



FINANCIAL INSTITUTIONS TODAY

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

October 2024

Inside this issue:

Industry Outreach—
New FFIEC IT
Handbook
Development,
Acquisition, and
Maintenance Booklet

2

Speaking
Engagements

2

Applications

3

2024 Annual Survey of Community Banks

According to the CSBS 2024 Annual Survey of Community Banks, community bankers across the nation ranked cost of funds, regulation, and net interest margin as their highest external risks. Meanwhile, cybersecurity, technology implementation and costs, and liquidity rounded out the top three internal risks according to the respondents. Community bankers indicated that inflation-created challenges are likely to persist but are manageable. This year's special questions focused on the accessibility and stigma associated with certain funding sources as well as expectations for future credit quality by loan type, including commercial real estate.

Key findings and insights from the 2024 survey include:

- In terms of wholesale funding sources, the biggest shift this year was in the utilization of brokered deposits; roughly 56% of bankers indicated that they are using or plan to use brokered deposits at or near current levels, up 5 percentage points from last year's survey.
- Roughly 24% of respondents reported currently receiving instant payments via the FedNow Service, and an additional 44% reported planning to add this service in the next 12 months.
- Community bankers once again viewed e-signature and remote deposit capture as the most important banking technologies for their banks, with these technologies receiving the largest share (more than 65%) of "extremely important" and "very important" classifications.
- When asked about certain commercial real estate property types, most respondents indicated that they expected credit quality to be at least somewhat worse across retail and office CRE property types over the next 12 months.

The complete survey can be found on the CSBS website at: <https://www.csbs.org/survey>. The Department expresses its gratitude to those community bankers that completed the survey and contributed to this very important research.

Third Quarter 2024 Community Bank Sentiment Index Released— The Sunniest in Nearly Three Years

Community bankers nationwide have a brighter outlook, despite continued concerns about regulatory burden. The Community Bank Sentiment Index (CBSI) moved past neutral, signaling an improved sentiment for the first time in more than three years. To read more on the third Quarter 2024 CBSI results, visit <https://www.csbs.org/cbindex>.

The third quarter 2024 CBSI moved up 11 points to 110, the first time it has surpassed the neutral level of 100 since the fourth quarter of 2021. While five of the seven components surveyed improved, two indicators continue to drag. The profitability, franchise value, and monetary policy components increased significantly, with all three indicating a positive outlook. While the business conditions component increased five points from the previous quarter to 80, it continues to suggest a weaker economic outlook. The regulatory burden component remains at 20 points and has been below 30 for 15 straight quarters.

"With the yield curve inverted since late 2022, recent monetary policy decisions appear to have contributed most to raising community banker sentiment," said CSBS Chief

Economist Tom Siems. “However, concerns about future business conditions and heavier regulatory burden continue to put significant downward pressure on overall community banker sentiment. The lagged effects from monetary policy tightening in 2022-2023 and the volume of federal banking proposals and rules may be taking a toll.”

A large majority of respondents said their outlook could change depending on the national election outcomes in November.

More than 300 community bankers from 46 states and the District of Columbia responded to the CBSI, which surveys community bankers nationwide in the last month of each quarter to capture their thoughts on future economic conditions in seven areas.

An index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment. Quarterly results are included in the Federal Reserve Economic Data, the online database maintained by the Federal Reserve Bank of St. Louis known informally as the FRED.

Despite a rosier economic outlook, 79% of community bankers believe the U.S. economy is at the start of, or already in, a recession, representing a slight increase from last quarter. Community bankers rated their top concerns as government regulation, cyberattacks, the federal debt/deficit, and the cost/availability of labor.

