

ANNUAL REPORT
TO THE GOVERNOR



2020

MICK THOMPSON
BANK COMMISSIONER



J. KEVIN STITT
GOVERNOR

STATE OF OKLAHOMA
STATE BANKING DEPARTMENT

October 15, 2020

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 2020 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 \$70 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 long, sweeping underline.

Mick Thompson
Commissioner

CONTENTS

Mission

Organizational Chart

Comparative Statement of Expenditures and Receipts

Institutions Supervised

Banks Consolidated Report of Condition – June 30, 2020

Consolidated Report of Condition – Selected Performance and Condition Ratios

Summary of Changes – Oklahoma State Chartered Banks

Credit Union Consolidated Report of Condition – June 30, 2020

Summary of Changes – Oklahoma State Chartered Credit Unions

Summary of Changes - Trust Companies

Trust Company Consolidated Report of Condition – June 30, 2020

Summary of Changes - Savings and Loan Associations

Savings and Loan Consolidated Report of Condition – June 30, 2020

Money Service Businesses

**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:

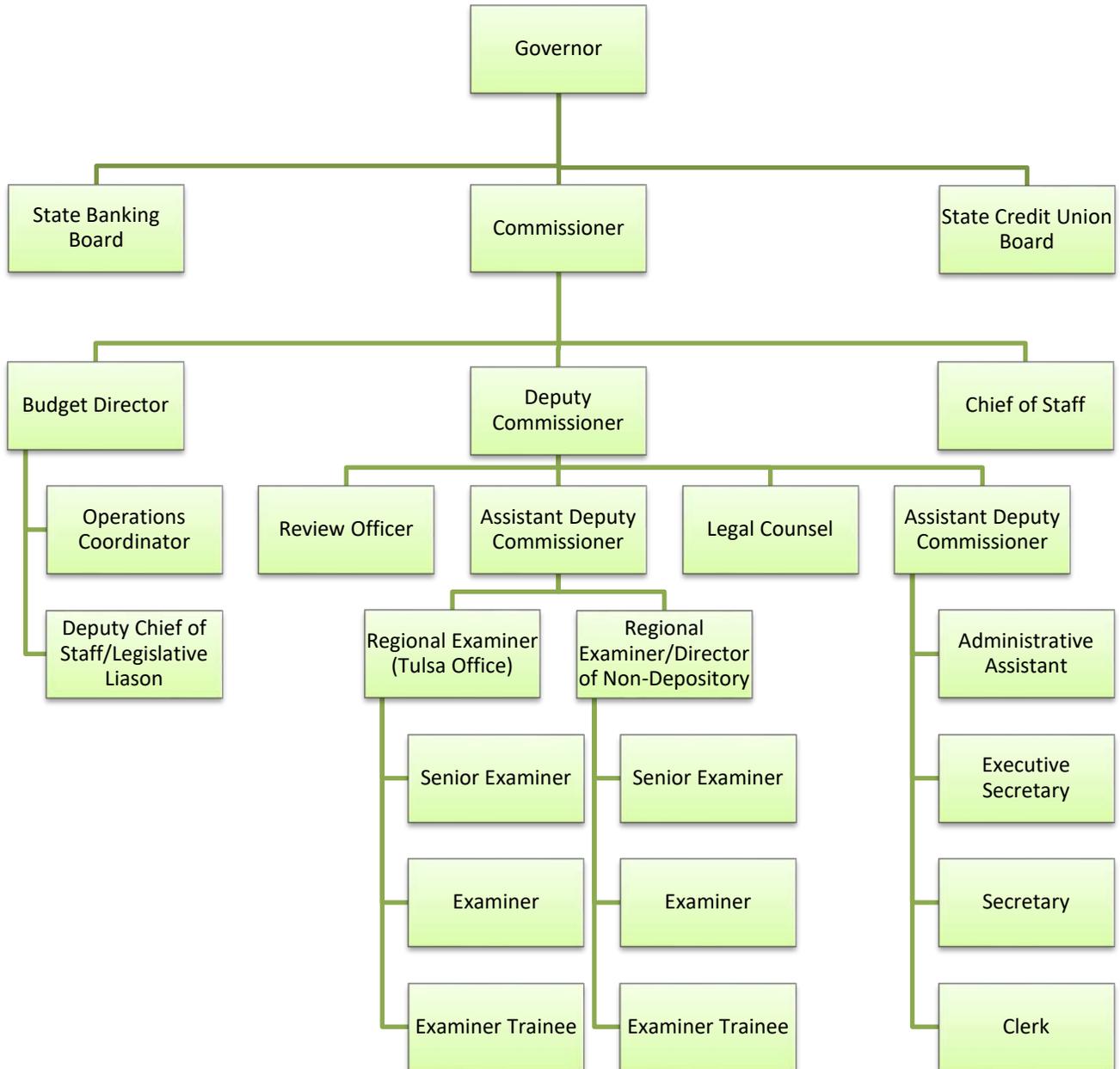
- To strengthen the examination program by improving examination methods and procedures and by improving research and development to stay abreast of changes within the financial industry;
- To improve training programs for Department personnel by more efficient utilization of funds and resources, enhancement 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-20	FY-19
Salary and Benefits	\$ 6,660,423	\$ 6,313,787
Professional Services	129,072	249,143
Travel	323,408	392,572
Equipment	23,802	0
Other Operating Expenses	377,731	319,917
Capital Expense	356,979	0
TOTAL	\$ 7,871,415	\$ 7,275,419

