

Calculating Supervisory Fees

Banking Division Assesses to Fund Its Appropriation

	Appropriation
2020	\$2,685,189
2019	\$2,554,241
2018	\$2,424,241
2017	\$2,272,598
2016	\$2,258,729

- The 2020 appropriation represents a 5.13% increase over the 2019 appropriation.

Where Do Our Funds Come From?

- ▶ Agency does not receive any General Funds - we operate 100% on other funds from the institutions we regulate
 - ▶ Banks
 - ▶ Credit Unions
 - ▶ Trust Companies
 - ▶ Savings and Loan Associations
 - ▶ Business Development Corporations

Applicable Guidance

- ▶ South Carolina law establishes the authority for the South Carolina Board of Financial Institutions to annually assess supervisory fees on the institutions that it regulates. Section 34-3-320 (banks); 34-26-270 (credit unions).
- ▶ These supervisory fees are graduated on the basis of the asset size of each institution.
- ▶ No further specific guidance exists.

The Historical Calculation

- ▶ Banks
 - ▶ Based on asset size as of March 31 Call Report
 - ▶ Minimum base fee charged to all banks
 - ▶ Tiered formula for
 - ▶ Assets between \$30 million up to \$400 million
 - ▶ Assets between \$400 million to \$1 billion
 - ▶ Assets between \$1 billion and \$10 billion
 - ▶ Assets over \$10 billion
- ▶ Credit Unions
 - ▶ Based on asset size as of March 31 Call Report
 - ▶ Minimum base fee charged to all credit unions
 - ▶ Tiered formula for
 - ▶ Assets between \$100,000 and \$200 million
 - ▶ Assets over \$200 million

FY 2020 Fee Calculation Objectives

- ▶ Maintain reasonable and steady (predictable) fee increases
- ▶ Limit the impact of merger activity on fee increases
- ▶ Complete the transition of Savings & Loans Associations to the bank scale
- ▶ Fairly distribute fee increases
- ▶ Protect smallest institutions from disproportionate increases
- ▶ Limit revenue dependence on large institutions
- ▶ Preserve cash balance/reserves

The FY 2020 Calculation

- ▶ Banks
 - ▶ Based on asset size as of March 31 Call Report
 - ▶ Minimum base fee charged to all banks
 - ▶ Tiered formula for
 - ▶ Assets between \$50 million up to \$500 million
 - ▶ Assets between \$500 million to \$1 billion
 - ▶ Assets between \$1 billion and \$10 billion
 - ▶ Assets over \$10 billion
- ▶ Credit Unions
 - ▶ Based on asset size as of March 31 Call Report
 - ▶ Minimum base fee charged to all credit unions
 - ▶ Tiered formula for
 - ▶ Assets between \$3 million and \$200 million
 - ▶ Assets over \$200 million

Historical Bank Formula

	# of Banks	Base Fee	\$30MM up to \$400 MM	\$400 MM to \$1 billion	\$1 billion to \$10 billion	Over \$10 billion
2019	41	32,000	53.52	26.76	13.38	6.69
2018	39	30,000	51.38	25.69	12.84	6.42
2017	41	28,000	48.26	24.13	12.07	6.03
2016	47	26,000	41.80	20.90	10.45	5.22
2015	47	23,000	44.25	22.12	11.06	5.53

FY 2019 Examples

(Asset sizes in millions)

Bank with \$50MM in Assets

Base Fee		32,000
30MM to 400MM	$53.52 * 20$	1,070
Fee		\$33,070

Bank with \$500MM in Assets

Base Fee		32,000
30MM to 400MM	$53.52 * 370$	19,802
400MM to 1,000MM	$27.76 * 100$	2,776
Fee		\$54,578

Bank with \$1,000MM in Assets

Base Fee		32,000
30MM to 400MM	$53.52 * 370$	19,802
400MM to 1,000MM	$27.76 * 600$	16,656
Fee		\$68,458

Bank with \$15,000MM in Assets

Base Fee		32,000
30MM to 400MM	$53.52 * 370$	19,802
400MM to 1 billion	$27.76 * 600$	16,656
1 billion to 10 billion	$13.38 * 9,000$	120,420
Over 10 billion	$6.69 * 5,000$	33,450
Fee		\$222,328

FY 2020 Bank Formula

	# of Banks	Base Fee	\$50MM up to \$500 MM (21 banks)	\$500 MM to \$1 billion (11 banks)	\$1 billion to \$10 billion (3 banks)	Over \$10 billion (1 bank)
2020	36	35,000	53.99	27.00	13.50	6.75

Examples		
(Asset sizes in millions)		
Bank with \$50MM in Assets		
Base Fee		35,000
Fee		\$35,000
Bank with \$500MM in Assets		
Base Fee		35,000
50MM to 500MM	$53.99 * 450$	26,996
Fee		\$59,296
Bank with \$1,000MM in Assets		
Base Fee		35,000
50MM to 500MM	$53.99 * 450$	26,996
500MM to 1,000MM	$27.00 * 500$	13,500
Fee		\$72,796
Bank with \$15,000MM in Assets		
Base Fee		35,000
50MM to 500MM	$53.99 * 450$	26,996
500MM to 1 billion	$27.00 * 500$	13,500
1 billion to 10 billion	$13.50 * 9,000$	121,500
Over 10 billion	$6.75 * 5,000$	33,750
Fee		\$228,046

