

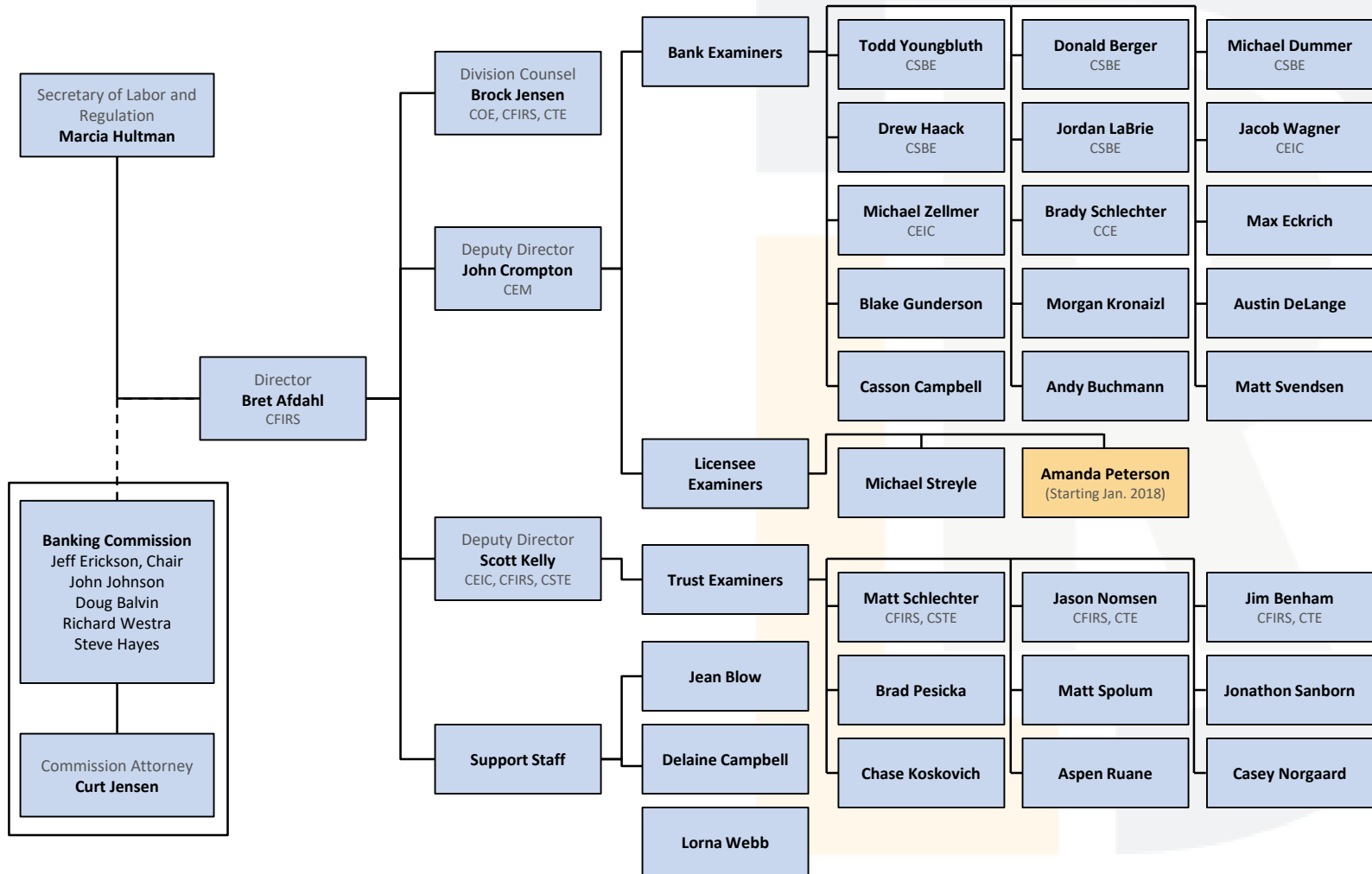


SOUTH DAKOTA
DEPT. OF LABOR
& REGULATION

Division of Banking: Industry Overview

BRET AFDAHL

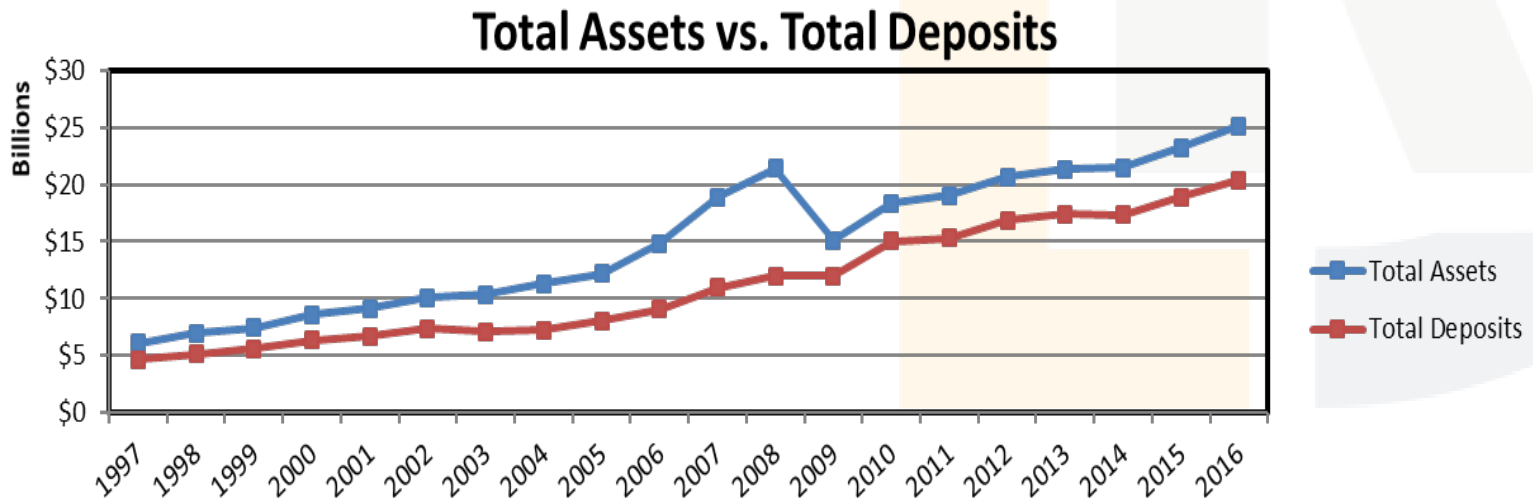
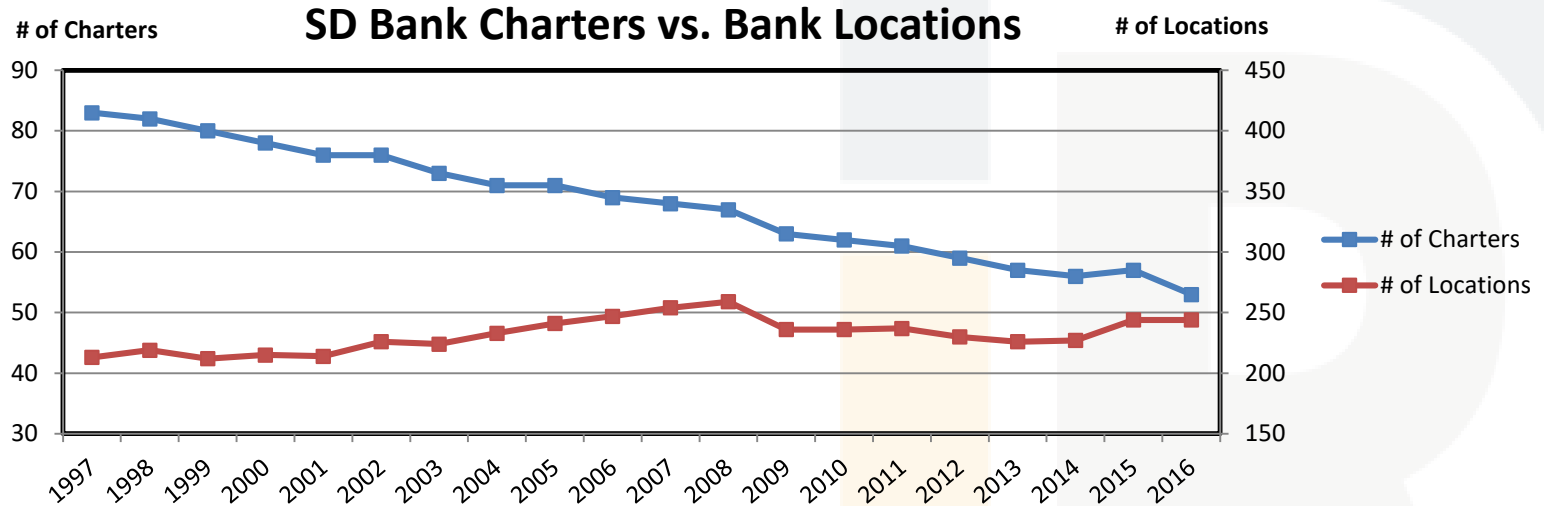
Org Chart



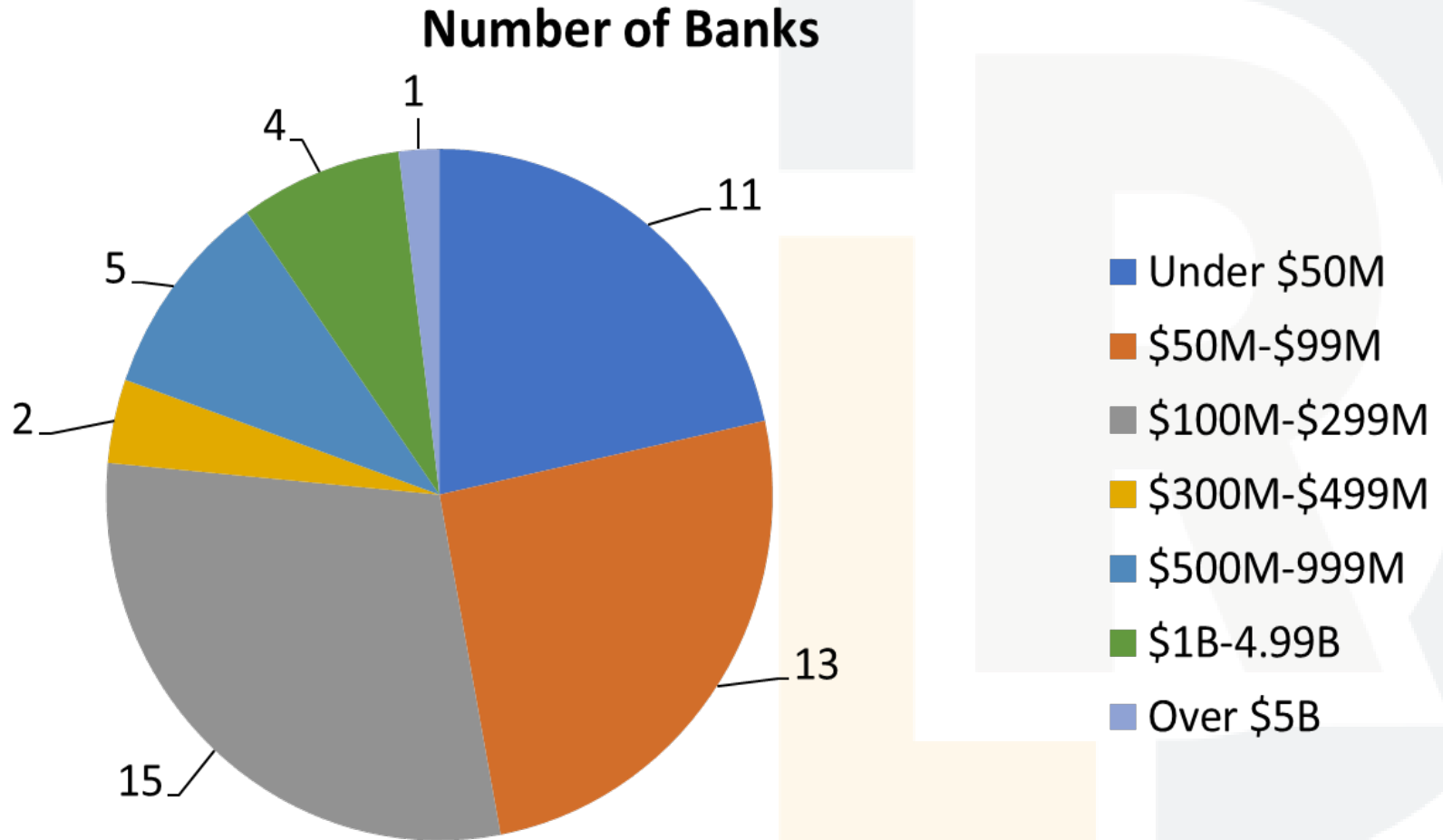
Bank Overview

- State Chartered Banks = 51
- Total Assets = \$25,837,139,000
 - Largest Bank: Great Western Bank, Sioux Falls
\$11,680,935,000
 - Smallest Bank: Farmers State Bank, Hosmer
\$19,746,000