RECEIPTS	FY-20	FY-19
Assessments Deposited into GRF	\$ 797,536	\$ 820,091
Assessments and Fees Deposited into the Banking Department's Revolving Funds		
- Banks	\$ 7,223,714	\$ 7,398,892
- Trust Companies	120,656	124,592
- Credit Unions	373,825	352,230
- Savings and Loan Associations	1,804	1,749
- Money Order Companies	3,090	19,480
- Money Transmitter Companies	390,600	393,400
- Misc. Fees	7,616	4,700
TOTAL ASSESSMENTS & FEES	\$ 8,918,840	\$ 9,115,134

INSTITUTIONS SUPERVISED

as of June 30, 2020

Type of Institutions	Number of Institutions	Examinations Performed 7/1/2019 to 6/30/2020
Commercial Banks (1)	147	47
Bank Trust Departments		
- Active	15	6
- Inactive (2)	9	N/A
Savings and Loans	1	0
Trust Companies	7	2
Credit Unions	13	4
Money Order Companies (3)	14	0
Money Transmitter Companies (4)	110	0
TOTAL	325	76

(1) Commercial banks: 38 were independent exams and 9 were joint with FDIC or Federal Reserve. 136 of the 157 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, 2020

Number of Banks – 147

ASSETS	Thousands of Dollars
Cash and Due from Banks	6,465,973
Securities	8,937,688
Federal Funds Sold	1,380,116
Loans – Net of Reserve	46,727,443
Bank Premises – F&F	1,402,550
Other Real Estate Owned	119,983
Intangible Assets	762,978
Other Assets	1,630,308
TOTAL ASSETS	67,427,039

LIABILITIES	Thousands of Dollars
DEPOSITS	
Noninterest-bearing Deposits	17,105,237
Interest-bearing Accounts	39,301,311
TOTAL DEPOSITS	56,406,548
Federal Funds Purchased	603,570
Other Borrowed Money	2,794,925
Subordinated Notes and Debentures	3,093
Other Liabilities	550,432
TOTAL LIABILITIES	60,358,568

EQUITY CAPITAL	Thousands of Dollars
Preferred Stock	20,032
Common Stock	133,860
Surplus	2,637,503
Undivided Profits	4,275,498
Noncontrolling Interests in Consolidated Subs.	1,578
TOTAL EQUITY CAPITAL	7,068,471
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY CAPITAL	67,427,039

	6-30-2020	6-30-2019	6-30-2018
Percentage of Total Capital to Total Assets	10.48%	11.30%	10.74%
Percentage of Total Capital to Total Deposits	12.53%	13.44%	12.65%
Percentage of Total Loans to Total Deposits	83.84%	82.90%	81.41%
Percentage of Cash Reserve to Total Deposits	11.46%	9.81%	9.75%

