



STATE BOARD OF FINANCIAL INSTITUTIONS

Curtis M. Loftis, Jr., Chairman
Kathy L. Bickham, Commissioner of Banking
Ronald R. Bodvake, Commissioner of Consumer Finance

Key Officials

Key Officials

Banking Division

Commissioner of Banking – Kathy L. Bickham – Kathy.Bickham@banking.sc.gov
Deputy Commissioner of Banking – Janeen R. Hughes – Janeen.Hughes@banking.sc.gov
Deputy Commissioner of Banking – Remonia C. Wright – Remonia.Wright@banking.sc.gov

1205 Pendleton Street, Suite 305
Columbia, SC 29201
(803) 734-2001

Consumer Finance Division

Commissioner of Consumer Finance – Ronald R. Bodvake – Ron.bodvake@bofi.sc.gov
Deputy Commissioner of Consumer Finance – Phyllis L. Wicker – Phyllis.wicker@bofi.sc.gov
Deputy Commissioner of Consumer Finance – Quinton Creed – Quinton.creed@bofi.sc.gov
Deputy Commissioner of Consumer Finance – Amy Gelhaus – Amy.gelhaus@bofi.sc.gov

1205 Pendleton Street, Suite 306
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State Treasurer's Office

Assistant Administration Director – Jordan Dominick – Jordan.Dominick@sto.sc.gov

South Carolina Office of the State Treasurer
1200 Senate Street
Wade Hampton Office Building
Columbia, SC 29201
(803) 734-9871

