



July 12, 2024

Dear members, friends, and colleagues,

As this is the last E-Bulletin you'll receive under my byline, I wanted to share some thoughts about the 44 years I've been honored to be in the president and CEO role with the association.

It's never been lost on me that our founders chose the word "bankers" as the association's middle word. It's not the Georgia Bank or Banking Association—it's the Georgia BANKERS Association.

It's always struck me what L.P. Hilyer, the secretary reporting the proceedings from that organizational meeting on September 14, 1892, at the Lanier Hotel in Macon, said, "The united bank officials of this state, assisted by all bank directors, can wield a mighty influence. Our power will be in proportion to our numbers."

For all these years, I've felt that power, knowing our members will always answer the call to support, protect, and defend your banks, your association, and those of us you've hired to represent you.

I'm grateful to have had 44 bosses elected by their peers to lead the association. I also got to know 18 other former chairmen. That's almost half the bankers who've led our association throughout its 132-year history.

During my years at the association, more than 500 bankers have served on the GBA Board of Directors, and more than 300 bankers serve on committees and task forces each year.

As a banker-led association, those thousands of bankers and all the others participating in our activities have made us who we are.

I couldn't be prouder of the professional GBA team that does all the hard work behind the scenes to educate bankers from the front line to the boardroom, get good legislation passed, derail bad things from happening, run the programs that help banks make or save money, and assist so many individual bankers on their wellness and financial security journeys.

Looking back on the last four-plus decades, there were plenty of major events that shaped our industry and the world. The good times far outweigh the tough times, although those difficult periods were trying for us all.

The first elected statewide chairman I served under was Cliff Campbell, who was president of C&S Bank in Thomasville. We were experiencing record inflation levels, interest rates were sky-high, and the Fed Funds rate peaked that year at 22%. Cliff reminded me that times of economic upheaval would happen, but I should always keep my head down and focus on the things we could affect, even if the world around us was on fire.

That was good advice, and that's what we've done.

In the early 1980s, we helped bankers figure out the free market after federal and state legislation we supported passed that got the government out of the business of setting deposit and loan rates.

Also, around that time, the courts were reviewing our state bank tax structure for its constitutionality. We worked with the General Assembly and local governments to create a new tax structure for our banks that remains in place today.

We were the first state to pass legislation allowing our banks to acquire banks in other Southeast states if those states reciprocated. All the other states joined forces with us to create the Southeast Banking Compact.

We also experienced the Black Monday stock market crash as the savings and loan industry collapsed around us.

Bill Dedman, writing for the Atlanta Journal-Constitution, won the Pulitzer Prize for his Color of Money series, reporting that lenders were not making mortgage loans in the same proportion to minority borrowers as were being made to all other borrowers, especially to those living in low- and moderate-income areas. Working with a group of our members, a \$65 million pool of money was dedicated to lending to borrowers in those “redlined” areas. That showed everyone that bankers were willing to help.

Most of that money was never lent, even with relaxed underwriting and set-asides, primarily because applications were scant. While the background data in the stories came from required government reports, many questioned the conclusions. It also told others what bankers already knew: building communities and uplifting community members is more complex than simply the availability of mortgages. Bankers across the state serve on non-profit boards, development authorities, and other local entities, providing leadership to ensure all our citizens have opportunities to thrive.

Also, during that era, we went to the General Assembly and passed a credit card bill unlike any other in the country. Today, because of that legislation, seven out of 10 card transactions in the U.S. pass through Georgia. That spawned Georgia’s FinTech industry, the third largest cohort in the country right now.

As we entered the 1990s, the real estate bust was especially tough in Georgia, and the resulting recession contributed to Bill Clinton’s defeat of incumbent president George H.W. Bush, who was seeking a second term.

Who would have thought President Clinton would achieve things like bankruptcy reform, nationwide interstate banking, and balancing the federal budget? Those had long been on Republican wish lists, yet a Democrat, with our support, got those done. Concurrently, the General Assembly removed geographic restrictions on where banks could open brick-and-mortar operations.

Later in Clinton’s presidency, Georgia native and Texas Senator Phil Gramm led the effort to allow banks, insurers, and securities firms to offer each other’s products and affiliate with one another. The Gramm-Leach-Bliley Act ended those Depression-era restrictions and required customers to be told how their personal information was being shared.

Combined, those federal and state laws allowed banks to serve peoples’ financial needs with few restrictions on products or places. With that came a compliance burden that we still press regulators to tailor to the size and complexity of the bank’s operations.

As we entered the new century, the dot-com bubble burst, contributing to yet another recession, and the 9/11 terrorist attacks forever changed how we do business.