Bank Profile

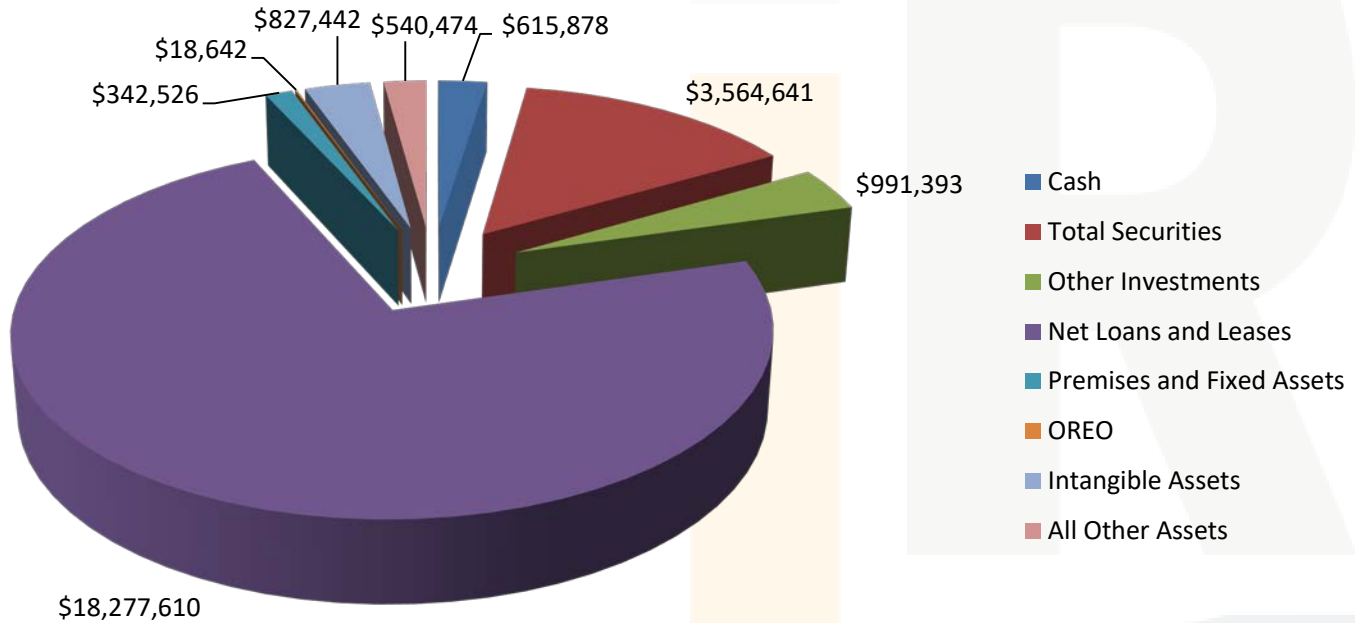


Banks by Asset Size

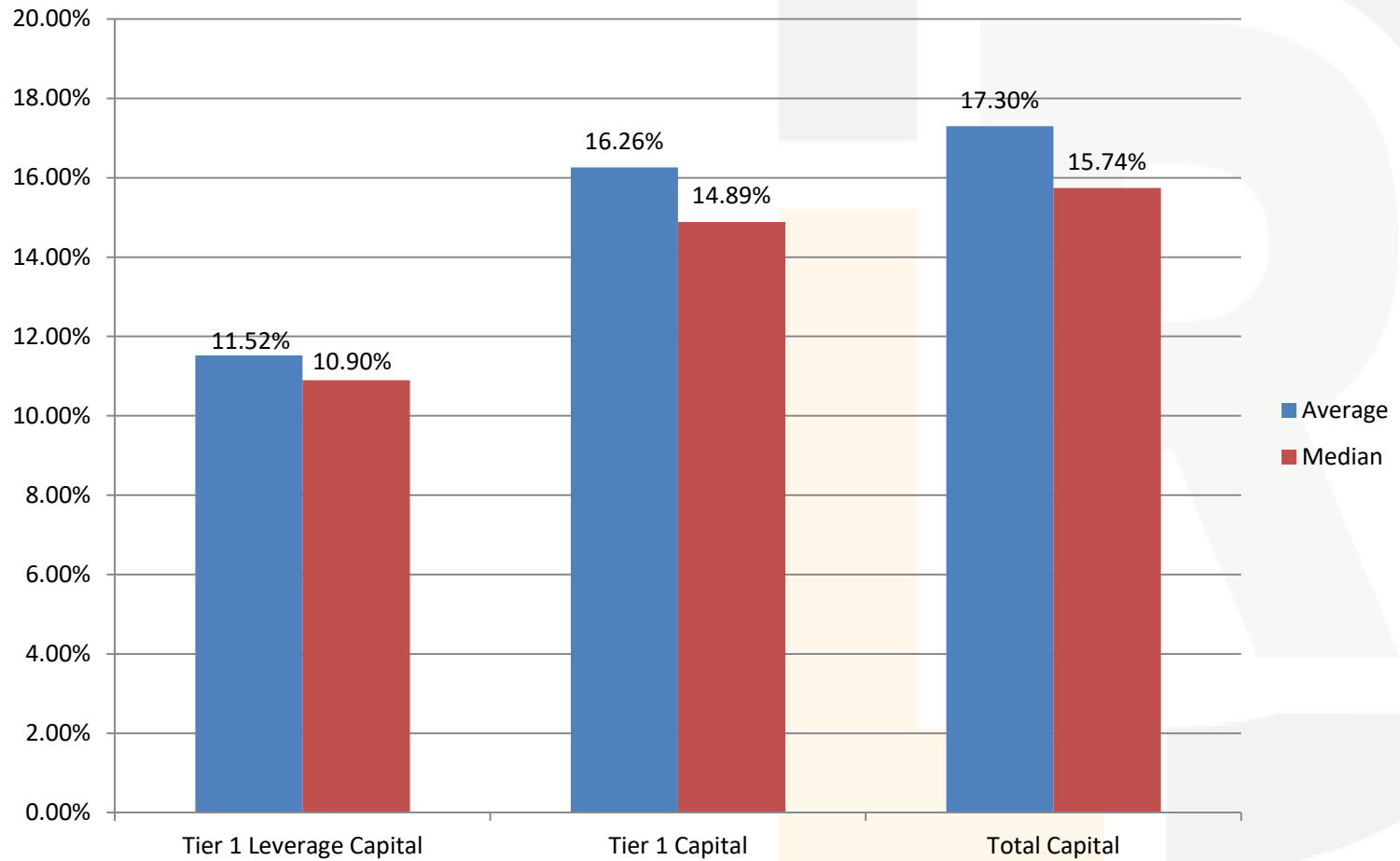


Asset Composition (6-30-17)

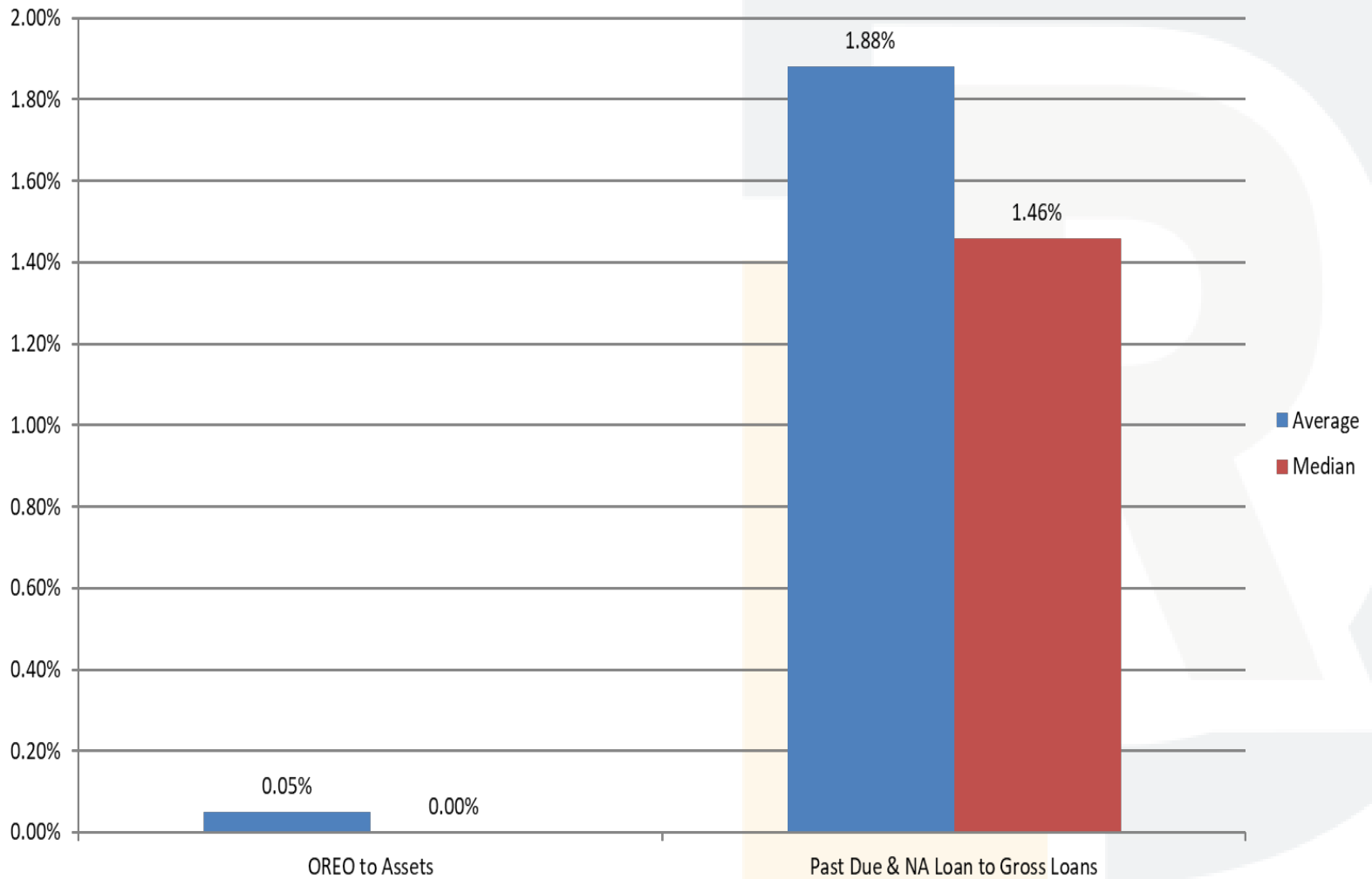
Total Asset Composition (\$000)