FY 2019 Examples

(Asset sizes in millions)

Bank with \$50MM in Assets

Base Fee		32,000
30MM to 400MM	53.52 * 20	1,070
Fee		\$33,070

Bank with \$500MM in Assets

Base Fee		32,000
30MM to 400MM	53.52 * 370	19,802
400MM to 1,000MM	27.76 * 100	2,776
Fee		\$54,578

Bank with \$1,000MM in Assets

Base Fee		32,000
30MM to 400MM	53.52 * 370	19,802
400MM to 1,000MM	27.76 * 600	16,656
Fee		\$68,458

Bank with \$15,000MM in Assets

Base Fee		32,000
30MM to 400MM	53.52 * 370	19,802
400MM to 1 billion	27.76 * 600	16,656
1 billion to 10 billion	13.38 * 9,000	120,420
Over 10 billion	6.69 * 5,000	33,450
Fee		\$222,328

FY 2020 Examples

(Asset sizes in millions)

Bank with \$50MM in Assets

Base Fee		35,000
Fee		\$35,000
% Change		5.84%

Bank with \$500MM in Assets

Base Fee		35,000
50MM to 500MM	53.99 * 450	26,996
Fee		\$59,296
% Change		8.64%

Bank with \$1,000MM in Assets

Base Fee		35,000
50MM to 500MM	53.99 * 450	26,996
500MM to 1,000MM	27.00 * 500	13,500
Fee		\$72,796
% Change		6.34%

Bank with \$15,000MM in Assets

Base Fee		35,000
50MM to 500MM	53.99 * 450	26,996
500MM to 1 billion	27.00 * 500	13,500
1 billion to 10 billion	13.50 * 9,000	121,500
Over 10 billion	6.75 * 5,000	33,750
Fee		\$228,046
% Change		2.57%

Historical Credit Union Formula

	# of Credit Unions	Base Fee	\$100M Up to \$200 MM	Over \$200 MM
2019	11	2,850	13.82	NA
2018	11	2,750	13.73	NA
2017	12	2,500	12.34	NA
2016	12	2,300	12.24	NA
2015	12	2,200	11.54	NA

FY 2019 Examples

(Asset sizes in hundred thousands)

Credit Union with \$5MM in Assets

Base Fee		2,850
100M to 200MM	$13.82 * 49$	677
Fee		\$3,527

Credit Union with \$50MM in Assets

Base Fee		2,850
100M to 200MM	$13.82 * 499$	6,896
Fee		\$9,746

Credit Union with \$150MM in Assets

Base Fee		2,850
100M to 200MM	$13.82 * 1,499$	20,716
Fee		\$23,566

FY 2020 Credit Union Formula

	# of Credit Unions	Base Fee	\$3MM Up to \$200 MM (10 credit unions)	Over \$200 MM
2020	11	3,500	\$15	NA

Example

(Asset sizes in hundred thousands)

Credit Union with \$5MM in Assets

Base Fee		3,500
3MM to 200MM	$15.00 * 20$	300
Fee		\$3,800

Credit Union with \$50MM in Assets

Base Fee		3,500
3MM to 200MM	$15.00 * 470$	7,050
Fee		\$10,550

Credit Union with \$150MM in Assets

Base Fee		3,500
3MM to 200MM	$15.00 * 1,470$	22,050
Fee		\$25,550

FY 2019 Examples		
(Asset sizes in hundred thousands)		
Credit Union with \$5MM in Assets		
Base Fee		2,850
100M to 200MM	13.82 * 49	677
Fee		\$3,527
Credit Union with \$50MM in Assets		
Base Fee		2,850
100M to 200MM	13.82 * 499	6,896
Fee		\$9,746
Credit Union with \$150MM in Assets		
Base Fee		2,850
100M to 200MM	13.82 * 1,499	20,716
Fee		\$23,566

FY 2020 Examples		
(Asset sizes in hundred thousands)		
Credit Union with \$5MM in Assets		
Base Fee		3,500
3MM to 200MM	15.00 * 20	300
Fee		\$3,800
	% Change	7.74%
Credit Union with \$50MM in Assets		
Base Fee		3,500
3MM to 200MM	15.00 * 470	7,050
Fee		\$10,550
	% Change	8.25%
Credit Union with \$150MM in Assets		
Base Fee		3,500
3MM to 200MM	15.00 * 1,470	22,050
Fee		\$25,550
	% Change	8.42%

Other Institutions

FY 2019

- ▶ Savings and Loan Associations
 - ▶ \$32,000
- ▶ Trust Company
 - ▶ \$17,010
- ▶ Business Development Corporation
 - ▶ \$10,773

FY 2020

- ▶ Savings and Loan Associations
 - ▶ Now on the Bank Scale
- ▶ Trust Company
 - ▶ \$18,300
- ▶ Business Development Corporation
 - ▶ \$11,500