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## NEWS RELEASE

**For Immediate Release**

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### **Department of Finance Reports Record 2014 Financial Service Business Filings**

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, released numbers for calendar year 2014 that demonstrate the continued expansion and robust health of the financial services industry in Idaho.

Gee said the department processed more than 168,000 business filings, licenses and registrations in 2014, an increase of more than 5 percent over 2013 and a new calendar year record. "*Idahoans' access to financial services continues to expand in Idaho and helps strengthen our economy,*" Gee said. New filings processed by the department include applications and renewals by the state banking, credit union, mortgage, consumer lending and securities industries, under 23 financial service laws. On a calendar year basis, the securities bureau reported a record 113,084 securities filings and professionals licensing to do business in Idaho. The mortgage industry continued its recovery in Idaho with approximately 7 percent aggregate growth in mortgage loan originator and mortgage broker/lender license applications, along with a 5 percent increase in the number of regulated consumer lending institutions. Department-licensed companies and professionals reside in every state and 23 foreign countries.

**Department Holds Second Round of Town Hall Meetings to Support Community Banks** - For the second year, the Department of Finance conducted community bank town hall meetings. Idaho community bankers provided valuable feedback on their most promising opportunities as well as their greatest challenges. They provided insight into plans for new products and services, and the significantly increased regulatory burdens resulting from new and existing laws. These efforts underscore the critical role of community banks in their communities and the local and national economies. Their focus on small business, commercial real estate and farm lending, coupled with other valuable products and services, creates jobs, strengthens Idaho communities and grows our local, state and national economies. A report of the findings of the town hall meetings in Idaho and around the country called "Community Banking in the 21<sup>st</sup> Century" can be accessed online at <http://www.csbs.org/news/presentations/Documents/CBRC%202014pub-final.pdf>.

**Critical Efforts in Cyber Security** – Recent years have seen a notable increase in the breaches or attempted hacking of national merchants, financial institutions, government entities and others. With this in mind, the department has launched several initiatives to educate industry, about the cyber security and identity theft risks they face and to assess their preparedness to act on or respond to these risks. Department staff has been training its field examiners in this important area and is offering educational materials and seminars to assist industry, investors and consumers to better prepare for cyber risks.

**Department Continues Support of Efficient Online Licensing Functions** – The department continued to promote streamlined licensing and reporting processes for the industries it regulates by utilizing Web-based technologies offered by Access Idaho and the Nationwide Multistate Licensing System (NMLS), an online multi-industry licensing system. A byproduct of these efforts is the licensees' ability to renew their licenses over the Internet using online profiles or data sets, while only updating the data that has changed since their initial licensure or prior renewal. At the end of the fiscal year, over 90 percent of the department's licensees and registrants utilized online licensing systems.

**Idaho Banks and Credit Unions Continue Improvement** - Idaho-based banks showed stable to improving performance and financial condition. For the first three quarters of 2014, the average aggregate Return on

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Assets improved slightly to 0.81 percent. The average net interest margins remained steady at 3.70 percent. The ratio of noncurrent loans to total loans decreased from 1.92 percent to 1.11 percent, and charged-off loans decreased from 0.12 percent to a negative or “recovery” position of 0.07 percent. The average core capital ratio for Idaho-based banks is 11.71 percent, and remains stronger than the national average of 9.52 percent. Every bank headquartered in Idaho was profitable and considered well-capitalized as of September 30, 2014.

Idaho-based credit unions also showed stable to improving performance and financial condition. The average total net worth ratio declined slightly from 10.20 percent to 10.08 percent. Credit quality remained stable with the aggregate delinquent loans ratio at 0.52 percent, whereas nationally it is 0.85 percent. The net charge-off ratio decreased slightly from 0.28 percent to 0.24 percent. Credit unions in Idaho outperformed national averages in other measures as well. Total loan growth increased from 16.07 percent to 21.69 percent in Idaho, compared to 10.34 percent nationally; and share growth was 10.65 percent, compared to 4.23 percent nationally.

Idaho had one bank failure during 2014. Syringa Bank, based in Boise, was closed, by consent, on January 31, 2014. It was the first Idaho state-chartered bank to close since 1986. There were no credit union failures in Idaho during the year. Nationally, there were 18 bank failures and 11 credit union failures, whereas last year there were 24 and 16 respectively.

During the calendar year, four Idaho banks engaged in merger activity. On May 16, 2014, Home Federal Bank of Nampa merged into Bank of the Cascades, based in Bend, Oregon; Idaho Banking Company of Boise merged into D.L. Evans Bank of Burley; and Panhandle State Bank of Sandpoint merged into Columbia State Bank of Tacoma, Washington. Also, Northwest Bank of Boise acquired Regal Financial Bank of Seattle, Washington. Four Idaho credit unions merged during calendar year 2014, decreasing the total number of credit unions headquartered in Idaho to 41.

**Financial Fraud Cases Move Towards Historic Norms** –Active financial fraud investigations conducted by the Department of Finance during the year continued their descent from record highs after the great recession and suggest a potential financial fraud impact of approximately \$16 million. The department initiated or completed 30 enforcement actions (up from 23 actions in 2013). As a result of department initiated and other enforcement matters associated with the department, Idahoans were the beneficiaries of refunds or orders of restitution of approximately \$4 million.

**Financial Education Efforts by Department and Its Partners** – Consumer and investor education initiatives have long been part of the Department of Finance’s mission. Recently, Idaho was ranked the ninth most financially literate state in the United States and one of only 19 states to require a personal finance class in high school. This past year’s highlights included the Department’s participation and/or sponsorship of **America Saves Week**, the **16<sup>th</sup> Annual Financial Literacy Month**, **“Bank On Treasure Valley,”** four **Senior Scam Jams**, two **Smart Women Smart Money: Idaho Everywoman’s Financial Conferences**, as well as educational efforts directed at members of the military and financial fairs and presentations in concert with the **Idaho Commission of Libraries**.

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The Department of Finance receives no state or federal tax dollars. Regulated entities fund its operations. Department Press Releases and other information can be found on the Department’s website at: <http://finance.idaho.gov/PR/PressRelease.aspx> or by contacting the department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.