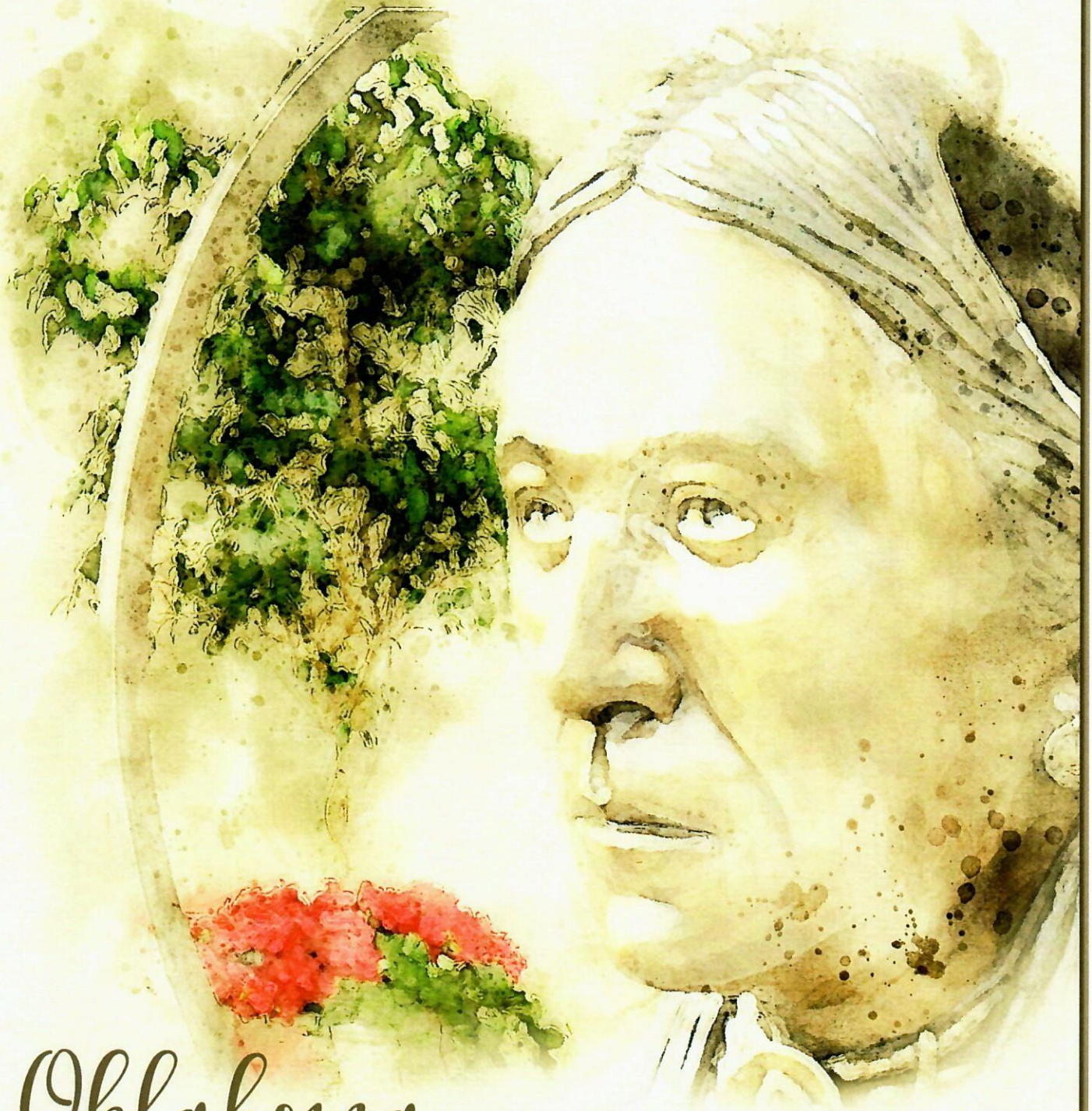


2022 ANNUAL REPORT
TO THE GOVERNOR



Oklahoma
BANKING DEPARTMENT

MICK THOMPSON
BANK COMMISSIONER



J. KEVIN STITT
GOVERNOR

STATE OF OKLAHOMA
STATE BANKING DEPARTMENT

October 14, 2022

The Honorable Kevin Stitt
Governor, State of Oklahoma
2300 N Lincoln Blvd.
Oklahoma City, Oklahoma 73105

Dear Governor Stitt:

Pursuant to Title 6 O.S., Section 212 of the Oklahoma Banking Code, I am pleased to submit the State Banking Department's 2022 Annual Report. This report contains information on the financial institutions the Department regulates as well as an update on the agency's budget and regulatory activities during the past year.

