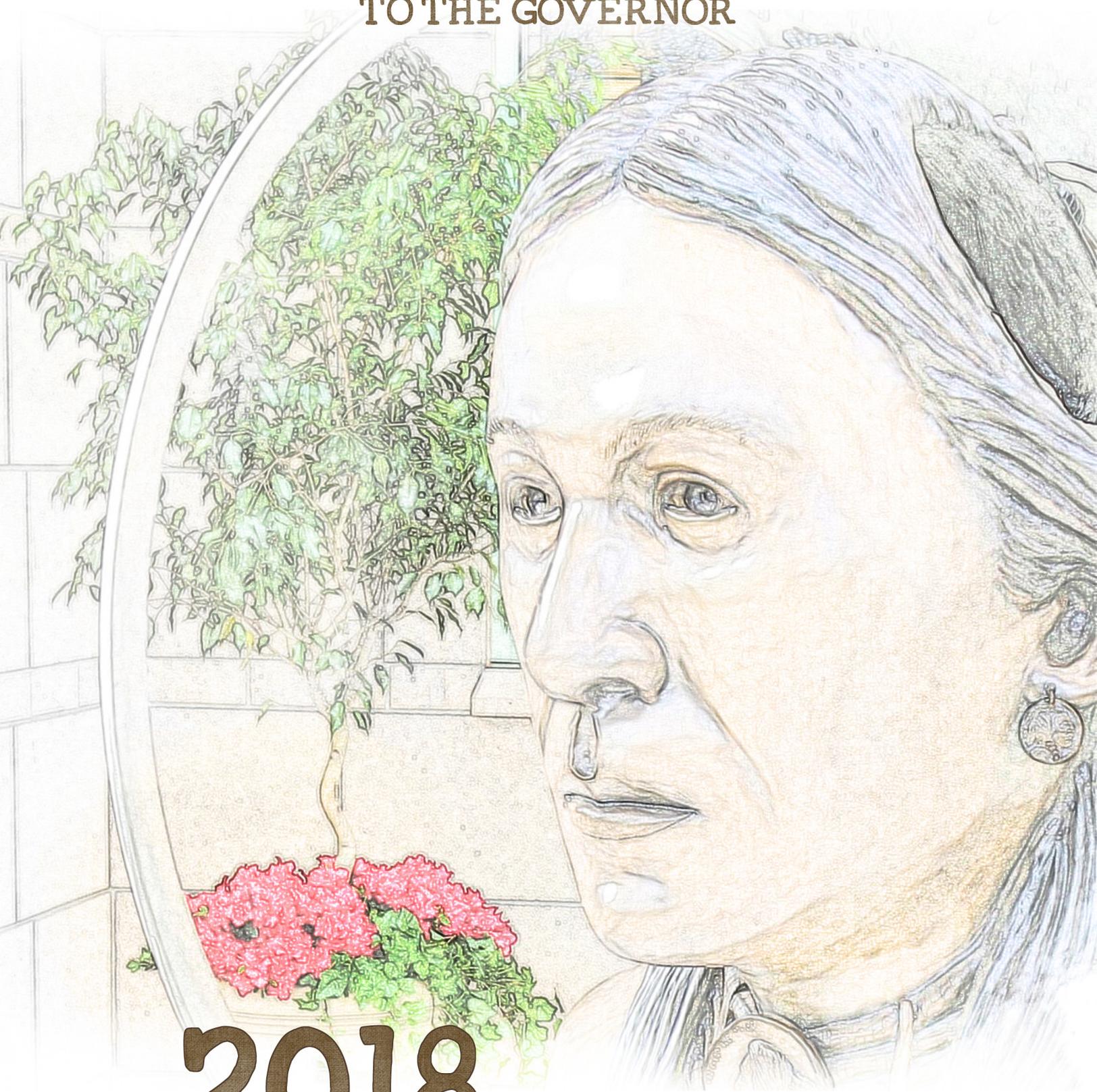


OKLAHOMA STATE BANKING DEPARTMENT
ANNUAL REPORT
TO THE GOVERNOR



2018

MICK THOMPSON
BANK COMMISSIONER



MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
STATE BANKING DEPARTMENT

October 12, 2018

The Honorable Mary Fallin
Governor, State of Oklahoma
Room 212, State Capitol
Oklahoma City, Oklahoma 73105