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED BANKS

Selected Performance and Condition Ratios

	6-30-2020	12-30-19	6-30-19	12-31-18	6-30-2018	12-31-2017
Number of Banks Reporting	147	151	154	153	156	158
Unprofitable Banks	2.04%	5.30%	2.56%	6.96%	5.06%	3.85%
Banks with Earnings Gains	50.34%	61.59%	64.10%	53.80%	47.47%	59.62%

Yield on Earning Assets	4.65%	4.98%	5.04%	4.78 %	4.63%	4.31%
Net Interest Margin	3.92%	3.97%	4.04%	4.05%	4.02%	3.86%
Noninterest Inc./Earning Assets	1.55%	1.36%	1.15%	1.05%	1.07%	1.11%
Noninterest Exp./Earning Assets	3.50%	3.49%	3.31%	3.24%	3.26%	3.27%
Net Operating Income to Assets	1.19%	1.12%	1.15%	1.42%	1.42%	1.21%

Return on Assets (ROA)	1.26%	1.14%	1.16%	1.42%	1.41%	1.23%
Return on Equity (ROE)	11.50%	9.45%	13.14%	13.19%	13.14%	11.20%

Loan Loss Reserve to Loans	1.19%	1.10%	1.14%	1.15%	1.13%	1.06%
Noncurrent Loans to Loans	1.47%	1.52%	.95%	1.13%	0.86%	0.80%
Core Capital (Leverage) Ratio	9.93%	10.40%	10.38%	10.27%	10.22%	10.23%
Tier 1 Risk-Based Capital Ratio	10.77%	11.01%	10.87%	10.45%	11.21%	11.11%
Total Risk-Based Capital Ratio	14.38%	14.17%	14.16%	14.03%	14.20%	14.07%

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED BANKS

July 1, 2019, through June 30, 2020

TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2019	154
NEW BANK CHARTERS	0
CONVERSIONS TO STATE BANKS	0
CONVERSIONS TO NATIONAL BANKS	0
ACQUISITIONS	
- State Banks acquired by Other State Banks (1)	1
MERGERS	
- State Banks merged into Other State Banks (2)	6
- State Banks merged into National Banks	0
- State Banks merged into Out-of-State Banks	0
TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2020	147

(1) BancFirst, Oklahoma City, Oklahoma, purchase and assumption of The Citizens State Bank, Okemah, Oklahoma. Effective date was March 19, 2020.

(2) Advantage Bank, Spencer, Oklahoma, merged with and into Sooner State Bank, Tuttle, Oklahoma. Effective date was October 9, 2019.

Fort Gibson State Bank, Fort Gibson, Oklahoma, merged with and into Firststar Bank, Sallisaw, Oklahoma. Effective date was October 25, 2019.

Bank of Commerce, Stilwell, Oklahoma, merged with and into Peoples Bank, Westville, Oklahoma. Effective date was December 31, 2019.

1st Bank & Trust, Broken Bow, Oklahoma, merged with and into FirstBank, Antlers, Oklahoma. Effective date was January 1, 2020.

Bank of Cushing, Cushing, Oklahoma, merged with and into Blue Sky Bank, Pawhuska, Oklahoma. Effective date was February 15, 2020.

Republic Bank & Trust, Norman, Oklahoma, merged with and into Armstrong Bank, Muskogee, Oklahoma. Effective date was March 20, 2020.

Summary of Changes - Other

Peoples Bank, Westville, Oklahoma, relocated its main office to Stilwell, Oklahoma. Effective date was December 31, 2019.

Peoples Bank, Stilwell, Oklahoma, changed its name to Bank of Commerce. Effective date was December 31, 2019.

Bank2, Oklahoma City, Oklahoma, changed its name to Chickasaw Community Bank. Effective date was January 1, 2020.

