

ADVANTAGES OF A STATE CHARTER

While this list is not all inclusive, it should provide a general understanding of some of the advantages of being a state-chartered savings bank (SSB) in Louisiana.

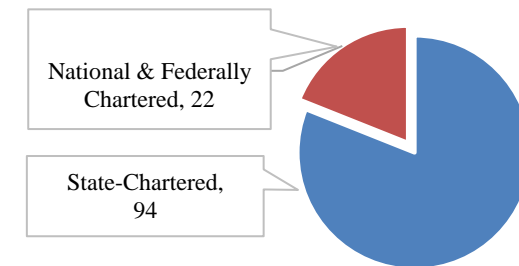
- Accessibility/Expeditious Treatment - OFI personnel are very accessible. This promotes better communication and allows an executive officer/director to talk directly to a decision maker. Requests are considered and responded to in a timely and efficient manner.
- Emergency Preparedness - Annually, this Office participates in a series of Hurricane Preparation Meetings, hosted by the Louisiana Bankers Association (LBA), at nine locations throughout the State of Louisiana. Currently, OFI has access to the Louisiana Business Emergency Operations Center (LABEOC) in the event of another hurricane or wide-area disaster.
- State Parity Statute - SSBs enjoy very broad parity statutes. LSA-R.S. 6:1136(A) states *Subject to the regulation of the commissioner and in addition to the powers granted by this Chapter, each savings bank operating under this Chapter shall possess all of the powers of a savings and loan association operating under the laws of the state of Louisiana and of a savings and loan association operating under the laws of the United States. Subject to the regulations of the commissioner, a savings bank may also obtain such other powers available to banks operating under the laws of the state of Louisiana as are consistent with the policy and purposes of this Chapter.* LSA-R.S. 6:1222(11) states *Any provision of this Chapter to the contrary notwithstanding, and subject to the commissioner's regulations, any savings bank may make any loan or investment or engage in any activity which it could make or engage in if it were organized under state law as a bank, savings and loan association, or other financial institution, or under the laws of the United States for national banks, federal savings and loan associations, or other financial institutions whose principal offices are located within this state.* Furthermore, state-chartered SSBs and their subsidiaries are allowed greater flexibility regarding certain investments and activities under Part 362 of the FDIC Rules and Regulations,

provided these activities do not present a risk to the insurance fund and/or pose a safety and soundness concern for the institution.

- State Indemnification Statute – SSBs also enjoy a very broad indemnification statute covering officers, directors, employees and agents. LSA-R.S. 6:1190(C)(6)
- State Governance - Louisiana state-chartered SSBs are regulated according to state laws, rules, and regulations. Like other states, Louisiana laws are structured to meet the unique needs of the citizens of the state. Federal laws, by their nature, must apply to institutions from various regions and many different circumstances. Statutes affecting Louisiana state-chartered SSBs are enacted by the state legislature, which is more sensitive to local needs and conditions than the U.S. Congress.
- Financial Modernization - As SSBs expand their products and services, they are in a unique position for the following reasons:
 - (1) In addition to the Depository Institutions Division, the Nondepository Division, Securities Division, and the Certified Capital Companies Program are housed within the same agency; and
 - (2) OFI has developed a good working relationship with various other state agencies including the Department of Insurance, the Louisiana Economic Development, the Department of Agriculture and Forestry, and the Louisiana Economic Development Corporation, among others, to foster economic development in Louisiana.
- Multi-State Operations - SSBs have the authority to operate on a multi-state basis. This allows for consistency of such things as interest rates, lending limits, and corporate governance laws. As "home state" regulator, OFI is the single point of contact for all information on banking issues such as branching, examinations, governing laws, etc., affecting Louisiana state-chartered banks. As a result of the

passage of the Dodd-Frank Act in 2010, nationwide de novo branching restrictions were modified and are currently subject to interpretation by the various state and federal banking agencies.

- Experience/Training - Personnel from the field and main offices also participate in specialized areas of examination such as trust, holding companies, venture/mezzanine financing, information technology (IT), Bank Secrecy Act (BSA), and consumer compliance (state and federal). In addition, a number of these examiners are graduates of the LSU Graduate School of Banking and/or hold CPA certificates.
- Louisiana-Domiciled Banks and Thrifts - As of March 31, 2019, there were 94 state-chartered and 22 nationally and federally chartered banks and thrifts (116 in total) domiciled in Louisiana. Note: Approximately 81% of the banks and thrifts domiciled in Louisiana are state-chartered. These state-chartered financial institutions hold in excess of 87% of the banking industry assets in Louisiana.



- Cooperative Agreements - OFI has entered into agreements with other states to reduce the regulatory burden and cooperate in the examination of out-of-state branches of a Louisiana domiciled bank. There are no additional fees associated with the examination of these branches.

- **Joint Examination Program** - In order to reduce the burden on SSBs, OFI has entered into agreements with both the FDIC to perform joint examinations on larger institutions, whereby each agency supplies examiners as part of the examination team, and a single exam report is issued. For those below \$500,000,000, the OFI and the Federal Banking Agency generally perform alternative exams.
- **CSBS Affiliation** - OFI is an active member of the Conference of State Bank Supervisors (CSBS), which is a nationally-recognized organization comprised of state bank and savings institution supervisors. CSBS is dedicated to the protection and enhancement of the dual chartering system and state banking industry. This organization provides timely information and offers a wide range of services to its members nationwide. Currently, numerous Louisiana state-chartered banks are supporters of CSBS. Commissioner John Ducrest is a Past Chairman and currently serves on the Board of Directors. In addition, he serves as the Chairman of the SRR, which owns the NMLS.
- **ACSSS Affiliation** – OFI is also an active member of the American Council of State Savings Supervisors, which is the national association of state-chartered savings institution regulators. ACSSS provides professional supervisory information and insight in support of the state charter for savings institutions through its involvement and participation in the FFIEC and FBIIC. Commissioner Ducrest also serves as the ACSSS representative on the FFIEC.
- **Certification/Accreditation** - All OFI examiners are certified and the department is accredited by the Conference of State Bank Supervisors (CSBS), the national accrediting agency for state banking departments. Attesting to the department's ability to meet rigid examination and operational requirements, OFI was awarded its fifth five-year reaccreditation by CSBS in January 2015.

- **Training** - OFI personnel are available to industry and trade associations who are in need of technical assistance in areas where OFI personnel have extensive knowledge and training. This interaction between examiners and industry representatives provides valuable insight to both OFI and the industry.
- **www.ofi.la.gov** - OFI maintains a Web site for the benefit of the general public and its constituents. The site contains various banking industry reports and contact information. In addition, various application and notification forms are available. Helpful links to the Web sites of the FDIC, FRB, CSBS and various state and national banking associations are also provided.

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Advantages of a State-Chartered Savings Bank



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