brick and mortar business model continues to show a consolidating trend with most new licensing activity driven by the online "buy now pay later" model. The check cashing industry continues an extended trend of fewer overall licenses.

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 55, Bruce Williamson of the 115th) for the 2023 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, the bill significantly modernizes and updates the foreign bank law in Georgia to make the Georgia license competitive with the licenses offered by the Office of the Comptroller of the Currency and the various other states. In addition, a number of the changes in the bill for money service businesses were related to incorporating provisions from the Money Transmission



Message from the Commissioner

Modernization Act (“Act”) developed by the Conference of State Bank Supervisors and the money service business industry. The Act was put out in two phases and, after adopting provisions from the first phase last year, the bill incorporated the revisions proposed in the final phase involving primarily definitions, exemptions, and prudential standards. Adopting the provisions of the Act will increase harmonization and sharing between the various states as it relates to the regulation of money transmission.

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

Kevin B. Hagler, CEM
Commissioner

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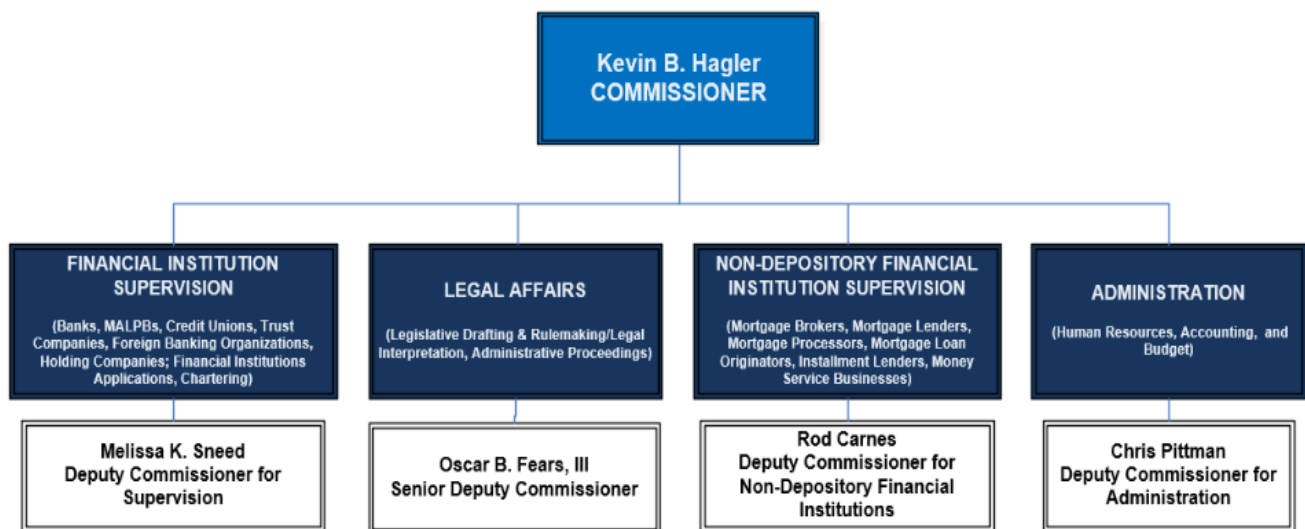
Organizational Structure

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, money transmitters, and foreign 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 Oscar "Bo" Fears. 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

