



FINANCIAL INSTITUTIONS TODAY

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

October 2019

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COMMUNITY BANKING CONFERENCE

The *Community Banking in the 21st Century* research and policy conference was held October 1-2, 2019 in St. Louis, Missouri and is the nation's premier conference for community banking-related research. The conference is sponsored by the Federal Reserve System, the Conference of State Bank Supervisors (CSBS), and the Federal Deposit Insurance Corporation (FDIC), and brings together community bankers, academics, policymakers and bank supervisors to discuss the latest academic research on community banking as well as important policy issues facing community banks. Key note speakers this year included FDIC Chairman Jelena McWilliams and Federal Reserve Bank Board Governor Michelle Bowman.

One of the key components of the *Community Banking in the 21st Century* research and policy conference is the release of the findings from the annual National Survey of Community Banks. In its sixth annual survey, CSBS received responses from 571 community banks in 37 states. Funding and cybersecurity top the concerns for community banks, according to the bank survey conducted by CSBS. It is a marked shift from previous years, when regulatory compliance costs were found to be the chief issue for community banks. Conference information and full survey results can be found at www.communitybanking.org or at the following [link](#).

COMMUNITY BANKING QUESTIONNAIRE RESPONSES

As part of the *Community Banking in the 21st Century* research and policy conference, state commissioners reached out to community bankers and asked five questions. The questions addressed the impact of recent regulatory relief to community banks, efforts to modernize and improve the examination process, the challenges banks face in attracting core deposits, technology adoption and integration into banks' strategic plans, and the ongoing need to evaluate cybersecurity risk. The Department thanks the bankers that participated in the "Five Questions for Five Bankers" for their time and thoughtful input. In Georgia, bankers recognized some areas of regulatory relief and offered suggestions for additional burden reductions. The bankers also commented on challenges and opportunities for funding, liquidity, and core deposits as well as technology implementation. Unanimously, Georgia bankers noted that cybersecurity risk remains a top concern and offered opportunities for regulators to further assist the industry in combating cybersecurity threats. The full "Five Questions for Five Bankers" summary for Georgia and 29 other responding states, can be found at: https://www.communitybanking.org/~media/files/publication/cb21publication_2019.pdf.

NEW BANK FILE EXCHANGE PLATFORM

On September 30, 2019, the FDIC launched the new Enterprise File Exchange (EFX) module through *FDICconnect*. EFX is a secure application for FDIC-insured institutions to exchange examination-related documentation with the FDIC and State banking authorities. Financial Institution Letter 63-2019 containing complete details of the module can be accessed at this link: <https://www.fdic.gov/news/news/financial/2019/fil19063.html>. EFX will be used for all examination planning activities that commence on or after September 30, 2019. EFE will remain available for ongoing examinations until approximately April 1, 2020.

FDICconnect-EFX features include:

- Expanded file transfer capabilities, including the ability to upload multiple files and folders simultaneously.
- Updated file management functionality, including the ability to resume a failed/interrupted file transfer.
- Enhanced permission and audit capabilities.
- Improved file transfer performance and speed.
- Expanded ability to accept larger files (up to 50 GB).

LONDON INTERBANK OFFERED RATE (LIBOR) USAGE

LIBOR will not be required to be published after December 2021 and all financial institutions should prepare for this event. The Department encourages financial institutions to begin taking risk management actions now in order to manage the transition from LIBOR. The following ten steps may assist in managing the impact the transition from LIBOR will have on the institution. These steps, if utilized, should be tailored to the size and complexity of the financial institution:

1. Set up a process for managing the risk of this transition. Identify senior executive oversight; provide for coordination of activities; and establish regular reporting to the Board.
2. Establish a transition management program.
 - a. Cover the entire financial institution.
 - b. Highlight any unique products and client exposures.
 - c. Establish and enforce when the institution will stop accepting new LIBOR exposures.
3. Develop a strategy for communicating with your customers and counterparties.
 - a. Set out the communication plan and timeline.
 - b. Describe communication goals and objectives for engagement with internal and external stakeholders as well as customers.
4. Survey on- and off-balance sheet exposures to identify and quantify LIBOR references. Ensure the process is not just a snapshot, but a continuous evaluation of existing and new products through 2021.
5. Develop a strategy for managing each identified exposure.
 - a. Implement fallback language if necessary.
 - b. Consider replacement products.
6. Identify, measure, monitor, and control all financial and non-financial risks of the transition.
 - a. Develop a process to select and implement fallback rates for all LIBOR references.
 - b. Determine when the institution will stop using LIBOR.
 - c. Establish the institution's replacement reference rate for each product.
7. Remediate contracts that reference LIBOR. Consider the customer, financial, and legal implications of each existing LIBOR product with a maturity beyond 2021.
8. Develop operational readiness plans. Consider changes that may be needed in data, models, technology, and training.
9. Determine accounting and reporting considerations.
 - a. Discuss with legal and accounting firm as appropriate.
 - b. Update financial disclosures as needed.
10. Determine tax and regulatory requirements. Consult with external accounting firms as appropriate.

These steps may be enough for an institution with limited LIBOR exposure to prepare for the transition. The Alternate Reference Rates Committee (ARRC) maintains a web site at <https://www.newyorkfed.org/arrc/index.html> with information about the transition from LIBOR (including frequently asked questions) that can be a valuable reference point for all financial institutions. Institutions can refer to the ARRC's Practical Implementation Checklist for SOFR Adoption released on September 19, 2019 for more detailed guidance. No regulator currently mandates the use of any specific alternate reference rate.

DEPARTMENT HOLIDAYS

The offices of the Department will be closed on the following dates:

Monday, November 11, 2019 in observance of Veteran's Day;
Thursday, November 28, 2019 in observance of Thanksgiving;
Friday, November 29, 2019 in observance of a State Holiday.