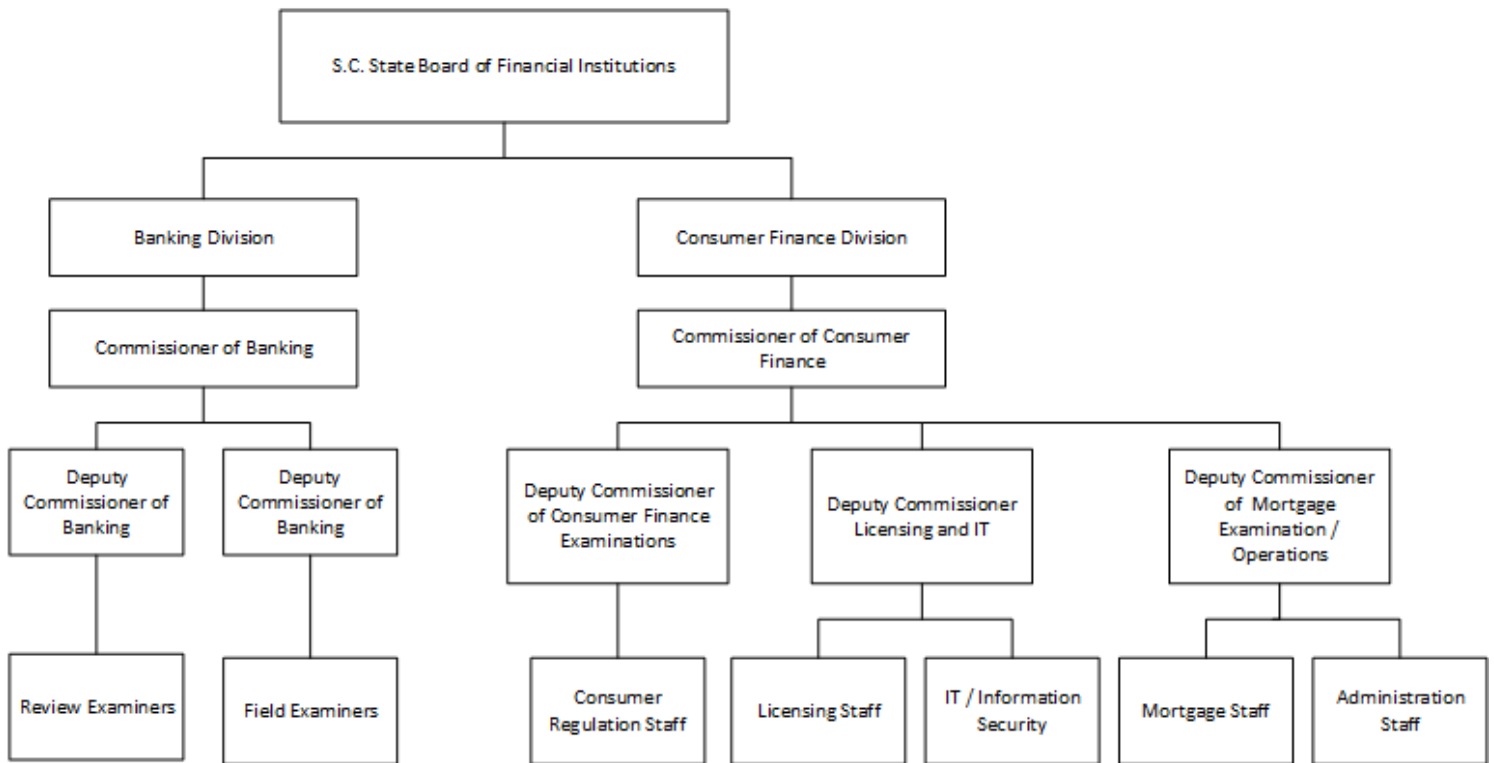
Agency Overview

Agency Overview

The State Board of Financial Institutions (Board) is composed of eleven members, one of whom is the State Treasurer as an ex officio member and as the chairman. The remaining ten members must be appointed by the Governor with the advice and consent of the Senate. The mission of the Board is to protect the citizens of South Carolina by preserving a sound financial industry through effective and efficient regulatory oversight of financial institutions in order to strengthen consumer confidence, assure reliable access to financial services, and encourage economic growth. The Board's supervision is handled through its two divisions – the Banking Division and the Consumer Finance Division. The Board appoints a Commissioner of Banking who examines and supervises State chartered banks, trust companies, savings and loan associations, savings banks, credit unions, and development corporations. The Board is also authorized to designate or appoint a Commissioner of Consumer Finance who examines and supervises non-depository mortgage lenders/servicers and their branches, loan originators, consumer finance companies, deferred presentment service companies, and check cashing service companies. The Board's oversight includes the promulgation of regulations and instructions relating to the supervision of financial institutions; the consideration of applications for new banks, trust companies, savings and loan associations, savings banks, credit unions, non-depository mortgage lenders/servicers and their branches, loan originators, consumer lenders, deferred presentment providers, and check cashing service providers; and the consideration of applications for branches of banks, savings and loan associations, savings banks, credit unions, and trust companies.

Organizational Chart

Organizational Chart



Agency FTEs	
Filled	46
Vacant	10
Authorized	56

Performance Update 2021-2022

Banking Division

During FY 2022, all examinations of financial institutions were completed in the timeframes required by law. The Banking Division continued performing most examinations completely off-site; however, towards the end of the year, the Division began performing hybrid examinations in which examiners performed some examination procedures onsite in the institutions. Senior staff collaborated with other State and Federal regulators to determine best practices for transitioning to the hybrid examinations.

A review of capital adequacy, earnings, liquidity, and past due and nonaccrual loans was performed quarterly on all banks. The reviews were used to monitor changes in individual institutions as well as to identify trends in the financial performance of South Carolina State chartered banks as a whole. During FY 2022, the division's Risk Identification Committee identified current risk levels, trends, and emerging risks; identified data needs and sources; developed supervisory strategies for ensuring safe and sound State chartered institutions; and developed communications to staff and industry.

In addition to on-the-job and computer-based training, examiners virtually attended one FDIC sponsored school, one Federal Financial Institutions Examination Council (FFIEC) sponsored school, and one Conference of State Bank Supervisors (CSBS) sponsored school, and one examiner completed a state-sponsored training on supervisory practices. Examiners also attended several training conferences sponsored by the FDIC, FFIEC, National Credit Union Association (NCUA) and CSBS. These schools and conferences covered a wide variety of topics including asset/liability management in and strategies for managing interest rate risk sensitivity, trends and outlook for mortgage banking, Banking and Economic outlook in the rising interest rate environment, Commercial Real Estate analysis, Cybersecurity Developments, and preparation for implementation of the Current Expected Credit Losses (CECL) methodology. Additionally, an employee graduated from the Graduate School of Banking at LSU.

The Agency continued to develop its training program specifically to help new employees gain the knowledge necessary to perform their job duties effectively and efficiently and to allow new examiners to practice examination procedures in the office. During FY 2022, the Agency designated one of its Senior Examiners to serve as the Training Coordinator to further enhance the Agency's training program.

