

NORTH CAROLINA GENERAL ASSEMBLY  
1963 SESSION

CHAPTER 793  
SENATE BILL 426

1 AN ACT TO AMEND CHAPTER 53 OF THE GENERAL STATUTES RELATING TO THE  
2 ESTABLISHMENT OF BANKS, BRANCH BANKS AND TELLER'S WINDOWS.

3  
4 The General Assembly of North Carolina do enact:

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6 **Section 1.** G.S. 53-4 is hereby amended by adding a new paragraph at the end  
7 thereof to read as follows:

8 "Notwithstanding any other provisions of this Section, the Commissioner of Banks shall not  
9 make the certification to the Secretary of State described above until he shall have ascertained  
10 to his satisfaction that the establishment of such bank will meet the needs and promote the  
11 convenience of the community to be served by the bank. Any action taken by the  
12 Commissioner of Banks pursuant to this Section shall be subject to review by the State Banking  
13 Commission which shall have the authority to approve, modify or disapprove any action taken  
14 or recommended by the Commissioner of Banks."

15 **Sec. 2.** G.S. 53-2(4) is hereby amended by rewriting the same to read as follows:

16 "(4) The amount of its authorized capital stock, the number of shares into which  
17 it is divided, the par value of each share; the amount of capital stock with  
18 which it will commence business, which shall not be less than one hundred  
19 thousand dollars (\$100,000.00) in cities or towns of three thousand  
20 population and under; one hundred fifty thousand dollars (\$150,000.00) in  
21 cities or towns of more than three thousand population and less than ten  
22 thousand population; two hundred thousand dollars (\$200,000.00) in cities  
23 or towns of more than ten thousand population and less than twenty-five  
24 thousand population two hundred fifty thousand dollars (\$250,000.00) in  
25 cities or towns of more than twenty-five thousand population and less than  
26 fifty thousand population; or three hundred thousand dollars (\$300,000.00)  
27 in cities or towns of more than fifty thousand population; and in addition  
28 shall have a paid-in surplus of at least fifty per cent(50%) of the authorized  
29 capital stock, as hereinbefore set out; the population to be ascertained by the  
30 last preceding national census: Provided, that this subdivision shall not apply  
31 to banks organized and doing business prior to its adoption. Provided,  
32 further, that fractional shares may be issued for the purpose of complying  
33 with the requirements of G.S. 53-88."

34 **Sec. 3.** G.S. 53-62 is hereby rewritten in its entirety to read as follows:

35 **"G.S. 53-62. Establishment of Branches or Teller's Windows.** (a) The word 'capital' as used  
36 in this Section means capital stock and unimpaired surplus.

37 "(b) Any bank doing business under this Chapter may establish branches or teller's  
38 windows in the cities or towns in which they are located, or elsewhere, after having first  
39 obtained the written approval of the Commissioner of Banks, which approval may be given or  
40 withheld by the Commissioner of Banks, in his discretion. The Commissioner of Banks, in  
41 exercising such discretion, shall take into account, but not by way of limitation, such factors as  
42 the financial history and condition of the applicant bank, the adequacy of its capital structure,  
43 its future earnings prospects, and the general character of its management. Such approval shall

1 not be given until he shall have ascertained to his satisfaction (1) that the establishment of such  
2 branch or teller's window will meet the needs and promote the convenience of the community  
3 to be served by the bank, and (2) that the probable volume of business and reasonable public  
4 demand in such community are sufficient to assure and maintain the solvency of said branch or  
5 teller's window and of the existing bank or banks in said community.