ADOBE FLASH VULNERABILITIES

On July 25, 2017, Adobe® Inc. announced they will stop updating and distributing Flash®1 by the end of 2020. Adobe is encouraging content creators to migrate Flash® content to open-source, standards-based technologies, such as HTML5, WebGL and WebAssembly.

Since the release of Flash®, Adobe has patched over 840 code-execution vulnerabilities in it. When Adobe ends support in 2020, no new patches should be expected for newly reported vulnerabilities. Systems that continue to use Flash® are at an increased risk of compromise. Flash® vulnerabilities discovered after 2020 will become permanent attack vectors into systems running the software. Adversaries can easily exploit outdated software, often using nothing more than public information. Any publicly unknown Flash® vulnerabilities prior to 2020 will also continue to be successfully leveraged by attackers. With 2020 fast approaching, failing to remove Flash® places systems at increased risk of compromise.

Industry has widely agreed with Adobe's decision to end support of Flash® with Mozilla Firefox, Google Chrome, Apple Safari, and Microsoft Edge removing Flash® support by the end of 2020. Updating browsers as soon as updates are available, and removing end-of-life software before the end-of-life deadline, are both vital to protecting systems.

On web servers, system administrators should stop hosting Flash® applications. Continuing to host Flash® applications will force the use of old, unpatched browsers that are vulnerable to exploitation. Web developers should convert Flash® applications to a newer, more secure technology. Replacing Flash® with standards-based technologies, such as HTML5, WebGL, and WebAssembly, is critical to lowering risk of exploitation.

On end-user systems, administrators or users should remove Flash® from browsers. Use a fully automated process for updating browsers and always update browsers to the latest version. Enabling the automatic update feature in modern browsers is the only reliable way for internet-connected systems to keep the browser updated.

For additional information on browser security, see Steps to Secure Web Browsing which can be found at: <https://nsa.gov/what-we-do/cybersecurity/advisories-technical-guidance>

2020 STATE HOLIDAY SCHEDULE

Please refer to Georgia Governor Brian Kemp's website - <http://team.georgia.gov/wp-content/uploads/2019/07/2020-State-Holidays-07.15.19.pdf> - for a list of the dates in 2020 proclaimed by the Governor as public and legal state holidays when the Capital and State agencies will be closed.

The following is a listing of state holidays for 2020:

New Year's Day	Wednesday, January 1
State Holiday	January 19 - will be observed on Friday, November 27
Martin Luther King, Jr.'s Birthday	Monday, January 20
Washington's Birthday	February 17 - will be observed on Thursday, December 24
State Holiday	April 26 - will be observed on Friday, April 10
Memorial Day	Monday, May 25
Independence Day	July 4 - will be observed on Friday, July 3
Labor Day	Monday, September 7
Columbus Day	Monday, October 12
Veterans Day	Wednesday, November 11
Thanksgiving Day	Thursday, November 26
Christmas Day	Friday, December 25

Action on Applications for the Month

The following is a summary of official action taken by the Department on applications by Georgia state-chartered financial institutions under Title 7, Chapter 1 of the O.C.G.A. and petitions for certificate of incorporation of financial institutions and other matters of interest during the month of October 2019:

APPLICATIONS FOR DISSOLUTION

<u>FINANCIAL INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
The Citizens Bank Nashville, GA 31639	Pending	

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
SunTrust Bank Atlanta	Moorefield Station 43340 Van Geison Terrace Ashburn, VA 20148 Loudoun County	06-17-2019	10-28-2019
PrimeSouth Bank Blackshear	Fernandina Beach 1500 Sadler Road Fernandina Beach, FL 32055 Nassau County	06-11-2019	10-30-2019
Morris Bank Dublin	Carroll Street Perry 809 Carroll Street Perry, GA 31069 Houston County	10-29-2019	
Credit Union of Georgia Woodstock	East Cherokee Hickory Flat Highway & East Cherokee Drive (Parcel C) Canton, GA 30115 Cherokee County	10-16-2019	
Credit Union of Georgia Woodstock	Jiles Road 4178 Jiles Road Kennesaw, GA 30144 Cobb County	10-21-2019	

APPLICATIONS TO CHANGE LOCATION

<u>FINANCIAL INSTITUTION</u>	<u>CHANGE LOCATION OF</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Associated Credit Union Norcross	From: Ellenwood 5032 Old Grant Road Ellenwood, GA 30294 Clayton County To: 3012 Anvil Block Road Ellenwood, GA 30294 Clayton County	10-29-2019	

FINANCIAL INSTITUTION MERGERS

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Georgia's Own Credit Union Atlanta, GA	DOCO Credit Union Albany, GA	10-04-2019	
Georgia Community Bank Dawson, GA	The Citizens State Bank of Taylor County Reynolds, GA	09-06-2019	10-21-2019
First Century Bank, National Association Gainesville, GA	First Covenant Bank Commerce, GA	10-17-2019	
Branch Banking and Trust Company Winston-Salem, NC	SunTrust Bank Atlanta, GA	Pending	

APPLICATIONS TO ACQUIRE A FINANCIAL INSTITUTION

<u>BANK HOLDING COMPANY</u>	<u>TO ACQUIRE</u>	<u>APPROVAL DATE</u>
BB&T Corporation Winston-Salem, NC	SunTrust Banks, Inc. Atlanta, GA	Pending

The Department is the state agency that regulates and examines Georgia state-chartered banks, state-chartered credit unions, state-chartered trust companies, 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, check cashers, sellers-issuers of payment instruments, money transmitters, and international banking organizations.

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

Our **Vision** is to be a willing and able partner with our regulated entities in order to support vibrant economic growth and prosperity in Georgia.

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