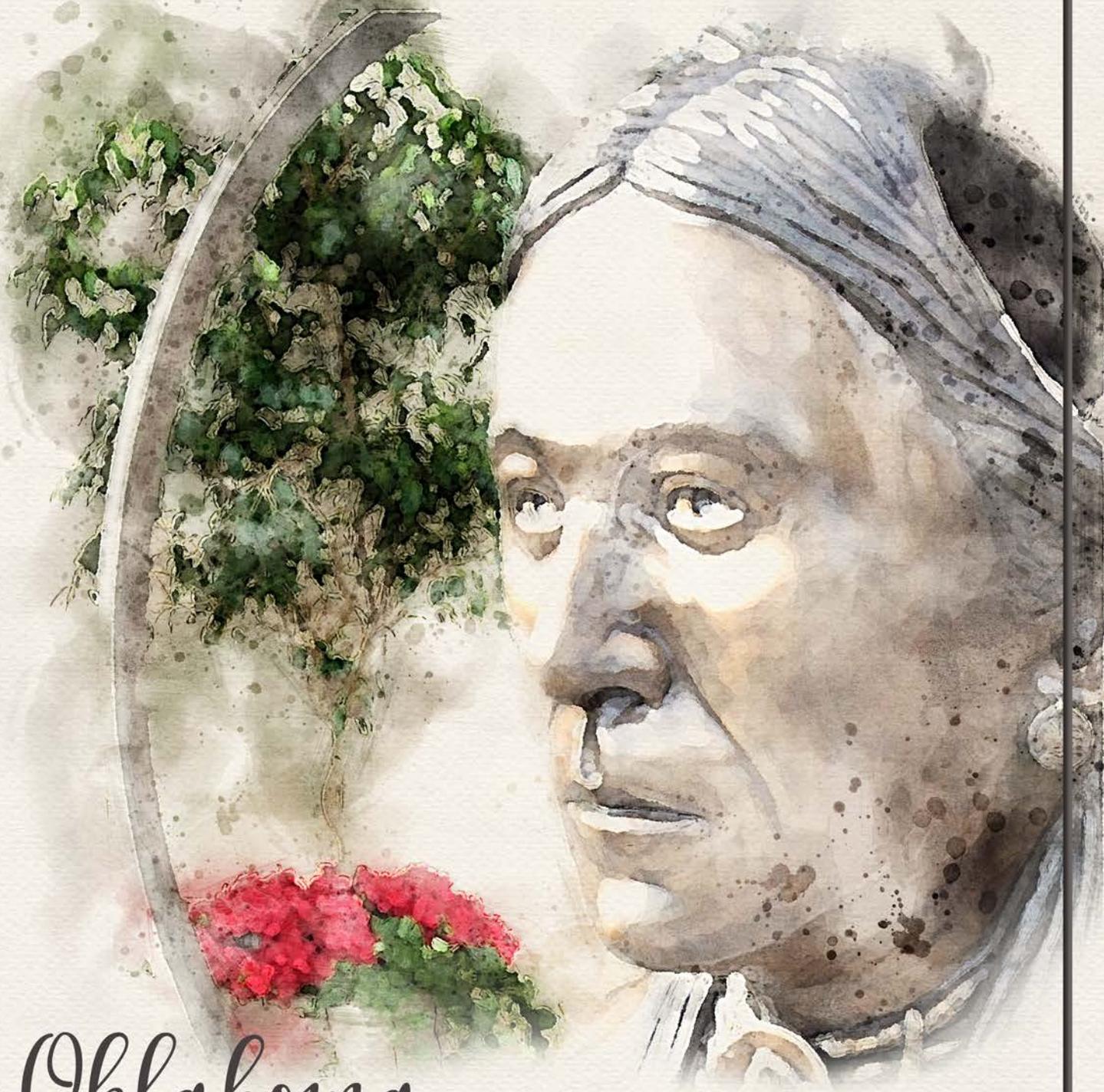


2021 ANNUAL REPORT
TO THE GOVERNOR



Oklahoma
BANKING DEPARTMENT

MICK THOMPSON
BANK COMMISSIONER



J. KEVIN STITT
GOVERNOR

STATE OF OKLAHOMA
STATE BANKING DEPARTMENT

October 15, 2021

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 2021 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 \$78 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

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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:

