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NEWS RELEASE

For Immediate Release

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Department of Finance Releases Fiscal Year Highlights
Business Filings Improved to 2008 Levels

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, released numbers for fiscal year 2012 that demonstrate financial services companies continue to maintain a strong presence in Idaho. Gee said the department accepted more than 152,000 submissions for business filings, licenses and registrations, an increase of 2.3 percent over 2011. *"These numbers suggest that despite slower than hoped for growth nationwide, Idaho remains a desirable place to do business,"* Gee said. The year-end statistics highlight several key points:

Business Filings With The Department Continue To Grow – The total number of business filings with the department increased from 148,669 in fiscal 2011 to 152,136 in 2012. New filings processed by the department include submissions such as securities issuer filings, license applications and new branch office applications under 23 financial service laws administered by the department. The securities bureau again reported a new record number of securities professionals licensing to do business in Idaho, while total submissions to the department are at the highest level since 2008. Signs of stability continue to appear in the mortgage industry with the number of mortgage brokers, lenders and mortgage loan originators having increased in recent quarters, but still dropping roughly 4 percent versus the prior fiscal year.

Idaho Banking/Credit Union Industries Continue to Show Improvement

- Idaho had no bank or credit union failures during fiscal year 2012. Nationally, there were 75 bank failures and 11 credit union failures during the fiscal year.
- In the first two quarters of 2012, Idaho-based institutions showed improved net income and fewer non-performing loans than the first half of 2011. The average net income for all Idaho-based banks was \$1 million as of June 30, 2012, compared to \$135,000 as of June 30, 2011. Additionally, the average amount of non-performing loans for all Idaho-based banks decreased from \$12 million as of June 30, 2011, to \$8.8 million as of June 30, 2012.

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- Idaho state-chartered credit unions strengthened their aggregate net worth ratio in fiscal year 2012, from 9.20 percent to 9.34 percent, and increased their aggregate return on average assets, from 0.86 percent to 1.23 percent. Additionally, credit risk appears to be lower as the aggregate number of delinquent loans improved from 1.01 percent to 0.72 percent as of June 30, 2012.
- Two Idaho banks had success raising additional capital in the past year. In 2012, Intermountain Community Bancorp raised \$56 million in capital through a \$47.3 million private offering and \$8.7 million in a rights offering to existing shareholders. As a result of a public stock offering that expired on November 30, 2011, Idaho Independent Bank raised approximately \$6 million in additional capital.

Financial Fraud Risks Remain Elevated – Active financial fraud investigations conducted by the department during the fiscal year involved potential investor losses of more than \$80 million, similar to the prior fiscal year, but still higher than historical levels. The department’s investigations and enforcement actions are varied and complex. This past year, the department initiated or completed approximately 40 actions under the securities, mortgage, collection agency, payday loan, banking and financial fraud prevention laws.

As a result of the department’s enforcement efforts, Idaho residents were offered, or awarded in judgments by the courts, approximately \$10 million in refunds. This total includes amounts refunded to Idaho investors due to administrative, civil and criminal enforcement actions initiated or supported by the department and also includes voluntary rescission offers made to remedy unwitting violations of state law. While the department makes every effort to recover restitution for victims of fraud, many orders to repay are uncollectible as a result of the financial condition of the defendants.

In February of this year the department joined with multiple state and federal agencies in an historic \$25 billion settlement with the nation’s five largest mortgage servicers. The historic settlement provided nearly \$100 million in direct relief to Idaho homeowners and addressed claims relating to mortgage origination, servicing, and foreclosure practices.

Education Seen As Key To Avoiding Fraud –Through presentations, online resources and education partnerships, the department continues to teach Idahoans about avoiding financial fraud, the wise use of credit and the importance of savings. The following are some of the year’s highlights:

- For students, the department uses classroom presentations drawn from *The Basics of Saving and Investing: Investor Education*, a personal finance teaching curriculum available free of charge to

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Idaho teachers, and *Money Smart*, a training program offered by the Federal Deposit Insurance Corporation.

- To protect seniors, the department introduced the **Elder Investment Fraud and Financial Exploitation** program where health care and social workers were taught to recognize the red flags of elder financial abuse.
- April was again proclaimed by **Governor Otter** as “**Financial Literacy Month**” in Idaho. This designation focuses special attention on financial literacy and the importance it plays in Idahoans’ lives.
- The department is a continuing participant in the **Idaho Financial Literacy Coalition**, a broad-based partnership of private sector, education and government members organized to enhance the financial literacy of all Idahoans. Throughout the year, the department works with a number of member organizations and others to co-sponsor a variety of special financial education events such as “Scam Jams;” “Smart Women, Smart Money;” Idaho Everywoman’s Financial Conferences and the Foreclosure Intervention Workshop.

Department of Finance Press Releases and other information can be found on the Internet at <http://finance.idaho.gov> or by contacting the department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.

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