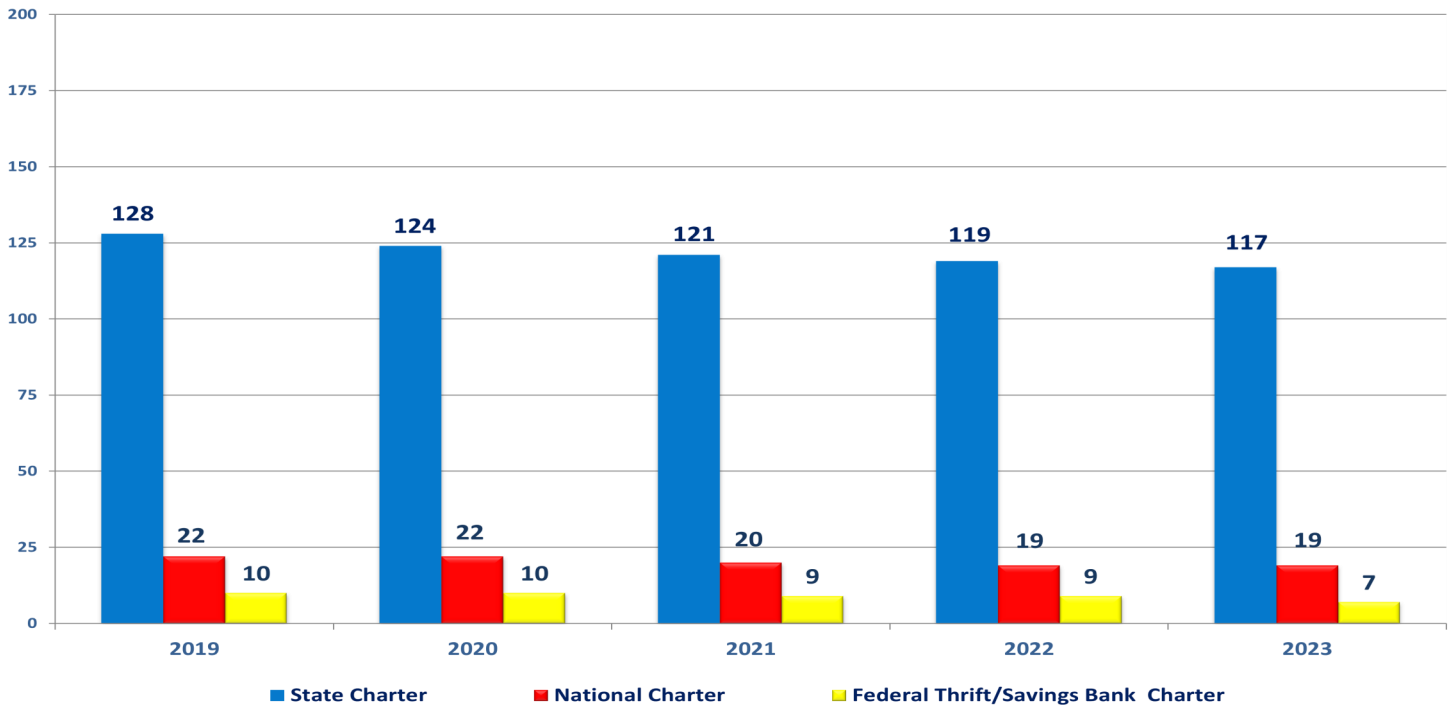


Financial Institution Supervision

STATE-CHARTERED BANKING STATISTICS

At the end of 2023, the number of Georgia state-chartered banks totaled 117, representing a net decrease of two banks from the previous year. The net decrease resulted from two state-chartered banks being merged or acquired out of existence. A five-year financial performance summary for Georgia state-chartered banks can be found on Page 6 of this Report.

Georgia Banks by Type of Charter



BANK HOLDING COMPANIES

A total of 101 bank holding companies were supervised by, or registered with, the Department at the end of 2023, representing a net change of 1 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 2023. 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 2023 (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	1,222,136	390,283	1,612,419
North Carolina	791,833	2,540,131	3,331,964
Texas	432,115	140,005	572,120
Utah	417,809	509,790	927,599
Massachusetts	401,281	4,977	406,258
California	397,314	118,226	515,540
Illinois	343,682	360,649	704,331
Alabama	214,084	799	214,883
Tennessee	213,634	8,219	221,853
Delaware	201,096	1,062,591	1,263,687
Missouri	196,095	48,537	244,632
Arkansas	161,167	7,451	168,618
Pennsylvania	152,830	112,361	265,191
Mississippi	149,145	21,110	170,255
Georgia	134,457	16,014	150,471
Virginia	114,526	657,464	771,990
Indiana	114,015	58,595	172,610
Iowa	108,368	6,299	114,667
Florida	105,730	181,353	287,083
Colorado	91,759	11,838	103,597
Washington	89,196	709	89,905
Oklahoma	86,689	66,167	152,856
Ohio	77,485	4,670,292	4,747,777
Montana	75,862	734	76,596
Arizona	72,723	1,475	74,198
Kentucky	67,657	7,714	75,371
Wisconsin	67,080	70,723	137,803
Nebraska	65,896	38,772	104,668
Minnesota	63,623	34,789	98,412
New Jersey	62,290	77,179	139,469
Kansas	60,378	23,163	83,541
Oregon	59,046	682	59,728
Louisiana	58,100	10,967	69,067
Hawaii	56,932	797	57,729
South Carolina	53,302	3,017	56,319
Michigan	50,577	10,627	61,204
North Dakota	47,471	5,325	52,796
Maryland	47,061	8,181	55,242
West Virginia	37,392	6,674	44,066
Nevada	34,187	16,490	50,677
South Dakota	24,699	3,443,374	3,468,073
New Mexico	13,909	482	14,391
Rhode Island	10,533	221,750	232,283
Idaho	9,903	-	9,903
Maine	7,969	8,612	16,581
Wyoming	7,611	1,665	9,276
Connecticut	5,980	76,818	82,798
Alaska	4,112	5,731	9,843
New Hampshire	3,597	-	3,597
Vermont	1,985	2,592	4,577

