



FINANCIAL INSTITUTIONS TODAY

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

Monthly Bulletin #11

November 2013

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Alternating Bank Examination Program and Examination Frequency

The Department coordinates its supervision of Georgia state-chartered banks with the FDIC and the Federal Reserve under agreed upon guidelines that establish the frequency and alternation of examinations. However, banks in problem status as well as those with other high risk characteristics or specific circumstances warranting increased regulatory scrutiny are examined and/or visited by examiners at greater frequency, often on a joint basis. The guidelines are as follows:

1. Banks assigned composite CAMELS ratings of "1" or "2" at the most recent examination along with a Management component rating of "1" or "2" are examined on an alternating basis at 18-month intervals if they:
 - a. Have not experienced a change in control during the preceding 12-month period;
 - b. Are not currently participating in the FDIC loss share program;
 - c. Are not currently subject to a supervisory agreement, enforcement proceeding, or order;
 - d. Do not have any serious deficiencies related to their BSA/AML program;
 - e. Report total assets of less than \$500 million each quarter; and
 - f. Report a "Well-Capitalized" position, as defined by the Regulatory Authorities, each quarter.
2. Banks with total assets of \$500 million, but less than \$5 billion, that otherwise meet all of the criteria set forth in item 1. are examined on an alternating basis at 12-month intervals.
3. All other banks, regardless of size, that do not meet all of the criteria set forth in item 1. are examined on either a joint or alternating basis, by agreement of the Department and the primary federal regulator, at 12-month intervals and are additionally subject to interim visits by examiners.

These guidelines reflect the Department's preference to operate under an alternating, risk-focused examination program appropriate to the specific risk profile of the bank and its inherent risk to the deposit insurance fund. Our goal, as reflected in these guidelines, is to minimize regulatory burden, most efficiently utilize examination resources, and to address banks warranting increased scrutiny through a consistent and unified regulatory message.

Accordingly, banks returning from problem status that meet the criteria set forth in either items 1. or 2. above will be returned to alternating examinations under normalized examination cycles as soon as practicable.

Department of Banking and Finance Adopts Final Rules

On November 7, 2013, the Department adopted Final Rules as part of its annual housekeeping rulemaking. The Rules were filed with the Secretary of State on November 7, 2013, and, pursuant to O.C.G.A. § 50-13-6, became effective on November 29, 2013.

Prior to adopting the Rules, the proposed Rules along with a synopsis were distributed on October 4, 2013. The Department received six (6) written comments regarding the proposed Rules. The Department fully considered the comments it received but ultimately determined not to make any revisions. The Department believes that the Rules as adopted encourage safety and soundness, encourage safe and fair mortgage lending, and conform to the law.

To view or download the Final Rules, go to the Regulations page on the Department's website (<http://dbf.georgia.gov/dbf-regulations>) and select the appropriate link for the Final Rules, OR you may access them directly from: http://dbf.georgia.gov/sites/dbf.georgia.gov/files/related_files/document/DBFFinalRules11-7-2013.pdf

On December 3, 2013, the Department adopted Final Rules in response to the enactment of the Georgia Merchant Acquirer Limited Purpose Bank Act, O.C.G.A. § 7-9-1 *et seq.* The Rules were filed with the Secretary of State on December 3, 2013 and, pursuant to O.C.G.A. § 50-13-6, will be effective on December 23, 2013, which is twenty days following the filing of the Rules with the Secretary of State.

Prior to adopting the Rules, the proposed Rules along with a synopsis were distributed on October 31, 2013. The Department received three written comments regarding the proposed Rules. The Department fully considered the comments it received and made a handful of substantive revisions, which are briefly outlined in the Final Rules document. The Department believes that the Rules as adopted encourage safety and soundness, encourage safe and fair merchant acquiring activities, and conform to the law.

To view or download the Final Rules, go to the Regulations page on the Department's website (<http://dbf.georgia.gov/dbf-regulations>) and select the appropriate link for the Final Rules, OR you may access them directly from: http://dbf.georgia.gov/sites/dbf.georgia.gov/files/related_files/document/DBFFinalRulemakingMALPB_12-3-2013.pdf

Annual Assessment for State-Chartered Banks and Credit Unions

Annual assessment fee letters will be e-mailed to banks and credit unions early in December, and the **fees will be assessed on January 22, 2014**. Please complete and submit any change of information by December 31, 2013, using the Electronic Funds Transfer (EFT) Authorization Form, which can be found on our website at: <http://dbf.georgia.gov/documents/electronic-funds-transfer-authorization-form-and-instructions>

Please e-mail or call Reneè Martin with any questions at rmartin@dbf.state.ga.us or 770-986-1641.

National Credit Union Administration (NCUA) Assessment Projections for 2014

Since 2009, the NCUA has projected assessments for the upcoming year to assist credit unions in budget development. Currently, the NCUA is projecting no assessments for the Corporate Credit Union Stabilization Fund in 2014.

