



**NEWS RELEASE**

**For Immediate Release**

**June 15, 2009**

**First Quarter Bank Results Released**

*Department of Finance and Local Banks Address Needs of Ketchum Area*

Boise, Idaho .... Based on recently released national first-quarter financial performance statistics, Idaho-based financial institutions outperformed institutions nationwide in several key areas. Gavin Gee, director of the Idaho Department of Finance, said the numbers reflect that Idaho residents continue to have confidence in their banks, and that Idaho banks continue to make loans to creditworthy borrowers. Idaho-based banks and thrifts on average outperformed banks and thrifts nationwide with higher levels of core capital (12.29 percent vs. 8.04 percent), lower percentages of non-current loans (3.31 percent vs. 3.77 percent) and net charge-offs (1.06 percent vs. 1.94 percent), and stronger loan growth (2.63 percent vs. -2.93 percent).

With the exception of First Bank of Idaho, F.S.B., which was closed by its federal regulator, the Office of Thrift Supervision, on April 24, 2009, regulators considered all banks and thrifts based in Idaho "well capitalized," the highest possible capital designation, as of the end of the first quarter. Capital serves several very important functions, including absorbing losses during periods of economic stress, promoting public confidence in financial institutions, and providing protection to depositors and the FDIC insurance fund.

However, Idaho financial institutions have not been immune to the national recession and downturn in Idaho's economy. Idaho-based institutions realized a significant increase in the value of foreclosed real properties, from \$6.3 million at first-quarter 2008, to \$53 million at first-quarter 2009, representing 0.66 percent of total assets, which is greater than the national level of 0.23 percent. Non-current loans climbed as a percentage of total loans from 0.75 percent to 3.31 percent, and net charge-offs as a percentage of total loans increased from 0.15 percent to 1.06 percent over the same period. Idaho-based banks and thrifts charged off \$16.9 million of troubled loans in the first quarter, a significant increase from the \$2.2 million charged off in the first quarter of 2008. Despite higher levels of charge-offs, about three-fourths of Idaho-based banks and thrifts reported a profitable

quarter. Idaho-based institutions reported total assets of \$7.9 billion and a record amount of deposits of \$5.9 billion.

**Actions Taken to Address Closure of First Bank of Idaho.** Following the closure of First Bank of Idaho, a federal thrift institution headquartered in Ketchum, the Department of Finance took actions to assist the community in meeting its credit and other banking needs. In addition to answering consumer, investor and media questions following the closure, and providing information to Congressional members, state legislators, local officials, and the media, the Department communicated with local banks about the immediate credit needs of small business owners. Several of the banks in the Ketchum/Sun Valley area responded immediately and have reported sending additional Small Business Administration loan officers to the area to work with local business owners, participating in free educational seminars, hiring lending officers and other employees from First Bank of Idaho, and otherwise reaching out to local area residents. Those efforts have resulted in an increase in deposits and loans for those banks. Gee said, "If there is any good news to report following the loss of this institution, it is that depositors were protected by FDIC deposit insurance and other banks in the area have stepped forward to meet the financial needs of the community. The unfortunate closure of First Bank was a reminder to all of us of how important local financial institutions are to their customers and community."

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