Source: FDIC Quarterly Banking Profile

Financial Institution Supervision

State-Chartered Bank Financial Summary

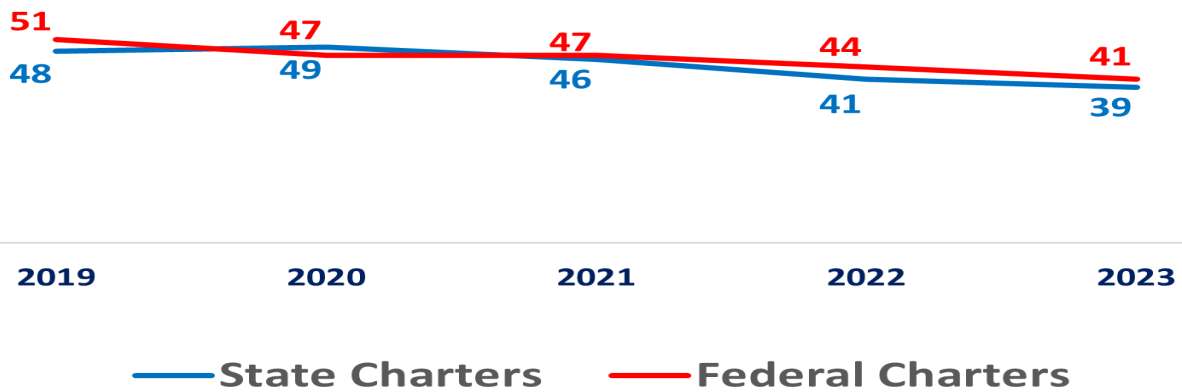
<i>(dollar figures in millions)</i>	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Number of banks reporting	117	119	121	125*	128
AGGREGATE CONDITION AND INCOME DATA					
Net income	1,559	1,776	1,708	1,269	1,394
Total assets	134,457	134,244	129,505	132,850	113,636
Earning assets	123,885	123,762	120,185	122,441	104,335
Total loans & leases	96,869	95,745	84,733	91,293	83,412
Other real estate owned	27	29	64	105	170
Total deposits	115,553	113,154	112,517	114,831	93,682
Equity capital	13,321	12,263	13,256	14,402	13,681
PERFORMANCE RATIOS (YTD %)					
Yield on earning assets	5.53	4.02	3.48	4.06	4.98
Cost of funding earning assets	1.83	0.40	0.21	0.49	0.90
Net interest margin	3.7	3.62	3.27	3.56	4.08
Noninterest income to average assets	0.66	0.73	0.91	1.00	0.83
Noninterest expense to average assets	2.25	2.20	2.23	2.55	2.70
Net charge-offs to loans & leases	0.22	0.09	0.11	0.20	0.14
Credit-loss provision to net charge-offs	178.77	216.01	(89.91)	349.33	152.28
Net operating income to average assets	1.22	1.37	1.40	0.96	1.34
Retained earnings to average equity	5.71	9.34	7.40	2.44	6.10
Return on assets	1.16	1.37	1.41	1.03	1.34
Return on equity	12.39	14.38	13.31	9.09	11.39
Percent of unprofitable institutions	5.13	3.36	5.79	4.80	4.69
CONDITION RATIOS (%)					
Net loans and leases to assets	71.53	70.53	64.67	67.74	72.81
Loss allowance to:					
Loans and leases	1.26	1.11	1.16	1.42	0.81
Noncurrent loans and leases	204.13	271.37	263.67	239.62	136.02
Noncurrent loans & leases to total loans & leases	0.62	0.41	0.44	0.59	0.60
Nonperforming assets to total assets	0.47	0.31	0.34	0.49	0.59
Core deposits to total liabilities	81.71	84.21	90.46	89.32	83.89
Equity capital to total assets	9.89	9.13	10.24	10.84	12.04
Core capital (leverage) ratio	10.11	9.75	9.29	9.56	10.46
Total capital to risk-weighted assets	N/A	N/A	N/A	N/A	13.62
Source: FDIC Quarterly Banking Profile					
* One merged bank filed a year-end Call Report.					

