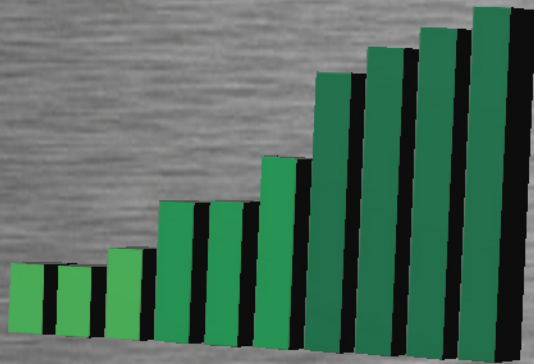


109TH ANNUAL REPORT 2014



ACCELERATE
—
IDAHO

C.L. 'Butch' Otter
Governor

Gavin M. Gee
Director



IDAHO
DEPARTMENT OF FINANCE

Protecting the Integrity of Idaho Financial Markets Since 1905



IDAHO
DEPARTMENT OF FINANCE

July 1, 2014

THE HONORABLE C. L. "BUTCH" OTTER
GOVERNOR, STATE OF IDAHO

Dear Governor Otter:

I am pleased to submit herewith the 109th Annual Report of the Department of Finance for fiscal year 2014, July 1, 2013 through June 30, 2014.

The Department's mission is to aggressively promote access to vigorous, healthy and comprehensive financial services for Idahoans. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities and credit transactions. Department financial services sector licensing and registrations increased about 5 percent over last fiscal year. As a result, the Department was able to transfer \$4.95 million to the State's General Fund. Finally, Department enforcement actions resulted in nearly \$5.6 million in restitution/rescission/refunds ordered for the benefit of Idaho residents.

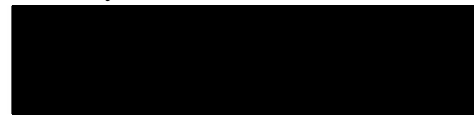
Idaho's one bank failure during fiscal year 2014, Syringa Bank in Boise, was closed on January 31, 2014. It was the first Idaho state-chartered bank to close since 1986. There were no credit union failures in Idaho during the fiscal year. Nationally, there were 17 bank failures and 8 credit union failures, whereas last year there were 36 and 17 respectively. Seven Idaho credit unions and banks merged during fiscal year 2014, continuing a state and national consolidation trend.

In continued support of Idaho community banks, the Department again participated in a national community banking research and policy initiative sponsored by the Federal Reserve System and the Conference of State Bank Supervisors (CSBS). The initiative focuses on the challenges and opportunities facing community banks currently and in the future, with the goal of developing policy initiatives to support the vital role of community banks.

We are proud to report that the Department's Consumer Finance Bureau Mortgage Section was among the first regulators to achieve accreditation, recognizing the Bureau's ability to meet the unique financial needs of local economies and citizens. Additionally, the Consumer Finance Bureau expanded on-line licensing opportunities to multiple industries, bringing online licensing to over 90% of our industries.

This Annual Report contains many highlights of Department initiatives for both the industries we oversee and consumers. We have continued our efforts to promote economic development, reduce regulatory burden, improve financial literacy, and protect financial service consumers in the state. I express my sincere appreciation for the support we have received from you, your staff, the Legislature, the industries we regulate and their associations, and our national associations, and for the dedication and hard work of our superb employees.

Sincerely,



GAVIN M. GEE, Director
Idaho Department of Finance

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About The Cover:

Accelerate Idaho is Governor Otter’s and the state’s commitment to being a national and global leader for economic growth and prosperity. More than ever, we’re harnessing Idaho’s resources and talent to create unmatched opportunity for our citizens, communities, and industries.

Advance. Elevate. Strengthen.

accelerate.idaho.gov

FOREWORD

The Department of Finance is a regulatory agency charged with the supervision and oversight of state-chartered financial institutions, regulated lenders, securities issuers, broker-dealers and stockbrokers, residential mortgage brokers, lenders, and loan originators, investment advisers and sales personnel, collection agencies, endowed care cemeteries, and others. The Department administers nine distinct programs. Two of these programs relate to the Department's internal operations, while the other seven involve the administration and enforcement of the following twenty-three regulatory statutes:

<i>Idaho Bank Act</i>	<i>Idaho Credit Code</i>
<i>Idaho Bank Holding Company Act</i>	<i>Idaho Mortgage Company Act</i>
<i>Idaho Interstate Banking Act</i>	<i>Idaho Collection Agency Act</i>
<i>Idaho Interstate Branching Act</i>	<i>Idaho Uniform Securities Act</i>
<i>Idaho International Banking Act</i>	<i>Idaho Residential Mortgage Practices Act</i>
<i>Idaho Trust Institutions Act</i>	<i>Business Combination Act</i>
<i>Idaho Savings Bank Act</i>	<i>Control Share Acquisition Act</i>
<i>Business and Industrial Development Corporation Act (BIDCO)</i>	<i>Idaho Commodity Code</i>
<i>Idaho Credit Union Act</i>	<i>Endowment Care Cemetery Act</i>
<i>Idaho Money Transmitters Act</i>	<i>Continuing Care Disclosure Act</i>
<i>Idaho Financial Fraud Prevention Act</i>	<i>Idaho Escrow Act</i>
	<i>Idaho Loan Broker Act</i>

MISSION STATEMENT

The mission of the Idaho Department of Finance is to aggressively promote access to vigorous, healthy and comprehensive financial services for Idaho citizens. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities, and credit transactions. Through administration of laws enacted by the Idaho Legislature, legitimate financial transactions are encouraged, while fraud, unsafe practices, and unlawful conduct are detected and appropriate enforcement action is taken.

The Department is funded entirely by fees levied by law on the industries subject to its supervision. A list of prior Commissioners/Directors of the Department of Finance is shown in Exhibit I, and a summary of income and expenses and personnel status is shown in Exhibit II. Exhibit VII provides a list of the Department's staff.

DEPARTMENT HIGHLIGHTS AND CURRENT ISSUES

The Department, originally known as the Idaho office of “State Bank Commissioner,” was created March 6, 1905. At that time, the Department administered only one law, the *Idaho Bank Act*, and regulated only the banking industry. This year the Department processed nearly 165,000 business filings, licenses and registrations for companies with billions of dollars in combined assets. The Department delivers services through three operating bureaus: Financial Institutions, Securities and Consumer Finance. Each bureau delivers services in both a regulatory capacity and as a consumer protection and education advocate.

REGULATORY AND EDUCATIONAL INITIATIVES

Significant changes in the regulatory and competitive structures of the financial services industry continue to occur. These changes require adaptation by both industry and regulators. The Department and its staff endeavor to improve the quality of its regulation and reduce regulatory burdens, while also expanding educational opportunities for both industry and consumers.

Legislation and Rulemaking

Senate Bill 1314. The 2014 Idaho Legislature passed Senate Bill 1314, amending Idaho’s Payday Loan Act to include new consumer protections for payday loan borrowers. Senate Bill 1314, sponsored by Senator Lee Heider, brought substantial changes in the way payday lenders are authorized to operate in Idaho.

The new provisions provide the following protections:

- The amount of a payday loan is now restricted to 25 percent of a borrower’s gross monthly income and cannot exceed a total loan amount of \$1,000.
- Payday lenders are limited in the number of times they may present a borrower’s check for payment. A payday lender may only make one initial presentment of a check and two subsequent re-presentments if the check remains unpaid.

- Payday lenders are required to provide an extended payment plan for borrowers who experience difficulties paying off their loans. An extended payment plan must be timely requested by the borrower and involve no additional fees. An extended payment plan allows borrowers to repay a payday loan over a 60-day period in four equal installments. Borrowers may request an extended payment plan only once per 12-month period.

The law's new amendments enhance existing consumer protection disclosures and require all such disclosures to be in 12-point bold and capitalized type.

In addition to the new requirements of Senate Bill 1314, the Idaho Payday Loan Act prohibits payday lenders from engaging in certain activities, including:

- Making a payday loan in Idaho without first holding a license issued by the Department;
- Accepting payment for a payday loan through the proceeds of another payday loan made by the same payday lender;
- Engaging in unfair or deceptive acts or practices in advertising or conducting business;
- Accepting any property, title to property, or any other type of collateral, aside from a postdated check or its electronic equivalent, for a payday loan;
- Renewing a payday loan more than three (3) consecutive times. After three (3) renewals the loan must be paid in full before another payday loan is extended; and,
- Imposing any other fee on a payday loan borrower other than the agreed-upon finance charge.

Consumer Financial Protection Bureau (CFPB). At the federal level, the CFPB, the federal agency created by the Dodd-Frank Act, continued this year to engage in a significant amount of rulemaking in many of the industries overseen by the Department. Its initiatives included:

- In the mortgage area, the CFPB issued the “Know Before You Owe” mortgage forms designed to consolidate and clarify disclosures concerning costs and risks in financial products;
- It also issued the “qualified mortgage (QM) rule” where lenders must determine that borrowers have the ability to repay their mortgage loans and follow certain guidelines (thus issuing “safe” or “qualified” mortgages) in order to be protected from borrower lawsuits. Note: HUD also released its final rule on qualified mortgages this fiscal year; the main difference in the HUD QM and the CFPB QM is that HUD borrowers are

already required to have a debt-to-income ratio of 43 percent or less and for those borrowers that do not meet this requirement the applications “must be manually underwritten to qualify for FHA insurance.”

- In the remittance area, the CFPB adopted a rule setting forth comprehensive federal consumer protections for international money transfers; and
- The establishment of rules defining the CFPB’s supervision authority over “larger participants” in certain financial markets, which enables the CFPB to impose supervisory oversight over their operations and activities.

The CFPB is currently preparing rules concerning prepaid cards, debt collection, and payday lending, overdraft services and various other topics which will affect the financial services sector.