The State Banking Department is charged with regulating all state-chartered banks, credit unions, savings and loan associations, trust companies, money order companies, and money transmission licensees in the State of Oklahoma. The total banking assets supervised by the State Banking Department are over \$93.9 billion.

I hope you find this report informative and should you have any questions regarding the contents of this publication, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mick Thompson", with a large, sweeping flourish at the end.

Mick Thompson
Commissioner

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**Additional information may be found on the
Department's website at Banking.ok.gov.**

MISSION

The mission of the State Banking Department is to allocate human and other resources to implement an effective regulatory program for financial institutions. The Department has been, and will continue to be, an advocate for financial institutions in the implementation of this program. However, our primary focus is to ensure the continuance of safe and sound financial practices in the State's financial institutions. It would follow that the financial services offered by these sound institutions would foster economic growth and meet the public demand for these services in their communities.

HOW MISSION IS ACCOMPLISHED

The Department is committed to the development of its staff through education, economic rewards, and the availability of a pleasant work environment. In that regard, the following objectives have been formulated by the Department:

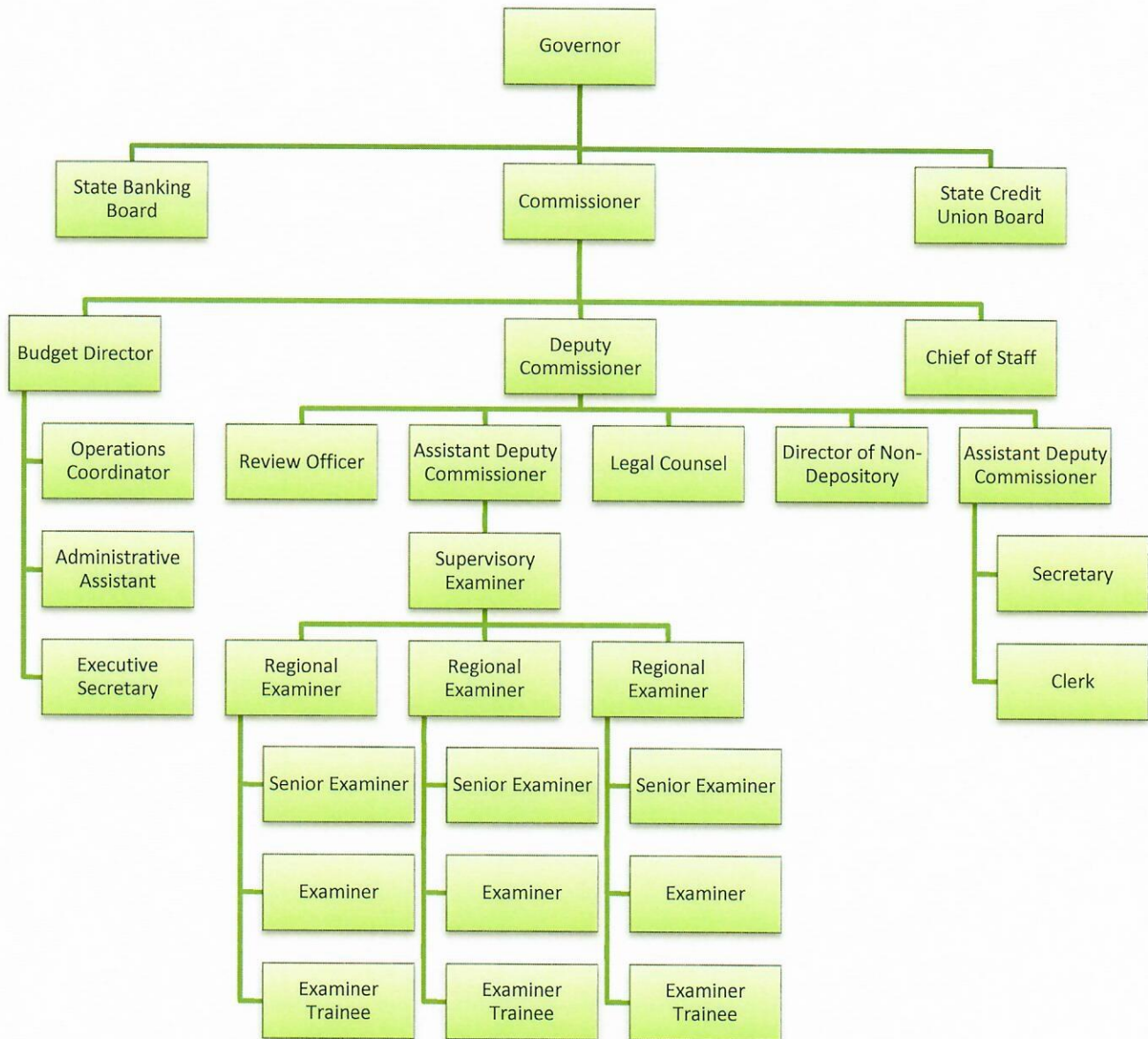
- To strengthen the examination program by improving examination methods and procedures and by improving research and development to stay abreast of changes within the financial industry;
- To improve training programs for Department personnel by more efficient utilization of funds and resources, enhancement of internal training programs, and early detection and identification of external schools and seminars to be attended;
- To improve communication among bank management, regulatory agencies, public entities, and the general public;
- To acquire and maintain the required physical and human resources to allow more efficient and consistent operation; and
- To improve the work environment, benefits, and morale of Department personnel in order to enhance staff motivation and satisfaction, improve productivity, and reduce turnover.

