



FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

August 2022

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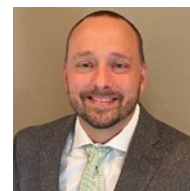
Supervision Division Changes



Mark Smith retired after more than 31 years of faithful service to the Department. Mark began his career with the Department in July 1991 and worked in the Southeast (District 4) field office located in Dublin until July 2015, when he was named the District Director of the Southwest (District 5) field office located in Tifton. Mark's career included bank examiner, supervisory examiner, and district director, serving as a subject matter expert in credit unions and holding companies. Mark's contribution to the Department during his tenure has been exceptional and his leadership has made a lasting positive impact with our team and the bank and credit union industries. **Thank you and congratulations, Mark! We wish you the best in your retirement.**

Meet District Director Billy Houston

With the announcement of Mark's retirement, Billy Houston has been selected to fill the position of District Director of the Southwest (District 5) field office located in Tifton. In his new role, he will assume field regulatory and supervisory responsibilities for the financial institutions in the district. Billy joined the Department in 2013 and was promoted through the examiner levels achieving the role of Supervisory Examiner in 2019. Billy has excelled at a variety of duties to support the Tifton team and the broader Supervision division including by being the district's primary trainer since 2016. Billy also serves several specialty roles including information technology, holding company, credit unions, and capital markets.



Billy graduated from Valdosta State University with a BBA in finance and is a 2022 graduate of the LSU Graduate School of Banking. He is also a Certified Examinations Manager. **Congratulations, Billy!**

Community Bank Sentiment Index

The Conference of State Bank Supervisors has begun collecting data for the third quarter 2022 Community Bank Sentiment Index (CBSI). The Department would like to invite all state-chartered banks to participate. The CBSI captures what community bankers nationwide think about the economic outlook of community banks. The data collection began on September 1st and continues through September 30th. The results will be released in October. The full survey takes less than five minutes. No preparation is required for the survey, and the survey can be accessed [here](#).

Commercial Real Estate and Subordinated Debt Issuance

The [FDIC's Summer 2022 Supervisory Insights](#) focuses on the topics of (1) commercial real estate (CRE) trends, examination observations, and supervisory approaches, and (2) subordinated debt issuance and investment considerations.

Commercial Real Estate

The article highlights the financial performance and credit quality metrics of banks concentrated in CRE and acquisition, development, and construction (ADC) lending and discusses challenges that could impact the industry as a whole, as well as subsectors, in a post-pandemic environment. In addition, the article highlights expectations and specific exam observations and weaknesses in governance, credit underwriting, and risk management practices; credit rating systems; market analysis; management information systems; and stress testing and sensitivity analyses. The article concludes with forward-looking exam posture for CRE and ADC concentrated institutions.

Regulators will continue to monitor CRE and ADC concentrations pursuant to the interagency supervisory guidance entitled "*Concentrations in Commercial Real Estate Lending Sound Risk Management Practices*" and "*Interagency Examiner Guidance for Assessing Safety and Soundness Considering the Effect of the COVID-19 Pandemic on Financial Institutions*." Given the uncertain long-term impacts of changes in work and commerce in the wake of the pandemic, the effects of rising interest rates, inflationary pressures, and supply chain issues, examiners will be increasing their focus on CRE transaction testing in the upcoming examination cycle. In particular, examiners will be testing newer CRE credits, credits within stressed sub-categories and geographies, and credits with payments vulnerable to rising rates and rising costs.

When assigning the composite and component ratings, examiners review management's assessment of risks presented by the pandemic, in the context of the bank's size, complexity, and risk profile. When assessing management, examiners will consider management's effectiveness in responding to the changes in the bank's business markets and whether management's longer-term business strategies address these changes. When prudently undertaken and consistent with safe and sound banking practices, CRE and ADC lending remains an important aspect of meeting banking needs within a community. Examining the effectiveness of governance and risk management practices will remain a supervisory priority.

Subordinated Debt

The article addresses applicable capital, investment, and regulatory reporting requirements for issuing or investing in a subordinated debt instrument. Also highlighted is the variety of benefits and risks associated with investing in the subordinated debt of other financial institutions. Institutions that issue subordinated debt, take down-streamed capital injections, or invest in the capital of an unconsolidated financial institution should review the applicable rules to ensure the institution can recognize the capital and investment benefits that subordinated debt can offer.