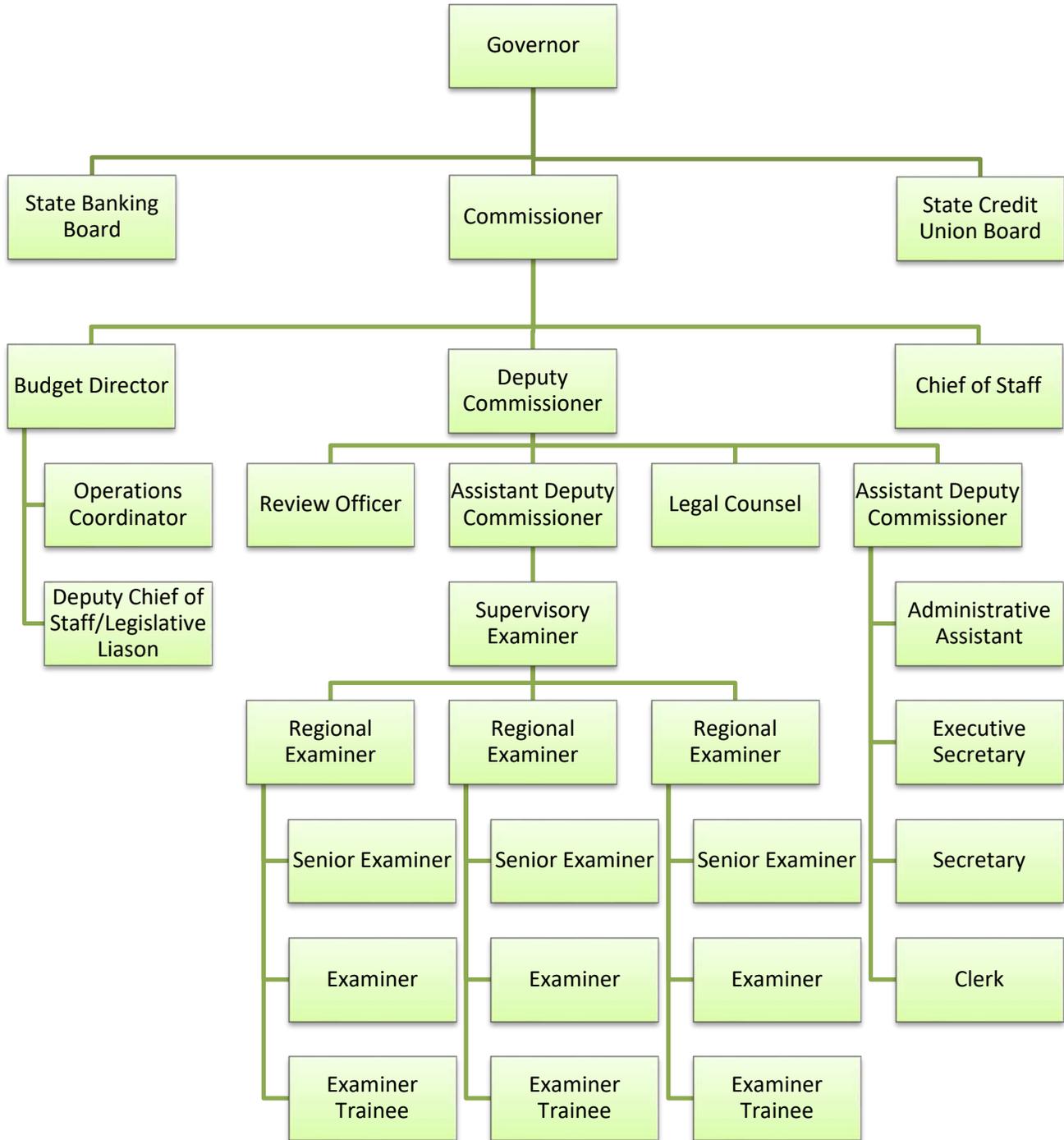
- To strengthen the examination program by improving examination methods and procedures and by improving research and development to stay abreast of changes within the financial industry;
- To improve training programs for Department personnel by more efficient utilization of funds and resources, enhancement 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-21	FY-20
Salary and Benefits	\$ 6,221,373	\$ 6,660,423
Professional Services	153,155	129,072
Travel	39,783	323,408
Equipment	51,859	23,802
Other Operating Expenses	1,883,693	377,731
Capital Expense	649,718	356,979
TOTAL	\$ 8,999,581	\$ 7,871,415

RECEIPTS	FY-21	FY-20
Assessments Deposited into GRF	\$ 897,392	\$ 797,536
Assessments and Fees Deposited into the Banking Department's Revolving Funds		
- Banks	\$ 8,007,329	\$ 7,223,714
- Trust Companies	117,388	120,656
- Credit Unions	433,009	373,825
- Savings and Loan Associations	1,892	1,804
- Money Order Companies	31,860	3,090
- Money Transmitter Companies	494,150	390,600
- Misc. Fees	22,719	7,616
TOTAL ASSESSMENTS & FEES	\$ 10,005,739	\$ 8,918,840

