For Immediate Release

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Record Revenue for State Generated by Securities Industry,
Other Department of Finance Business Filings in Idaho

Idaho Banks Continue to Survive Tough Economy

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, today released numbers showing record department revenues due primarily to exceptional growth in the securities industry, one of many financial sectors overseen by the department. For fiscal year 2010, the department reported total business filings, licenses and registrations of 135,528 and record highs for financial services sales agents. According to Gee:

While Idaho has not been immune to the economic downturn, we are encouraged by new highs in the number of securities filings and registrations. We also see early signs of stability in the number of mortgage companies and mortgage professionals licensed by the department. Idaho remains an attractive market for many financial services firms.

The Department also noted other trends in the financial services sectors under its jurisdiction. Highlights include:

**Idaho Banks and Credit Unions Better Off Than In Many Other States** – Based on the most current information available, Idaho-based banks and thrifts, on average, outperformed banks and thrifts nationwide with higher levels of core capital (12.03% vs. 8.57%), a stronger net interest margin (4.02% vs. 3.83%), and lower net charge-offs (1.81% vs. 2.84%) as a percentage of loans. Nevertheless, Idaho-based financial institutions continue to deal with the impact of the recession. For example, Idaho-headquartered commercial banks continue to experience increased amounts of non-current loans and loan charge-offs, an increase in foreclosed real estate properties, and, as a group, negative earnings for the quarter. Currently, six of the 35 banks with branch offices in Idaho are the subject of formal regulatory corrective actions. However, Gee noted that:

These corrective actions are common in recessions with some 775 banks nationwide currently subject to similar actions. The good news for Idaho is that the banks subject to these formal agreements are seeing positive results from their aggressive efforts to address their problems and improve their financial condition. We are also encouraged by the increased investor interest in contributing capital to these banks. Over my 33 year career with the
department almost all Idaho banks that have been subject to similar actions were successful in addressing the issues in the agreements and being restored to a healthy condition.

Gee pointed out that the department and/or federal regulators continue to work closely with all Idaho banks and credit unions to improve their overall financial condition. Because they are critical to the economies of Idaho communities, everyone has a stake in Idaho’s financial institutions remaining strong.

Finally, Gee reminded Idahoans that, “there is no safer place to put your money than in an insured account at a bank, thrift or credit union. In the unlikely event that a bank in Idaho should fail, all Idaho bank deposits are insured up to $250,000 and no depositor has ever lost a penny in an FDIC insured deposit.”

**Record Revenues and Stable Business Filings an Encouraging Sign** – The department reported record income for fiscal year 2010, booking more than $11 million in revenues from regulated industry members seeking or doing business with Idaho residents. Pursuant to the law governing the department’s dedicated fund, approximately $6.2 million will be transferred to the state’s General Fund once the revenue numbers are finalized.

**Department Enforcement Results Demonstrate Continuing Risk of Financial Fraud** – The potential monetary impact of financial fraud investigations during the fiscal year exceeded a record $328 million, slightly higher than last year’s record of $325 million. Of this amount, approximately $134 million related to auction rate securities investigations that were not finalized in the prior fiscal year. During fiscal year 2010, the department initiated or completed 58 enforcement actions involving 87 respondents or defendants. As a result of these efforts, Idaho residents were offered, or awarded judgments by the courts of more than $10 million in refunds on their securities investments for violations of state securities and other laws. This amount is in addition to the approximately $125 million in rescission offerings made or in process over the last two fiscal years in connection with the auction rate securities enforcement actions. Penalties assessed in connection with the department’s enforcement actions exceeded $1.3 million.

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