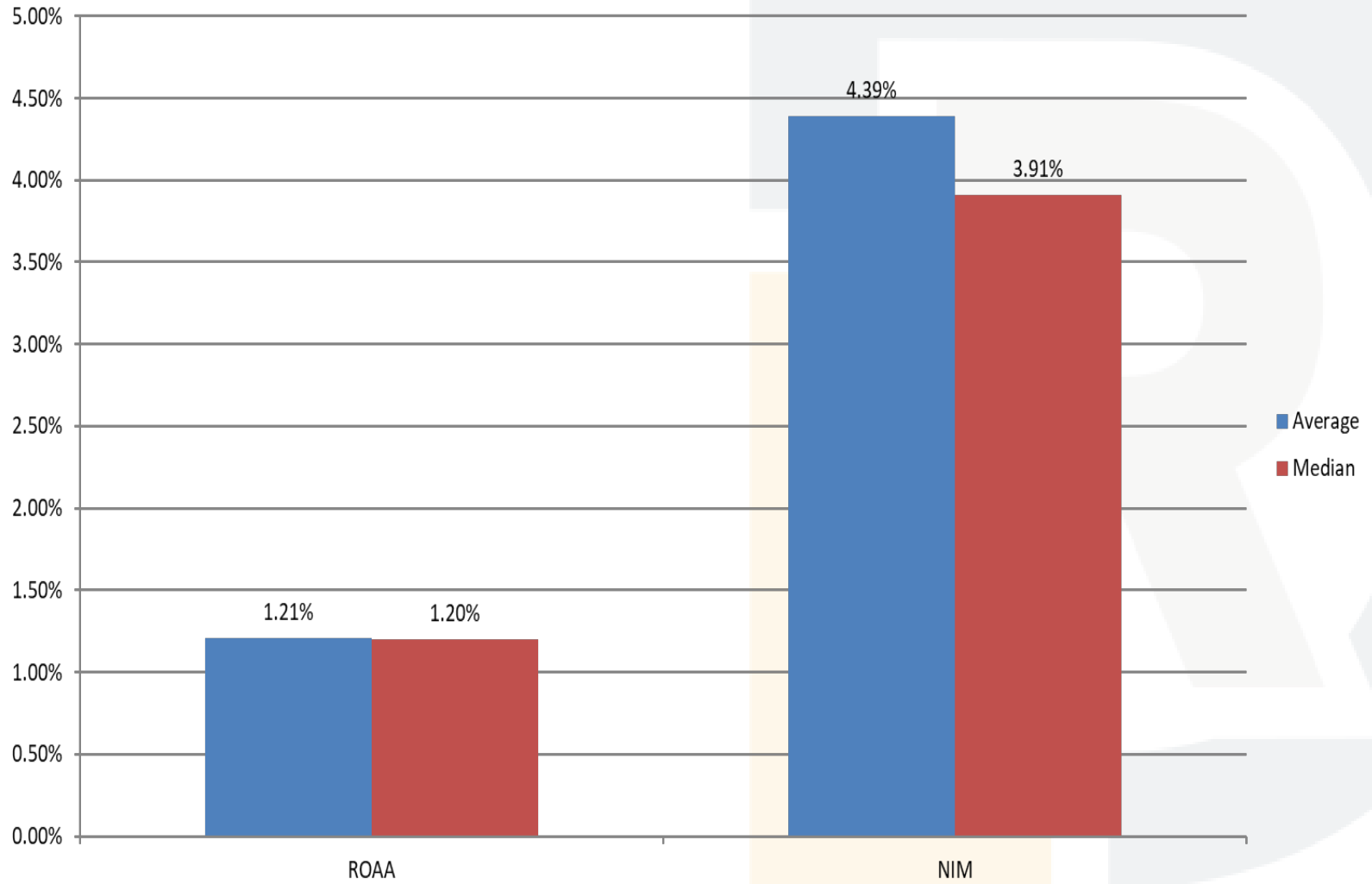
Capital (6-30-17)



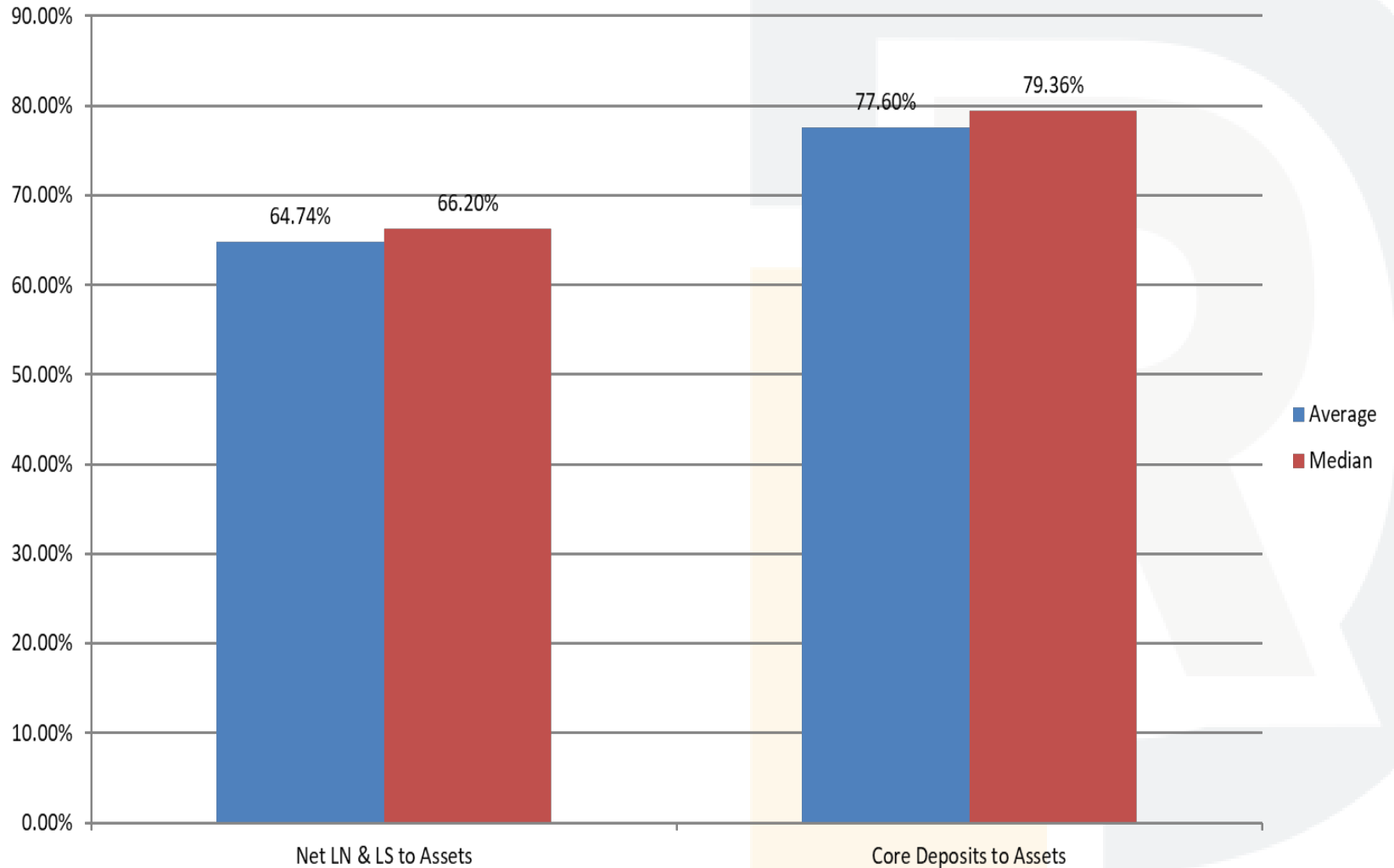
Asset Quality (6-30-17)



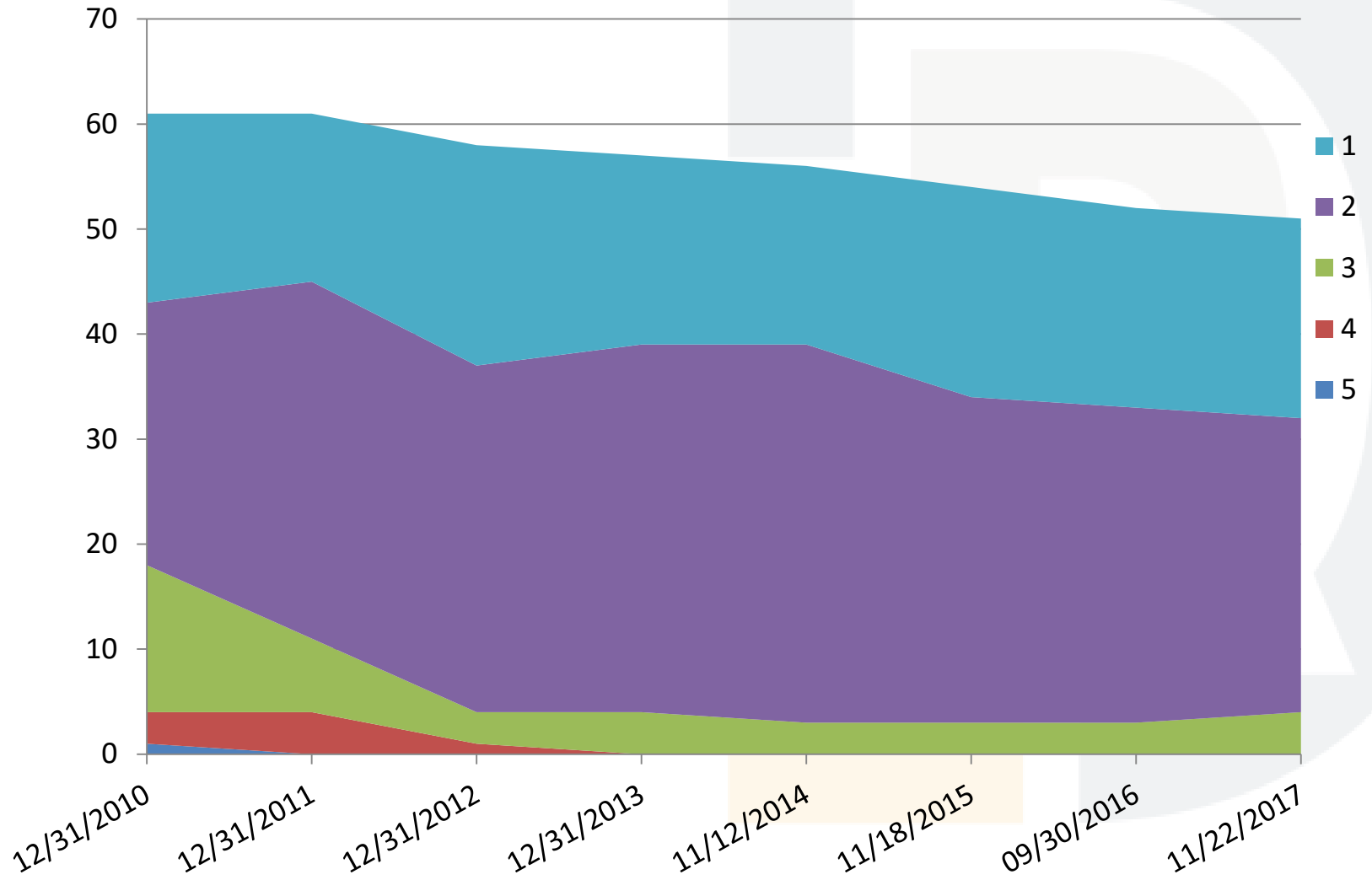
Earnings (6-30-17)