Dear Governor Fallin:

Pursuant to Title 6 O.S., Section 212 of the Oklahoma Banking Code, I am pleased to submit the State Banking Department's 2018 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 assets regulated by the State Banking Department are approximately \$60 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". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Mick Thompson
Commissioner

CONTENTS

Mission

Organizational Chart

Comparative Statement of Expenditures and Receipts

Institutions Supervised

Banks Consolidated Report of Condition – June 30, 2018

Consolidated Report of Condition – Selected Performance and Condition Ratios

Summary of Changes – Oklahoma State Chartered Banks

Credit Union Consolidated Report of Condition – June 30, 2018

Summary of Changes – Oklahoma State Chartered Credit Unions

Summary of Changes - Trust Companies

Trust Company Consolidated Report of Condition – June 30, 2018

Summary of Changes - Savings and Loan Associations

Savings and Loan Consolidated Report of Condition – June 30, 2018

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:

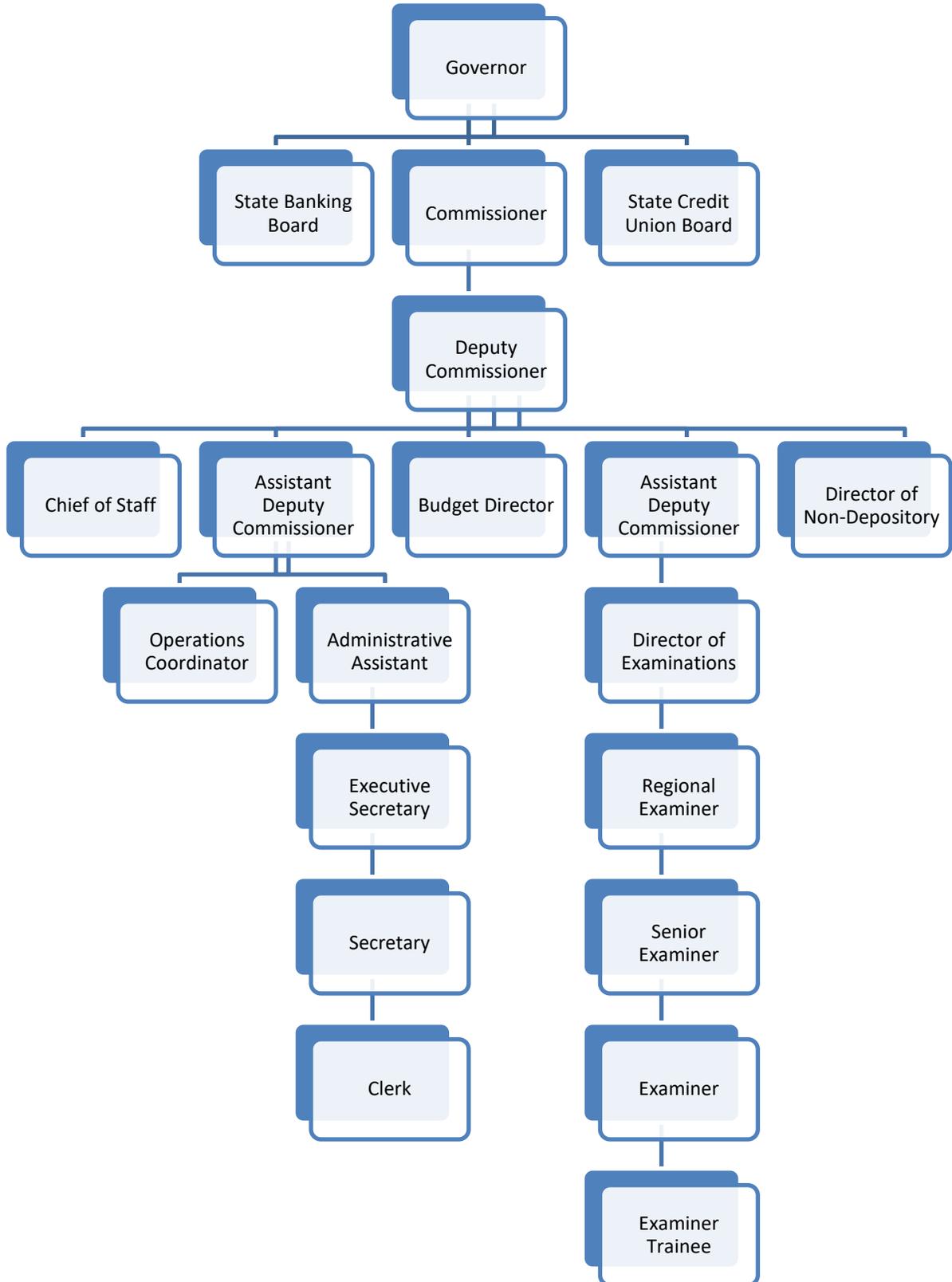
- To strengthen the examination program by improving examination methods and procedures and by improving research and development to stay abreast of changes within the financial industry;
- To improve training programs for Department personnel by more efficient utilization of funds and resources, enhancement 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-18	FY-17
Personal Services	\$5,963,165	\$5,937,281
Professional Services	177,705	143,862
Travel	455,315	427,812
Equipment	30,304	56,439
Other Operating Expenses	293,335	269,983
TOTAL	\$6,919,824	\$6,835,377