Community Banking Initiative - In support of Idaho community banks, the Department participated in the second annual Community Banking in the 21st Century Research Conference, sponsored by the Federal Reserve System and the Conference of State Bank Supervisors (CSBS). The conference was held in September 2014 at the Federal Reserve Bank of St. Louis. The conference brought together academics, policymakers, bank supervisors, and community bankers to focus on the challenges and opportunities that community bankers face in the 21st Century. In preparation, state bank regulators conducted town hall meetings with bankers to gather their candid views on the community banking industry; the Department held two town halls in June 2014. A report, *Community Banking in the 21st Century: Opportunities, Challenges and Perspectives*, was issued at the conference, along with the results of a survey taken by more than 1,000 community bankers, providing key data to quantify the challenges facing community banks, and how these banks are responding to market conditions. This provides a fascinating look at the opportunities and challenges facing community banks in the 21st century. This is an

ongoing initiative that the Department will be working on with industry, and state and federal policymakers, in the coming year.

Regulatory Burdens and Related Costs – The Department continues its commitment to provide reasonable regulatory oversight without imposing excessive costs on industry.

- Idaho’s overall regulatory fees are among the lowest of any state in the country.
- Annual assessments charged to banks and credit unions have been discounted from the statutory maximum amounts. This discount has resulted in significant savings for state-chartered financial institutions.
- In addition to reducing fees, the Department has implemented ways to reduce other regulatory burdens without reducing the effectiveness of its regulatory oversight. For example, the Department continues to use its examination resources more effectively by reducing the number of staff hours spent in institutions that are healthy and that routinely gain high marks for financial and operational integrity.
- This year, the Department joined 49 other states in an agreement to coordinate review of multi-state Regulation A securities offerings. This protocol is designed to ease regulatory hurdles for filers without sacrificing important investor protections.
- The Department added online collection agency agent-registration and quarterly reporting through Access Idaho. This project will reduce the work required of both licensees and the Department. Although use of the online process is optional, in the first eight weeks the program was in place 90 Idaho licensed collection agencies transitioned onto the system.
- Similarly, consumer finance companies, payday lenders and collection agencies now have the option of obtaining and renewing licenses through the NMLS (Nationwide Multistate Licensing System).
- The Department also worked closely with those involved in Bitcoin and other virtual currencies as well as with fellow regulators and groups such as CSBS to find a workable system of regulation. Although the virtual currency area is undergoing rapid change and development, the Department and its sister states and associations made great strides in understanding these complex products and the companies that mine, store and exchange them for fiat currency. This is expected to be an ongoing topic of discussion as the technology develops.

- The Department is working diligently to understand and provide proper oversight to numerous emerging payment systems. A recent study by Dr. Windsor Holder predicts mobile and contactless payment transactions will double in just the next four years, hitting \$5 trillion. The study also notes that for the first time this year, the combined transactions on mobile handsets and tablets will be greater than those on desktops and laptops.

Industry and Regulatory Cooperation and Education – The Department makes significant efforts to coordinate its activities with both industry and other regulatory agencies. Such coordination and cooperation is increasingly important in an interstate, international and electronic commercial world. To this end, the Department meets regularly with industry trade associations and other state and federal regulators. The Department also continues its efforts to assist industry in understanding and complying with regulatory requirements. Program highlights this year include:

- Department staff attended and/or spoke at various conferences and meetings during the year, including the Western Region Regulators Interagency Meeting; Idaho Community Bankers Association (ICBA) 2014 Legislative Conference; the Idaho Credit Union League (ICUL) Governmental Affairs Conference; ICUL Board meetings and the Annual Meeting; Idaho Bankers Association (IBA) and ICBA Annual Meeting; NASCUS/NCUA Regulator Meeting; CSBS State Federal Supervisory Forum; CSBS/Bankers Advisory Board meeting; the 70th Annual Meeting of the Idaho Financial Services Association (IFSA); the 2013 FDIC Community Bankers Workshop; 12th Annual CSBS Bank Directors Seminar; FDIC Bankers Roundtable; and community bank town hall meetings in a joint effort with CSBS and the Federal Reserve System.
- The Director chaired the CSBS Six State Regulator Associations Working Group or task force. Through this task force, a State Coordinating Committee was suggested and approved by the CSBS Board to regularly coordinate examinations, supervision, and regulation of joint or concurrent multi-state examinations between the CFPB and state agencies.
- The Director and Financial Institutions Bureau Chief attended the CSBS Emerging Payments Task Force Public Hearing in Chicago. The hearing was presented by CSBS

and included members of the emerging payments industry such as PayPal, Green Dot Bank, and the Electronic Transactions Association.

- The Director attended the Community Banking in the 21st Century Research Conference in St. Louis, cosponsored by CSBS and the Federal Reserve System. The conference brought together community bankers, academics, policymakers, and bank supervisors from across the country to focus on the challenges and opportunities facing the 21st century community bank.
- The Director and members of the Financial Institutions Bureau attended the NASCUS State System Summit (Summit) held in Coeur d'Alene, Idaho during September 2013. The Summit attracted the leadership of the National Credit Union Administration, American Share Insurance, national credit union trade associations, and many state credit union leagues and industry members from across the country. This was the first time this Summit had been held in Coeur d' Alene, and only the second time in Idaho.
- The Federal Home Loan Bank of Seattle conducted an outreach session with bank examination staff. The presentation included updates to credit and collateral availability policies, results from collateral valuation studies, and examples of mitigation practices for interest rate risk. FHLB representatives also responded to examiner questions.
- The Department sponsored three community bank town hall meetings as part of a joint effort by the Conference of State Bank Supervisors (CSBS) and the Federal Reserve System. The meetings were designed to compile information on the vital role community banking plays. The meetings were well-received with every Idaho community bank CEO attending one of the meetings.
 - Western Region Regulators Interagency Meeting for bankers where the Director spoke at the All-Regulators Section meeting.
 - At the Idaho, Nevada and Oregon Bankers Association Annual Meeting in Sunriver, OR, the Department received many compliments for its leadership prior to the financial crisis leading to the creation of the NMLS and in helping create cooperative agreements and protocols for communication and coordination with the Consumer Financial Protection Bureau.
 - The Department Director and staff participated in several work groups and task forces with the Conference of State Bank Supervisors (CSBS).

- The Department participated in the Idaho Financial Education Summit Planning Committee meetings. The committee hopes to bring awareness, to all financial education partners, of what others in the area are doing with a view toward creating efficiencies in the way financial education is delivered to Idaho citizens. The committee is comprised of community members such as United Way, the Idaho Credit Union League, the Idaho Bankers Association, Senator Crapo's Office, Junior Achievement Debt Reduction Services, the Idaho Department of Education and the University of Idaho Extension.
- The Director spoke at the 2014 Annual Meetings of the Idaho Bankers Association and the Idaho Community Bankers Association.
- The Director and staff spoke at the Idaho Community Bankers Association's Legislative Conference.
- The Department participated in the National Association of Credit Union Supervisors (NASCUS) Regional Regulators meeting.
- The Department co-sponsored continuing education presentations in Coeur d'Alene and Boise for mortgage loan originators. Department staff provided portions of the eight hour presentation which included courses on ethics and Idaho law.
- The Department's Consumer Finance Bureau published a bi-annual industry newsletter entitled "The Idaho Compliance Connection" as a tool to inform collection agencies, mortgage brokers, mortgage lenders, mortgage loan originators, regulated lenders, and payday lenders about statutory and regulatory requirements and changes.
- The Department provided training and participated in educational sessions with numerous other industry and regulatory groups. These groups included the Idaho Financial Services Association, Money Transmitter Regulators Association, Mortgage Industry Advisory Board, Idaho Association of Mortgage Professionals, Idaho Mortgage Lenders Association, National Association of Professional Mortgage Women, Idaho Housing Alliance, National Association of Consumer Credit Administrators, the Mortgage Testing and Education Board, Better Business Bureau, Idaho Bankers Association, Conference of State Bank Supervisors (CSBS), CSBS State Federal Supervisory Forum, CSBS Legislative Fly-In, the inaugural meeting of the State Coordinating Committee (SCC), Idaho Credit Union League, National Association of State Credit Union Supervisors, Idaho Collectors Association, North American Collection Agency Regulatory Association, American Association of Residential

Mortgage Regulators, Nationwide Multistate Licensing System Annual Conference, Northwest Securities Institute, Pacific Northwest Lenders Conference, North American Death Care Regulators Association's Annual Meeting, FDIC's Community Bankers Workshop in Boise, North American Securities Administrators Association, the State Regulatory Registry, and the Western Regional Roundtable hosted by the FDIC.

- The Department co-sponsored, with CSBS and the Colorado Graduate School of Banking, the Twelfth Annual Bank Directors Training Seminar in Coeur d'Alene.

Consumer Educational Efforts – The Department has a long tradition of providing educational resources to Idahoans. The Department maintains an active speakers bureau and provides educational presentations and materials on a variety of topics including investment fraud and consumer credit issues. Among the Department's efforts this year:

- The Department joined the Idaho Bankers Association, the Idaho Credit Union League, the Idaho State Treasurer, several banks and credit unions, the United Way of Treasure Valley and its many partners, to launch BankOn Idaho. The program addresses the difficulties experienced by unbanked and underbanked consumers. Program participants can complete five financial education classes and then have the opportunity to open special no or low-fee checking accounts at participating credit unions and banks.
- The Department participated in America Saves Week and Military Saves Week from February 23 to March 1, 2014. The Department sponsored workshops during the week and issued weekly savings tips.
- The Department participated in Financial Literacy Day at the Legislature again this year along with other members of the Idaho Financial Literacy Coalition. This is an opportunity for Coalition members to meet legislators and promote financial literacy outreach in Idaho.
- At the request of the Idaho Statesman, the Director gave a presentation to the business editor and business reporters about our Department, Idaho's financial industry and current issues facing the Department.
- In September, the Department staffed a booth at the Community Information and Resource Fair which was sponsored by various non-profit groups, government agencies and the Idaho Military Financial Alliance. The fair is dedicated to providing information

and resources for recently incarcerated people to help in their successful reentry into the community.

