



FINANCIAL INSTITUTIONS TODAY

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

December 2017

Inside this issue:

Action on Applications for the Month 2

Order to Cease and Desist Issued to Local Bank & Trust Co. – Atlanta, Georgia and Cassidy Harris

On December 18, 2017, the Department of Banking and Finance, State of Georgia (“Department”) issued an Order to Cease and Desist to Local Bank & Trust Co. – Atlanta, Georgia and Cassidy Harris. It is unlawful to conduct and/or be affiliated with a banking business in Georgia without a bank charter. It is also unlawful to use the words “bank” and/or “trust” in any entity’s name without the permission of the Department.

The Department has no record of Local Bank & Trust Co. – Atlanta, Georgia and has not approved this entity to organize a bank and/or conduct a banking business in or from Georgia. Furthermore, the Department has not granted Local Bank & Trust Co. – Atlanta, Georgia permission to use “bank” or “trust” in its name. More information about the Order, including the terms of the Order, may be obtained [here](#).

Deferred Tax Assets and Deferred Tax Liabilities – Income Tax Implications

Given the changes to United States corporate income tax rates, institutions should consider the impact of the tax rate reduction on deferred tax assets (DTAs), deferred tax liabilities (DTLs), and 2017 earnings. DTAs and DTLs are measured using the enacted tax rates that apply to taxable income in the periods in which the DTAs or DTLs are expected to be settled or realized. When the President signed the tax legislation on December 22, 2017, the values on the balance sheet for DTAs and DTLs changed.

Institutions must adjust DTAs and DTLs for the effect of the change in the year that the legislation was signed. If DTAs are overstated, then assets are overstated and must be appropriately adjusted for the reduction in expected tax benefits. The offsetting entry is recognized as an increase in income tax expense, thereby reducing net income in the year enacted.

Financial institutions generally tend to have net DTAs rather than net DTLs because of a temporary (timing) difference that arises between the amount reported as bad debt expense for financial reporting, and the amount allowable under the federal tax code. The difference is that bad debt expense is based on estimates for financial reporting and the federal tax code allows a deduction only for accounts that are written-off during the tax year.

The impact to the institution’s regulatory capital would depend on the sources of its DTAs (such as, net operating loss, and the impact from temporary differences) and quality of the DTAs (those with valuation allowances) in determining the extent to which DTAs arising from deductible temporary differences before the enactment of the rate change have been deducted from Common Equity Tier 1 capital.

Conversely, for institutions with net DTLs, a reduction in income tax rates would require the bank to reduce its net DTLs on the balance sheet and recognize a decrease in income tax expense, thereby increasing net income compared to what it would have been without the rate change, which would have a favorable effect on the bank’s regulatory capital.

Institutions should consult their certified public accountants or other tax professionals to determine the impacts of the legislation to the financial statements for 2017.

Action on Applications for the Month

The following is a summary of official action taken on applications by state 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 December 2017:

FINANCIAL INSTITUTION CONVERSIONS

<u>PREVIOUS NAME</u>	<u>CONVERTED TO</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
First National Bank South	FNB South Alma, Bacon County	12-08-2017	12-31-2017

APPLICATIONS FOR DISSOLUTION

<u>FINANCIAL INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
State Bank of Georgia Fayetteville	Pending	