The Division actively engages with the CSBS and the National Association of State Credit Union Supervisors (NASCUS), which have missions of enhancing financial institution supervision. In addition to attending conferences sponsored by these organizations, employees of the Division participate in CSBS committees such as the State Examiner Review Team, the IT Advisory Team, the Technology Committee, the Risk ID Team, and the Data Analytic Task Force.

During FY 2022, the Division continued its participation with five other state credit union regulators and the NCUA in the Alternating Examination Pilot Program to test options for alternating examinations of well-run, federally insured, state-chartered credit unions. This three-year program ended during FY 2022. A goal of the pilot program was to explore ways to improve supervisory efficiencies and reduce regulatory burden. The Division also continued to cross-train its bank examiners in the examination of credit unions, with the goal to have all examiners capable of examining both banks and credit unions.

The Division continued its partnership with the SC Emergency Management Division (EMD) through participation in EMD's Emergency Support Function-24. The Division has continued to maintain an Emergency Preparedness Plan and Playbook to establish a framework to provide assistance and coordinate preparedness, response, recovery, and mitigation activities during emergencies (including cyber events).

Consumer Finance Division

During FY 22, the Consumer Finance Division attained standards outlined in the Accountability Report. The Division completed a detailed review of business operations to identify and streamline processes which provided several recommendations. The successful adoption of the proposed changes and implementation of a new examination database enabled the Division to modernize procedures; thus, increasing the productivity of Licensing and Examination teams.

The In-State Consumer Compliance team converted from paper examinations to a digital examination program. This reduced labor hours spent scanning documents and created substantial cost savings through reduced use of paper, toner, and postage. The change also allowed for an increase in on-site examinations and participation in the investigation process. The Out-of-State Consumer and Mortgage Compliance teams participated in multi-state examinations facilitated by the CSBS, National Association of Consumer Credit Administrators (NACCA), CFPB, American Association of Residential Mortgage Regulators (AARMR), and the Multi-state Mortgage Committee (MMC).

Highlights from the fiscal year are as follows:

- 1,737 examinations
- \$1,693,372 in refunds from examinations
- 149 complaints investigated
- \$14,844 in refunds from complaints

The Division processed a record number of mortgage license applications utilizing the Nationwide Multistate Licensing System (NMLS), implemented technological updates, and streamlined processes. The increase in licensee applications mirrored the trend in the mortgage industry. In the calendar year 2021, the total amount of mortgage loans originated in South Carolina was over \$38.7 billion. The total number of loans originated was 161,041. The number of mortgage loans serviced in the calendar year 2021 was 2,403,395.

The Division is dedicated to fostering a well-informed and highly skilled workforce environment. Team members participated in annual training schools offered by NACCA and AARMR and webinars offered by CSBS and CFPB. These training opportunities provided information regarding consumer industry trends, examination findings, and updates regarding federal and state regulatory requirements.

Training programs for the Division's employees are continuously enhanced to keep up with the consumer finance and mortgage industries' dynamic and ever-changing environment. As a part of the process, the Commissioner and representatives from the Division attended annual conventions with executives from the Independent Financial Services Association, South Carolina Financial Services Association, and Mortgage Bankers Association to discuss current topics, concerns, and opportunities. The information gained assists the Division's systematic approach to organizing change and helps team members adapt.

Financial Update

Financial Update

Fiscal Year	Appropriation	Expenditures	Carry-Forward
2022 – 2023	\$6,371,804	\$2,890,032 YTD	
2021 – 2022	\$5,816,804	\$4,924,197	\$4,795,887

The agency does not receive any General Funds. It operates on 100% other funds, and all funds are collected from the regulated financial institutions. Revenue is collected annually, and the account balances noted for June 30 are what is needed to operate until the next cycle of revenue is collected. Funds are collected primarily in September for the Bank Examining Division and in November through February for the Consumer Finance Division. Excess funds are used as a credit toward the following year's collections. Projected total expenditures for FY 23 are \$5,847,685, and the projected carry-forward balance into FY 23 is \$4,998,412.