HOW MISSION IS MEASURED

To accomplish its mission, the Banking Department examines banks, credit unions, trust companies, and savings associations, and rates them based on safety and soundness. The Department also compares trends of capital requirements and assets of prior years. The Department can then recognize weaknesses and implement formal and informal supervisory action to ensure compliance with applicable laws and prevent the failure of a financial institution. The Department can also compare the results of each examination to evaluate the progress of each financial institution.

With respect to its supervision of money order companies and money transmitters, the Department supervises such institutions to assure they maintain adequate security (such as a surety bond) and net worth. The Department's supervision is directed at consumer protection and making sure that only those companies with sound business operations may conduct business in Oklahoma.

ORGANIZATIONAL CHART



COMPARATIVE STATEMENT OF EXPENDITURES AND RECEIPTS

EXPENDITURES	FY-22	FY-21
Salary and Benefits	\$ 5,985,175	\$ 6,221,373
Professional Services	101,137	153,155
Travel	95,383	39,783
Equipment	60,023	51,859
Other Operating Expenses	357,782	1,883,693
Capital Expense	312,993	649,718
TOTAL	\$ 6,912,493	\$ 8,999,581

RECEIPTS	FY-22	FY-21
Assessments Deposited into GRF	\$ 786,884	\$ 897,392
Assessments and Fees Deposited into the Banking Department's Revolving Funds		
- Banks	\$ 7,158,899	\$ 8,007,329
- Trust Companies	162,166	117,388
- Credit Unions	271,112	433,009
- Savings and Loan Associations	1,803	1,892
- Money Order Companies	16,140	31,860
- Money Transmitter Companies	509,750	494,150
- Misc. Fees	18,873	22,719
TOTAL ASSESSMENTS & FEES	\$ 8,925,627	\$ 10,005,739

INSTITUTIONS SUPERVISED

as of June 30, 2022

Type of Institutions	Number of Institutions	Examinations Performed 7/1/2021 to 6/30/2022
Commercial Banks (1)	137	49
Bank Trust Departments		
- Active	16	6
- Inactive (2)	8	N/A
Savings and Loans	1	1
Trust Companies	6	3
Credit Unions	11	6
Money Order Companies (3)	5	0
Money Transmitter Companies (4)	169	0
TOTAL	353	65

(1) Commercial banks: 42 were independent exams and 7 were joint with FDIC or Federal Reserve. 128 of the 137 banks (93%) are rated 1 or 2.