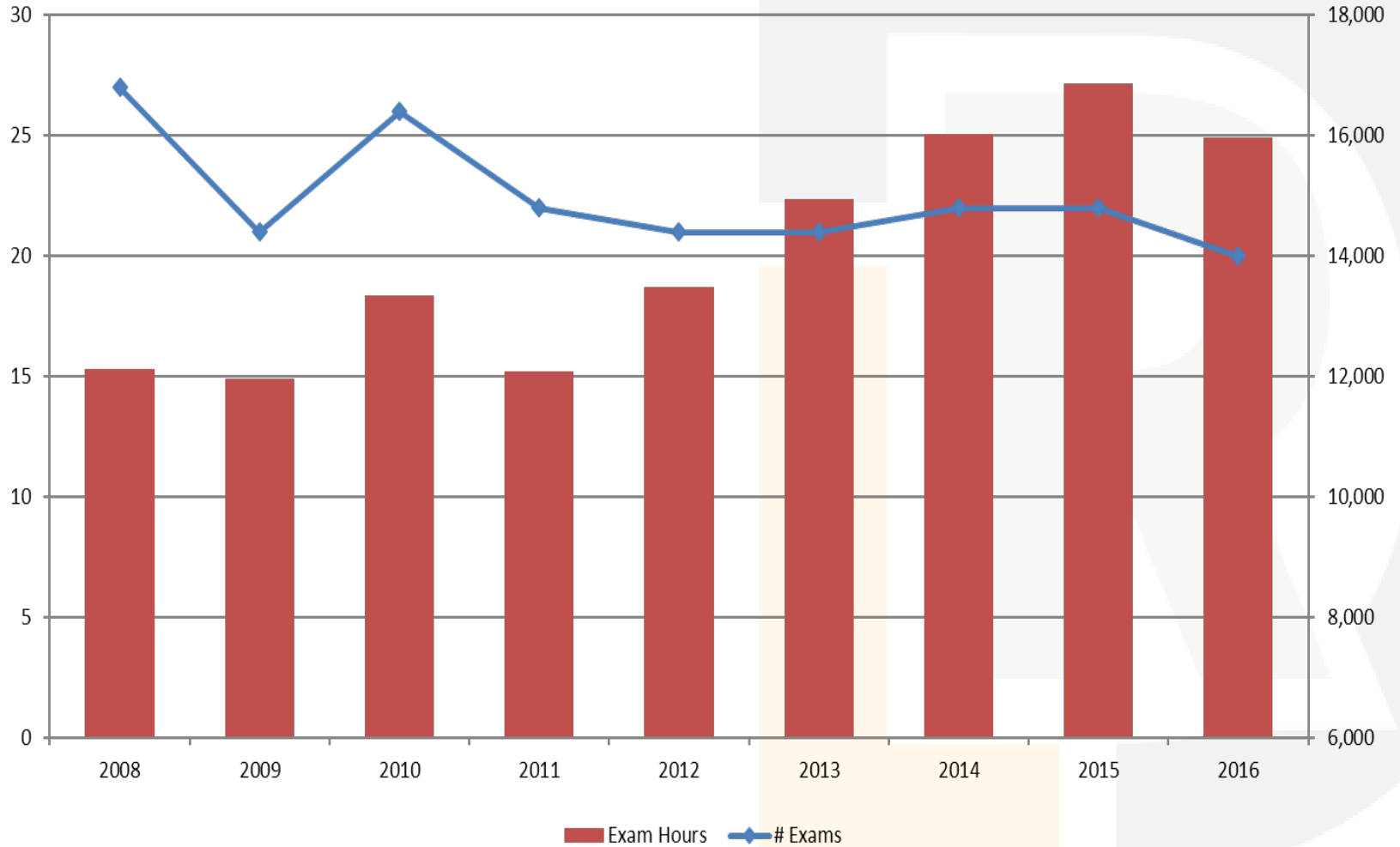
Loan Volume & Core Deposits



Composite Ratings – Banks

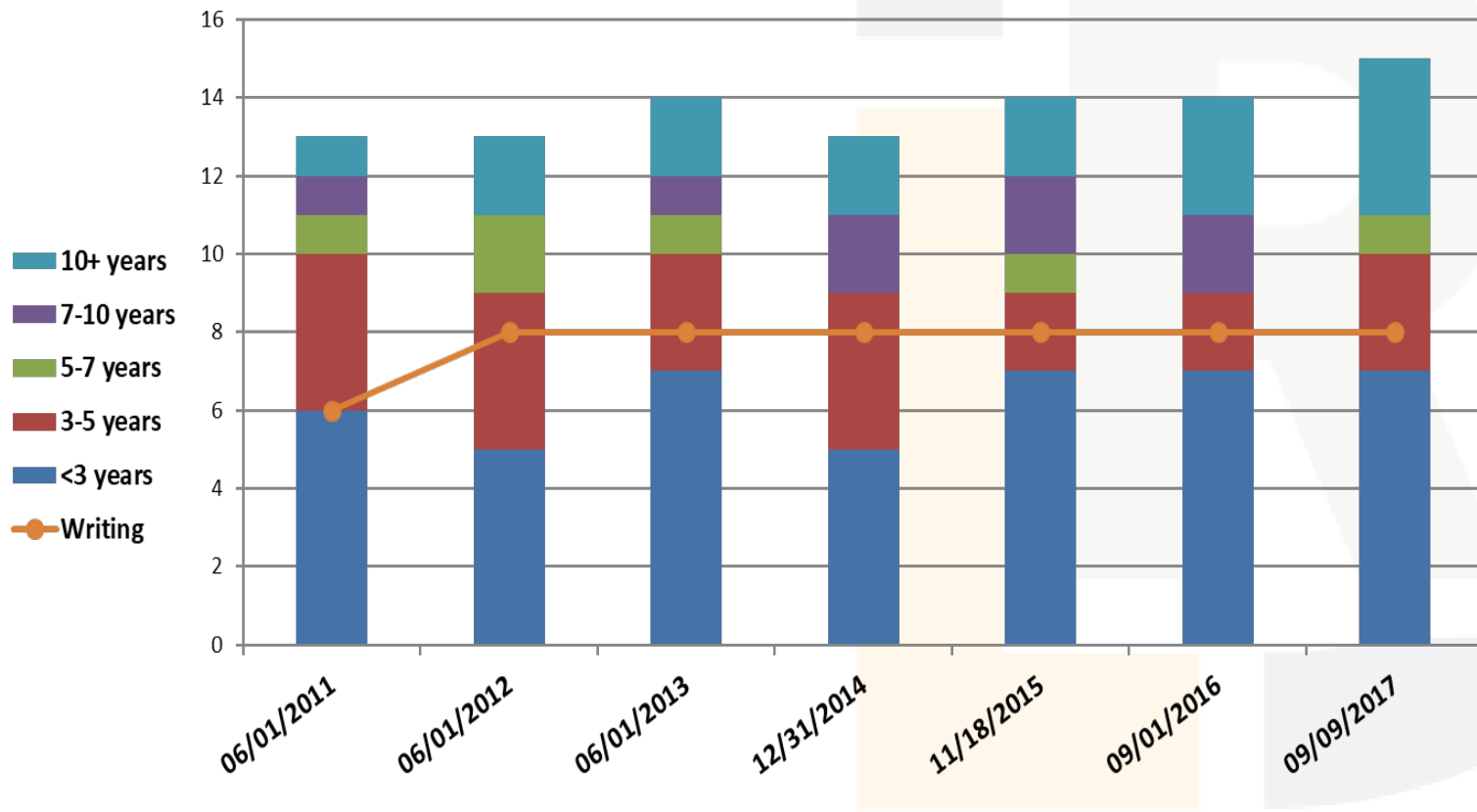


Bank Examinations



Bank Examiner Tenure

Banking Staff Tenure



2017 Bank Transactions

- First State Bank of Warner acquired by First Financial Corporation
- State Bank of Alcester acquired by Premier Bank, Rock Valley, IA
- Peoples Bank of Commerce, Cambridge, MN and State Bank of New Prague, New Prague, MN merged with and into First Bank & Trust, Brookings
- First State Bank, Hawarden, IA, and Miner County Bank, Howard, merged with and into Rivers Edge Bank, Marion

2017 Bank Transactions, cont.

- Security Savings Bank, Canton opened a branch in Sioux Falls
- First American State Bank, Oldham opened a branch in Moline, IL
- Great Western Bank opened branches in Bedford, IA, and Overland Park, KS
- Great Western Bank opened a Loan Prod. Office in Cedar Rapids, IA
- Security State Bank, Tyndall opened a Loan Prod. Office in Viborg