Budget Request Summary

FY 2023-2024 Budget Request Summary

State Board of Financial Institutions

Budget Requests				Funding					FTEs			
Priority	Request Type (recurring, non-recurring capital)	Request Title	Brief Description	General - Recurring	General - Nonrecurring	Other	Federal	Total	State	Other	Federal	Total
1	Recurring	Personal Services – Banking Division	Fully fund annualized cost of currently authorized positions.			40,000		40,000				
2	Recurring	Personal Services – Consumer Finance Division	Fully fund annualized cost of currently authorized positions.			54,314		54,314				
3	Recurring	Employer Contributions	Fully fund employer insurance costs and retirement contributions.			65,000		65,000				
4	Recurring	Other Operating Expenses– Administration	Fully fund the cost of Board Member travel and insurance			5,000		5,000				
TOTAL BUDGET REQUESTS						\$164,314		\$164,314				

Budget Request

AGENCY NAME:

AGENCY CODE:

SECTION:



Fiscal Year 2023-24 Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

**OPERATING
REQUESTS
(FORM B1)**

For FY 2023-24, my agency is (mark "X"):
 Requesting General Fund Appropriations.
 Requesting Federal/Other Authorization.
 Not requesting any changes.

**NON-RECURRING
REQUESTS
(FORM B2)**

For FY 2023-24, my agency is (mark "X"):
 Requesting Non-Recurring Appropriations.
 Requesting Non-Recurring Federal/Other Authorization.
 Not requesting any changes.

**CAPITAL
REQUESTS
(FORM C)**

For FY 2023-24, my agency is (mark "X"):
 Requesting funding for Capital Projects.
 Not requesting any changes.

**PROVISOS
(FORM D)**

For FY 2023-24, my agency is (mark "X"):
 Requesting a new proviso and/or substantive changes to existing provisos.
 Only requesting technical proviso changes (such as date references).
 Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:			
SECONDARY CONTACT:			

I have reviewed and approved the enclosed FY 2021-22 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<i>Agency Director</i>	<i>Board or Commission Chair</i>
SIGN/DATE:		
TYPE/PRINT NAME:	Kathy L. Bickham/Ronald R. Bodvake	Curtis M. Loftis, Jr.

This form must be signed by the agency head – not a delegate.

AGENCY NAME:	Board of Financial Institutions		
AGENCY CODE:	R230	SECTION:	79

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Personal Services – Banking Division
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Provide a brief, descriptive title for this request.

AMOUNT	General: Federal: Other: \$40,000 Total: \$40,000
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What is the net change in requested appropriations for FY 2023-24? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	N/A
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply: <input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience <input type="checkbox"/> Change in case load/enrollment under existing program guidelines <input type="checkbox"/> Non-mandated change in eligibility/enrollment for existing program <input type="checkbox"/> Non-mandated program change in service levels or areas <input type="checkbox"/> Proposed establishment of a new program or initiative <input type="checkbox"/> Loss of federal or other external financial support for existing program <input type="checkbox"/> Exhaustion of fund balances previously used to support program <input type="checkbox"/> IT Technology/Security related <input type="checkbox"/> Consulted DTO during development <input type="checkbox"/> Related to a Non-Recurring request – If so, Priority #
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STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark “X” for primary applicable Statewide Enterprise Strategic Objective: <input type="checkbox"/> Education, Training, and Human Development <input type="checkbox"/> Healthy and Safe Families <input type="checkbox"/> Maintaining Safety, Integrity, and Security <input type="checkbox"/> Public Infrastructure and Economic Development <input checked="" type="checkbox"/> Government and Citizens
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AGENCY NAME:

Board of Financial Institutions

AGENCY CODE:

R230

SECTION:

79

**ACCOUNTABILITY
OF FUNDS**

This increase in funds will allow the Agency to fulfill its goals, strategies, and objectives as defined in its Fiscal Year 2022 Accountability Report.

What specific strategy, as outlined in the FY 2022-23 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

**RECIPIENTS OF
FUNDS**

Board of Financial Institutions – Banking Division employees who are eligible.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

**JUSTIFICATION OF
REQUEST**

Authorization of additional Other Funds is requested in order to fully fund the annualized cost of all the Agency authorized positions.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

AGENCY NAME:	Board of Financial Institutions		
AGENCY CODE:	R230	SECTION:	79

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Personal Services – Consumer Finance Division
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Provide a brief, descriptive title for this request.