(2) Trust Departments endowed with trust powers which do not currently provide fiduciary supervision for any trust accounts.

(3) Money Order licensees submit audited financial statements at the time their license is renewed. The statements are reviewed internally along with other documentation required at the time.

(4) Money Transmitter licensees are examined annually upon renewal of their license. The Banking Department reviews each licensee for purposes of financial safety and soundness. The Banking Department has entered into agreements with the Oklahoma Bureau of Narcotics and Dangerous Drugs Control and the Federal Department of Homeland Security to conduct investigations of agent locations for purposes of criminal conduct.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED BANKS

as of June 30, 2022

Number of Banks – 137

ASSETS	Thousands of Dollars
Cash and Due from Banks	9,257,837
Securities	13,302,318
Federal Funds Sold	1,270,683
Total Loans	50,785,007
Allowance for Loan and Lease Losses	(633,670)
Bank Premises – F&F	1,653,182
Other Real Estate Owned	76,926
Intangible Assets	877,129
Other Assets	2,078,569
TOTAL ASSETS	78,667,981

LIABILITIES	Thousands of Dollars
DEPOSITS	
Noninterest-bearing Deposits	22,354,043
Interest-bearing Accounts	45,472,583
TOTAL DEPOSITS	67,826,626
Federal Funds Purchased	546,818
Other Borrowed Money	2,504,084
Subordinated Notes and Debentures	3,093
Other Liabilities	615,867
TOTAL LIABILITIES	71,496,488

EQUITY CAPITAL	Thousands of Dollars
Preferred Stock	20,032
Common Stock	144,069
Surplus	2,688,852
Undivided Profits	4,318,540
TOTAL EQUITY CAPITAL	7,171,493
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY CAPITAL	78,667,981

	6-30-2022	6-30-2021	6-30-2020
Percentage of Total Capital to Total Assets	9.92%	10.32%	10.48%
Percentage of Total Capital to Total Deposits	11.51%	12.16%	12.53%
Percentage of Total Loans to Total Deposits	74.87%	77.19%	83.84%
Percentage of Cash Reserve to Total Deposits	13.65%	15.59%	11.46%

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED BANKS

Selected Performance and Condition Ratios

	6-30-2022	12-31-21	6-30-2021	12-31-2020	6-30-2020	12-30-2019
Number of Banks Reporting	137	137	144	144	147	151
Unprofitable Banks	2.19%	2.92%	4.17%	4.86%	2.04%	5.30%
Banks with Earnings Gains	34.31%	71.53%	72.22%	54.17%	50.34%	61.59%

Yield on Earning Assets	3.74%	3.90%	4.00%	4.36%	4.65%	4.98%
Net Interest Margin	3.48%	3.60%	3.65%	3.76%	3.92%	3.97%
Noninterest Inc./Earning Assets	1.26%	1.53%	1.59%	1.73%	1.55%	1.36%
Noninterest Exp./Earning Assets	3.02%	3.12%	3.13%	3.44%	3.50%	3.49%
Net Operating Income to Assets	1.31%	1.52%	1.58%	1.31%	1.19%	1.12%

Return on Assets (ROA)	1.30%	1.53%	1.59%	1.36%	1.26%	1.14%
Return on Equity (ROE)	13.48%	14.79%	15.17%	12.49%	11.50%	9.45%

Loan Loss Reserve to Loans	1.25%	1.27%	1.29%	1.28%	1.19%	1.10%
Noncurrent Loans to Loans	1.11%	1.39%	1.57%	2.11%	1.47%	1.52%
Core Capital (Leverage) Ratio	9.63%	9.59%	9.72%	9.99%	9.93%	10.40%
Core Deposits to Total Liabilities	84.33%	83.94%	81.82%	78.45%	76.94%	76.45%