INSTITUTIONS SUPERVISED

as of June 30, 2021

Type of Institutions	Number of Institutions	Examinations Performed 7/1/2020 to 6/30/2021
Commercial Banks (1)	144	45
Bank Trust Departments		
- Active	15	6
- Inactive (2)	9	N/A
Savings and Loans	1	1
Trust Companies	6	5
Credit Unions	13	4
Money Order Companies (3)	7	0
Money Transmitter Companies (4)	150	0
TOTAL	345	61

(1) Commercial banks: 41 were independent exams and 4 were joint with FDIC or Federal Reserve. 135 of the 143 banks (94%) 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, 2021

Number of Banks – 144

ASSETS	Thousands of Dollars
Cash and Due from Banks	9,884,075
Securities	10,999,673
Federal Funds Sold	1,474,174
Loans – Net of Reserve	48,303,299
Bank Premises – F&F	1,475,683
Other Real Estate Owned	140,350
Intangible Assets	810,807
Other Assets	1,611,966
TOTAL ASSETS	74,700,027

LIABILITIES	Thousands of Dollars
DEPOSITS	
Noninterest-bearing Deposits	20,326,636
Interest-bearing Accounts	43,056,045
TOTAL DEPOSITS	63,382,681
Federal Funds Purchased	571,685
Other Borrowed Money	2,524,443
Subordinated Notes and Debentures	3,093
Other Liabilities	508,505
TOTAL LIABILITIES	66,990,407

EQUITY CAPITAL	Thousands of Dollars
Preferred Stock	20,032
Common Stock	132,525
Surplus	2,708,287
Undivided Profits	4,848,776
TOTAL EQUITY CAPITAL	7,709,620
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY CAPITAL	74,700,027

	6-30-2021	6-30-2020	6-30-2019
Percentage of Total Capital to Total Assets	10.32%	10.48%	11.30%
Percentage of Total Capital to Total Deposits	12.16%	12.53%	13.44%
Percentage of Total Loans to Total Deposits	77.19%	83.84%	82.90%
Percentage of Cash Reserve to Total Deposits	15.59%	11.46%	9.81%

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED BANKS

Selected Performance and Condition Ratios

	6-30-2021	12-31-2020	6-30-2020	12-30-2019	6-30-2019	12-31-2018
Number of Banks Reporting	144	144	147	151	154	153
Unprofitable Banks	3.47%	4.86%	2.04%	5.30%	2.56%	6.96%
Banks with Earnings Gains	72.22%	54.17%	50.34%	61.59%	58.44%	53.80%

Yield on Earning Assets	4.00%	4.36%	4.65%	4.98%	5.04%	4.78 %
Net Interest Margin	3.65%	3.76%	3.92%	3.97%	4.04%	4.05%
Noninterest Inc./Earning Assets	1.59%	1.73%	1.55%	1.36%	1.15%	1.05%
Noninterest Exp./Earning Assets	3.13%	3.44%	3.50%	3.49%	3.31%	3.24%
Net Operating Income to Assets	1.58%	1.31%	1.19%	1.12%	1.15%	1.42%

Return on Assets (ROA)	1.59%	1.36%	1.26%	1.14%	1.16%	1.42%
Return on Equity (ROE)	15.25%	12.49%	11.50%	9.45%	13.14%	13.19%

Loan Loss Reserve to Loans	1.30%	1.28%	1.19%	1.10%	1.14%	1.15%
Noncurrent Loans to Loans	1.57%	2.11%	1.47%	1.52%	.95%	1.13%
Core Capital (Leverage) Ratio	9.72%	9.99%	9.93%	10.40%	10.38%	10.27%
Core Deposits to Total Liabilities	81.82%	78.45%	76.94%	76.45%	76.08%	77.29%

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED BANKS

July 1, 2020, through June 30, 2021

TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2020	147
NEW BANK CHARTERS	0
CONVERSIONS TO STATE BANKS	0
CONVERSIONS TO NATIONAL BANKS	0
ACQUISITIONS	
- State Banks acquired by Federal Credit Unions (1)	1
MERGERS	
- State Banks merged into Other State Banks (2)	2
- State Banks merged into National Banks	0
- State Banks merged into Out-of-State Banks	0
TOTAL STATE CHARTERED BANKS AS OF JUNE 30, 2021	144

(1) Tinker Federal Credit Union, Oklahoma City, Oklahoma, purchase and assumption of Prime Bank, Edmond, Oklahoma. Effective date was September 5, 2020.