Federal Reserve Bank Forum

The Federal Reserve Bank of Atlanta is hosting Banking and the Economy: A Forum for Minorities in Banking. The forum is scheduled for September 27 – 28, 2022. This forum is designed to enhance the careers and networks of mid- to senior-level leaders who are people of color in the financial services industry. Event sessions will include industry updates, professional development conversations, diversity and inclusion strategies, and networking opportunities. Additional information regarding the forum and registration can be found [here](#).

Annual Assessment Notices—Bank, Credit Union, and Holding Company

The bank and credit union annual assessments are due no later than September 30, 2022. An email was sent to each institution's primary contact from GADBF@micropact.com on September 1, 2022, with the annual assessment invoice. The Department will initiate an ACH debit for the assessment fee for regulated banks and credit unions on September 30, 2022.

The assessment fee for holding companies need to be paid through the [Department's online portal](#). Holding company assessments are due no later than September 15, 2022. An email was sent to each bank holding company's primary contact as a courtesy reminder on September 1, 2022.

If you have questions, please contact Director for Supervision Pamela Keane at pkeane@dbf.state.ga.us or Training Director Heather Ensinger at hensminger@dbf.state.ga.us.

Speaking Engagements

Commissioner Kevin Hagler will be speaking at the Georgia Bankers Association Chief Executive Officer Conference on September 26, 2022. More information on the conference can be found [here](#).

Deputy Commissioner for Supervision Melissa Sneed will be speaking at the Community Bankers Association of Georgia Annual Convention on Saturday, September 17, 2022. More information on the convention can be found [here](#).

Deputy Commissioner for Supervision Melissa Sneed will be participating in the Bank on Georgia Financial Institution Roundtable, September 20 - 21, 2022. More information on the roundtable can be found [here](#).

ACTION ON APPLICATIONS FOR THE MONTH

The following is a summary of official action taken by the Department on certain applications by Georgia state-chartered financial institutions, petitions for certificate of incorporation of financial institutions, and other matters of interest during the month of August 2022:

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Georgia Banking Company Atlanta, GA	5225 Windward Parkway Alpharetta, GA 30004	08/10/2022	08/17/2022
Georgia Banking Company Atlanta, GA	4895 Lower Roswell Road Marietta, GA 30062	08/10/2022	
First Chatham Bank Savannah, GA	203 S. Laurel Street Springfield, GA 31329	08/04/2022	
Members First Credit Union Decatur, GA	151 Coach Joe Turner Street Garden City, GA 31408	08/09/2022	
Colony Bank Fitzgerald, GA	780 Johnson Ferry Road Suite 625 Atlanta, GA 30342	08/11/2022	
Southern Bank Sardis, GA	108 Barnwell Avenue Aiken, SC 29801	08/17/2022	
Barwick Banking Company Barwick, GA	105 SW 128th Street Suite 100 Newberry, FL 32669	08/17/2022	
Bank of Dudley Dudley, GA	48 North Jackson Street Forsyth, GA 31029	08/24/2002	
The Claxton Bank Claxton, GA	2591 Highway 17 Suite 201 Richmond Hill, GA 31324	08/31/2022	
Interstate Credit Union Jesup, GA	1401 Bowens Mill Road Douglas, GA 31533	08/31/2022	

APPLICATIONS FOR FINANCIAL INSTITUTION MERGERS

<u>SURVIVOR</u>	<u>MERGERED INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
First Volunteer Bank Chattanooga, TN	First Bank Dalton, GA	04/19/2022	08/19/2022

APPLICATIONS TO RESERVE A NAME

<u>PROPOSED NAME OF INSTITUTION</u>	<u>APPLICANT</u>
GDW Bankshares, Inc.	Caroline J. Melton Fenimore Kay Harrison, LLP 191 Peachtree Street Atlanta, GA 30303

APPLICATIONS TO CHANGE MAIN OFFICE LOCATION**FINANCIAL INSTITUTION**

OneSouth Bank
Blakely, GA

MAIN OFFICE LOCATION

From: 12347 Columbia Street
Blakely, GA 39823
Early County

To: 4070 Forsyth Road
Macon, GA 31210
Bibb County

**APPROVAL
DATE**

07/06/2022

**EFFECTIVE
DATE**

08/29/2022

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The Department is the state agency that regulates and examines Georgia state-chartered banks, state-chartered credit unions, state-chartered trust companies, international banking organizations, and bank holding companies that own Georgia state-chartered financial institutions. The Department also has responsibility for the supervision, regulation, and examination of Merchant Acquirer Limited Purpose Banks chartered in Georgia.

In addition, the Department has regulatory and/or licensing authority over mortgage brokers, lenders and processors, mortgage loan originators, consumer installment loan companies, check cashers, sellers-issuers of payment instruments, and money transmitters.

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