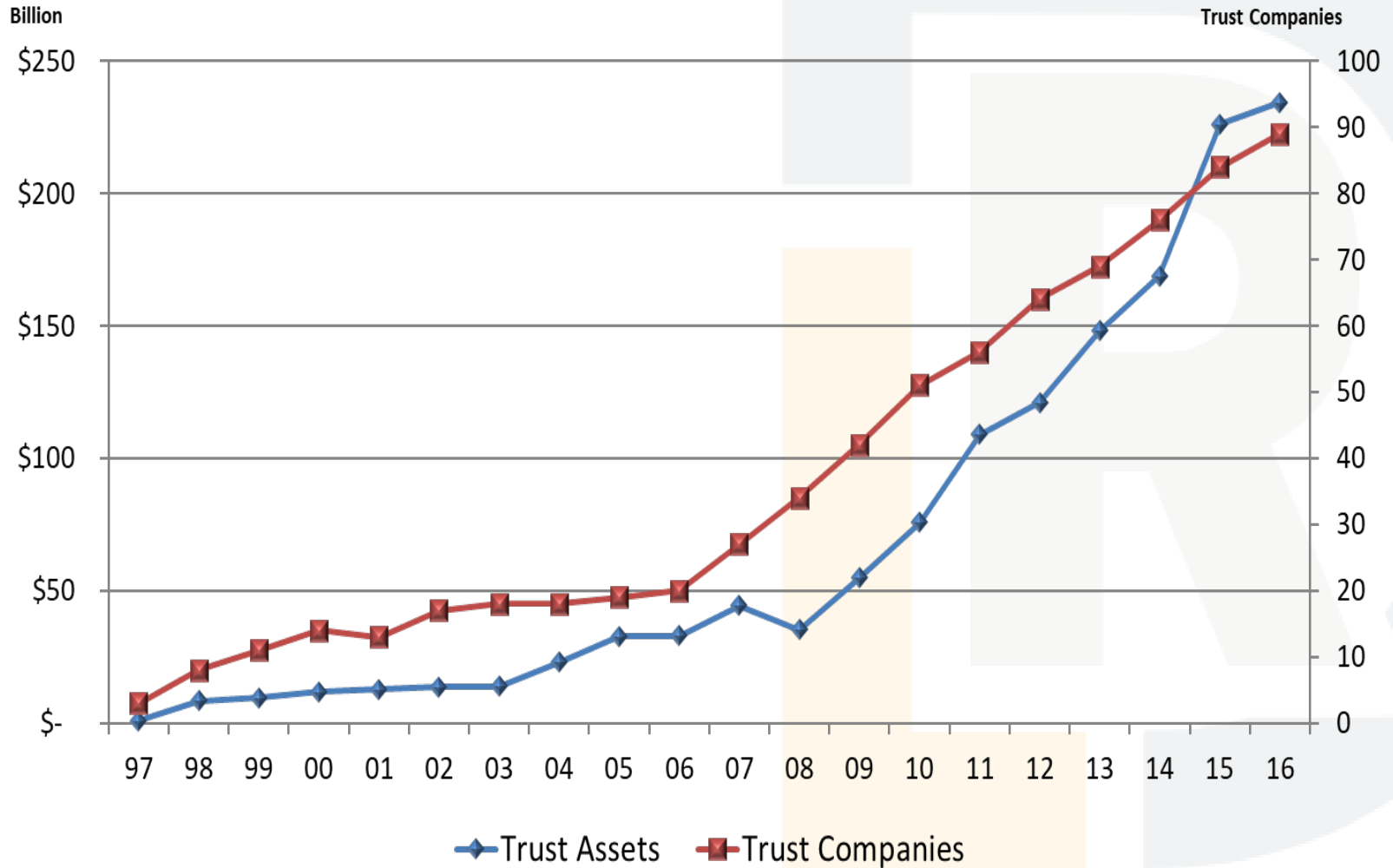
Bank Trends

- Short to Mid Term
 - Capital remains adequate to strong
 - Asset quality is showing signs of stress
 - Liquidity continues to tighten
- Long Term
 - Number of banks declining
 - Median size of banks increasing
 - Succession issues remain

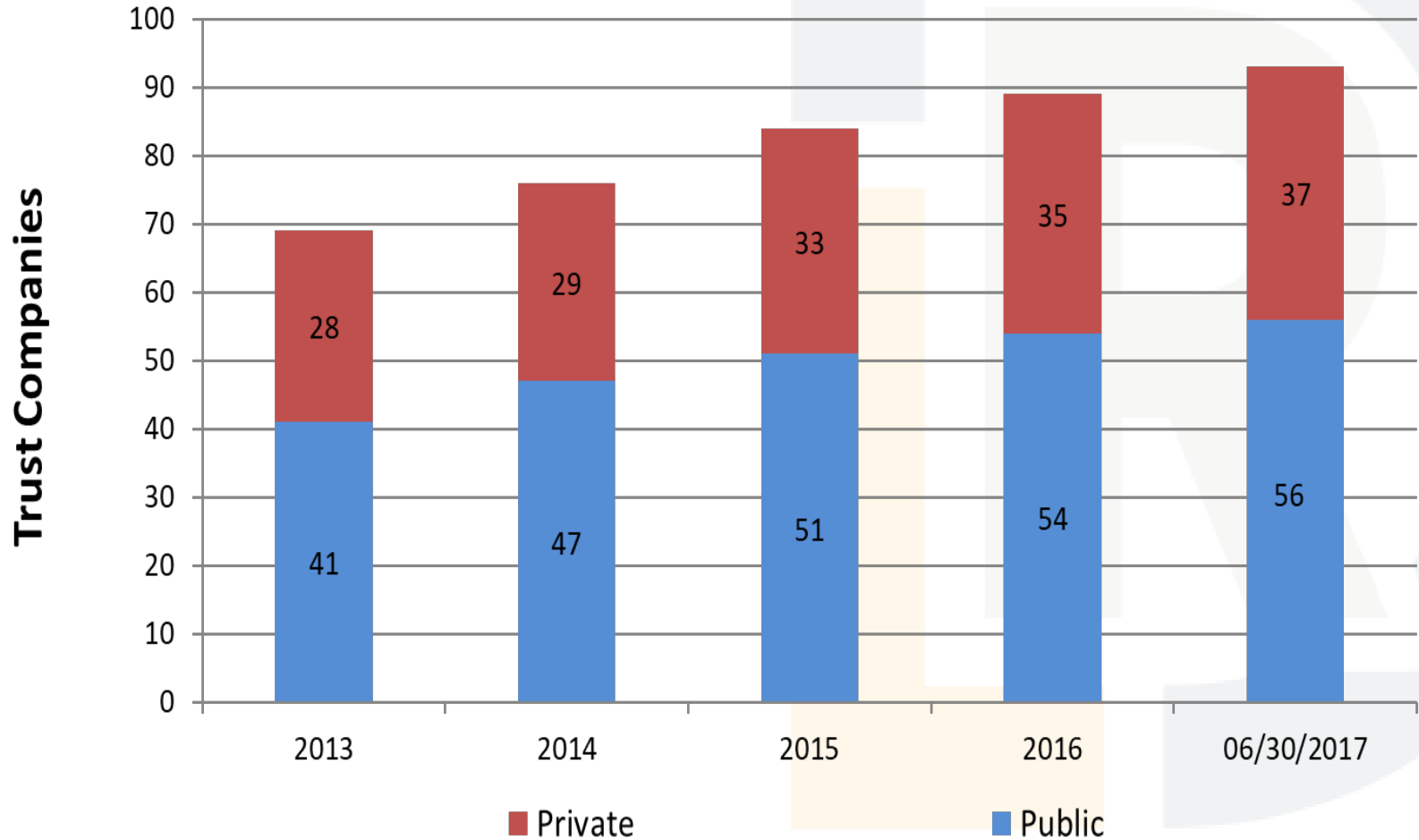
Trust Company Overview

- SD Trust Companies = 93
- Total Assets = \$234,371,588,000
 - Public Trust Companies: \$171,540,104,000
 - Private Trust Companies: \$62,831,484,000

