



FINANCIAL INSTITUTIONS TODAY

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

September 2019

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Tandem Bank Opens

Tandem Bank, the first new bank in Georgia in 11 years, opened on September 23rd in downtown Tucker. The full-service community bank will serve entrepreneurs, small-to mid-sized businesses, professionals and residents in and around the Tucker area. Tandem Bank is led by Charles DeWitt who has organized the bank with 12 other business and community leaders, most of whom have strong ties to the Tucker and Decatur area. Earlier this year, Georgia's Department of Banking and Finance approved Tandem Bank as the first traditional de novo community bank in Georgia since 2008. Commissioner Kevin Hagler stated that "the formation of this new state bank is further evidence that community banking in Georgia has recovered from the depths of the financial crisis." Tandem Bank opened for business at 2356 Main Street in Downtown Tucker on September 23, 2019.



Community Bank Leverage Ratio Final Rule Issued

On Tuesday, September 18th, the FDIC issued a [final rule](#) to implement the Community Bank Leverage Ratio (CBLR) framework. The rule has an effective date of January 1, 2020. The final CBLR rule revised key aspects of the proposal, including the definition of the CBLR, the CBLR qualifying criteria, and the consequences for falling below the CBLR. An overview and summary of key changes in the final rule is available [here](#).

The final rule acknowledges the consultation process with the states and notes that state bank supervisors "helped shape key elements of the community bank leverage ratio" since most of the revisions in the final rule were in line with recommendations made by CSBS on behalf of state banking regulators. The Department, through Commissioner Hagler, was actively involved in these discussions and raised many concerns about the negative impacts of the proposed rules on community banks. The Department appreciates the federal regulators listening to the concerns of those states and modifying the final rule.

The FDIC released a [fact sheet](#) providing an overview of the CBLR framework. The FDIC's [press release](#) and a [statement from Chairman Jelena McWilliams](#) are also linked.

CBLR Fact Sheet

- The CBLR framework is an **optional framework** that is designed to reduce burden by removing the requirements for calculating and reporting risk-based capital ratios for qualifying community banking organizations that opt into the framework. The framework provides a simple measure of capital adequacy for qualifying community banking organizations, consistent with section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA).
- Qualifying community banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9 percent are considered to have satisfied the risk-based and leverage capital requirements in the generally applicable capital rule. In addition, these institutions are considered to have met the well-capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act.

- The main components and requirements of the CBLR framework are as follows:

Qualifying Community Banking Organization	<ul style="list-style-type: none"> Leverage ratio greater than 9 percent Less than \$10 billion in average total consolidated assets Off-balance-sheet exposures of 25 percent or less of total consolidated assets Trading assets plus trading liabilities of 5 percent or less of total consolidated assets Not an advanced approaches banking organization
Calculation of the Leverage Ratio	Tier 1 capital / Average total consolidated assets
Leverage Ratio Requirement	Greater than 9 percent
Grace Period	<p>A two-quarter grace period (which begins at the end of the calendar quarter in which the electing banking organization ceases to satisfy any of the qualifying criteria) to either meet the qualifying criteria again or to comply with the generally applicable capital rule.</p> <ul style="list-style-type: none"> Grace period applies when a banking organization's leverage ratio is 9 percent or less but greater than 8 percent. A banking organization that fails to maintain a leverage ratio greater than 8 percent would not be permitted to use the grace period and must comply with the generally applicable capital rule and file the appropriate regulatory reports. Grace period does not apply in the case of a merger or acquisition.

A qualifying community banking organization may opt into and out of the community bank leverage ratio framework by completing the associated reporting requirements on its Call Report. To learn more, visit the press release related to [capital simplification for qualifying community banking organizations and early adoption of certain related simplifications to the regulatory capital requirements](#).

Membership in FS-ISAC

The Federal Financial Institutions Examination Council (FFIEC) issued a press release in late 2014 recommending that financial institutions of all sizes participate in the Financial Services Information Sharing and Analysis Center (FS-ISAC) as part of their process to identify, respond to, and mitigate cybersecurity threats and vulnerabilities. Please find [attached](#) a presentation with the number of banks in each state that are current members of the FS-ISAC. The presentation shows by the actual number of bank members and a percentage of each state's total banks.