- During National Save for Retirement Week, October 20-26, 2014, the Department hosted several events for its employees on PERSI, the Nationwide 457 plan, and investing for retirement.
- During the fiscal year Department staff members made presentations at numerous high schools around the state; the University of Idaho School of Law; Idaho State Treasurer's Smart Women, Smart Money Financial Conference; the Business Professionals of America; DECA (a student marketing and finance group); four Senior Scam Jams; Garden City Rotary Club; SW Boise Rotary Club; East Idaho Rotary Club; Boise Metro Chamber of Commerce; Leisure Villa (an over-55 community in Boise); Broadview University; and the South Idaho Correctional Institution.

Financial Literacy Month - April 2014 – Governor Otter declared the month of April “Financial Literacy Month’, joining state securities regulators and a broad-based coalition of consumer groups and industry members, including the Idaho Financial Literacy Coalition (IFLC), Idaho Public Libraries, the Better Business Bureau, AARP, and others, the Department participated in the 16th Annual Financial Literacy Month activities during the month of April.

Our Department conducted presentations and spoke at venues including the University of Idaho Law School, several high schools and the Senior Scam Jams in Lewiston and Rupert. The Department issued four informational press releases in April on Social Networking: Scam Artists are Looking to Network with You!, Tax Debt Settlement Companies, Protect Yourself from Credit Card Fraud, and Investment Advisory on Virtual Currency. The efforts of all involved once again made this awareness campaign a resounding success.

Apart from Financial Literacy Month, the Department was ranked the ninth-most financially literate state by WalletHub. The report graded each state on 12 metrics. In the five categories encompassed within “Knowledge and Education,” Idaho was ranked 2nd in the U.S.; however, in the remaining 12 categories within the Planning and Daily Habits section, Idaho dropped to 30th

place. The Department plant to continue its financial literacy initiatives and show the value of putting that information into action.

In another study, Vermont's Champlain College Center for Financial Literacy graded the 50 states on efforts to produce high school graduates that know how to do things like save for retirement and buy a house. Idaho was one of only seven states that received an A grade and is one of only 19 states to require a personal finance class in high school.

Notable Trends and Events

- According to data from the FDIC, the number of federally insured institutions nationwide fell below 7,000 for the first time since federal regulators began keeping track of this data in 1934. Nationwide, bank numbers have declined from a peak of 18,000 due in large part to the exit of banks less than \$100 million in assets, with the bulk occurring between 1984 and 2011. The last bank charter granted in the United States occurred in 2013 (the first since 2010) for Bank of Bird-in-Hand of Bird-in-Hand, Pennsylvania. The State of Idaho has not chartered a bank since 2008, while the last credit union to be chartered in Idaho (not including conversions from federal to state charter), of all credit unions currently in existence, occurred in 1968. Nationally, two federal credit unions were chartered in fiscal year 2014. Continued consolidation and the lack of new entrants are concerning trends in the community financial institution sector. The Department welcomes community banks and credit unions to apply for State of Idaho charters.
- The Federal Reserve Board decided to gradually taper its bond buying program, thereby signaling to the marketplace that interest rates may rise in the near-term.
- According to Davis Polk, a global law firm that tracks the progress of Dodd-Frank rulemaking, 208 of the total 398 required rules, or 52.3 percent, are finalized as of June 30, 2014.
- Dr. Janet L. Yellen, former Vice Chair of the Federal Reserve Board of Governors, was sworn in as the 15th Chair of the Board of Governors on February 3, 2014, replacing Ben Bernanke. Dr. Yellen is the first woman to hold this position. Her term will last until February 3, 2018, and she will also serve as Chairman of the Federal Open Market Committee, which is the principal monetary policymaking body of the Federal Reserve System.

INDUSTRY RESULTS IN IDAHO

Banking in Idaho – Idaho-based financial institutions continued to exhibit improved performance and financial condition over the past year. The average aggregate return on assets increased from 0.68 percent as of June 30, 2013, to 0.77 percent as of June 30, 2014; the percentage of noncurrent loans to total loans decreased from 2.31 percent to 1.32 percent; and charged-off loans declined from 0.18 percent to a net recovery position of negative 0.01 percent. The average core capital ratio for Idaho-based institutions declined modestly from 11.95 percent to 11.74 percent, but still exceeded the national average for all institutions of 9.57 percent. These key ratios provide certain evidence of the continuing recovery in Idaho’s banking industry.

The FDIC reported that the number of “problem” institutions nationwide has declined to 354 insured institutions as of June 30, 2014, from a peak of 888 problem institutions at the end of the first quarter 2011, and the lowest level since the second quarter of 2009. “Problem” institutions are those financial institutions that are under formal enforcement actions. Enforcement actions are written agreements between the regulators and banks that assist institutions in regaining a healthy condition.

At fiscal year-end 2014, only one state-chartered bank remained under a formal enforcement action. Idaho Banking Company entered into a Written Agreement with the Department and the Federal Reserve Board on March 10, 2010. Additionally, Idaho First Bank was released from its Consent Order on August 29, 2013, and Bank of Idaho was released from its Consent Order on September 6, 2013.

Credit Unions in Idaho – Continued consolidation within the credit union industry occurred in fiscal year 2014, with the merger of five Idaho state-chartered credit unions. An additional two federal credit unions merged into Idaho state-chartered credit unions within the fiscal year as well. The State of Idaho remains the preferred chartering authority for credit unions in Idaho with 27 Idaho state-chartered credit unions as of June 30, 2014, as compared to 14 Idaho-based federal credit unions. One of the many advantages of an Idaho charter is the credit union’s option of choosing its insurer, either federal or private, for primary share and deposit insurance. Idaho is one of only nine states to allow such an option to its state-chartered credit unions. Of the 27 Idaho state-chartered credit unions, 10 are privately insured by American Share Insurance Corporation.

Idaho state-chartered credit unions continue, on average, to outperform all credit unions in the country in a number of important financial metrics. As of December 31, 2013, Idaho’s state-chartered credit unions reported a Return on Average Assets ratio (ROAA), a key indicator to evaluate earnings, of 1.07 percent as compared to 0.78 percent for the average of all credit unions in the country. Asset quality performance indicators also reflect favorably on Idaho’s state-chartered credit unions as compared to the national average with a Delinquent Loans to

Total Loans ratio of 0.43 percent and a Net Loan Charge-Off to Average Loans ratio of 0.26 percent. The respective national averages are 1.01 percent and 0.57 percent. Mortgage delinquency (over 30 days past due) as a percentage of total real estate loans has declined to a five-year low at 0.61 percent as compared to the nationwide average of 2.36 percent. Idaho state-chartered credit unions were able to augment capital, or net worth, by 12.1 percent while growing total assets by 10.1 percent, thus increasing their Net Worth to Total Assets ratio (Net Worth ratio) by 18 basis points year-over-year to 9.67 percent as of December 31, 2013.

Despite a decrease in the cost of funds, the overall competitiveness of the financial institution industry in Idaho has placed continued downward pressure on state-chartered credit union's net interest margins (NIM), a key earnings indicator to evaluate whether income from loans and investments sufficiently covers the cost of funds. After covering the cost of funds, asset producing income must provide for allowance funding and pay for the institution's operating expenses. A decrease in the average yield earned on investments has also contributed to the decline in NIM. The NIM to Average Assets ratio for Idaho state-chartered credit unions declined by 39 basis points to 2.82 percent as of December 31, 2013, similar to the national average of 2.80 percent.

Consumer Finance – By the end of fiscal year 2014 the Department observed a continuing decline in the rate of residential mortgage loans that were either seriously delinquent or in foreclosure. These rates fell from 3.84 percent, reported at the end of fiscal year 2013, to 2.57 percent as of June 30, 2014. This year, the Department had regulatory oversight responsibility for 574 licensed regulated lender and title lender office locations, 221 licensed payday lender office locations, 671 licensed mortgage broker/lender office locations, and 2,642 individual mortgage loan originator licensees. In addition, the Consumer Finance Bureau had regulatory oversight responsibility for 639 licensed collection agencies, 114 debt buyers, 6 credit repair organizations, and 49 credit/debt counselor agencies. The number of collection agency solicitors/collectors registered in Idaho was 45,879 at fiscal year-end.

Securities – The Securities Bureau processed more than 113,000 submissions in fiscal year 2014, up more than 5 percent from the prior fiscal year. The Bureau's oversight also extends to nearly 102,000 individuals who currently hold Idaho registrations as broker-dealer agents, investment adviser representatives and issuer agents. This represents more than a 5 percent increase over the prior fiscal year. Through civil and administrative sanctions, the Bureau obtained orders for nearly \$1 million in restitution and rescission for Idaho investors. The potential financial impact of securities cases under investigation or in the process of resolution during the fiscal year approached \$25 million.