6 "(c) Such branch banks shall be operated as branches of and under the name of the  
7 parent bank, and under the control and direction of the board of directors and executive officers  
8 of said parent bank. The board of directors of the parent bank shall elect a cashier and such  
9 other officers as may be required to properly conduct the business of such branch, and a board  
10 of managers or loan committee shall be responsible for the conduct and management of said  
11 branch, but not of the parent bank or of any branch save that of which they are officers,  
12 managers, or committee: Provided, that the Commissioner of Banks shall not authorize the  
13 establishment of any branch or teller's window, the capital of whose parent bank is not  
14 sufficient in an amount to provide for the capital of at least one hundred thousand dollars  
15 (\$100,000.00) for the parent bank, and a capital of at least one hundred thousand dollars  
16 (\$100,000.00) for each branch or teller's window which it is proposed to establish in cities or  
17 towns of three thousand population or less; at least one hundred fifty thousand dollars  
18 (\$150,000.00) in cities or towns whose population exceeds three thousand, but does not exceed  
19 ten thousand; at least two hundred thousand dollars (\$200,000.00) in cities or towns whose  
20 population exceeds ten thousand, but does not exceed twenty-five thousand; at least two  
21 hundred fifty thousand dollars (\$250,000.00) in cities or towns whose population exceeds  
22 twenty-five thousand, but does not exceed fifty thousand; at least three hundred thousand  
23 dollars (\$300,000.00) in cities or towns whose population exceeds fifty thousand. The  
24 provisions of this subsection shall not be retroactive with respect to branches or teller's  
25 windows established or approved by the State Banking Commission prior to the ratification of  
26 this Act. If a bank which hereafter proposes to establish a branch or teller's window is deficient  
27 in capital stock as measured by the above setforth formula, it shall not be necessary for such  
28 bank to provide or allocate additional capital for branches or teller's windows established or  
29 approved by the State Banking Commission prior to the ratification of this Act until such time  
30 as such bank makes application for an additional branch or teller's window. At that time  
31 sufficient capital and surplus must be allocated to bring the parent bank and all branches and  
32 teller's windows into compliance with the above requirements. The bank may, at its option,  
33 allocate capital stock and unimpaired surplus, or either, to its branches and teller's windows and  
34 may determine the proportion of each, or may allocate all capital stock or all unimpaired  
35 surplus. In applying this Section, population shall be ascertained by the last preceding national  
36 census; provided, however, with respect to any branch or teller's windows established or  
37 approved by the State Banking Commission before the ratification of this Act, population shall  
38 be ascertained by the last national census preceding the establishment of such branch.

39 "(d) A teller's window within the meaning of this Section shall be considered to be a  
40 place in which no loans or investments for the bank are made and at which only the functions  
41 and duties of a bank teller are performed. Upon securing the approval provided for in  
42 subsection (b) of this Section and upon compliance with the capital requirements set forth in  
43 subsection (c) of this Section, a teller's window may be established in a small community  
44 having no other banking facilities. Notwithstanding any other provisions in this Section, a  
45 teller's window may also be established in a city or town in which the applicant bank's home  
46 office or a branch thereof is located or within two miles of the limits of such city or town  
47 without complying with the capital allocation requirements of subsection (c) of this Section  
48 with respect to said teller's window if the Commissioner shall find that the capital of said bank  
49 will not be unduly impaired by the establishment of such teller's window, and any such teller's  
50 window which has been heretofore or may hereafter be so established or approved by the

1 Banking Commission shall not be taken into account in computing the capital allocation  
2 requirements for the parent bank and other branches and teller's windows of such bank.

3 "(e) Any action taken by the Commissioner of Banks pursuant to this Section shall be  
4 subject to review by the State Banking Commission which shall have the authority to approve,  
5 modify or disapprove any action taken or recommended by the Commissioner of Banks."

6 **Sec. 4.** Chapter 53 of the General Statutes is hereby amended by adding a new  
7 Section immediately following G.S. 53-92, to be designated as G.S. 53-92.1, and to read as  
8 follows:

9 "**Sec. 53-92.1.** Notwithstanding any other provisions of this Chapter, the State Banking  
10 Commission, in the exercise of its authority to review the action of the Commissioner of Banks,  
11 shall be bound by the requirements, conditions and limitations imposed in this Chapter on said  
12 Commissioner as to the certification of new banks or the establishment of branch banks or  
13 teller's windows."

14 **Sec. 5.** All laws and clauses of laws in conflict with this Act are hereby repealed.

15 **Sec. 6.** This Act shall be in full force and effect from and after its ratification.

16 In the General Assembly read three times and ratified, this the 11th day of June,  
17 1963.