(2) Bank of Laverne, Laverne, Oklahoma, merged with and into Security State Bank, Cheyenne, Oklahoma. Effective date was August 14, 2020.

Peoples Bank, Tulsa, Oklahoma, merged with and into American Heritage Bank, Sapulpa, Oklahoma. Effective date was September 23, 2020.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED CREDIT UNIONS

as of June 30, 2021

Number of Credit Unions – 13

Corporate Credit Unions – None

ASSETS	Thousands of Dollars
Cash, Cash Equivalents and Cash on Deposit	219,890
Total Loans	2,053,883
Loans Held for Sale	5,808
<i>Less: Allowance for Loan Losses</i>	(21,529)
Total Investments (Market Value, AFS only)	824,347
Land & Building (Net of Depreciation)	76,531
Other Fixed Assets	15,530
Other Real Estate Owned	75
Share Insurance Capitalization Deposit	23,848
Other Assets (including Share Insurance Fund)	54,456
TOTAL ASSETS	3,252,839

LIABILITIES	Thousands of Dollars
Total Borrowings	45,500
Dividend/Interest Payable	116
Accounts Payable and Other Liabilities	41,941
TOTAL LIABILITIES	87,557
TOTAL SHARES AND DEPOSITS	2,820,527

EQUITY	Thousands of Dollars
Regular Reserves	38,966
<i>Plus: Unrealized G/L on AFS Securities</i>	0
Other Reserves and Miscellaneous Equity	27,989
Reserve for Nonconforming Investments	0
Undivided Earnings (including YTD Net Income)	277,800
TOTAL EQUITY	344,755
TOTAL LIABILITIES, SHARES, AND EQUITY	3,252,839

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED CREDIT UNIONS

July 1, 2020, through June 30, 2021

NAME CHANGE

- None

CONVERSIONS

- None

MERGERS

- None

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED TRUST COMPANIES

as of June 30, 2021

Number of Trust Companies – 6

ASSETS	Thousands of Dollars
Cash & Due From Banks	8,365
Notes, Loans & Other Receivables	1,594
Stocks, Bonds, Securities & Investments	13,451
Trust Company Premises, Furniture, Fixtures, and Other Assets Representing Trust Company Premises	1,432
Other Real Estate	307
Investments in Subsidiaries	
Title Records	
Other Assets	14,695
TOTAL ASSETS	39,844
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	604
Notes Payable	
Custodial and Escrow Accounts Payable	
Reserve Provision for Taxes, Interest, etc.	234
Other Liabilities	5,316
TOTAL LIABILITIES	6,154
RESERVES ON LOANS & SECURITIES	Thousands of Dollars
Reserves for Bad Debt Losses on Loans	25
Reserves for Losses on Securities	
TOTAL RESERVES ON LOANS & SECURITIES	25
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	23,948
Paid in Excess	7,385
Undivided Profits	
Reserves for Contingency & Other Capital Reserves including Provisions for Abstract & Title Guarantees	
TOTAL CAPITAL ACCOUNTS	33,665
TOTAL LIABILITIES, RESERVES & CAPITAL ACCOUNTS	39,844

SUMMARY OF CHANGES

TRUST COMPANIES
as of June 30, 2021

None.

CONSOLIDATED REPORT OF CONDITION

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

as of June 30, 2021

Number of Savings & Loans – 1

ASSETS	Thousands of Dollars
Cash and Noninterest-Bearing Deposits	984
U.S. Government Securities	5,065
Other Investment Securities	838
Mortgage Loans	2,043
Non-Mortgage Loans	107
Repossessed Real Estate and Other Assets	0
Real Estate Held for Investment	0
Investment in Subsidiaries	0
Premises and Equipment	16
Other Assets	4
TOTAL ASSETS	9,057

LIABILITIES	Thousands of Dollars
Deposits	6,136
Advances from Federal Home Loan Bank	0
Other Borrowings	0
Other Liabilities	18
TOTAL LIABILITIES	6,153

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	2,019
TOTAL EQUITY CAPITAL	2,903
TOTAL LIABILITIES AND EQUITY CAPITAL	9,057

SUMMARY OF CHANGES

OKLAHOMA STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS

July 1, 2020, through June 30, 2021

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, 2021, there were 8 companies licensed under the Oklahoma Sale of Checks Act. These 8 licensees were doing business at 1,495 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, 2021, there were 145 companies licensed to conduct a money transmission business in Oklahoma. These 145 licensees were doing business at 6,014 agent locations in Oklahoma.