FINANCIAL INSTITUTIONS BUREAU

Idaho Bank Act
Idaho Bank Holding Company Act
Idaho Credit Union Act
Idaho Financial Fraud Prevention Act
Idaho International Banking Act
Idaho Interstate Banking Act
Idaho Interstate Branching Act
Idaho Savings Bank Act
Idaho Trust Institutions Act
Business and Industrial Development Corporation Act

The Financial Institutions Bureau is responsible for promoting the safety and soundness of state-chartered commercial banks, savings banks, credit unions, bank holding companies, trust companies, and business and industrial development corporations operating in Idaho. The Bureau assesses the condition of these institutions so that the public can have confidence in the financial system, and so that the interests of depositors, creditors, and shareholders are protected. The Bureau is responsible for enforcement of the *Idaho Bank Act*, *Idaho Bank Holding Company Act*, *Idaho Credit Union Act*, *Idaho Financial Fraud Prevention Act*, *Idaho International Banking Act*, *Idaho Interstate Banking Act*, *Idaho Interstate Branching Act*, *Idaho Savings Bank Act*, *Idaho Trust Institutions Act*, and the *Business and Industrial Development Corporation Act*. The Bureau provides high quality supervision of state-chartered institutions directed at identifying material or emerging problems in individual institutions or the financial services industry and ensuring that such problems are appropriately corrected. The Bureau monitors and evaluates the financial health of state-chartered institutions, along with the various risks facing these institutions, through the on-site regulatory examination process and off-site monitoring program. The Bureau also investigates complaints against state-chartered financial institutions filed with the Department.

The Bureau works closely with federal and other state regulators to provide regulated industries seamless supervision, minimal disruption and costs, and effective use of resources. The Department continues its joint compliance examination program entered into with the FDIC eleven years ago. Idaho is one of few states that have a formal agreement with the FDIC on conducting joint compliance examinations. The joint compliance examinations, in addition to joint risk management examinations, result in more efficient and less burdensome bank examinations.

The Department is strongly committed to providing effective regulation without excessive costs. Our fees remain among the lowest in the nation. This results in significant savings for state-chartered banks. We do not charge examination fees and process most applications for nominal

or no fees. Idaho financial institutions incur significantly less in regulatory costs than do their federal counterparts.

Recent challenges in the state and national economies affected our citizens and the institutions we regulate. The Bureau responded through the prudent and efficient oversight of financial institutions, by the administration of laws enacted by the Idaho Legislature, and by applying appropriate enforcement actions where necessary.

National Accreditation - The Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS) have established accreditation standards for both bank and credit union supervision and regulation. The accreditation process requires a comprehensive review of all factors needed to have a fully functional regulatory organization. The Department's bank and credit union sections have been continuously accredited by CSBS and NASCUS since 1990. Every year, the accreditation committee requires updated information to maintain accredited status; a full-scale re-accreditation occurs on-site every five years and most recently occurred in 2010.

Education and Examiner Training - Continuing education and training are important elements to maintain accreditation, and maintain the confidence of those we regulate. The Department continues to support educational opportunities for its examiners. During fiscal year 2014, examiners attended training sessions provided or sponsored by the Federal Deposit Insurance Corporation, the Federal Reserve System, the National Credit Union Administration, CSBS, NASCUS, and Pacific Coast Banking School (PCBS) in partnership with the University of Washington. The ten examiners assigned to the Banking Section attended 28 weeks of off-site training during the fiscal year, and the six examiners assigned to the Credit Union Section attended 21 weeks of training. This training includes the successful completion of the rigorous three-year PCBS graduate banking program completed by one examiner in August 2013.

Legislation and Regulation - The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) continues to have an impact on Idaho state-chartered financial institutions. Several rules were enacted within fiscal year 2014 to implement Title XIV of Dodd-Frank, labeled "Mortgage Reform and Anti-Predatory Lending Act." Noteworthy within Title XIV are sections 1411 and 1412, which require creditors to make a reasonable, good-faith assessment of a consumer's ability to repay any loan that is secured by a dwelling before extending credit to that consumer. This requirement was written into Dodd-Frank in response to the mortgage crisis, which resulted from many mortgages made to consumers without regard to the consumer's ability to repay and, thereby, contributing to the country's recent economic recession.

These sections of Dodd-Frank were implemented through the Ability-to-Repay/Qualified Mortgage (ATR/QM) rule, effective January 10, 2014. This rule requires lenders to assess a borrower's ability to repay for nearly all closed-end residential mortgage loans secured by the borrower's dwelling and provides the lending financial institution with certain protections from

legal liability for compliance with the rule. The ATR/QM rule is administered by the Consumer Financial Protection Bureau (CFPB), which was also created by Dodd-Frank. Prior to the ATR/QM rule, Regulation Z, which implements the Truth in Lending Act (TILA), prohibited a creditor from making a higher-priced mortgage loan without regard to the consumer's ability to repay the loan.

During fiscal year 2014, the CFPB issued several amendments to rules promulgated in fiscal year 2013. Specifically, the CFPB continued to refine the mortgage rules under the Real Estate Settlement Procedures Act (Regulation X), the TILA (Regulation Z), and the Equal Credit Opportunity Act (Regulation B), including:

- An amendment issued on July 24, 2013, that clarified, corrected, or amended the provisions of the Mortgage Rules under the Real Estate Settlement Procedures Act (Regulation X) and the TILA (Regulation Z) on: (1) the relation to State law of Regulation X servicing provisions; (2) implementation dates for adjustable-rate mortgage servicing; (3) exclusions from requirements on higher priced mortgage loans; (4) small servicer exemption from certain servicing rules; (5) use of government-sponsored enterprises and Federal agency purchases, guarantees, or insurance eligibility for determining qualified mortgage status; and (6) the determination of debt and income for purposes of originating qualified mortgages.
- An amendment, issued on October 1, 2013, to the 2013 Mortgage Rules under the Equal Credit Opportunity Act (Regulation B), Real Estate Settlement Procedures Act (Regulation X), and the TILA (Regulation Z), focused on: (1) loss mitigation procedures under Regulation X servicing provisions; (2) amounts counted as loan originator compensation to retailers of manufactured homes and their employees for purposes of applying points and fees thresholds under the Home Ownership and Equity Protection Act (HOEPA) and the Ability-to-Repay rules in Regulation Z; (3) exemptions available to creditors that operate predominantly in "rural or underserved" areas for various purposes under the mortgage regulations; and (4) application of the loan originator compensation rules to bank tellers and similar staff, and the prohibition on creditor-financed credit insurance.
- An amendment to the TILA (Regulation Z) to include an exemption from rules requiring appraisals for "higher-risk mortgages" for transactions secured by existing manufactured homes and not land, certain streamlined refinancings, and transactions of \$25,000 or less.

As stated earlier, the Department continues its commitment to provide reasonable regulatory oversight without imposing excessive costs on industry. The Department endeavors to reduce regulatory burden to the extent possible without compromising the safety and soundness of our financial institutions. The Department also continues to oppose further federal preemption of

state laws that result in a reduction of state authority and consumer protections. Additional federal regulations and proposed rules from fiscal year 2014 include the following:

- Federal Reserve Board (FRB) and Office of the Comptroller of the Currency (OCC) final rule implementing Basel III capital rules in the United States. Among other things, the final rule implements a revised definition of regulatory capital, a new common equity tier 1 minimum capital requirement, and a higher minimum tier 1 capital requirement. Additionally, the final rule establishes limits on a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a specified amount of common equity tier 1 capital in addition to the amount necessary to meet its minimum risk-based capital requirements. Further, the final rule amends the methodologies for determining risk-weighted assets, codifies agencies' regulatory capital rules, and implements section 171 and 939A of Dodd-Frank. The mandatory compliance date for this final rule was January 1, 2014 for advanced-approaches banking organizations that are not savings and loan holding companies; and January 1, 2015 for all other covered banking organizations.
- FRB, OCC, FDIC, and U.S. Securities Exchange Commission (SEC) final rule implementing section 619 of Dodd-Frank; this law is known as the Volcker Rule. This regulation contains certain prohibitions and restrictions on the ability of a banking entity and nonbank financial company supervised by the FRB to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. OCC Bulletin 2014-9 (the Bulletin) provides guidance for community banks stating that banks not engaged in covered activities or investments are not required to establish a compliance program under the final regulation. Further, the Bulletin states that smaller banks, with total consolidated assets of \$10 billion or less, engaged in modest proprietary trading activities for their own accounts are subject to a simplified compliance program; these banks may satisfy their compliance obligations under the final regulation by including in their existing policies and procedures appropriate references to the requirements of the final regulation. The final rule was effective April 1, 2014.

In January 2014, the OCC, FDIC, FRB, SEC, and Commodity Futures Trading Commission issued an interim final rule (as a companion to the final rule) that permits banking entities to retain investments in certain pooled investment vehicles that invested their offering proceeds primarily in certain securities issued by community banking organizations of the type grandfathered by Dodd-Frank. The interim final rule was also effective April 1, 2014.

- CFPB final rule implementing section 1073 of Dodd-Frank, which amends Regulation E (the Electronic Funds Transfer Act); this new regulation is known as the Remittance Transfer Rule. The term "remittance transfer" refers to an electronic transfer of money from a consumer in the United States to a person or business in a foreign country

through banks, credit unions, or money transmitters via a wire transfer or automated clearing house (ACH) transaction or other methods. The rule generally requires that certain disclosures be provided to consumers before they pay for a remittance transfer. Financial institutions that facilitate 100 or fewer remittance transfers per year are exempt from the Remittance Transfer Rule. The final rule was effective October 28, 2013.

- NCUA final rule, effective March 3, 2014, permitting certain federal credit unions to engage in derivatives transactions for the purpose of mitigating interest rate risk. When proposed as a rule in May 2013, the original rulemaking included federally insured state-chartered credit unions (FISCUs) as part of the regulation while also imposing unreasonable and excessive regulatory burdens and unprecedented “pay-to-play” fees on those institutions interested in engaging in derivatives transactions. The Department opposed many aspects of the original rulemaking, including the unwarranted federal preemption of state-chartered credit union supervisors to oversee the credit and interest rate risk exposure of FISCUs. The Department wrote a letter to the NCUA commenting on the rulemaking.