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
DOCO Credit Union Albany	Thomasville 14298 US Highway 19 Thomasville, GA 31757 Thomas County	06-27-2017	12-18-2017
Delta Community Credit Union Atlanta	Coweta Crossroads 100 Glenda Trace Newnan, GA 30265 Coweta County	12-19-2017	
Fidelity Bank Atlanta	Capital Circle 2101 Capital Circle NE Tallahassee, FL 32308 Leon County	10-30-2017	12-29-2017
SunTrust Bank Atlanta	Liberty Village 2600 Old Milton Parkway Alpharetta, GA 30009 Fulton County	08-14-2017	12-01-2017
SunTrust Bank Atlanta	Creighton Road 2627 Creighton Road Pensacola, FL 32504 Escambia County	08-14-2017	12-01-2017
SunTrust Bank Atlanta	Purcellville 160 Purcellville Gateway Drive Purcellville, VA 20132 Loudoun County	06-09-2017	12-11-2017
State Bank and Trust Company Macon	Mall Boulevard 602 Mall Boulevard Savannah, GA 31406 Chatham County	08-29-2017	12-04-2017
Bank of Newington Newington	Springfield Georgia Highway 21 S. Springfield, GA 31329 Effingham County	12-11-2017	

The Piedmont Bank Norcross	Chamblee 5070 Peachtree Boulevard Suite B110 Chamblee, GA 30341 DeKalb County	08-23-2017	12-11-2017
Vinings Bank Smyrna	Alpharetta 5960 North Point Parkway Alpharetta, GA 30022 Fulton County	12-13-2017	

APPLICATIONS TO CHANGE LOCATION

<u>FINANCIAL INSTITUTION</u>	<u>LOCATION CHANGED</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Delta Community Credit Union Atlanta	From: Snellville 1670 Scenic Highway Snellville, GA 30078 Gwinnett County To: 1630 Scenic Highway Snellville, GA 30078 Gwinnett County	12-19-2017	
SunTrust Bank Atlanta	From: Village of Martinsville 134 East Church Street Martinsville, VA 24112 To: 240 Commonwealth Boulevard W Martinsville, VA 24112	01-03-2017	12-01-2017
First Landmark Bank Marietta	From: Midtown 712 West Peachtree Street Atlanta, GA 30308 Fulton County To: 754 Peachtree Street Atlanta, GA 30308 Fulton County	10-18-2017	12-11-2017

APPLICATION TO RESERVE A NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
Heritage First Bank	Floyd County	Mr. Kevin Coleman, Jr. Troutman Sanders LLP 600 Peachtree Street NE, Suite 5200 Atlanta, GA 30308

FINANCIAL INSTITUTION MERGERS

<u>SURVIVOR</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Guardian Bank Valdosta, GA	Pelham Banking Company Pelham, GA	Pending	

DBF Outreach and Upcoming Speaking Engagements

GBA's Legislative/Economic Forum – Commissioner Kevin Hagler will be speaking at the Georgia Bankers Association's Legislative/Economic Forum on January 10, 2018, in Atlanta.

GCUA's 2018 Grassroots Academy – Commissioner Kevin Hagler will be speaking at the Georgia Credit Union Affiliates' 2018 Grassroots Academy on January 23, 2018, in Atlanta.

CBA of GA's Banker Regulatory Forum – Commissioner Kevin Hagler will be speaking at the Community Bankers Association's Banker Regulatory Forum on February 1, 2018, in Atlanta.

State Bar of Georgia's Banking Law Program – Deputy Commissioner for Legal Affairs Oscar "Bo" Fears will be presenting at the State Bar of Georgia's Banking Law Program on February 2, 2018, in Atlanta.

2018 CBA Day at the Capitol – Deputy Commissioner for Supervision Melissa Sneed and Deputy Commissioner for Legal Affairs Oscar "Bo" Fears will be speaking at the Community Bankers Association's 2018 CBA Day at the Capitol on February 7, 2018, in Atlanta.

Auburn University's Bank Directors' College – Commissioner Kevin Hagler will participating on a Regulator Panel Discussion at Auburn University's Bank Directors' College on February 22, 2018, in Auburn, Alabama.

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.

Subscribe to Receive this Publication:

Notice of this publication is delivered to interested parties via e-mail. To subscribe to this publication as well as other items of interest, please visit our website at <https://dbf.georgia.gov/>.

Department of Banking and Finance
2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341-5565
Phone: (770) 986-1633
Fax: (770) 986-1654 or 1655