Financial Institution Supervision

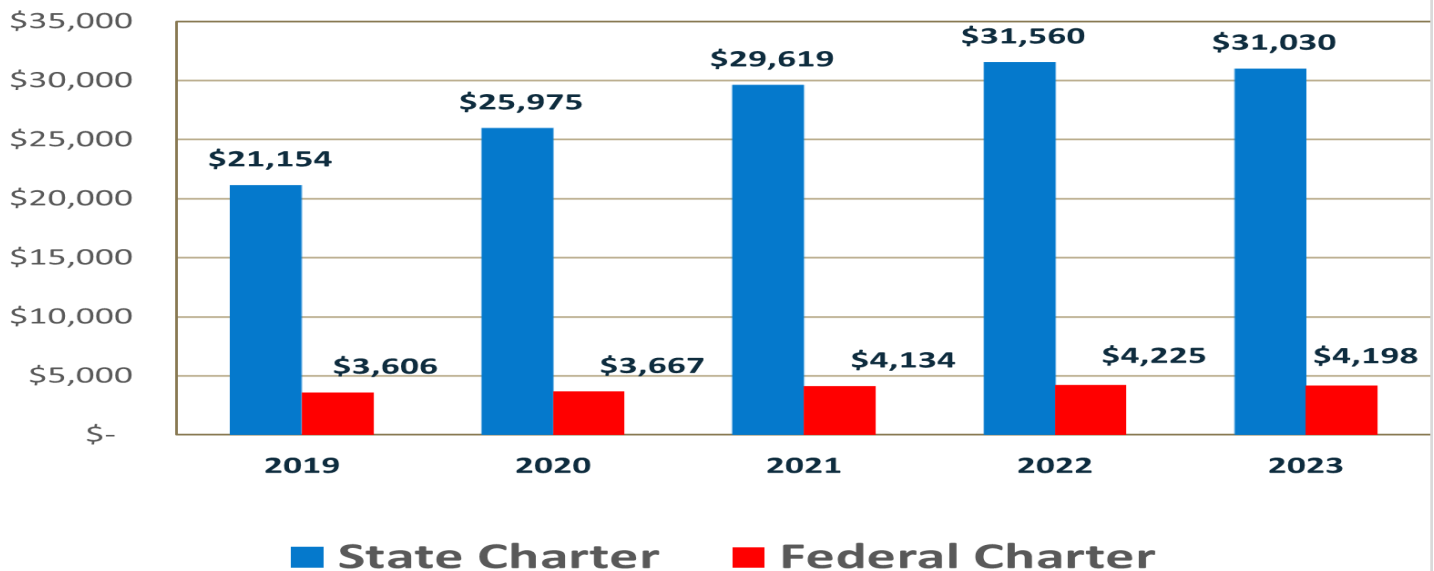
STATE-CHARTERED CREDIT UNION STATISTICS

The number of Georgia state-chartered credit unions decreased by two to a total of 39. Through year-end 2023, state-chartered credit union assets declined by roughly \$530 million to roughly \$31 billion, as compared to approximately \$4 billion in total assets for federally-chartered credit unions in Georgia. There are now two 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>	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Number of institutions reporting	39	41	45*	49	48
ASSETS					
Cash & Equivalents	2,090	1,999	4,033	4,203	1,716
Total Investments	6,610	7,384	7,265	4,463	2,889
<i>Total Loans</i>	20,737	20,618	17,124	16,288	15,609
(Allowance for Loan & Lease Losses)	(197)	(136)	(154)	(165)	(118)
Land And Building	364	324	281	281	254
Other Fixed Assets	187	138	107	87	85
NCUSIF Deposit	249	254	233	198	169
All Other Assets	990	979	728	620	550
TOTAL ASSETS	31,030	31,560	29,619	25,975	21,154
LIABILITIES & CAPITAL					
TOTAL LIABILITIES	1,646	1,976	433	399	487
TOTAL SHARES & DEPOSITS	26,386	26,905	26,106	22,589	17,896
Other Reserves	(504)	(630)	(38)	67	9
Undivided Earnings	3,502	3,309	3,118	2,920	2,762
TOTAL EQUITY	2,998	2,679	3,080	2,987	2,771
TOTAL LIABILITIES, SHARES, & EQUITY	31,030	31,560	29,619	25,975	21,154
INCOME & EXPENSE					
Loan Income	1,025	769	677	710	695
Investment Income	202	135	61	65	92
Non-interest Income	408	402	380	344	332
Total Employee Compensation & Benefits	(500)	(460)	(411)	(390)	(361)
Other Non-interest Expenses	(453)	(414)	(379)	(362)	(350)
Provision for Loan/Lease Losses	(132)	(39)	(24)	(128)	(72)
Cost of Funds	(340)	(113)	(89)	(122)	(128)
NET INCOME (LOSS)	210	280	213	116	208
*One state charter converted in 2022 but filed the 2021 year-end 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.