Due to the many comments received by NCUA opposing different provisions of the proposed rule, including the Department’s letter, the final derivatives rule (1) eliminates the “pay-to-play” fee structure, (2) eliminates the specific number of years of experience requirement for qualified derivatives personnel, and (3) only applies to federal credit unions. The Department will continue to actively oppose further federal preemption efforts by writing letters, providing testimony, and educating decision-makers about the negative consequences of preemption as opportunities present themselves.

- NCUA proposed rule to eliminate the option for federal credit unions to operate out of private residences. This proposed rule will not have a direct impact on Idaho state-chartered credit unions. Idaho has three home-based state-chartered credit unions, and the Department has no plans to require these credit unions to move to a commercial space as long as the credit unions operate in a safe and sound manner.

BANKING SECTION

The Banking Section is responsible for supervising Idaho’s state-chartered commercial banks, savings banks, and bank holding companies for the benefit of depositors and shareholders, to maintain public confidence in the banking system, to promote fair competition, and to encourage the continuation, maintenance, and preservation of the dual banking system. The Banking Section also licenses and supervises financial institution trust departments and businesses and industrial development corporations (BIDCOs). The Banking Section directly supervised 12 commercial banks (four with trust powers) and one BIDCO as of June 30, 2014.

The section also has regulatory oversight responsibilities, as the host state supervisor, for 10 state-chartered banks operating in Idaho and chartered by other states. As of June 30, 2014, these institutions held \$3.2 billion of Idaho deposits and operated 102 offices throughout the state: AmericanWest Bank (6 branches), Banner Bank (8 branches), Inland Northwest Bank (4 branches), and Washington Trust Bank (15 branches) are chartered by the State of Washington; Bank of the West (6 branches) and Sunwest Bank (5 branches) are chartered by the State of California; Bank of the Cascades (16 branches) and Umpqua State Bank, formerly Sterling Savings Bank (17 branches), are chartered by the State of Oregon; Glacier Bank (24 branches) is chartered by the State of Montana; Lewiston State Bank (1 branch) is chartered by the State of Utah; and Bell State Bank and Trust (1 representative trust office) is chartered by North Dakota. As a host state supervisor, the Banking Section also has indirect supervision over 10 bank or financial holding companies with banking operations in Idaho.

In fiscal year 2014, the Banking Section completed 11 risk management examinations, 3 consumer compliance examinations, and 2 trust examinations. In conjunction with the risk management examinations, information technology examinations and Bank Secrecy Act/Anti-Money Laundering examinations were performed. The Banking Section participated in 2 risk management visitations, and 1 risk management examination as a host state regulator.

Branch Activities

Branching activity resumed during fiscal year 2014. Idaho First Bank opened a new branch in downtown Boise at 209 North 12th Street. Additionally, D. L. Evans Bank moved its administrative offices to a newly completed building in Burley, Idaho. Washington Trust Bank opened branches in Lewiston and Moscow, Idaho. Bank of the Cascades and Sunwest Bank each closed one branch in Boise, Idaho.

Bank Acquisitions

During fiscal year 2014, two out-of-state institutions acquired Idaho banks. The Department closed Syringa Bank, Boise, Idaho, on January 31, 2014, and appointed the FDIC as receiver. Sunwest Bank, Irvine, California, immediately assumed all of Syringa's deposits and substantially all of the assets. Additionally, Bank of the Cascades, Bend, Oregon, acquired Home Federal Bank, Nampa, Idaho, on May 16, 2014. As a result of the acquisition, three Home Federal Bank branches in Boise, Eagle, and Meridian were closed, and four Bank of the Cascade branches located in Nampa (2), Caldwell, and Meridian were closed.

IDAHO BANKING INDUSTRY REVIEW

Performance and Condition of Idaho Financial Institutions

As of June 30, 2014, there were 14 financial institutions (12 state-chartered banks, 1 national bank, and 1 federal savings bank) based in Idaho with combined assets of \$5.5 billion, net loans

and leases of \$3.3 billion, and deposits of \$4.6 billion¹. Institutions headquartered in Idaho generally outperformed the national averages for all institutions during 2013, ending the year with a higher average core capital (leverage ratio) of 11.71 percent versus 9.41 percent, higher net interest margins of 3.84 percent versus 3.26 percent, lower noncurrent loans of 1.79 percent versus 2.62 percent and lower loan charge offs of 0.15 percent versus 0.69 percent. Moreover, 88 percent of Idaho-based institutions were profitable for 2013, compared to 75 percent at year-end 2012, and 69 percent of Idaho institutions reported higher earnings during the year. Furthermore, 88 percent of Idaho's institutions were "well-capitalized" under state and federal capital standards at year-end 2013.

In general, the banking industry in Idaho has emerged from the financial crisis and is exhibiting signs of sustained improvement. Continued improvement in credit quality and loan demand has contributed to the recovering health of Idaho-chartered institutions. Despite these improving trends, the prolonged duration of the low interest rate environment continues to impede earnings and erode the net interest margin at a majority of Idaho banks. Moreover, Idaho banks have not yet fully realized the cost impact of new legislation or regulation.

Deposits in Idaho

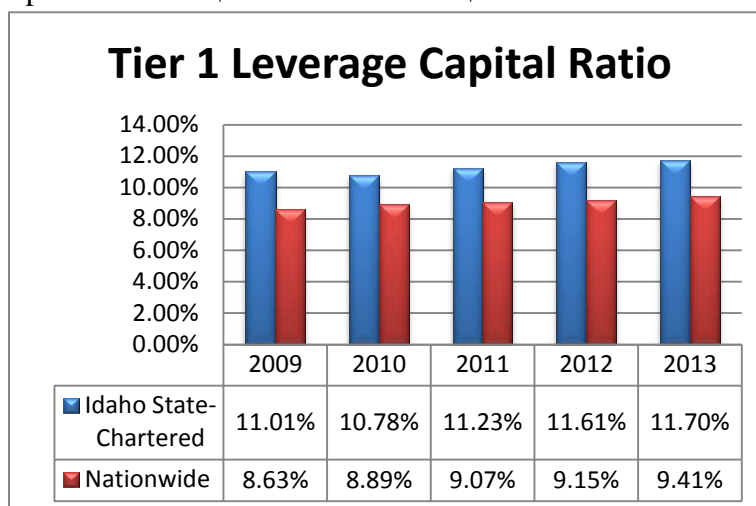
As of June 30, 2014, 33 commercial banks and savings institutions with 519 offices competed for deposits in Idaho. Total deposits in Idaho increased 1.6 percent during the fiscal year to \$20.6 billion from \$20.2 billion. Institutions headquartered outside of the state slightly increased their market share of Idaho deposits from 77 percent as of June 30, 2013, to 79 percent or \$16.2 billion. The remaining 21 percent or \$4.4 billion of deposits was shared between the 14 Idaho-based institutions.

¹ Source: FDIC Statistics on Depository Institutions

Capital Levels at Idaho State-Chartered Banks

Idaho state-chartered banks reported an increase in the average Tier 1 Leverage Capital ratio from 11.61 percent as of December 31, 2012, to 11.70 percent as of December 31, 2013, which greatly exceeded the 9.41 percent average for all banks in the nation. Total equity capital of state-chartered banks decreased 1.7 percent from \$694.6 million to \$683.0 million in 2013.

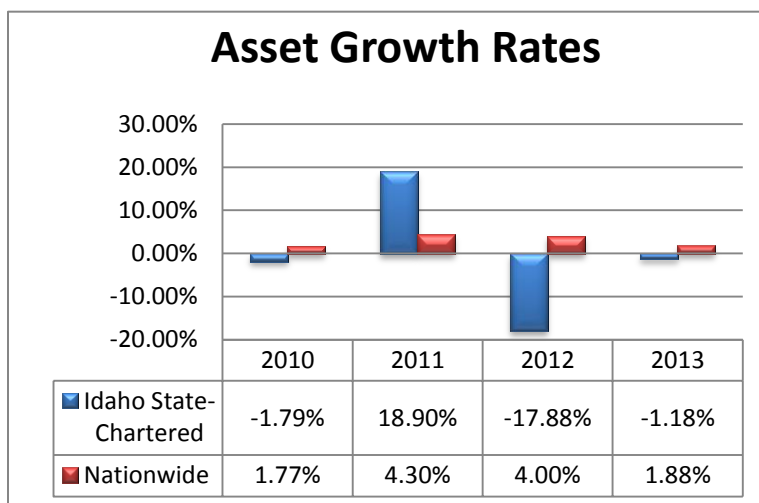
Other key capital ratios for Idaho-chartered banks declined. The average Tier 1 Risk-Based Capital ratio decreased from 18.39 percent to 18.08 percent, and the average Total Risk-Based Capital ratio decreased from 19.60 percent to 19.32 percent. Despite the declines, both of these ratios compared favorably to the national average of 13.13 percent and 14.93 percent, respectively, for all banks.



Asset and Deposit Growth in Idaho State-Chartered Banks

As of year-end 2013, total assets in Idaho-chartered banks declined 1.2 percent from \$5.74 billion to \$5.68 billion. The decline in total assets was largely attributed to decreasing cash and investment security balances.

However, the level of Other Real Estate owned by Idaho-chartered banks also declined 32.0 percent from \$69.7 million to \$47.4 million. Nationwide, total assets in all banks grew 1.9 percent, increasing from \$14.45 billion to \$14.72 billion. This growth was supported by growth in the balances of cash and deposits due from depository institutions from \$1.43 trillion to \$1.71 trillion, or



19.8 percent, and net loans from \$7.53 trillion to \$7.76 trillion, or 3.0 percent. Net loans at Idaho state-chartered institutions grew 2.3 percent from \$3.08 billion to \$3.15 billion, which was slightly lower than the nationwide average for all institutions. In dollar terms, real estate lending contributed greatly to loan growth at Idaho institutions in 2013. While single-family residential lending declined \$56.2 million or 10.6 percent over the year, commercial real estate lending contributed to \$29.4 million in loan growth, followed by construction and development lending of \$26.8 million, farmland lending of \$25.3 million, and multifamily lending of \$22.3 million.