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED BANKS

July 1, 2021, through June 30, 2022

TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2021	144
NEW BANK CHARTERS	0
CONVERSIONS TO STATE BANKS (1)	1
CONVERSIONS TO NATIONAL BANKS	0
ACQUISITIONS	
- State Banks acquired by National Banks	0
MERGERS	
- State Banks merged into Other State Banks (2)	5
- State Banks merged into National Banks (3)	2
- State Banks merged into Out-of-State Banks (4)	1
TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2022	137

(1) Quail Creek Bank, National Association, Oklahoma City, Oklahoma became a state-chartered institution and changed its corporate name to Quail Creek Bank. Effective date was March 8, 2022.

(2) Lakeside State Bank, Oologah, Oklahoma merged with and into RCB Bank, Claremore, Oklahoma. Effective date was October 1, 2021.

Oklahoma State Bank, Vinita, Oklahoma merged with and into RCB Bank, Claremore, Oklahoma. Effective date was October 1, 2021.

Cornerstone Bank, Watonga, Oklahoma merged with and into Bank7, Oklahoma City, Oklahoma. Effective date was December 10, 2021.

Bank of Commerce, Chouteau, Oklahoma merged with and into Welch State Bank of Welch, Okla., Welch, Oklahoma. Effective date was January 1, 2022.

- (2) The American Bank, Wagoner, Oklahoma merged with and into Blue Sky Bank, Pawhuska, Oklahoma. Effective date was May 16, 2022.
- (3) The First State Bank, Oklahoma City, Oklahoma merged with and into First National Bank and Trust Company, Shawnee, Oklahoma. Effective date was July 17, 2021.

Yorktown Bank, Pryor, Oklahoma merged with and into Fidelity Bank, National Association, Wichita, Kansas. Effective date was October 23, 2021.

- (4) Central Bank of Oklahoma, Tulsa, Oklahoma merged with and into The Central Trust Bank, Jefferson City, Missouri. Effective date was October 1, 2021.

Summary of Changes – Other

The Bank of Wyandotte, Wyandotte, Oklahoma changed its corporate name to Method Bank. Effective date was February 9, 2022.

Bank of Cordell, Cordell, Oklahoma changed its corporate name to Bank 360. Effective date was March 4, 2022.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED CREDIT UNIONS

as of June 30, 2022

Number of Credit Unions – 11

Corporate Credit Unions – None

ASSETS	Thousands of Dollars
Cash, Cash Equivalents and Cash on Deposit	166,953
Total Loans	1,362,376
Loans Held for Sale	625
<i>Less: Allowance for Loan Losses</i>	(19,121)
Total Investments (Market Value, AFS only)	549,351
Land & Building (Net of Depreciation)	47,700
Other Fixed Assets	2,696
Other Real Estate Owned	1,001
Share Insurance Capitalization Deposit	16,234
Other Assets (including Share Insurance Fund)	24,465
TOTAL ASSETS	2,152,280

LIABILITIES	Thousands of Dollars
Total Borrowings	72,500
Dividend/Interest Payable	4
Accounts Payable and Other Liabilities	21,446
TOTAL LIABILITIES	93,950
TOTAL SHARES AND DEPOSITS	1,845,230

EQUITY	Thousands of Dollars
Regular Reserves	7,016
<i>Plus: Unrealized G/L on AFS Securities</i>	(39,278)
Other Reserves and Miscellaneous Equity	2,389
Reserve for Nonconforming Investments	0
Undivided Earnings (including YTD Net Income)	242,973
TOTAL EQUITY	213,100
TOTAL LIABILITIES, SHARES, AND EQUITY	2,152,280

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED CREDIT UNIONS

July 1, 2021, through June 30, 2022

NAME CHANGE

- None

CONVERSIONS

- True Sky Credit Union, Oklahoma City, Oklahoma converted to a federal credit union effective December 28, 2021, and changed its name to True Sky Federal Credit Union.
- Allegiance Credit Union, Oklahoma City, Oklahoma converted to a federal credit union effective December 30, 2021, and changed its name to Allegiance Federal Credit Union.