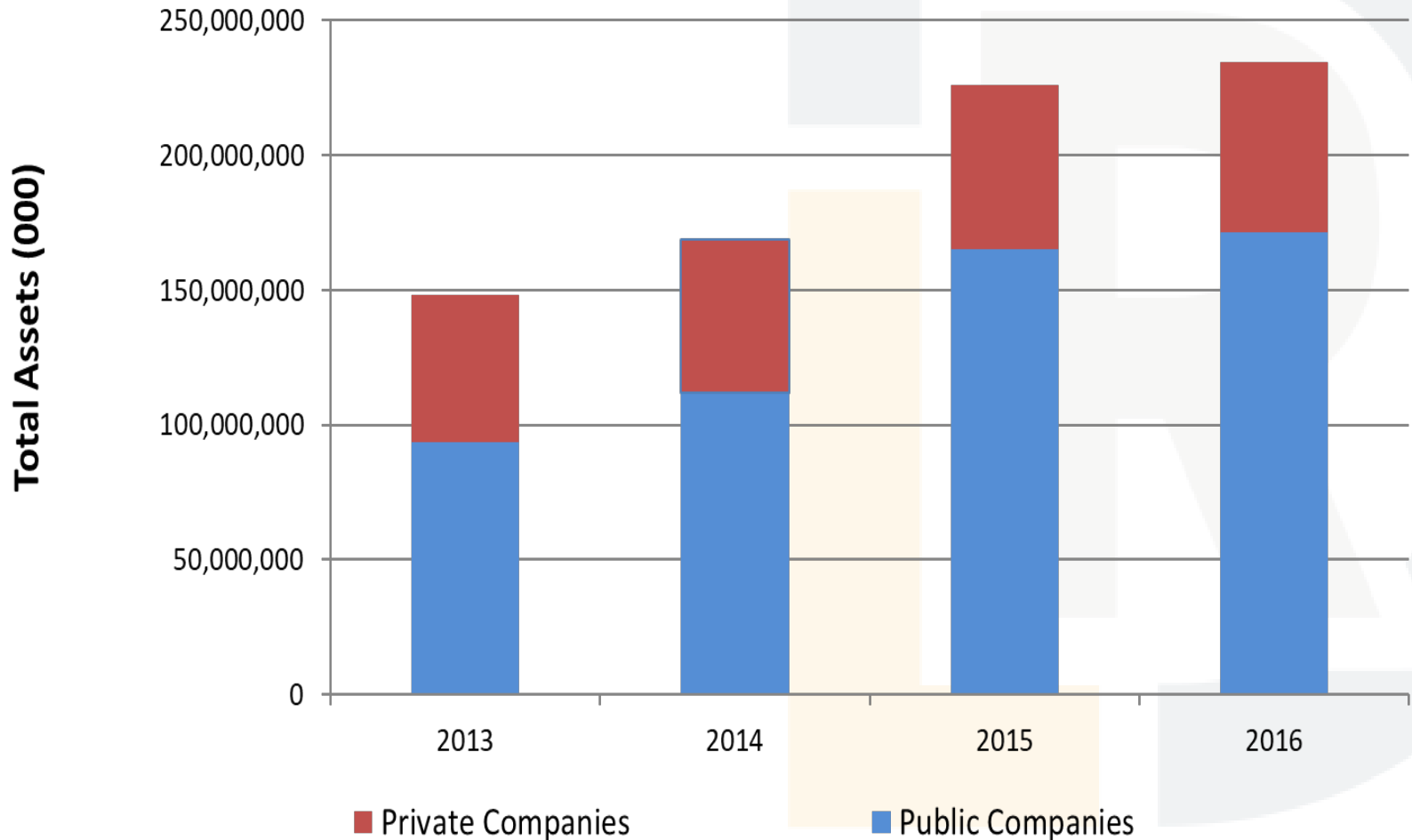
Trust Company Profile



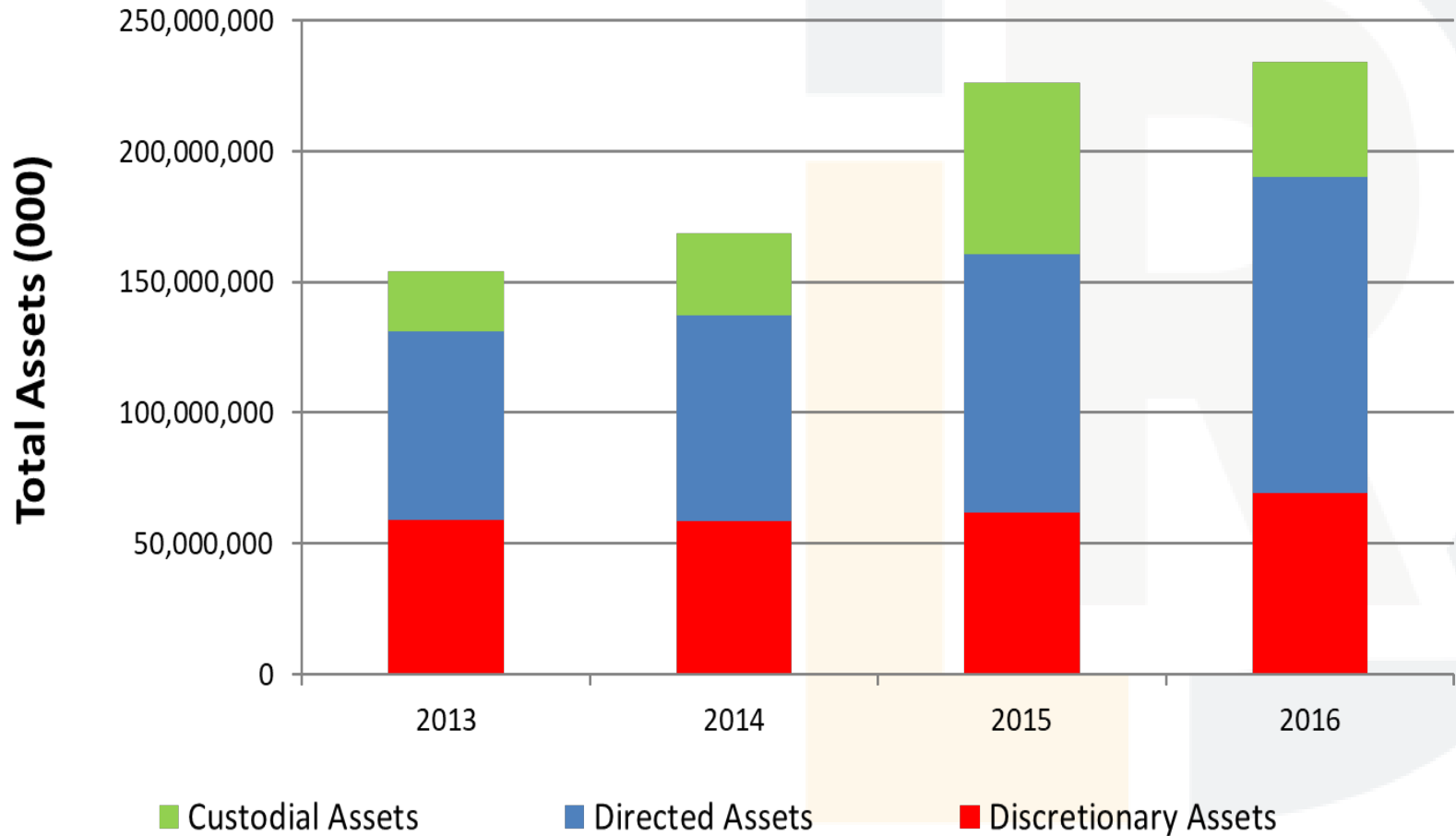
Public vs. Private Trust Companies



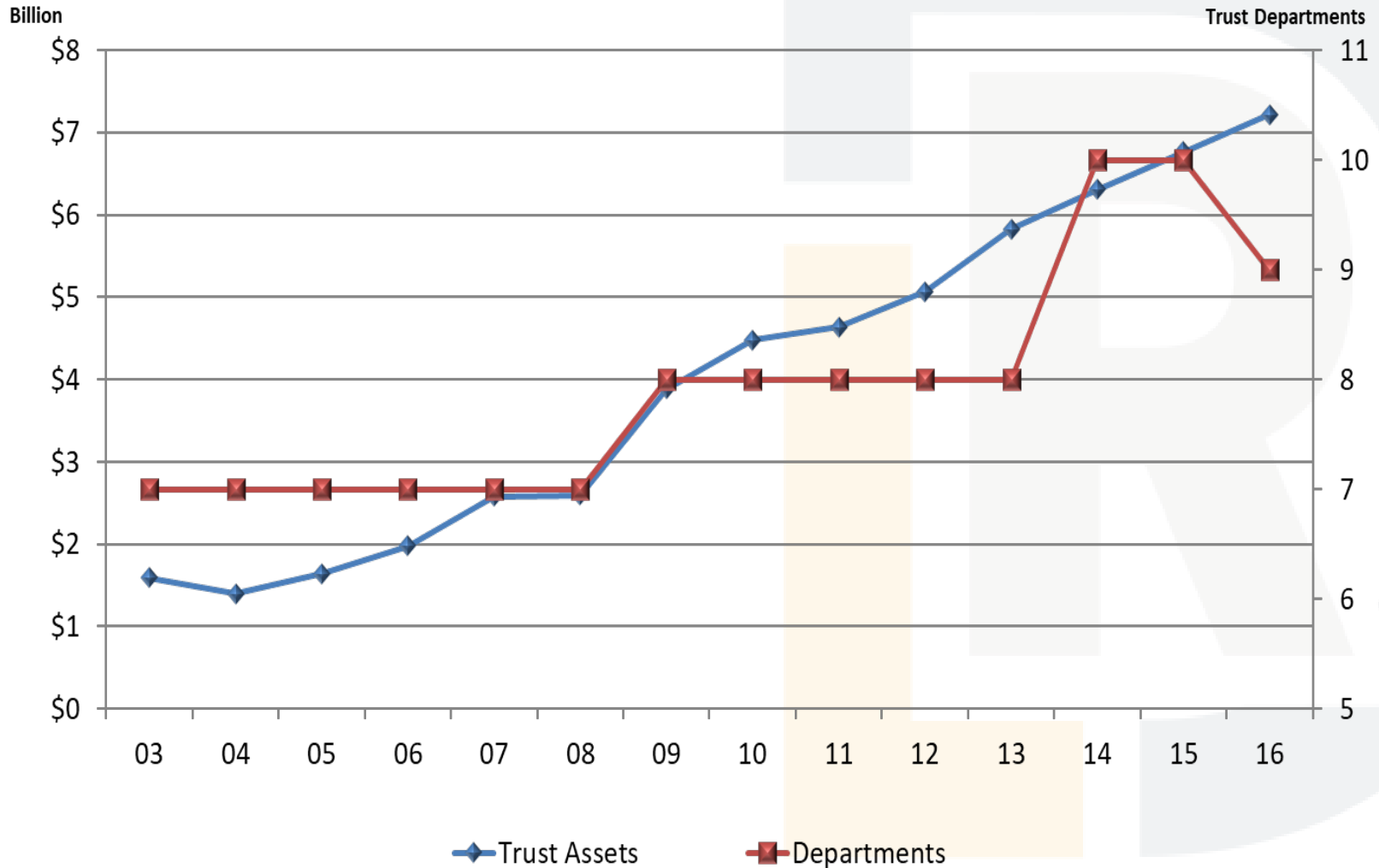
Public vs. Private Trust Assets



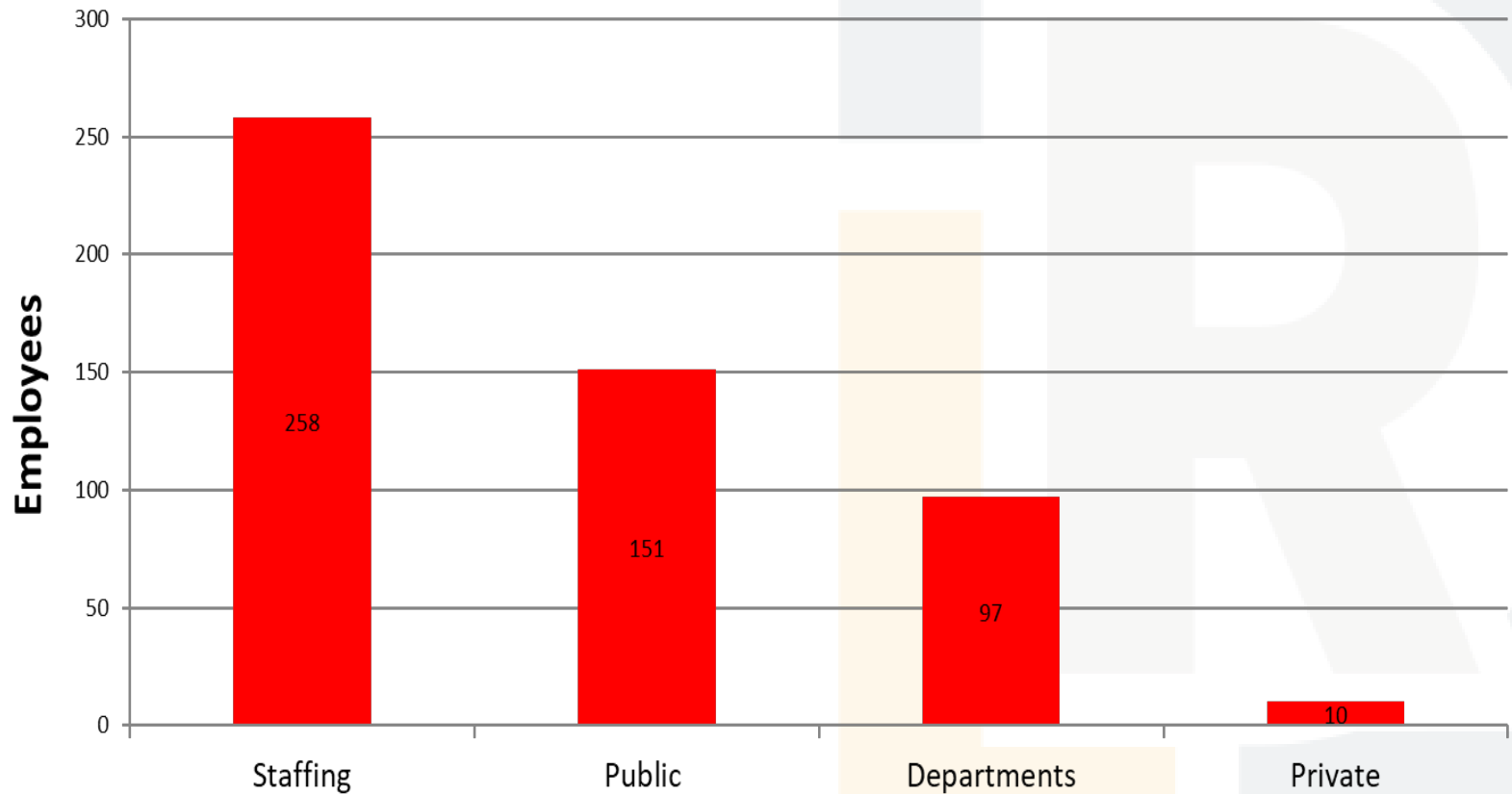
Trust Asset Types



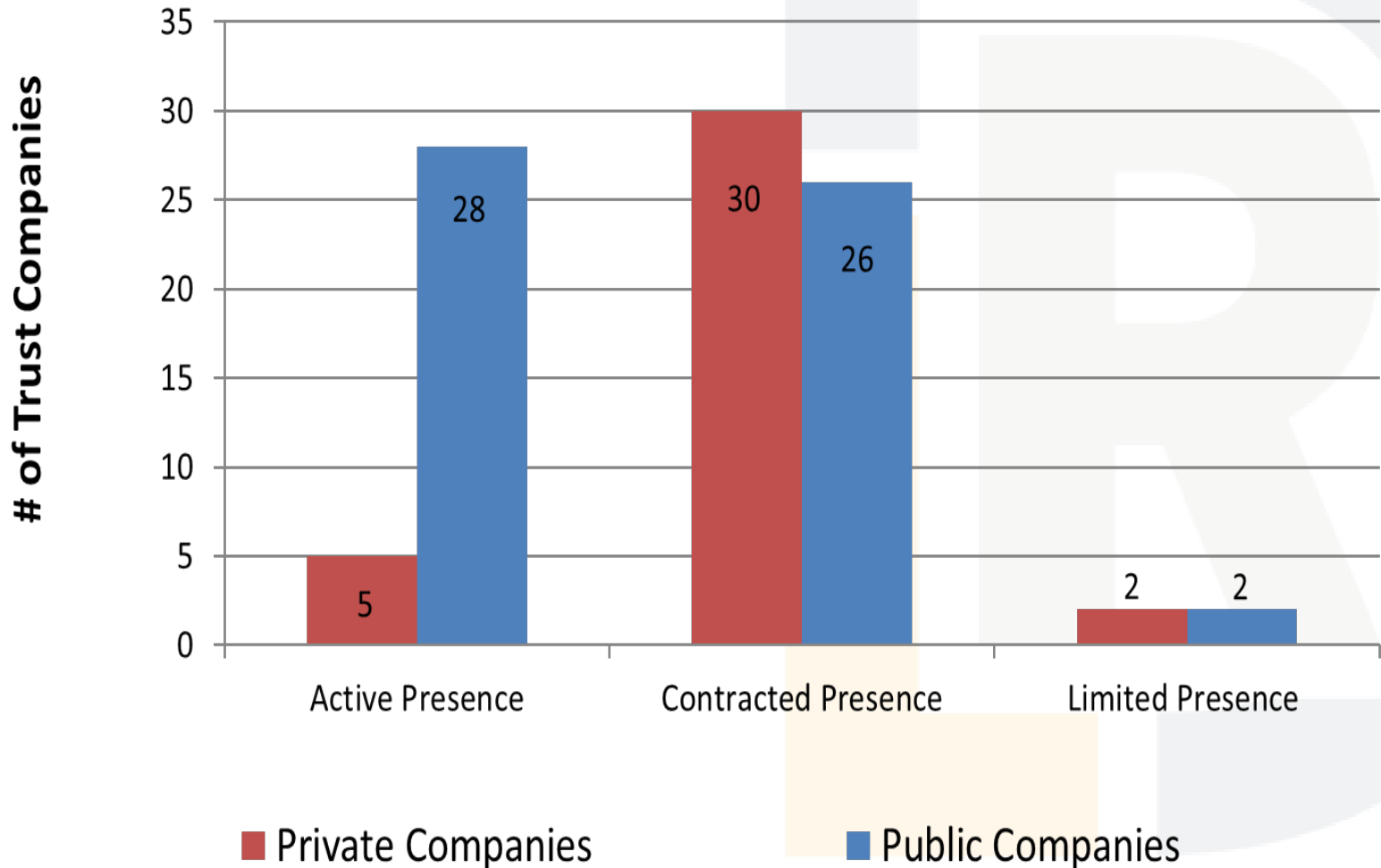
Bank Trust Department Profile



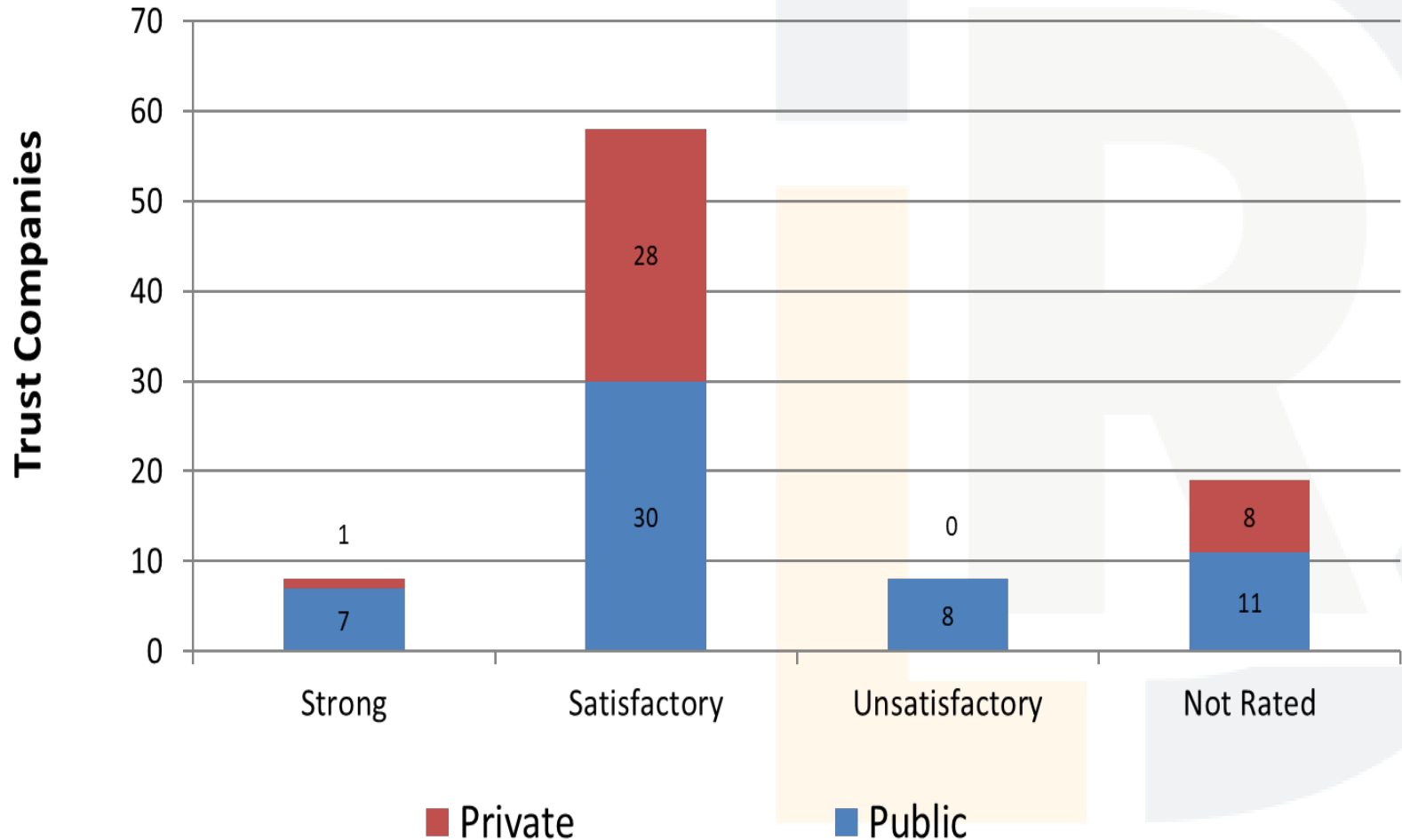
Trust FTEs in South Dakota



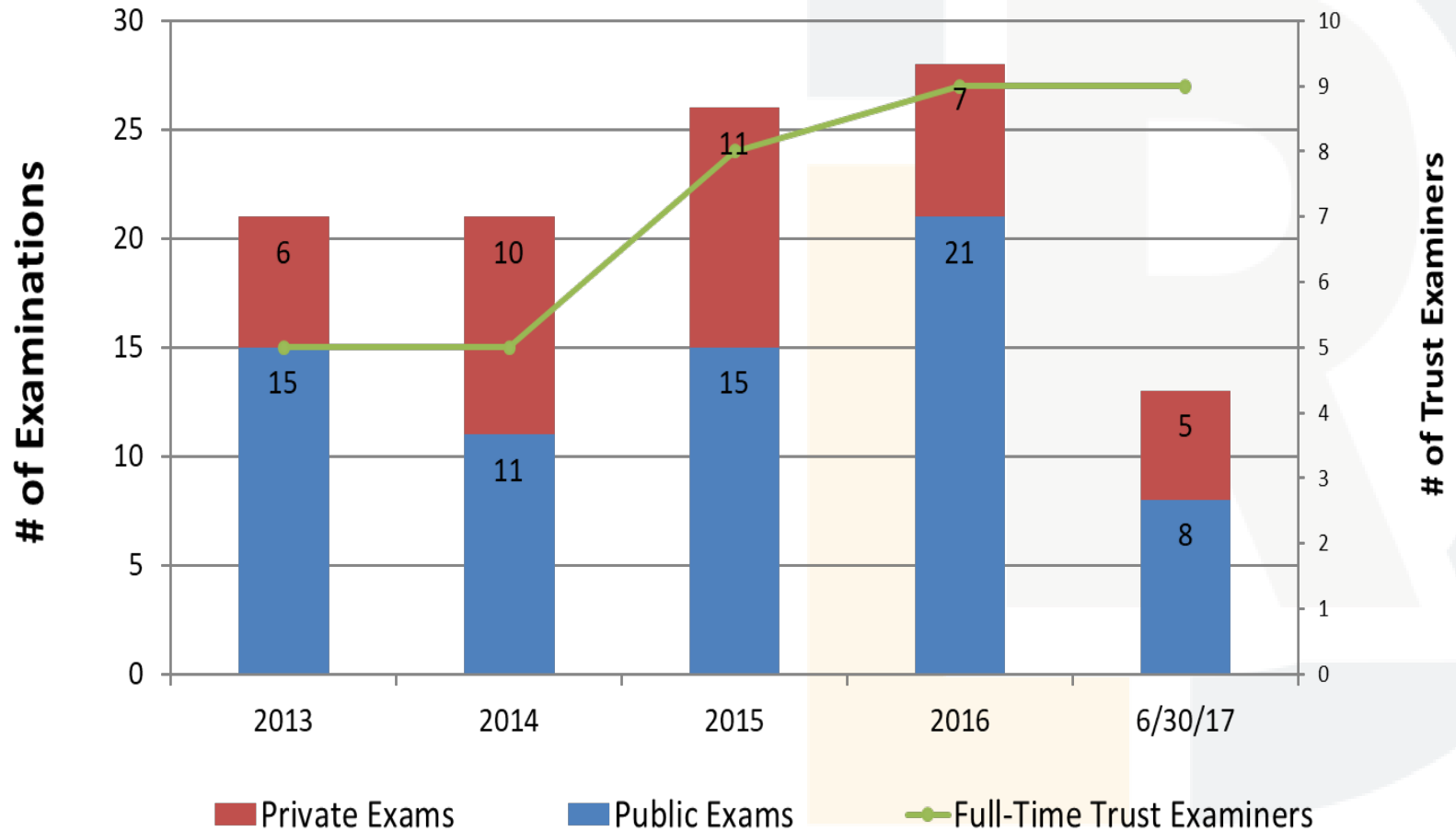
Trust Company Situs



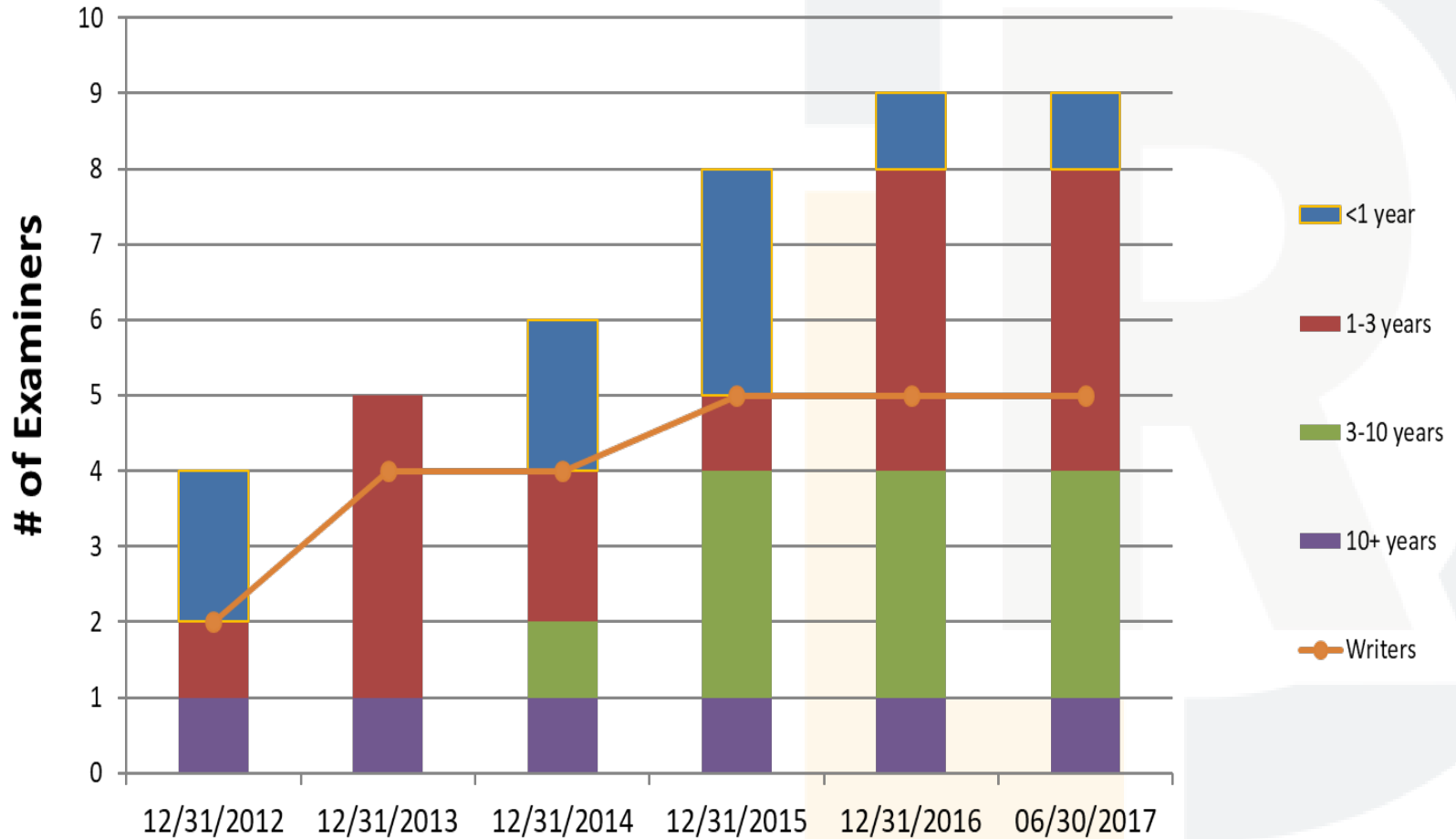
Composite Ratings – Trust Companies



Trust Company Examinations



Trust Examiner Tenure

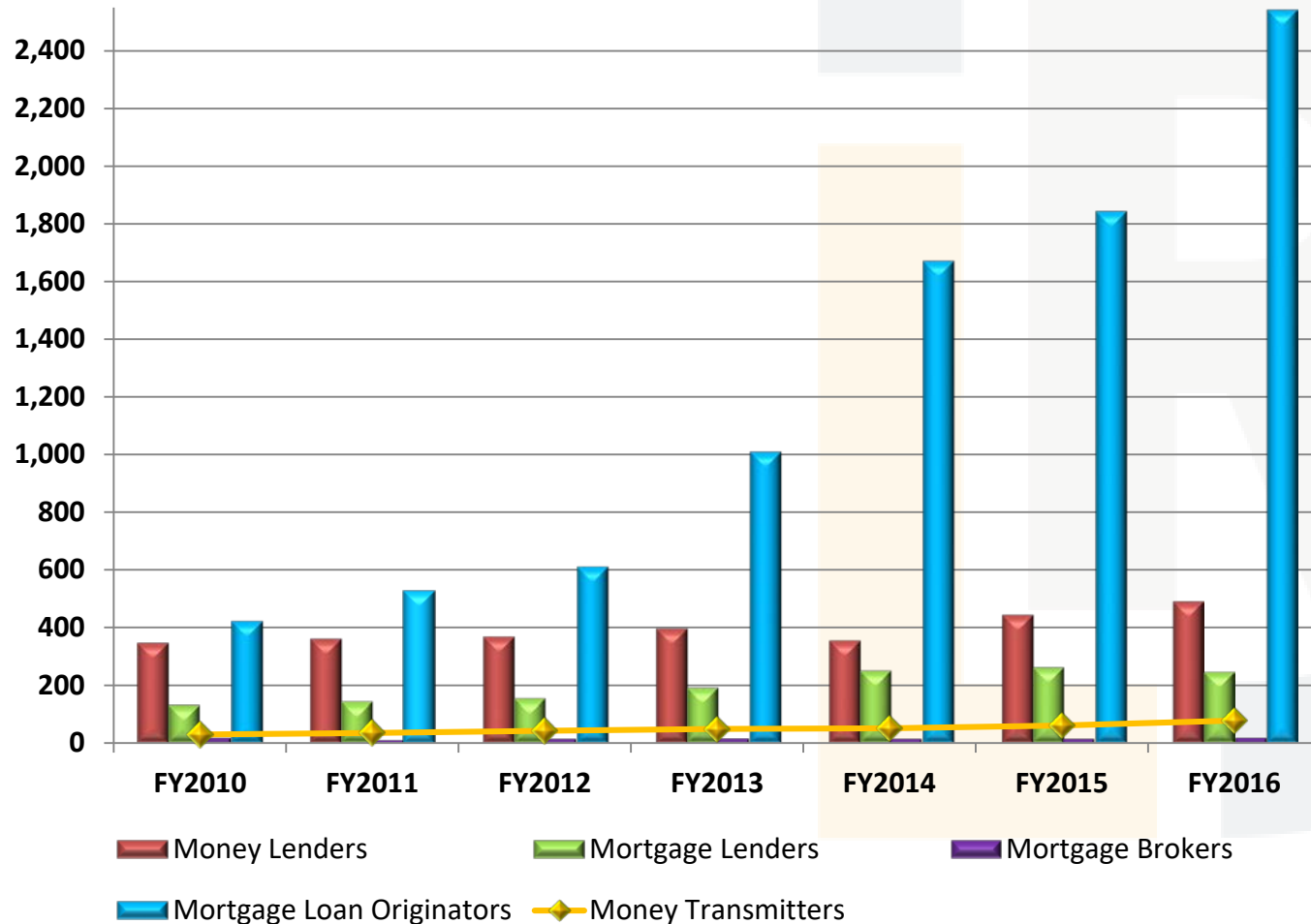


Trust Company Trends

- Short to Mid Term
 - International interest is very high
 - Interest in South Dakota remains strong
 - Quality staffing is hard to find & expensive
- Long Term
 - Number of trust company increasing
 - Asset growth continues
 - Total trust company FTEs in SD continue to grow