Overall, real estate loans at all institutions nationwide declined \$31.8 billion or 0.8 percent, with the largest decline occurring in the single-family residential sector and the greatest increase occurring in the commercial and industrial sector.

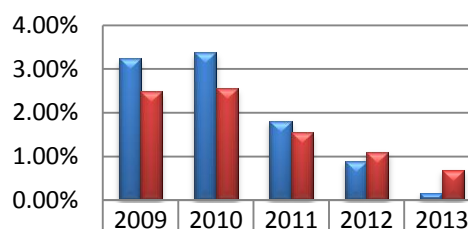
Total deposits in Idaho state-chartered banks declined 2.4 percent from \$4.81 billion as of December 31, 2012, to \$4.70 billion as of December 31, 2013. Conversely, deposits at banks nationwide increased 3.5 percent from \$10.82 trillion to \$11.19 trillion over the same period.

Asset Quality and Earnings in Idaho State-Chartered Banks

Overall, Idaho state-chartered banks continued to realize improved asset quality in 2013. Net charge-offs declined 82.1 percent from \$27.4 million to \$4.9 million. Additionally, the ratio of net charge-offs to total loans and leases for Idaho state-chartered banks decreased from 0.89 percent in 2012 to 0.16 percent in 2013. Nationwide, banks also experienced a decline in net charge-offs of 34.9 percent as the ratio of net charge-offs to total loans and leases decreased from 1.10 percent to 0.69 percent.

The ratio of noncurrent loans to total loans for Idaho state-chartered banks decreased in 2013 from 2.69 percent to 1.81 percent, which is lower than the national ratio of 2.62 percent. Idaho state-chartered banks reported a ratio of reserves for possible loan losses to total loans of 2.00 percent, which is above the 1.72 percent average reported for banks nationwide.

Net Charge-offs to Total Loans



Idaho State-Chartered	3.24%	3.38%	1.81%	0.89%	0.16%
Nationwide	2.50%	2.55%	1.55%	1.10%	0.69%

Overall, earnings and the Return on Average Assets ratio (ROAA) continued to improve for both Idaho state-chartered banks and banks nationally. Idaho state-chartered banks reported net

Return on Average Assets



Idaho State-Chartered	-1.27%	-1.01%	-0.36%	0.44%	0.76%
Nationwide	-0.07%	0.65%	0.88%	1.00%	1.07%

income of \$43.3 million at year-end 2013, an improvement of 77.1 percent compared to net income of \$24.4 million in 2012. The improvement in earnings on a state and national level was primarily attributed to lower interest expense and lower provisions for loan and lease losses. The improvement in earnings in 2013 for Idaho-chartered banks translated into a higher ROAA of 0.76 percent as compared to 0.44 percent for 2012.

The ROAA for banks nationwide increased from 1.00 percent to 1.07 percent. Due to the prolonged low interest rate environment, the net interest margin (NIM) further contracted over the year for both Idaho-chartered banks and all banks nationwide as yields on loans continued to decline. The NIM for Idaho-chartered banks declined 10 basis points to 3.93 percent, while the NIM for banks nationwide declined 16 basis points to 3.26 percent.

**Commercial Banks Based in Idaho
Aggregate Condition and Performance**

IDAHO BANKS	6/30/2014	6/30/2013	\$/# Change	% Change	12/31/2013	12/31/2012	\$/# Change	% Change
<i>(dollar figures in millions)</i>								
Number of institutions reporting	14	16	-2	-12.50	16	16	0	0
Total employees (full-time equivalent)	1,608	1,939	-331	-17.07	1,942	1,947	-5	-0.26
AGGREGATE CONDITION AND INCOME DATA (\$000)								
Net operating income (year-to-date)	20,491	21,688	-1,197	-5.52	47,590	27,118	20,472	75.49
Total assets	5,531,017	6,475,417	-944,400	-14.58	6,581,867	6,653,639	-71,772	-1.08
Earning assets	5,074,517	5,918,880	-844,363	-14.27	6,013,365	6,034,245	-20,880	-0.35
Net loans & leases	3,314,209	3,617,661	-303,452	-8.39	3,666,086	3,584,097	81,989	2.29
Other real estate owned	43,125	65,843	-22,718	-34.50	50,204	73,578	-23,374	-31.77
Total deposits	4,592,966	5,379,952	-786,986	-14.63	5,478,883	5,596,298	-117,415	-2.10
Equity capital	667,165	800,148	-132,983	-16.62	791,799	802,733	-10,934	-1.36
PERFORMANCE RATIOS (YTD, %)								
			BP Change				BP Change	
Yield on earning assets	4.02	4.18	-16		4.22	4.50	-28	
Cost of funding earning assets	0.32	0.40	-8		0.38	0.54	-16	
Net interest margin	3.70	3.77	-7		3.84	3.96	-12	
Noninterest income to average assets	0.87	0.85	2		0.82	0.78	4	
Noninterest expense to average assets	3.25	3.40	-15		3.48	3.56	-8	
Net charge-offs to loans & leases	-0.01	0.18	-19		0.15	0.77	-62	
Credit-loss prov. to net charge-offs	-649.01	60.17	-70,918		13.28	67.17	-5,389	
Net operating income to assets	0.75	0.66	9		0.73	0.42	31	
Retained earnings to average equity	5.52	4.73	79		1.49	2.14	-65	
Pre tax return on assets	0.99	0.85	14		0.85	0.59	26	
Return on assets	0.77	0.68	9		0.74	0.47	27	
Return on equity	6.44	5.53	91		6.02	3.84	218	
CONDITION RATIOS (%)								
Loss allowance to loans	1.85	2.09	21		1.98	2.15	-17	
Loss allowance to noncurrent loans	139.44	90.66	10,093		110.16	78.66	3,150	
Noncurrent assets plus OREO to assets	1.59	2.33	-31		1.78	2.61	-83	
Noncurrent loans to loans	1.32	2.31	-64		1.79	2.73	-94	
Net loans and leases to deposits	72.16	67.24	586		66.91	64.04	287	
Net loans and leases to core deposits	76.64	70.71	830		70.28	67.47	281	
Equity capital to assets	12.06	112.36	-37		12.03	12.06	-3	
Core capital (leverage) ratio	11.74	11.95	21		11.71	11.60	-11	
Tier 1 risk-based capital ratio	16.84	18.75	-191		18.29	18.60	-31	
Total risk-based capital ratio	18.04	19.98	-194		19.53	19.82	-29	

TRUST DEPARTMENTS AND TRUST COMPANIES

The Banking Section is responsible for enforcing the *Idaho Trust Institutions Act* and currently supervises the trust departments of four state-chartered banks. These trust departments primarily administer personal trusts, agency accounts, safekeeping, and non-complex employee benefit accounts. The employee benefit accounts are mostly self-directed IRAs and 401(k) accounts.

Total trust assets under supervision decreased by 4.5 percent during the year to \$525.4 million as of December 31, 2013, consisting of \$430.6 million in managed assets and \$94.8 million in non-managed assets.

The Department approved three out-of-state trust companies to operate in Idaho. Two of these companies - First Capital Surety and Trust Company (Sioux Falls, South Dakota), and U.S. Trust Company of Delaware (Wilmington, Delaware) - have no offices in Idaho. Bell State Bank & Trust (formerly State Bank & Trust) of Fargo, North Dakota, operates a representative trust office in Boise. These out-of-state trust companies are supervised in accordance with the terms of the Nationwide Cooperative Agreement for Supervision and Examination of Multi-State Trust Institutions, with the home state regulator as the single point of contact.

Trust Departments and Trust Companies

Activity	12/31/2013 (\$ in 000's)	12/31/2012 (\$ in 000's)	\$/# Change	% Change
Fiduciary powers granted	7	7	0	0.00%
Fiduciary powers exercised	4	4	0	0.00%
Fiduciary or related activity	4	4	0	0.00%
Number of fiduciary and related asset accounts	1,534	1,973	-439	-22.25%
Number of managed accounts	1,188	1,123	65	5.79%
Number of non-managed accounts	346	850	-504	-59.29%
Total fiduciary and related assets (\$)	525,391	549,840	-24,449	-4.45%
Managed assets (\$)	430,571	406,084	24,487	6.03%
Non-managed assets (\$)	94,820	143,756	-48,936	-34.04%

BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

On July 1, 1989, the Business and Industrial Development Corporation Act became effective, authorizing an alternative form of financial institution. The Act authorizes the formation of business and industrial development corporations (BIDCOs) to provide financing and management assistance to new or expanding companies.

Working closely with the Small Business Administration, other federal financial assistance programs, local economic development organizations, and traditional commercial lenders, BIDCOs are licensed to increase the level and quality of financial services available to the small business community in Idaho. This financial assistance has led to the creation or retention of an estimated 1,399 permanent jobs in the state. The Idaho Company, located in Idaho Falls, is the only licensed BIDCO currently operating in Idaho.

Business and Industrial Development Corporations

Activity for Calendar Year 2013	Number	Dollar Amount
Number and dollar amount of financing assistance provided to business firms:	0	\$0
Number and dollar amount of financing assistance provided to minority-owned and woman-owned business firms:	0	\$0
Estimated number of jobs created or retained through financing assistance:	0	NA
Activity Since Inception	Number	Dollar Amount
Number and dollar amount of financing assistance provided to business firms:	302	\$26,209,484
Number and dollar amount of financing assistance provided to minority-owned and woman-owned business firms:	30	\$2,057,916
Estimated number of jobs created:	1,025	NA
Estimated number of jobs retained:	374	NA

CREDIT UNION SECTION

The Credit Union Section is responsible for supervising all Idaho state-chartered credit unions and ensuring compliance with the *Idaho Credit Union Act*. As of June 30, 2014, there were 27 credit unions under the Credit Union Section's direct supervision. The section has additional responsibilities, as the host-state supervisor, for five state-chartered credit unions operating in Idaho and chartered by other states. Washington-chartered Global Credit Union has branches in Coeur d'Alene and Post Falls; Horizon Credit Union has branches in Coeur d'Alene, Ponderay, Post Falls, and Sandpoint; Numerica Credit Union has branches in Coeur d'Alene and Hayden; and Spokane Teachers Credit Union has branches in Dalton Gardens, Ponderay, and Post Falls. California-chartered Silverado Credit Union operates one branch in Nampa.