The FS-ISAC is a non-profit, information-sharing forum established by financial services industry participants to facilitate the public and private sectors' sharing of physical and cybersecurity threat and vulnerability information. Rapidly evolving cybersecurity risks reinforce the need for all institutions and their critical technology service providers to have appropriate methods for obtaining, monitoring, sharing, and responding to threat and vulnerability information. Financial institution management is expected to monitor and maintain sufficient awareness of cybersecurity threats and vulnerability information so that they may evaluate risk and respond accordingly. The entire press release can be found here: <https://www.ffiec.gov/press/pr110314.htm>.

The Department encourages all Georgia financial institutions to participate in FS-ISAC. Additional information regarding FS-ISAC can be found here: <https://www.fsisac.com/>.

New Appraisal Threshold for Residential Real Estate Loans

The FDIC, the Federal Reserve, and the Office of the Comptroller of the Currency (the Agencies) have jointly issued an amended rule (the Appraisal Rule) that increases the threshold for residential real estate transactions requiring an appraisal from \$250,000 to \$400,000. For transactions exempted by the \$400,000 threshold, the Appraisal Rule requires an evaluation. The Appraisal Rule also incorporates the appraisal exemption for rural residential properties provided by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRPCPA) and requires evaluations for these exempt transactions. In addition, the Appraisal Rule requires appraisals for federally related transactions to be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

A link to the Financial Institution Letter can be found [here](#).

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 September 2019:

APPLICATIONS FOR NEW FINANCIAL INSTITUTION

<u>FINANCIAL INSTITUTION</u>	<u>CAPITALIZATION</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
Tandem Bank 2356 Main Street Tucker, GA 30084 DeKalb County	\$ 18,931,800	05-02-2019	09-23-2019

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	Kenwood 5272 River Road Bethesda, MD 20816 Montgomery County	09-16-2019	
The Southern Credit Union Fayetteville	Sharpsburg 1790 Highway 154 Sharpsburg, GA 30277 Coweta County	09-04-2019	
Greater Community Bank Rome	W Main Street 32 W Main Street Cartersville, GA 30120 Bartow County	09-06-2019	
First Southern Bank Waycross	Manatee 3103 Manatee Avenue West Bradenton, FL 34205 Manatee County	09-18-2019	

APPLICATIONS TO CHANGE LOCATION

<u>FINANCIAL INSTITUTION</u>	<u>CHANGE LOCATION OF</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Delta Community Credit Union Atlanta	Decatur From: 245 West Ponce De Leon Avenue Decatur, GA 30030 DeKalb County 160 Clairemont Avenue To: Decatur, GA 30030 DeKalb County	09-03-2019	

SunTrust Bank Atlanta	Gladiolus From: 11340 Summerlin Square Drive Fort Myers, FL 33931 Lee County To: 11620 Gladiolus Drive Fort Myers, FL 33908 Lee County	06-11-2019	09-20-2019
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Associated Credit Union Norcross	Decatur From: One West Court Square Suite 150 Decatur, GA 30030 DeKalb County To: 870 Freeman Street Decatur, GA 30030 DeKalb County	09-04-2019	09-10-2019
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NOTICE OF CHANGE IN NAME

<u>PREVIOUS NAME</u>	<u>NEW NAME</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Heritage Bank Jonesboro	Heritage Southeast Bank	08-23-2019	09-01-2019

FINANCIAL INSTITUTION MERGERS

<u>SURVIVOR</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Georgia's Own Credit Union Atlanta, GA	DOCOCredit Union Albany, GA	Pending	
Georgia Community Bank Dawson, GA	Commercial State Bank Donalsonville, GA	09-06-2019	
Georgia Community Bank Dawson, GA	The Citizens State Bank of Taylor County Reynolds, GA	09-06-2019	
Heritage Southeast Bank (f/k/a Heritage Bank) Jonesboro, GA	Providence Bank Alpharetta, GA	08-23-2019	09-01-2019
Heritage Southeast Bank (f/k/a Heritage Bank) Jonesboro, GA	The Heritage Bank Hinesville, GA	08-23-2019	09-01-2019
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.

Department Outreach and Upcoming Speaking Engagements

2019 President/CEO Conference - Commissioner Kevin Hagler spoke at the Georgia Bankers Association's 2019 President/CEO Conference on October 8, 2019, at The Ritz-Carlton Reynolds, Lake Oconee, Georgia.

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