RECEIPTS	FY-18	FY-17
Assessments Deposited into GRF	\$744,017	\$627,641
Assessments and Fees Deposited into the Banking Department's Revolving Funds		
- Banks	\$ 6,813,159	\$ 5,377,852
- Trust Companies	176,472	120,170
- Credit Unions	294,494	676,380
- Savings and Loan Associations	1,753	1,804
- Money Order Companies	7,660	7,570
- Money Transmitter Companies	316,600	304,000
- Misc. Fees	1,395	2,393
TOTAL ASSESSMENTS & FEES	\$8,355,550	\$7,117,810

INSTITUTIONS SUPERVISED

as of June 30, 2018

Type of Institutions	Number of Institutions	Examinations Performed 7/1/2017 to 6/30/2018
Commercial Banks*	156	56
Bank Trust Departments		
- Active	17	6
- Inactive**	9	N/A
Savings and Loans	1	0
Trust Companies	7	3
Credit Unions	13	11
Money Order Companies #	14	0
Money Transmitter Companies ##	110	0
TOTAL	327	76

**Commercial banks: 47 were independent exams (includes 2 conversion exams of national banks) and 9 were joint with FDIC or Federal Reserve. 143 of the 156 banks (93%) are rated 1 or 2.*

***Trust Departments endowed with trust powers which do not at present provide fiduciary supervision for any trust accounts.*

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.

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, 2018

Number of Banks – 156

ASSETS	Thousands of Dollars
Cash and Due from Banks	4,730,500
Securities	8,132,768
Federal Funds Sold	610,065
Loans – Net of Reserve	37,455,648
Bank Premises – F&F	1,253,802
Other Real Estate Owned	98,856
Intangible Assets	602,773
Other Assets	1,279,840
TOTAL ASSETS	54,164,252

LIABILITIES	Thousands of Dollars
DEPOSITS	
Noninterest-bearing Deposits	12,829,219
Interest-bearing Accounts	33,177,584
TOTAL DEPOSITS	46,006,803
Federal Funds Purchased	564,193
Other Borrowed Money	1,494,043
Subordinated Notes and Debentures	3,093
Other Liabilities	276,581
TOTAL LIABILITIES	48,344,713

EQUITY CAPITAL	Thousands of Dollars
Preferred Stock	20,000
Common Stock	132,955
Surplus	2,325,957
Undivided Profits	3,334,428
Noncontrolling Interests in Consolidated Subs.	1,199
TOTAL EQUITY CAPITAL	5,946,069
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY CAPITAL	54,290,782

	6-30-2018	6-30-2017	6-30-2016
Percentage of Total Capital to Total Assets	10.74%	10.88%	11.07%
Percentage of Total Capital to Total Deposits	12.65%	12.86%	13.05%
Percentage of Total Loans to Total Deposits	81.41%	80.87%	80.55%
Percentage of Cash Reserve to Total Deposits	9.75%	9.75%	9.74%

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED BANKS

Selected Performance and Condition Ratios

	6-30-18	12-30-17	6-30-17	12-31-16	6-30-2016	12-31-2015
Number of Banks Reporting	156	158	158	156	155	155
Unprofitable Banks	2.56%	6.96%	5.06%	3.85%	2.58%	2.58%
Banks with Earnings Gains	64.10%	53.80%	47.47%	59.62%	61.94%	60.65%

