

# Calculating Supervisory Fees

# Banking Division Assesses to Fund Its Appropriation

	Appropriation
2021	\$2,685,189
2020	\$2,685,189
2019	\$2,554,241
2018	\$2,424,241
2017	\$2,272,598
2016	\$2,258,729

- Due to the COVID-19 Pandemic, the General Assembly passed a continuing resolution in May and is not expected to address the 2021 appropriations again until September
- Fees for 2021 are based on the 2020 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.

# FY 2021 Fee Calculation Objectives

- ▶ Limit the impact of merger activity on fee increases
  - ▶ Decrease of 2 bank charters (\$341,899) and 2 credit union charters (\$7,946)
- ▶ Fairly distribute fee increases
- ▶ Preserve sufficient cash balance/reserves

# The FY 2021 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

# Bank Formula

	# of Banks	Base Fee	\$50 million to \$500 million	\$500MM to \$1 billion	\$1 billion to \$10 billion	Over \$10 billion
2020	36	35,000	53.99	27.00	13.50	6.75
2021	34	38,000	60.59	30.29	15.15	7.57

Examples		
(Asset sizes in millions)		
<b>Bank with \$50MM in Assets</b>		
Base Fee		38,000
<b>Fee</b>		<b>\$38,000</b>
<b>Bank with \$500MM in Assets</b>		
Base Fee		38,000
50MM to 500MM	$60.59 * 450$	27,266
<b>Fee</b>		<b>\$65,266</b>
<b>Bank with \$1,000MM in Assets</b>		
Base Fee		38,000
50MM to 500MM	$60.59 * 450$	27,266
500MM to 1,000MM	$30.29 * 500$	15,145
<b>Fee</b>		<b>\$80,411</b>
<b>Bank with \$15,000MM in Assets</b>		
Base Fee		38,000
50MM to 500MM	$60.59 * 450$	27,266
500MM to 1 billion	$30.29 * 500$	15,145
1 billion to 10 billion	$15.15 * 9,000$	136,350
Over 10 billion	$7.57 * 5,000$	37,850
<b>Fee</b>		<b>\$254,611</b>

### FY 2020 Examples

(Asset sizes in millions)

#### Bank with \$50MM in Assets

Base Fee		35,000
	<b>Fee</b>	<b>\$35,000</b>

#### Bank with \$500MM in Assets

Base Fee		35,000
50MM to 500MM	53.99 * 450	26,996
	<b>Fee</b>	<b>\$59,296</b>

#### 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
	<b>Fee</b>	<b>\$72,796</b>

#### 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
	<b>Fee</b>	<b>\$228,046</b>

### FY 2021 Examples

(Asset sizes in millions)

#### Bank with \$50MM in Assets

Base Fee		38,000
	<b>Fee</b>	<b>\$38,000</b>
	<b>% Change</b>	<b>7.89%</b>

#### Bank with \$500MM in Assets

Base Fee		38,000
50MM to 500MM	60.59 * 450	27,266
	<b>Fee</b>	<b>\$65,266</b>
	<b>% Change</b>	<b>10.07%</b>

#### Bank with \$1,000MM in Assets

Base Fee		38,000
50MM to 500MM	60.59 * 450	27,266
500MM to 1,000MM	30.29 * 500	15,145
	<b>Fee</b>	<b>\$80,411</b>
	<b>% Change</b>	<b>10.46%</b>

#### Bank with \$15,000MM in Assets

Base Fee		38,000
50MM to 500MM	60.59 * 450	27,266
500MM to 1 billion	30.29 * 500	15,145
1 billion to 10 billion	15.15 * 9,000	136,350
Over 10 billion	7.57 * 5,000	37,850
	<b>Fee</b>	<b>\$254,611</b>
	<b>% Change</b>	<b>11.65%</b>

# Credit Union Formula

	# of Credit Unions	Base Fee	\$3MM to \$200MM	\$200MM to \$500MM	\$500MM to \$1 Billion	Over \$1 billion
2020	11	3,500	\$15	NA	NA	NA
2021	9	3,800	\$16.25	\$8.13	\$4.06	\$2.03

## Examples

(Asset sizes in hundred thousands)

### Credit Union with \$5MM in Assets

Base Fee		3,800
3MM to 200MM	$16.25 * 20$	325
<b>Fee</b>		<b>\$4,125</b>

### Credit Union with \$50MM in Assets

Base Fee		3,800
3MM to 200MM	$16.25 * 470$	7,638
<b>Fee</b>		<b>\$11,438</b>

### Credit Union with \$150MM in Assets

Base Fee		3,800
3MM to 200MM	$16.25 * 1,470$	23,888
<b>Fee</b>		<b>\$27,688</b>

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

FY 2021 Examples		
(Asset sizes in hundred thousands)		
<b>Credit Union with \$5MM in Assets</b>		
Base Fee		3,800
3MM to 200MM	16.25 * 20	325
<b>Fee</b>		<b>\$4,125</b>
	<b>% Change</b>	<b>8.55%</b>
<b>Credit Union with \$50MM in Assets</b>		
Base Fee		3,800
3MM to 200MM	16.25 * 470	7,638
<b>Fee</b>		<b>\$11,438</b>
	<b>% Change</b>	<b>8.42%</b>
<b>Credit Union with \$150MM in Assets</b>		
Base Fee		3,800
3MM to 200MM	16.25 * 1,470	23,888
<b>Fee</b>		<b>\$27,688</b>
	<b>% Change</b>	<b>8.37%</b>

# Other Institutions

## FY 2020

- ▶ Trust Company
  - ▶ \$18,300
- ▶ Business Development Corporation
  - ▶ \$11,500

## FY 2021

- ▶ Trust Company
  - ▶ \$19,600
- ▶ Business Development Corporation
  - ▶ \$12,300