Bank of Commerce, Stilwell, Oklahoma, changed its name to Carson Community Bank. Effective date was March 30, 2020.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED CREDIT UNIONS

as of June 30, 2020

Number of Credit Unions – 13

Corporate Credit Unions – None

ASSETS	Thousands of Dollars
Cash, Cash Equivalents and Cash on Deposit	199,621
Total Loans	1,856,211
Loans Held for Sale	4,458
<i>Less: Allowance for Loan Losses</i>	(21,045)
Total Investments (Market Value, AFS only)	692,063
Land & Building (Net of Depreciation)	67,135
Other Fixed Assets	11,398
Other Real Estate Owned	129
Share Insurance Capitalization Deposit	20,748
Other Assets (including Share Insurance Fund)	62,928
TOTAL ASSETS	2,893,646

LIABILITIES	Thousands of Dollars
Total Borrowings	60,500
Dividend/Interest Payable	243
Accounts Payable and Other Liabilities	31,731
TOTAL LIABILITIES	92,474
TOTAL SHARES AND DEPOSITS	2,488,158

EQUITY	Thousands of Dollars
Regular Reserves	38,966
<i>Plus: Unrealized G/L on AFS Securities</i>	0
Other Reserves and Miscellaneous Equity	17,808
Reserve for Nonconforming Investments	0
Undivided Earnings (including YTD Net Income)	256,240
TOTAL EQUITY	313,014
TOTAL LIABILITIES, SHARES, AND EQUITY	2,893,646

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED CREDIT UNIONS

July 1, 2019, through June 30, 2020

NAME CHANGE

- None

CONVERSIONS

- None

MERGERS

- None

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED TRUST COMPANIES

as of June 30, 2020

Number of Trust Companies – 7

ASSETS	Thousands of Dollars
Cash & Due From Banks	7,991
Notes, Loans & Other Receivables	1,574
Stocks, Bonds, Securities & Investments	9,999
Trust Company Premises, Furniture, Fixtures, and Other Assets Representing Trust Company Premises	2,170
Other Real Estate	278
Investments in Subsidiaries	7,609
Title Records	
Other Assets	14,798
TOTAL ASSETS	36,810

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	477
Notes Payable	
Custodial and Escrow Accounts Payable	
Reserve Provision for Taxes, Interest, etc.	280
Other Liabilities	4,784
TOTAL LIABILITIES	5,541

RESERVES ON LOANS & SECURITIES	Thousands of Dollars
Reserves for Bad Debt Losses on Loans	61
Reserves for Losses on Securities	
TOTAL RESERVES ON LOANS & SECURITIES	61

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	2,882
Surplus	23,129
Paid in Excess	5,197
Undivided Profits	
Reserves for Contingency & Other Capital Reserves including Provisions for Abstract & Title Guarantees	
TOTAL CAPITAL ACCOUNTS	31,208
TOTAL LIABILITIES, RESERVES & CAPITAL ACCOUNTS	36,810

SUMMARY OF CHANGES

TRUST COMPANIES
as of June 30, 2020

None.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

as of June 30, 2020

Number of Savings & Loans – 1

ASSETS	Thousands of Dollars
Cash and Noninterest-Bearing Deposits	842
U.S. Government Securities	4,570
Other Investment Securities	772
Mortgage Loans	2,290
Non-Mortgage Loans	152
Reposessed Real Estate and Other Assets	0
Real Estate Held for Investment	0
Investment in Subsidiaries	0
Premises and Equipment	25
Other Assets	1
TOTAL ASSETS	8,652

LIABILITIES	Thousands of Dollars
Deposits	5,699
Advances from Federal Home Loan Bank	0
Other Borrowings	0
Other Liabilities	20
TOTAL LIABILITIES	5,719

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	2,049
TOTAL EQUITY CAPITAL	2,933
TOTAL LIABILITIES AND EQUITY CAPITAL	8,652

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

July 1, 2019, through June 30, 2020

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, 2020, there were 10 companies licensed under the Oklahoma Sale of Checks Act. These 10 licensees were doing business at 1,541 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, 2020, there were 139 companies licensed to conduct a money transmission business in Oklahoma. These 139 licensees were doing business at 5,941 agent locations in Oklahoma.