Yield on Earning Assets	4.63%	4.31%	4.38%	4.33%	4.31%	4.22%
Net Interest Margin	4.02%	3.86%	3.95%	3.94%	3.92%	3.85%
Noninterest Inc./Earning Assets	1.07%	1.11%	1.15%	1.21%	1.11%	1.09%
Noninterest Exp./Earning Assets	3.26%	3.26%	3.35%	3.41%	3.12%	3.11%
Net Operating Income to Assets	1.42%	1.21%	1.17%	1.29%	1.30%	1.27%

Return on Assets (ROA)	1.42%	1.23%	1.18%	1.32%	1.34%	1.30%
Return on Equity (ROE)	13.16%	11.21%	10.90%	12.12%	12.26%	12.18%

Loan Loss Reserve to Loans	1.13%	1.06%	1.19%	1.18%	1.24%	1.22%
Noncurrent Loans to Loans	.86%	.80%	.88%	.87%	0.99%	0.98%
Core Capital (Leverage) Ratio	10.20%	10.24%	10.22%	10.38%	10.16%	10.06%
Tier 1 Risk-Based Capital Ratio	10.74%	11.22%	16.59%	16.45%	13.21%	13.11%
Total Risk-Based Capital Ratio	14.17%	14.03%	14.20%	14.09%	14.23%	14.11%

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED BANKS

July 1, 2017 through June 30, 2018

TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2018	158
NEW BANK CHARTERS*	0
CONVERSIONS TO STATE BANKS**	2
CONVERSIONS TO NATIONAL BANKS	0
ACQUISITIONS	
- State Banks acquired by Other State Banks	0
MERGERS	
- State Banks merged into Other State Banks***	2
- State Banks merged into National Banks	0
- State Banks merged into Out-of-State Banks****	2
TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2018	156

**First National Bank of Thomas, Thomas, Oklahoma, conversion to a state charter as First Bank of Thomas. Effective date was December 20, 2017.

**Firststar Bank, N.A., Sallisaw, Oklahoma conversion to a state charter as Firststar Bank. Effective date was June 4, 2018.

***First State Bank, Commerce, Oklahoma merged into Security Bank & Trust Company, Miami, Oklahoma. Effective date was January 23, 2018.

***First Bank & Trust Company, Wagoner, Oklahoma merged into BancFirst, Oklahoma City, Oklahoma. Effective date was February 16, 2018.

****Patriot Bank, Tulsa, Oklahoma merged with and into Equity Bank, Andover, Kansas. Effective date was November 11, 2017.

****Bank SNB, Stillwater, Oklahoma merged with and into Simmons Bank, Pine Bluff, Arkansas. Effective date was May 29, 2018.

Summary of Changes - Other

Valor Bank, Grandfield, Oklahoma relocated to Edmond, Oklahoma. Effective date was February 6, 2018.

First State Bank, Kiowa, Kansas merged into Alva State Bank & Trust Company, Alva, Oklahoma. Effective date was February 11, 2018.

Bank of Grove, Grove, Oklahoma changed its name to Bank of Grand Lake. Effective date was October 31, 2018.

First State Bank, Waynoka, Oklahoma changed its name to COREBANK. Effective date was April 19, 2018.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED CREDIT UNIONS

as of June 30, 2018

Number of Credit Unions – 13

Corporate Credit Unions – None

ASSETS	Thousands of Dollars
Cash, Cash Equivalents and Cash on Deposit	133,908
Total Loans	1,646,448
Loans Held for Sale	3,369
<i>Less: Allowance for Loan Losses</i>	(18,274)
Total Investments (Market Value, AFS only)	542,393
Land & Building (Net of Depreciation)	63,847
Other Fixed Assets	7,453
Other Real Estate Owned	2,779
Share Insurance Capitalization Deposit	19,584
Other Assets (including Share Insurance Fund)	44,446
TOTAL ASSETS	2,445,953

LIABILITIES	Thousands of Dollars
Total Borrowings	42,475
Dividend/Interest Payable	115
Accounts Payable and Other Liabilities	24,278
TOTAL LIABILITIES	66,868
TOTAL SHARES AND DEPOSITS	2,117,932