AMOUNT	General: Federal: Other: \$54,314 Total: \$54,314
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What is the net change in requested appropriations for FY 2023-24? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	N/A
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

AGENCY NAME:	Board of Financial Institutions		
AGENCY CODE:	R230	SECTION:	79

ACCOUNTABILITY OF FUNDS	<p>This increase in funds will allow the Agency to fulfill its goals, strategies, and objectives as defined in its Fiscal Year 2022 Accountability Report.</p>
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What specific strategy, as outlined in the FY 2022-23 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>Board of Financial Institutions – Consumer Finance Division employees who are eligible.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>Authorization of additional Other Funds is requested in order to fully fund the annualized cost of all the Agency authorized positions.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

AGENCY NAME:	Board of Financial Institutions		
AGENCY CODE:	R230	SECTION:	79

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	3
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Employer Contributions
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Provide a brief, descriptive title for this request.

AMOUNT	General: Federal: Other: \$65,000 Total: \$65,000
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What is the net change in requested appropriations for FY 2023-24? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	N/A
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

AGENCY NAME:	Board of Financial Institutions		
AGENCY CODE:	R230	SECTION:	79

ACCOUNTABILITY OF FUNDS	<p>This increase in funds will allow the Agency to fulfill its goals, strategies, and objectives as defined in its Fiscal Year 2022 Accountability Report.</p>
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What specific strategy, as outlined in the FY 2022-23 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>Board of Financial Institutions (Other Funded) employees who are eligible for health insurance and employees participating in the State Retirement Plan and the related employer contribution increases.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>Authorization of additional Other Funds is requested in order to fully fund health insurance costs and State Retirement System costs.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

AGENCY NAME:	Board of Financial Institutions		
AGENCY CODE:	R230	SECTION:	79

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	6
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Other Operating Expenses – Administration
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Provide a brief, descriptive title for this request.

AMOUNT	General: Federal: Other: \$5,000 Total: \$5,000
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What is the net change in requested appropriations for FY 2023-24? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	N/A
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply: <input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience <input type="checkbox"/> Change in case load/enrollment under existing program guidelines <input type="checkbox"/> Non-mandated change in eligibility/enrollment for existing program <input type="checkbox"/> Non-mandated program change in service levels or areas <input type="checkbox"/> Proposed establishment of a new program or initiative <input type="checkbox"/> Loss of federal or other external financial support for existing program <input type="checkbox"/> Exhaustion of fund balances previously used to support program <input type="checkbox"/> IT Technology/Security related <input type="checkbox"/> Consulted DTO during development <input type="checkbox"/> Related to a Non-Recurring request – If so, Priority #
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STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective: <input type="checkbox"/> Education, Training, and Human Development <input type="checkbox"/> Healthy and Safe Families <input type="checkbox"/> Maintaining Safety, Integrity, and Security <input type="checkbox"/> Public Infrastructure and Economic Development <input checked="" type="checkbox"/> Government and Citizens
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AGENCY NAME:	Board of Financial Institutions		
AGENCY CODE:	R230	SECTION:	79

ACCOUNTABILITY OF FUNDS	<p>This increase in funds will allow the Agency to fulfill its goals, strategies, and objectives as defined in its Fiscal Year 2022 Accountability Report.</p>
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What specific strategy, as outlined in the FY 2022-23 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>Members of the Board of Financial Institutions will receive funds for travel expenses. Other funds will primarily be received by the State of South Carolina Insurance Reserve Fund and insurance companies and will be disbursed in accordance with the processes and procedures as outlined in the State Procurement Code.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>Authorization of additional Other Funds is requested in order to fully fund the cost of Board Member travel and insurance.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Proviso Request Summary

**Transportation and Regulatory Subcommittee
Proviso Request Summary**

FY 22-23 Proviso #	Renumbered FY 23-24 Proviso #	Proviso Title	Short Summary	FY of Proviso Introduction/# of years in budget	Recommended Action	Proviso Language
79.1	79.1	Supervisory Fees	This proviso allows the Board of Financial Institutions to collect funds to cover the expenditures of the agency.	Prior to 1990	No Change	The Board of Financial Institutions shall fix supervisory fees of banks, savings and loan associations and credit unions on a scale which, together with fees collected by the Consumer Finance Division will fully cover the total funds expended under this section.