At the state level, despite our warnings of unintended consequences, the General Assembly passed well-meaning legislation at Governor Roy Barnes’ urging to stop unscrupulous, predatory lenders from taking homes from unsuspecting, less sophisticated borrowers. Just as we predicted, that caused Georgia to be frozen out of the secondary mortgage market, essentially shutting down the residential lending market for our members, who were never the intended target of the legislation. Working with other stakeholders and newly elected Governor Sonny Perdue, we got the General Assembly to repeal the restrictions on

traditional lenders in record time, reopening the crucial secondary market and restoring order for people making what for most was the biggest financial decision of their lifetime.

Then came the Great Recession, which had an outsized effect on our state. We led the nation in the number of bank closures primarily because so many were over-concentrated in residential real estate development and construction lending. We never wanted to test the strength of FDIC's deposit insurance fund, yet we and other high-growth states did. We can still report that not a penny of FDIC-insured deposits has ever been lost, thanks to the collective will of the industry to back one another. Yet, we're still navigating the fallout from the resulting Dodd-Frank Act.

One of the Dodd-Frank requirements focused on short-term liquidity, and several members approached us to help address the shortage of securities eligible to pledge to accept public deposits. Working with the State Treasurer and the General Assembly, we created the Secure Deposit Program, a second pool we administer on behalf of the State of Georgia. More than 75% of all state and local government bank deposits are covered by one of those pools.

Hurricane Michael tore through southwest Georgia, crushing our agriculture producers and the bankers who financed them. Working with other stakeholders, our congressional delegation, and then Secretary of Agriculture Sonny Perdue, those producers got the promised relief, giving their lenders the ability to continue supporting the state's number one industry.

Just as we were getting settled into a new equilibrium, the Pandemic hit. The COVID-19 virus took family members, friends, and colleagues from us, but it failed to conquer us. We can all be proud of how Georgia bankers did their part to keep hardworking Georgians paid and small businesses afloat through the Paycheck Protection Program. Georgia's economy was among the first to recover, remaining among the strongest in the nation.

The point of taking you on that roller coaster ride down memory lane is not to remind you of many, but not all, of the ups and downs we faced.

It is to remind you of our resilience. We didn't just get through all that together. We acted on good ideas and found positive paths forward to overcome challenges.

Throughout those years, we whittled away at meddlesome laws so that today, we've got the best banking laws in Georgia of any state in the union.

Entrepreneurs came together and got 364 de novo banks chartered during these last four decades, and 43 of those are still doing business.

We've navigated the political sea change of our state, which transitioned almost overnight from Democrat to Republican control, and our congressional delegation, which has become more diverse over the years. There's nothing partisan about taking deposits and making loans. We work with whoever the voters choose to elect to keep the hard-won victories that give you a range of options on how you serve the individuals, families, and businesses in your community.

Today, Georgia has more banks headquartered here than any other state in the Southeast, and more than 96% of them are designated by the FDIC as community banks. Banks from 21 other states have operations here, and we tie Florida with eight minority-owned banks. Combined, those 200 banks have more than 2,000 branches, complementing the state-of-the-art technology you've invested in giving your customers alternatives on how to bank with you, setting you apart from the bank wannabes.

When we compare deposit and loan growth rates, net interest margins, capital levels, and profitability of Georgia-headquartered banks, your performance surpasses that of your nationwide peers. As you and

the other banks doing business here recycle deposits into loans in your community, you're one of the key drivers of Georgia's continued status as the number one state in which to do business.

While there's plenty left to do, we've got a lot to be happy about.

To say these last four decades have been transformative for the industry is a bit of an understatement. As my time with GBA is ending, I'm choosing to remember all the good things we did together. We may not have gotten everything right, but we did most things.

The association's officers and board and those that Leadership GBA recently elected at their annual meetings are the best of the best. They, along with the other 300 volunteers on committees and other boards, are a powerful force for good as they represent the 50,000 Georgians who happen to be bankers.

We've got a multigenerational, top-flight professional staff at the association that will be well-led by my successor, Tripp Cofield. I've worked with Tripp for the past decade and more closely as a trusted colleague for the past 18 months.

While we all leave legacies, I've cautioned Tripp more times than he probably wanted to hear to not try to be Joe 2.0. Just be Tripp 1.0. He will be a great leader as you work with him and the dedicated GBA staff to build on our successes. You'll come to love him and Jenny like Vilda and I have, and you'll get to watch Pinckney and Rex grow up just as you've watched Bo and Anna.

The GBA Board took a big risk in 1980 by hiring this 32-year-old with no background in banking or association management. I was honored to have been given the opportunity, and I trust that I've played a small role in contributing to your success and that of the association.

I'll be forever grateful for your encouragement, support, and your friendship.

Best wishes for a wonderful future,

A handwritten signature in black ink, appearing to read 'Joe Brannen', with a stylized, cursive script.

Joe Brannen