The Credit Union Section is an active participant in the National Association of State Credit Union Supervisors (NASCUS). NASCUS actively coordinates with all state credit union regulatory agencies and the National Credit Union Administration (NCUA) on a variety of credit union regulatory issues. In November 2010, the Credit Union Section was successfully reaccredited by NASCUS for another 5-year term.

In fiscal year 2014, the Credit Union Section completed 28 examinations and 6 visitations, participated in one examination of a Washington state-chartered credit union, and participated in an examination of American Share Insurance Corporation (ASI). Twenty of the examinations and five of the visitations were conducted jointly with examiners from either the NCUA or ASI, depending on whether the institution is federally or privately insured.

New Branches

During fiscal year 2014, Idaho Central Credit Union (ICCU) opened two new branches in Idaho. With a branch charter effective date of February 3, 2014, ICCU opened a new branch at 2193 Addison Avenue East, Twin Falls. ICCU also opened one branch at 6620 N. Linder Road in Eagle with a branch effective date of April 14, 2014.

Branch Closures

Effective October 1, 2013, Icon Credit Union closed its Coeur d'Alene branch located at 1336 W. Kathleen Avenue. Existing Icon members in Coeur d'Alene had their membership transferred to Horizon Credit Union, which has a nearby branch located at 123 W. Hanley Avenue.

Branch Relocations

Effective August 12, 2013, Pocatello Simplot Credit Union relocated its office from 1130 West Highway 30 to 1880 Garrett Way in Pocatello. East Idaho Credit Union relocated its Arco branch from 302 West Grand Avenue to 120 West Grand Avenue with an effective date of December 23, 2013. On October 1, 2013, Connections Credit Union relocated its Idaho Falls branch from 2001 South Woodruff Avenue to 2265 East 25th Street. Effective June 23, 2014,

ICCU moved its Twin Falls branch from 649 Poleline Road to 1875 Blue Lakes Boulevard North.

Mergers

The following mergers of state-chartered credit unions occurred in fiscal year 2014:

- Simcoe Credit Union of Burley, Idaho, merged into Connections Credit Union, effective August 1, 2013. Connections Credit Union continues to operate the former Simcoe branch located at 510 21st Street in Heyburn.
- Cassia County Education Association Credit Union of Burley, Idaho, merged into Idaho State University Federal Credit Union (ISU FCU), effective August 1, 2013.
- Payette River Community Credit Union of Emmett, Idaho, merged into Idadiv Credit Union effective October 1, 2013. Idadiv continues to operate the merged institution's branches located at 111 South Hayes Street in Emmett and 407 Highway 55 in Horseshoe Bend.
- M.A.P. Credit Union of Burley, Idaho, merged into ISU FCU, effective January 1, 2014.
- A+ Credit Union of Idaho Falls, Idaho, merged into Mountain America Federal Credit Union, effective January 1, 2014.

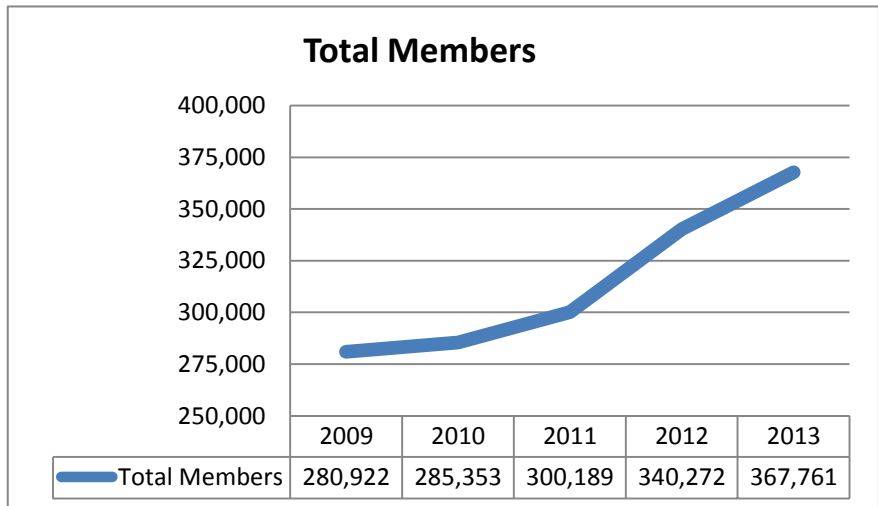
Additionally, Connections Credit Union acquired one branch in its merger acquisition of Magic Valley Federal Credit Union on February 28, 2014; the location of this new branch is 1445 Addison Avenue East in Twin Falls. Finally, Icon Credit Union acquired three Boise branches in its merger acquisition of Boise U.S. Employees Federal Credit Union on June 1, 2014. The new branches are located at 910 North Orchard Street, 550 West Fort Street, and 2201 South Cole Road.

Performance and Condition of Idaho Credit Unions

During calendar year 2013, Idaho state-chartered credit unions experienced average membership growth of 8.1 percent, asset growth of 10.1 percent, loan growth of 15.4 percent, and net worth growth of 12.1 percent. These figures compare favorably to the nationwide credit union averages of 2.5 percent for membership growth, 3.9 percent for asset growth, loan growth of 7.9 percent, and net worth growth of 7.3 percent. Idaho credit unions continue to manage operations in an increasingly competitive financial environment. As a group, Idaho credit unions continue to provide financial security to their membership, offering needed products and providing basic financial services. The information used to compile the dollar figures and ratios presented in the following charts and narrative comments is derived from the consolidated Call Reports filed by Idaho's state-chartered credit unions for the period ending December 31, 2013.

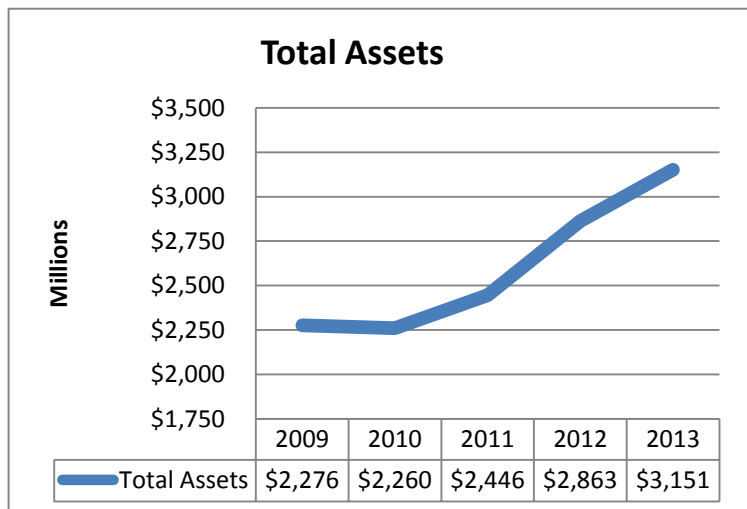
Members

Idaho state-chartered credit unions have a total membership of nearly 370,000 individuals as of year-end 2013. Total membership increased by approximately 27,500 in the last 12 months, representing an 8.0 percent annual growth rate.



Assets

Idaho state-chartered credit unions finished calendar year 2013 with total assets of \$3.15 billion, an increase of \$288.0 million from 2012. This represents a 10.1 percent annual growth rate and continues the double-digit annual asset growth rate experienced after the 2009-2011 economic recession.



Loans

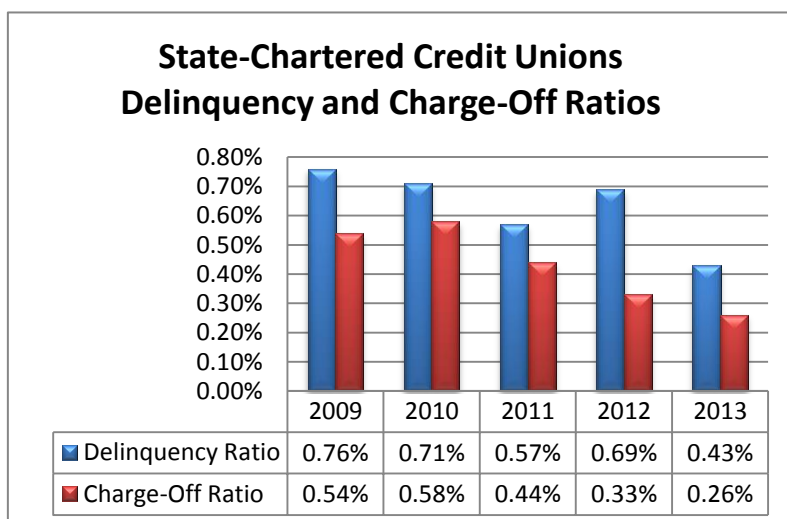
Idaho state-chartered credit unions increased total loans by \$331.1 million in calendar year 2013, providing for an annual growth rate of 15.4 percent. This level of growth compares favorably to the national loan growth rate of 7.9 percent. The low interest rate environment combined with an increasingly competitive loan market, while beneficial for consumers, has placed downward pressure on the loan yield earned by financial institutions. This is evidenced by the yield on average loans of 4.15 percent reported by Idaho state-chartered credit unions as of December 31, 2013, marking a 70 basis point year-over-year decline. The downward trend for the yield on average loans is also seen with all credit unions in the country, with a 41 basis point decline to 5.01 percent within the same time period. While total loans on the balance sheet increased by 15.4 percent, the reduced loan yield translates to a reduction of total loan interest income to \$95.82 million for 2013 as compared to \$96.76 million for 2012.