 - Impact of tax reform is unknown

Licensee Profile

Total # Regulated Licensees – 3,373



Active Licensees – October 2017

Licenses	Number
Money Lending	402
Money Transmitter	91
Mortgage Brokerage	21
Mortgage Lender	256
NR Mortgage Lender	38
Mortgage Loan Originator	3,371
Total	4,179

Mortgage Licensees

- Licensed through NMLS
- Multistate Examination & Enforcement
- HB 1179 Exemption Process
 - No license required if originate, sell or service 5 or fewer loans in 12 month period and total amount of loans outstanding is less than \$4 million
 - Must report activity to Division by year end to be exempt from licensing requirement
 - No exemption provided from financial institution tax

Money Lenders

- Consumer
- Auto
- Student Loans
- Equipment & Machinery
- Loan Servicers



Money Lenders

- IM 21 impact on money lenders
 - 110 money lenders previously offering payday, short-term, title or signature loans did not renew their license for 2017, as of January 13, 2017
 - This left approximately 83 that did renew for 2017
 - How many will renew for 2018 is an open question
- 2017 Legislative Changes
 - Carve out for late fees, attorney fees incurred on customer default (54-4-44.3)
 - Business to business exemption from rate cap if loan to business with federal employer identification number & loan amount over \$5,000 (54-4-44.4)

Money Transmitters

- Traditional: Western Union, MoneyGram, Sique Corp.
- New entrants: Paypal, Inc., Amazon Payments, Circle Internet, Facebook Payments, Square, Inc.
- New age: Coinbase, Inc., Veem Payments, CoinX, Inc., bitFlyer USA, Inc.

CSBS Accreditation

- Division first accredited in 2007
- Reaccredited in 2012
- Reaccredited again in 2017
- Areas to improve:
 - IT examinations
 - Technology service provider exams
 - More consumer education and literacy

Division Offices

South Dakota Division of Banking

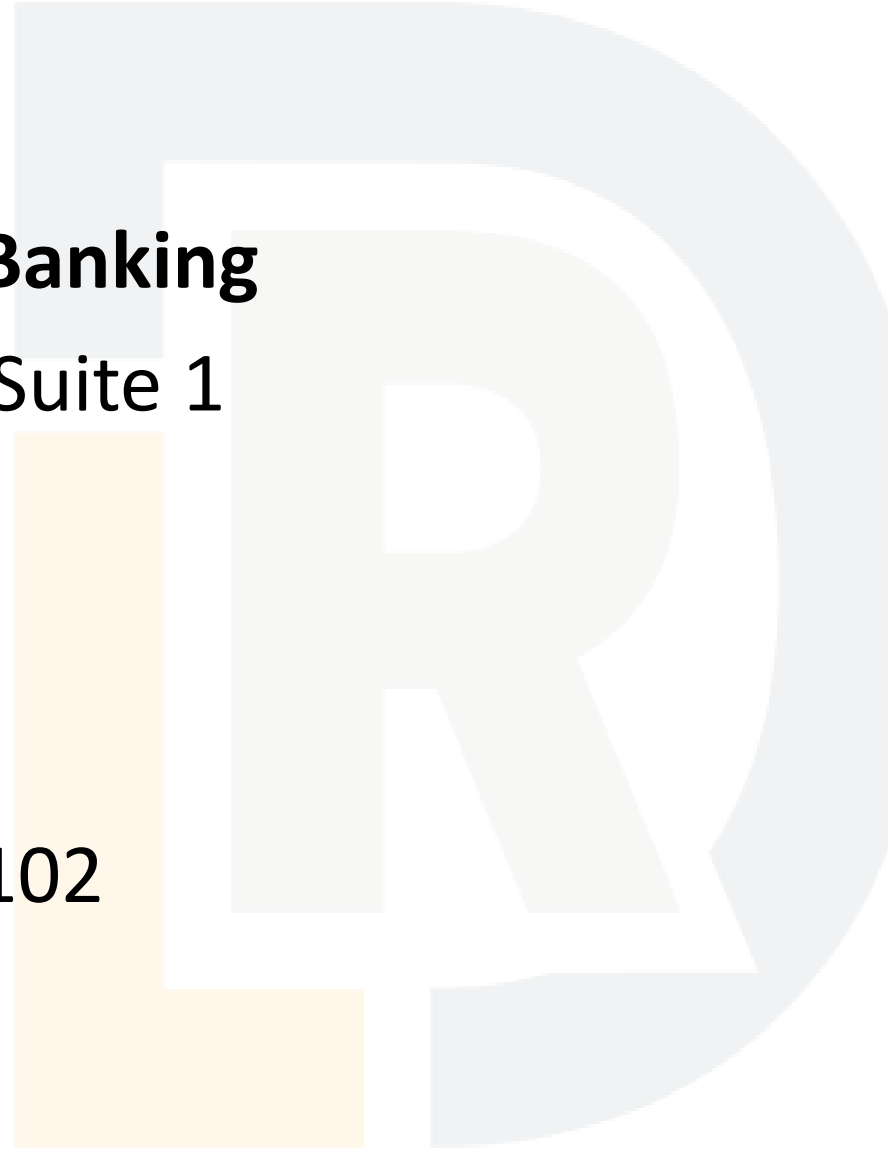
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Questions?