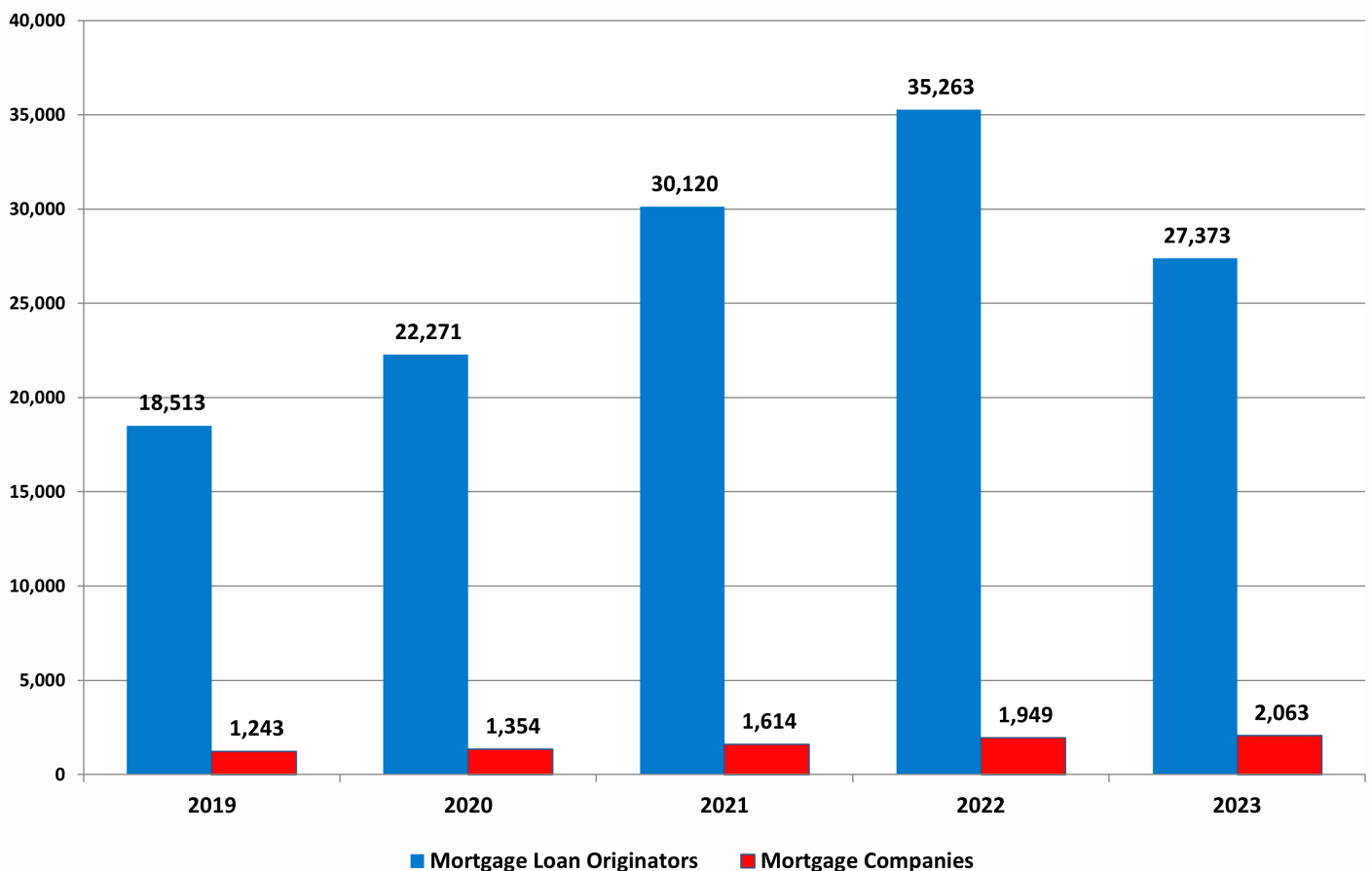
Non-Depository Financial Institution Supervision

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 2023, active mortgage licensees and registrants totaled 29,436, representing a net decrease of 7,776 or roughly 21 percent from the previous year. The decrease is largely due to the decrease in demand for mortgage loan originator licenses.