The NCUA is to receive a portion of the settlement between the Department of Justice and JPMorgan Chase. With these settlement proceeds and continued performance of the underlying legacy assets securing the NCUA Guaranteed Notes portfolio, no assessments are projected for the Stabilization Fund in 2014. However, if a major, unexpected development occurs (such as an economic downturn), the NCUA Board may have to reconsider an assessment based on those adverse conditions.

The Share Insurance Fund premium is projected at 0 to 5 basis points of insured shares. The Share Insurance Fund remains slightly above the 1.30 percent normal operating level as of September 30, 2013. Even though the cost and pace of natural person credit union failures has declined, the equity ratio is projected to decline to a level between 1.25 percent and 1.29 percent resulting from strong growth in insured shares and low yield on Share Insurance Fund investments. For additional information on 2014 assessment projections, visit www.ncua.gov.

Annual Assessment for Bank Holding Companies

Annual assessment fee letters were e-mailed to bank holding companies in early December 2013.

The fees are due by January 31, 2014, and online reporting/payment is mandatory from <https://bkgfin.dbf.state.ga.us/HCAssessments.html>.

Please e-mail or call Reneè Martin with any questions at rmartin@dbf.state.ga.us or 770-986-1641.



DBF Holiday Hours

The offices of the Department of Banking and Finance will be closed on Tuesday, December 24th and Wednesday, December 25th in observance of State holidays. Our offices will also be closed on Wednesday, January 1st for New Year's Day.

*The Department wishes you and your family a wonderful
Holiday Season!!*

Action on Applications for the Month of November:

The following is a summary of official action taken on applications by State Financial Institutions under Chapter 7-1 of the Official Code of Georgia Annotated and petitions for Certificate of Incorporation of Financial Institutions and other matters of interest during the month of November 2013.

FINANCIAL INSTITUTION MERGERS

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Community & Southern Bank Atlanta, GA	Verity Bank Winder, GA	Pending	
Georgia Commerce Bank Atlanta, GA	Brookhaven Bank Atlanta, GA	Pending	
The First National Bank of Polk County Cedartown, GA	Bank of Chickamauga Chickamauga, GA	Pending	
The First National Bank of Polk County Cedartown, GA	SouthCrest Bank Thomaston, GA	Pending	
Hamilton State Bank Hoschton, GA	Cherokee Bank, National Association Canton, GA	Pending	
Community Bank & Trust - West Georgia LaGrange, GA	Community Bank & Trust- Alabama Union Springs, AL	Pending	
South Georgia Banking Company Omega, GA	Bank of Dooly Vienna, GA	Pending	

APPLICATIONS TO BECOME A BANK HOLDING COMPANY AND/OR TO ACQUIRE VOTING STOCK OF A FINANCIAL INSTITUTION

ACQUISITIONS ONLY

<u>BANK HOLDING COMPANY</u>	<u>TO ACQUIRE</u>	<u>APPROVAL</u>
Community & Southern Holdings, Inc. Atlanta, GA	Verity Bank Winder, GA	Pending
Hamilton State Bancshares, Inc. Hoschton, GA	Cherokee Bank, National Association Canton, GA	Pending
South Georgia Bank Holding Company Omega, GA	Bank of Dooly Vienna, GA	Pending

APPLICATIONS FOR RESERVATION OF A NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
Greater Community Bank	Floyd County	Ms. Donna McEntyre SVP & Corporate Secretary Greater Rome Bank P.O. Box 5271 Rome, GA 30162

2014 State Holidays

In accordance with O.C.G.A. § 1-4-1, Governor Nathan Deal proclaimed the following dates in 2014 as public and legal state holidays when the Capitol and all State agencies will be closed:

Holiday Name	Date Observed
New Year's Day 2014	Wednesday, January 1 st
Robert E. Lee's Birthday	Sunday, January 19 th Will be observed on Friday, November 28 th
Martin Luther King Jr.'s Birthday	Monday, January 20 th
Washington's Birthday	Monday, February 17 th Will be observed on Friday, December 26 th
Confederate Memorial Day	Saturday, April 26 th Will be observed on Monday, April 28 th
Memorial Day	Monday, May 26 th
Independence Day	Friday, July 4 th
Labor Day	Monday, September 1 st
Columbus Day	Monday, October 13 th
Veterans' Day	Tuesday, November 11 th
Thanksgiving Day	Thursday, November 27 th Lee's Birthday will be observed on Friday, November 28 th
Christmas Day	Thursday, December 25 th Washington's Birthday will be observed on Friday, December 26 th

Georgia law allows a financial institution to be closed one day each week in addition to Sundays and holidays (O.C.G.A. § 7-1-110). Except in the case of an emergency closing, a financial institution must post a notice of intent to close at least 30 days in advance of the closure (O.C.G.A. § 7-1-110.1).

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The Department is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers/processors, lenders and loan originators, money service businesses, international banking organizations, and bank holding companies conducting business in Georgia.

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

Our **Vision** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.

We're on the Web!

**Visit our website at:
dbf.georgia.gov**

Our Motto is: "Safeguarding Georgia's Financial Services"

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