EQUITY	Thousands of Dollars
Regular Reserves	38,966
<i>Plus: Unrealized G/L on AFS Securities</i>	0
Other Reserves and Miscellaneous Equity	8,598
Reserve for Nonconforming Investments	0
Undivided Earnings (including YTD Net Income)	230,785
TOTAL EQUITY	261,153
TOTAL LIABILITIES, SHARES, AND EQUITY	2,445,953

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED

CREDIT UNIONS

July 1, 2017 through June 30, 2018

NAME CHANGE

- Oklahoma Employees Credit Union, Oklahoma City, Oklahoma changed its name to Oklahoma's Credit Union. Approval date was December 1, 2017

CONVERSIONS

- TTCU The Credit Union, Tulsa, Oklahoma converted to a federal credit union effective July 14, 2017, and changed its name to TTCU Federal Credit Union.
- Weokie Credit Union, Oklahoma City, Oklahoma converted to a federal credit union effective December 22, 2017, and changed its name to Weokie Federal Credit Union.
- Fraternal Order of Police Credit Union, Tulsa, Oklahoma converted to a federal credit union effective April 18, 2018, and changed its name to Fraternal Order of Police Federal Credit Union.

MERGERS

- None

SUMMARY OF CHANGES

TRUST COMPANIES as of June 30, 2018

InvesTrust, N.A., Oklahoma City, Oklahoma converted to a state charter. Effective date was July 24, 2017.

AmeriTrust Corporation, Tulsa, Oklahoma merged into Heritage Trust Company, Oklahoma City, Oklahoma. Effective date was June 29, 2018.

Heritage Trust Company, Oklahoma City, Oklahoma changed its name to Argent Trust Company. Effective date was June 29, 2018.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED TRUST COMPANIES

as of June 30, 2018

Number of Trust Companies – 7

ASSETS	Thousands of Dollars
Cash & Due From Banks	6,854
Notes, Loans & Other Receivables	2,384
Stocks, Bonds, Securities & Investments	11,550
Trust Company Premises, Furniture, Fixtures, and Other Assets Representing Trust Company Premises	1,869
Other Real Estate	0
Investments in Subsidiaries	
Title Records	
Other Assets	5,659
TOTAL ASSETS	28,316
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	390
Notes Payable	
Custodial and Escrow Accounts Payable	
Reserve Provision for Taxes, Interest, etc.	214
Other Liabilities	1,361
TOTAL LIABILITIES	1,965
RESERVES ON LOANS & SECURITIES	Thousands of Dollars
Reserves for Bad Debt Losses on Loans	-24
Reserves for Losses on Securities	0
TOTAL RESERVES ON LOANS & SECURITIES	-24
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	2,869
Surplus	18,715
Paid in Excess	4,791
Undivided Profits	
Reserves for Contingency & Other Capital Reserves including Provisions for Abstract & Title Guarantees	
TOTAL CAPITAL ACCOUNTS	26,375
TOTAL LIABILITIES, RESERVES & CAPITAL ACCOUNTS	28,316

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

July 1, 2017 through June 30, 2018

MERGERS

- None

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

as of June 30, 2018

Number of Savings & Loans – 1

ASSETS	Thousands of Dollars
Cash and Noninterest-Bearing Deposits	606
U.S. Government Securities	4,125
Other Investment Securities	751
Mortgage Loans	2,729
Non-Mortgage Loans	159
Repossessed Real Estate and Other Assets	0
Real Estate Held for Investment	0
Investment in Subsidiaries	0
Premises and Equipment	18
Other Assets	22
TOTAL ASSETS	8,410

LIABILITIES	Thousands of Dollars
Deposits	5,485
Advances from Federal Home Loan Bank	0
Other Borrowings	0
Other Liabilities	19
TOTAL LIABILITIES	5,504

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	2,022
TOTAL EQUITY CAPITAL	2,906
TOTAL LIABILITIES AND EQUITY CAPITAL	8,410

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, 2018, there were 14 companies licensed under the Oklahoma Sale of Checks Act. These 14 licensees were doing business at 486 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, 2018, there were 106 companies licensed to conduct a money transmission business in Oklahoma. These 106 licensees were doing business at 5050 agent locations in Oklahoma.