Number of Mortgage Licensees



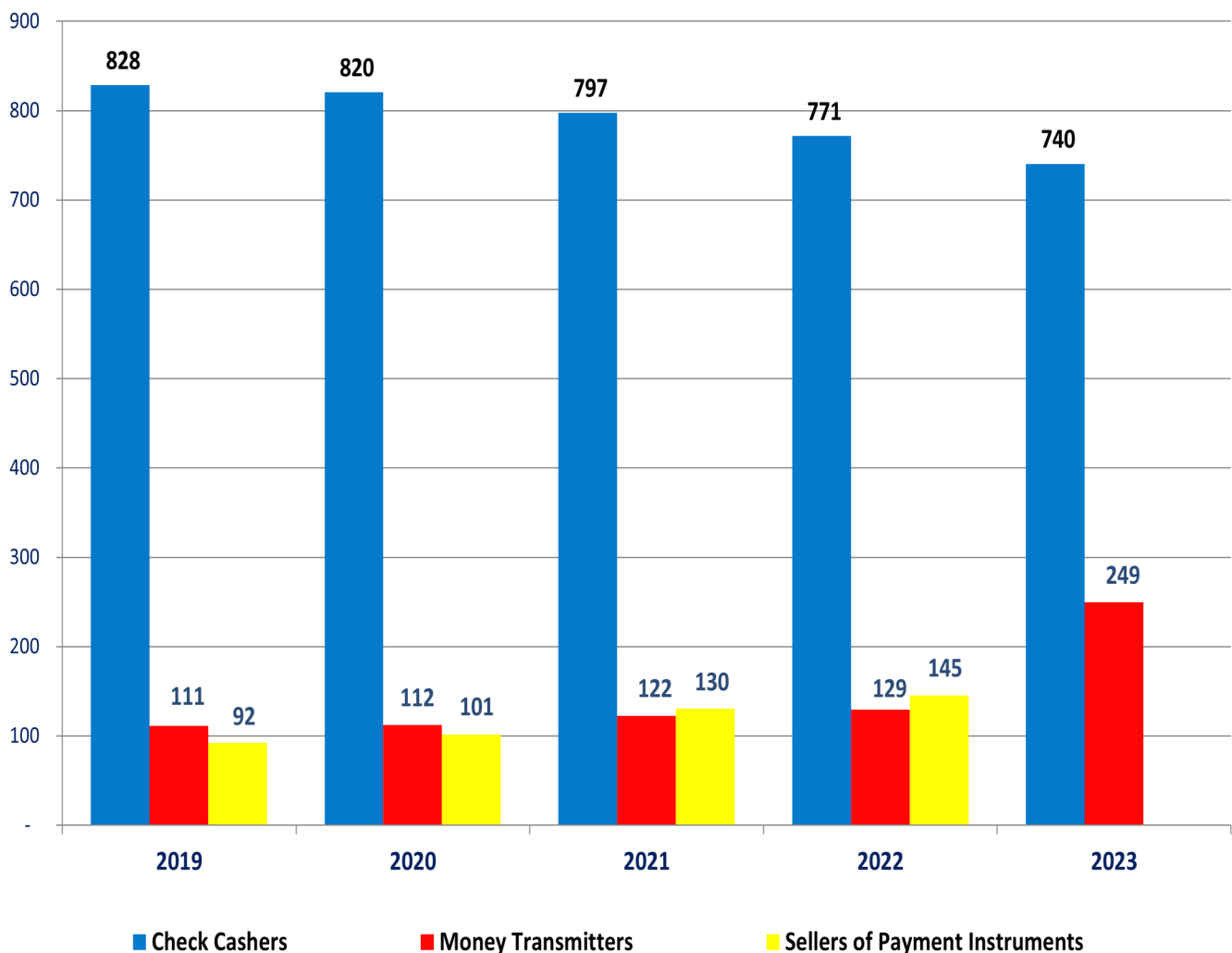
Non-Depository Financial Institution Supervision

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 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 2023, the number of money service businesses (MSB) licensed by the Department totaled 989 a net decrease of 56 licensees from the previous year. The Sellers/Issuers of Payment Instruments license type was consolidated into Money Transmitters in 2023.