MERGERS

- None

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED TRUST COMPANIES

as of June 30, 2022

Number of Trust Companies – 6

ASSETS	Thousands of Dollars
Cash & Due From Banks	4,115
Notes, Loans & Other Receivables	4,061
Stocks, Bonds, Securities & Investments	13,771
Trust Company Premises, Furniture, Fixtures, and Other Assets Representing Trust Company Premises	1,568
Other Real Estate	324
Investments in Subsidiaries	
Title Records	
Other Assets	14,963
TOTAL ASSETS	38,802
LIABILITIES	Thousands of Dollars
Certificates & Other Forms Representing Deposits of Individuals, Partnerships and Corporations	
Certificates & Other Forms Representing Deposits of Government and Political Subdivisions	0
Accounts Payable	508
Notes Payable	
Custodial and Escrow Accounts Payable	
Reserve Provision for Taxes, Interest, etc.	153
Other Liabilities	7,688
TOTAL LIABILITIES	8,349
RESERVES ON LOANS & SECURITIES	Thousands of Dollars
Reserves for Bad Debt Losses on Loans	-75
Reserves for Losses on Securities	
TOTAL RESERVES ON LOANS & SECURITIES	-75
CAPITAL ACCOUNTS	Thousands of Dollars
Capital Notes and Debentures (Specify interest & maturity each issue outstanding)	0
Preferred Stock-Total Par Value	0
Common Stock-Total Par Value	2,332
Surplus	21,169
Paid in Excess	7,027
Undivided Profits	
Reserves for Contingency & Other Capital Reserves including Provisions for Abstract & Title Guarantees	
TOTAL CAPITAL ACCOUNTS	30,528
TOTAL LIABILITIES, RESERVES & CAPITAL ACCOUNTS	38,802

SUMMARY OF CHANGES

TRUST COMPANIES
as of June 30, 2022

None.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

as of June 30, 2022

Number of Savings & Loans – 1

ASSETS	Thousands of Dollars
Cash and Noninterest-Bearing Deposits	1,354
U.S. Government Securities	4,216
Other Investment Securities	827
Mortgage Loans	1,757
Non-Mortgage Loans	20
Repossessed Real Estate and Other Assets	0
Real Estate Held for Investment	0
Investment in Subsidiaries	0
Premises and Equipment	11
Other Assets	57
TOTAL ASSETS	8,242

LIABILITIES	Thousands of Dollars
Deposits	5,255
Advances from Federal Home Loan Bank	0
Other Borrowings	0
Other Liabilities	13
TOTAL LIABILITIES	5,268

EQUITY CAPITAL	Thousands of Dollars
Common Stock	100
Paid in Excess of Par	784
Unrealized Gains (Losses) on Available-for-Sale Securities	0
Retained Earnings	2,090
TOTAL EQUITY CAPITAL	2,974
TOTAL LIABILITIES AND EQUITY CAPITAL	8,242

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

July 1, 2021, through June 30, 2022

MERGERS

- None

MONEY SERVICE BUSINESSES

The Oklahoma State Banking Department supervises and regulates the following non-depository money service business activities:

- Sale of Checks
- Money Transmitters

Sale of Checks. The Oklahoma Sale of Checks Act (Title 6 O.S. § 2101 *et seq.*) requires any person selling or issuing checks (*e.g.*, money orders) to first obtain a license from the State Banking Commissioner. Each license must be renewed annually on or before June 1.

As of June 30, 2022, there were 7 companies licensed under the Oklahoma Sale of Checks Act. These 7 licensees were doing business at 1,513 agent locations in Oklahoma.

Money Transmission. The Oklahoma Financial Transaction Reporting Act (Title 6 O.S. § 1511 *et seq.*) and the regulations promulgated by the Oklahoma State Banking Board (Title 85:15-1-1 *et seq.*), require any person engaged in the business of money transmission to first obtain a license from the State Banking Commissioner. Each license must be renewed annually on or before January 1.

As of June 30, 2022, there were 166 companies licensed to conduct a money transmission business in Oklahoma. These 166 licensees were doing business at 6,177 agent locations in Oklahoma.