Industry Outreach—New FFIEC IT Handbook Development, Acquisition, and Maintenance Booklet

The Federal Financial Institutions Examination Council (FFIEC) is offering one new Industry Outreach event sponsored by the FFIEC Task Force on Supervision. The FFIEC members revised and renamed the Development and Acquisition booklet to Development, Acquisition, and Maintenance (DA&M) to reflect the changing technological environment and increasing need for security and resilience, including developmental design, acquisition and procurement, and maintenance and change control processes for information technology systems. It also provides examiners with fundamental examination expectations regarding developmental quality controls, acquisition and procurement planning and execution, governance and risk management, and maintenance and change control practices of regulated entities. The new IT Handbook booklet can be found at: <https://ithandbook.ffiec.gov/>

The FFIEC Industry Outreach is an alternative delivery program that provides timely updates on changes in supervisory guidance or regulations and information on current issues in the financial industry. The target audience for the FFIEC Industry Outreach program includes representatives from financial institutions, trade associations, third-party providers, and consultants. Federal and state financial institution examiners are also welcome to participate in FFIEC Industry Outreach Programs. Participants can view PowerPoint slides and listen to the presentation via telephone or computer. The event will take place on Thursday, November 7, 2024 from 3:00 PM to 4:00 PM (ET). Please follow this [link](#) to register for the event.

Speaking Engagements

Director for Supervision Kevin Vaughn will participate on the regulatory panel at the Georgia Bankers Association Credit Conference on Thursday, December 5, 2024. The conference will be held at the Westin Buckhead Atlanta from December 5, 2024 to December 6, 2024. Additional information on the conference can be found [here](#).

APPLICATIONS TO ESTABLISH BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
American Pride Bank Macon, Georgia	6503 North Point Parkway Alpharetta, Georgia 30022	01/11/2024	10/08/2024
Legacy State Bank Loganville, Georgia	218 MLK Jr. Boulevard, Suite 210 Monroe, Georgia 30655	04/15/2024	10/01/2024
The Citizens Bank of Swainsboro Swainsboro, Georgia	571 South Main Street Swainsboro, Georgia 30401	05/22/2024	10/28/2024
PromiseOne Bank Duluth, Georgia	7410 Little River Turnpike Annandale, Virginia 22003	06/18/2024	10/01/2024
PromiseOne Bank Duluth, Georgia	13890 Braddock Road, #102 Centreville, Virginia 20121	06/18/2024	10/01/2024
Pinnacle Bank Elberton, Georgia	1602 Walton Way Augusta, Georgia 30904	10/03/2024	
Pinnacle Bank Elberton, Georgia	701 Ronald Reagan Drive Evans, Georgia 30809	10/03/2024	
Pinnacle Bank Elberton, Georgia	2925 Peach Orchard Road Augusta, Georgia 30906	10/03/2024	
Marshland Credit Union Brunswick, Georgia	621 Palisade Drive Brunswick, Georgia 31523	10/03/2024	
Community Bank & Trust West Georgia LaGrange, Georgia	1122 Lady Street, Suite 259 Columbia, South Carolina 29201	10/10/2024	
Magnolia State Bank Eastman, Georgia	2500 Daniells Bridge Road, Building 200, Suite 1D Athens, Georgia 30606	10/25/2024	

APPLICATIONS TO CHANGE LOCATION

<u>FINANCIAL INSTITUTION</u>	<u>CHANGE LOCATION OF</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Pineland Bank Alma, Georgia	From: 1351 Bowens Mill Rd SE, Suite A Douglas, Georgia 31533 To: 1350 Bowens Mill Rd SW Douglas, GA 31533	09/06/2024	10/11/2024

APPLICATIONS FOR FINANCIAL INSTITUTION MERGERS

<u>SURVIVOR</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
APCO Employees Credit Union Birmingham, Alabama	Mutual Savings Credit Union Atlanta, Georgia	10/24/2024	

APPLICATIONS TO FORM A BANK HOLDING COMPANY

<u>BANK HOLDING COMPANY</u>	<u>TO ACQUIRE</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
CCB Bancorp, Inc. Athens, Georgia	Classic City Bank Athens, Georgia	08/27/2024	10/01/2024

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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.