Number of Money Service Businesses Licensed

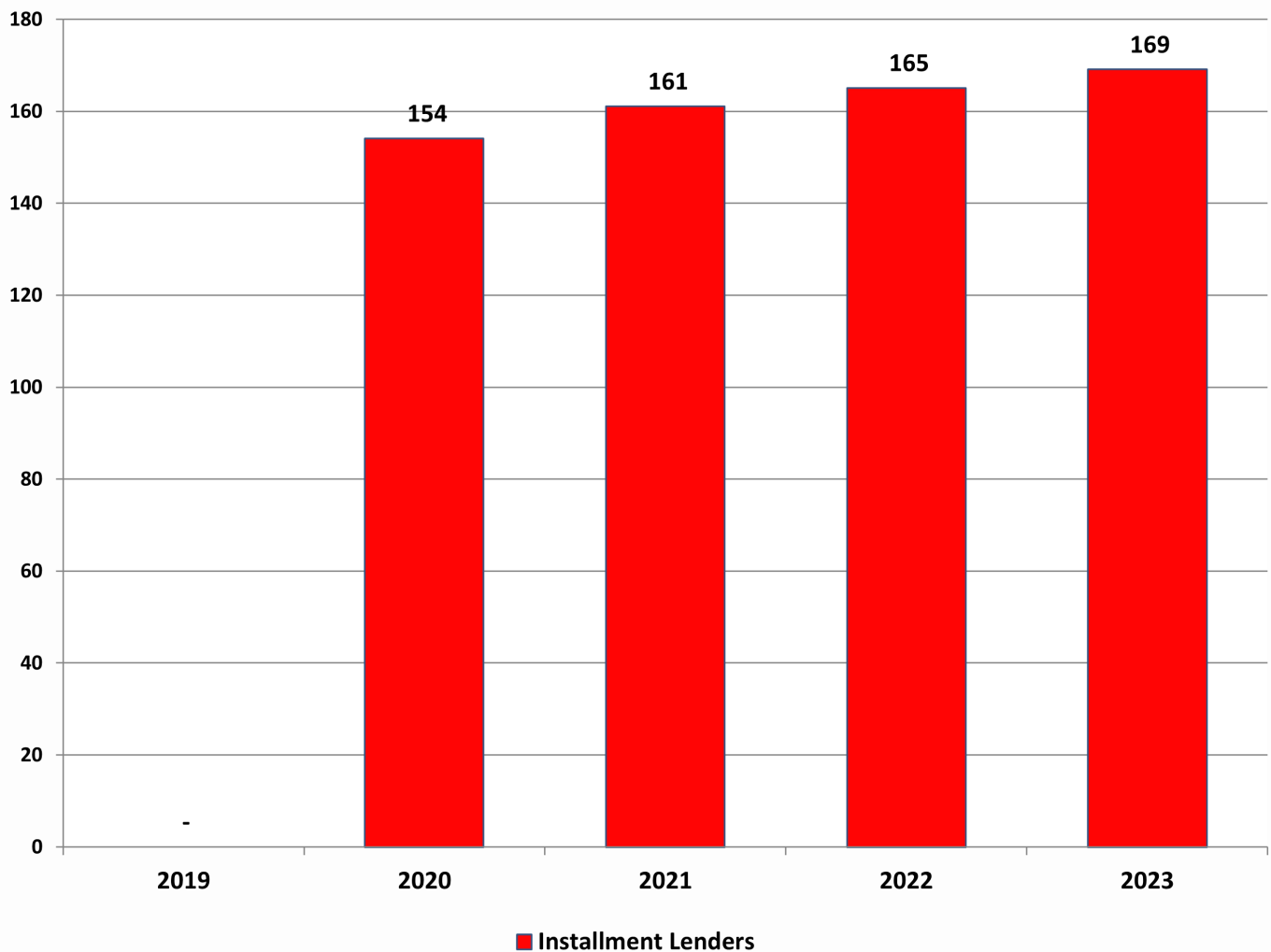


Non-Depository Financial Institution Supervision

INSTALLMENT LENDER STATISTICS

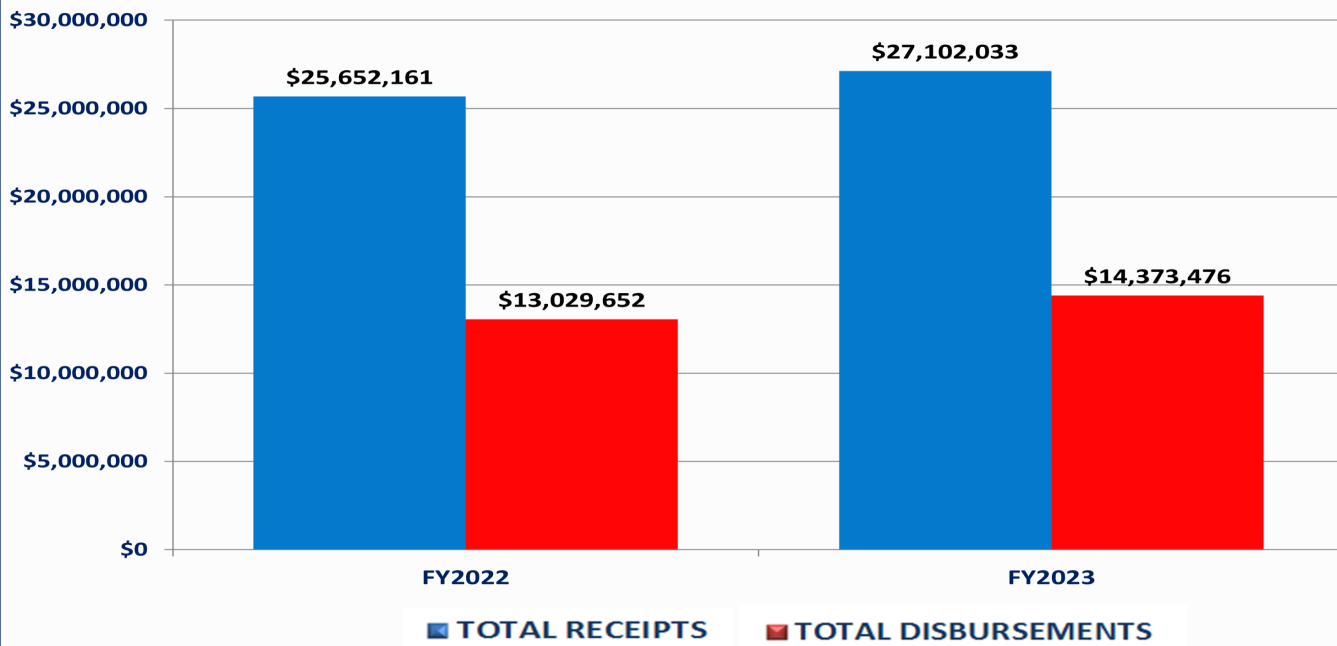
Chapter 3 of Title 7 of the O.C.G.A. requires a person that makes consumer installment loans of \$3,000 or less to be licensed with the Department unless such person is expressly exempt from licensure. At the end of 2023 the number of installment lenders licensed by the Department totaled 169, a net increase of 4 licensees from the previous year.

Number of Installment Lender Licensees

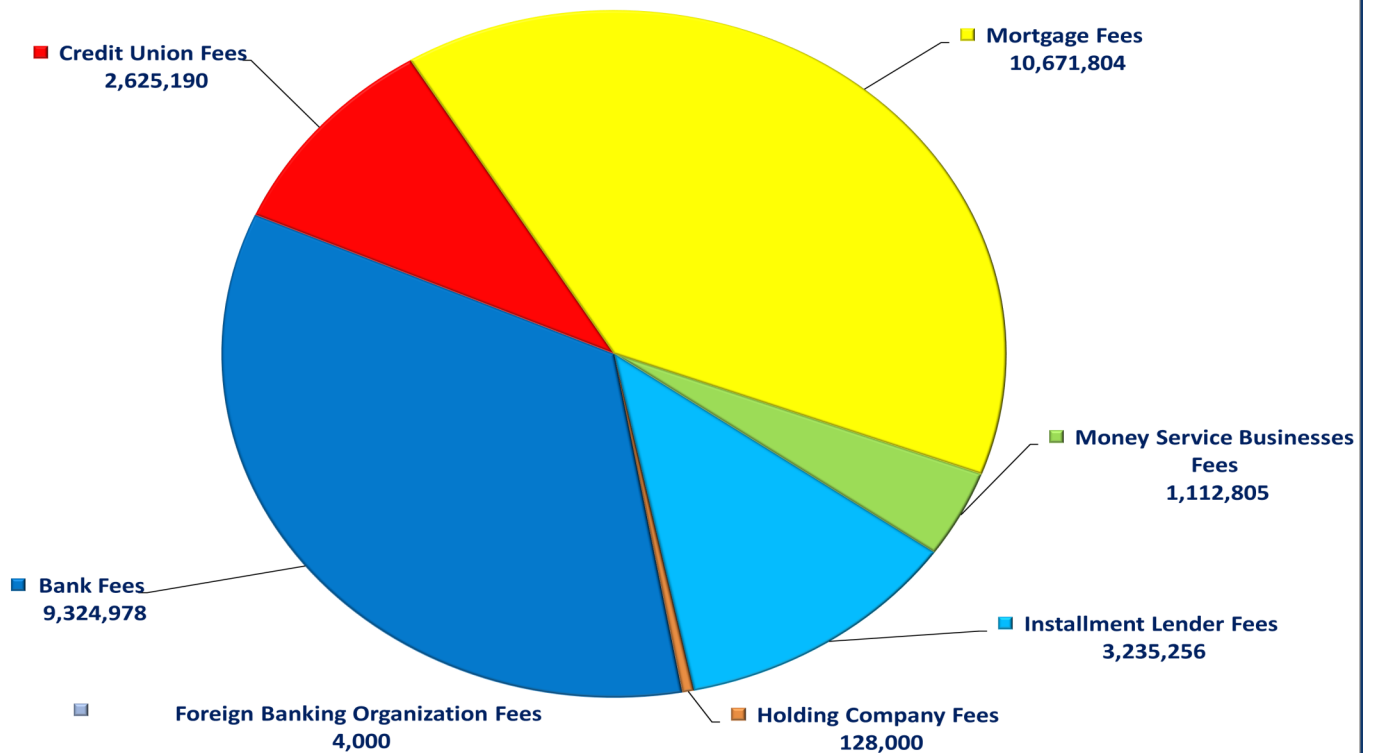


Administration

FISCAL YEAR 2023 RECEIPTS AND DISBURSEMENTS



FY2023 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 2023

FINANCIAL INSTITUTION, REGISTRANT, OR LICENSEE	Totals 12/31/2022	Opened Reg- istered Li- censed	Converted	Merged	Closed Liqui- dated Dereg- istered	Totals 12/31/2023
BANKS	119	0	0	-2	0	117
TRUST COMPANIES	1	0	0	0	0	1
MALPBS	0	0	0	0	0	0
CREDIT UNIONS	41	0	0	-2	0	39
BANK HOLDING COMPANIES (Supervised and/or Registered)	100	3	0	0	-2	101
SELLERS/ISSUERS OF PAY- MENT INSTRUMENTS**	145	12	-138	0	-19	0
MONEY TRANSMITTERS	129	18	138	0	-36	249
CHECK CASHERS	771	86	0	0	-117	740
FOREIGN BANK AGENCIES AND BRANCHES	0	0	0	0	0	0
DOMESTIC INTERNATIONAL BANKING FACILITIES	0	0	0	0	0	0
FOREIGN BANK REPRESENTA- TIVE OFFICES	5	0	0	0	0	5
INSTALLMENT LENDERS	165	21	0	0	-17	169
MORTGAGE BROKERS OR REG- ISTRANTS	1,047	336	0	0	-246	1,137
MORTGAGE LENDERS OR REG- ISTRANTS	899	125	0	0	-98	926
MORTGAGE LOAN ORIGINA- TORS	35,260	5,024	0	0	-12,911	27,373

** The Sellers/Issuers of Payment Instruments license type was consolidated into Money Transmitters in 2023.

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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