The composition of the \$2.48 billion Idaho state-chartered credit union loan portfolio is as follows: 38.04 percent in real estate-secured loans, 32.77 percent in used vehicle loans, 16.05 percent in new vehicle loans, 6.28 percent in unsecured credit card loans and other types of

unsecured credit, and 6.84 percent in all other loans. Loan growth was strongest in the new vehicle category at 29.2 percent followed by unsecured credit cards and other unsecured credit at 20.6 percent, used vehicle loans at 16.0 percent, and real estate secured loans at 10.8 percent. Credit unions are increasingly utilizing indirect lending relationships to generate new loans; total outstanding indirect loans increased by \$183.2 million, or 30.6 percent, in 2013 and indirect loans represent 31.61 percent of total loans at Idaho state-chartered credit unions as of December 31, 2013.

Delinquency and Charge-Offs

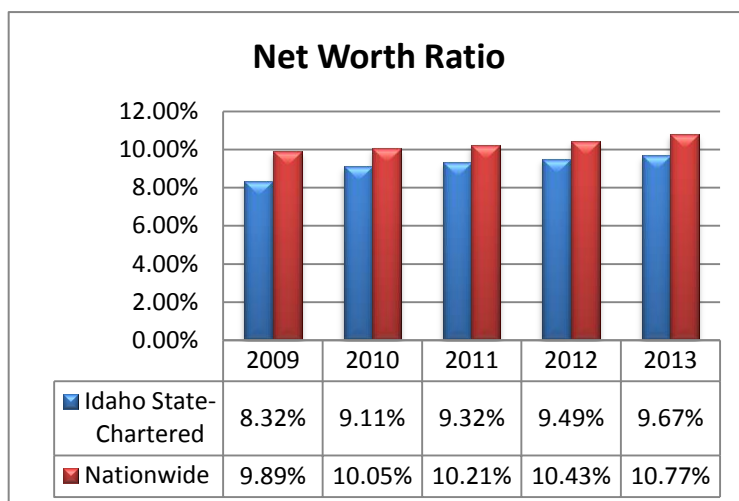
As a percentage of total loans, reportable loan delinquency decreased to 0.43 percent as of December 31, 2013, marking a 26 basis point year-over-year reduction. The Net Charge-Offs to Average Loans ratio also decreased in 2013, to 0.26 percent as of December 31, 2013. As a percentage of all real estate loans, total real estate loans past due at least 60 days also declined



within the past 12 months from 0.35 percent to 0.32 percent. Both delinquency and charge-off ratios are at historical lows when evaluating year-end data for the five year period ending December 31, 2013. This is positive news for credit unions and, when extrapolated, speaks to continued general economic recovery of the State of Idaho. Nationwide, the Delinquent Loans ratio decreased to 1.01 percent while the Net Charge-Off ratio also declined to 0.57 percent.

Net Worth

The Net Worth to Total Assets ratio (Net Worth ratio) increased from 9.49 percent to 9.67 percent in 2013. Total equity in dollars increased by \$33.2 million, or 12.1 percent, to \$305.1 million. The increase in the Net Worth ratio is due to net worth growth of 12.1 percent outpacing total asset growth of 10.1 percent in 2013. Idaho state-chartered credit unions continue to trail the national credit union Net Worth ratio average of 10.77 percent as of December 31, 2013.



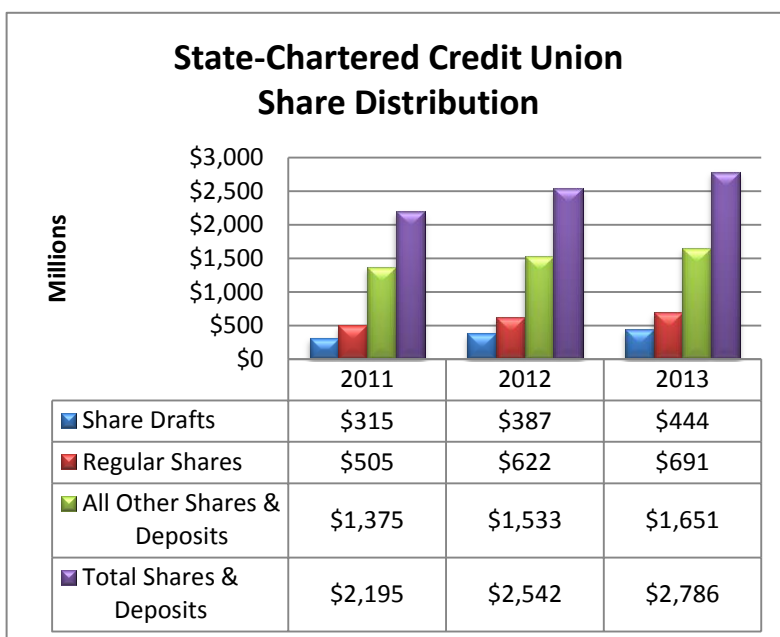
Operating Results

Idaho state-chartered credit unions reported \$32.2 million in net income for 2013, a decrease of \$4.4 million, or 12.1 percent, from 2012 earnings of \$36.6 million. The 1.07 percent Return on Average Assets ratio (ROAA) for Idaho state-chartered credit unions compares favorably to the ROAA ratio of 0.78 percent reported by all credit unions nationwide. When excluding stabilization expenses assessed by NCUA and ASI, the adjusted ROAA for Idaho state-chartered credit unions is 1.13 percent as compared to the 0.84 percent national average. As discussed above, the continued low interest rate environment combined with a competitive marketplace for loan financing has placed increased compression on financial institutions' operating margins. The yield on average loans declined by 70 basis points to 4.15 percent, while the yield on average investments fell by 8 basis points to 0.69 percent. These declines, despite a reduction in the Cost of Funds to Average Assets ratio (COF) of 10 basis points to 0.48 percent, have contributed to a decline in the Net Interest Margin to Average Assets ratio (NIM) from 3.21 percent to 2.82 percent year-over-year. The NIM captures interest earned on loans and investments while subtracting interest paid on borrowed money and subtracting dividends paid on share and deposit accounts. Nationally, credit unions are reporting a COF of 0.59 percent and a NIM of 2.80 percent.

Loan interest income for 2013 of \$95.8 million continued to constitute the largest portion of Idaho state-chartered credit unions' income. Investment income declined by \$323 thousand, or 8.5 percent, despite a \$14.7 million increase in total investments to \$292.7 million. Total interest expense, including dividend expense, interest paid on deposits and interest paid on borrowed money, declined by \$869 thousand, or 5.6 percent, in 2013.

Deposits

In 2013, total shares and deposits increased by 9.6 percent to \$2.79 billion. Total share drafts increased by 14.8 percent to \$444.1 million while total regular shares increased by 11.2 percent to \$691.4 million. Regular shares account for 24.82 percent of total shares, a slight increase from the 24.48 percent level noted as of year-end 2012. Certificates of deposit (CDs) continue to represent the largest portion of total shares and deposits at 30.42 percent. Money market shares grew by 3.9 percent to \$550.5



million while IRA/KEOGH accounts grew by 7.6 percent to \$194.9 million as of December 31, 2013.

Liquidity

Cash and cash equivalents decreased by \$77.8 million, or 26.5 percent, and totaled \$215.3 million as of December 31, 2013. Total investments increased by \$14.7 million, or 5.23 percent, from 2012. The Cash and Short Term Investments to Total Assets ratio (Liquidity ratio) of 10.12 percent represents a decrease from the 13.82 percent Liquidity ratio noted as of year-end 2012. Loans comprise 88.90 percent of total shares and 78.61 percent of total assets. Total off-balance sheet borrowing capacity increased by \$116.7 million, or 33.5 percent, to \$465.4 million as of December 31, 2013.

CONSUMER FINANCE BUREAU

Idaho Collection Agency Act
Idaho Credit Code
Idaho Loan Broker Statute
Idaho Mortgage Company Act
Idaho Residential Mortgage Practices Act

The Consumer Finance Bureau is the regulatory and licensing authority for regulated consumer lenders under the *Idaho Credit Code*. Regulated lenders include consumer finance companies, financial institutions, payday lenders, title lenders, and creditors who take assignments and undertake collection of payments from debtors arising from regulated consumer loans. Provisions of the *Idaho Credit Code* also apply to retail sellers of goods and services who extend credit to their customers.

The Bureau is committed to providing reasonable regulation of mortgage brokers, mortgage lenders, mortgage loan originators, and mortgage service providers operating in Idaho under the *Idaho Residential Mortgage Practices Act* and the *Idaho Mortgage Company Act*.

The Bureau is responsible for the licensing and enforcement provisions of the *Idaho Collection Agency Act*. Collection agencies that engage in collection activities with Idaho residents are required to obtain a license under, and comply with, the provisions of the Act. Entities that engage in credit counseling, debt counseling, or credit repair within the state of Idaho are also required to obtain a license and comply with the provisions of the Act.

The Bureau administers and enforces Idaho's Loan Broker statute that prohibits loan brokers operating in Idaho from receiving any fee, interest, or other charge prior to a loan or extension of credit, or written commitment to loan or extend credit, made by an authorized lender.

Compliance with the above laws is reviewed by onsite examinations of licensees and by investigations of complaints filed with the Consumer Finance Bureau. The goal of the Bureau is to assure the availability and quality of consumer financial services and lawful debt collection practices. The Consumer Finance Bureau currently has a 23 member staff.

IDAHO CREDIT CODE

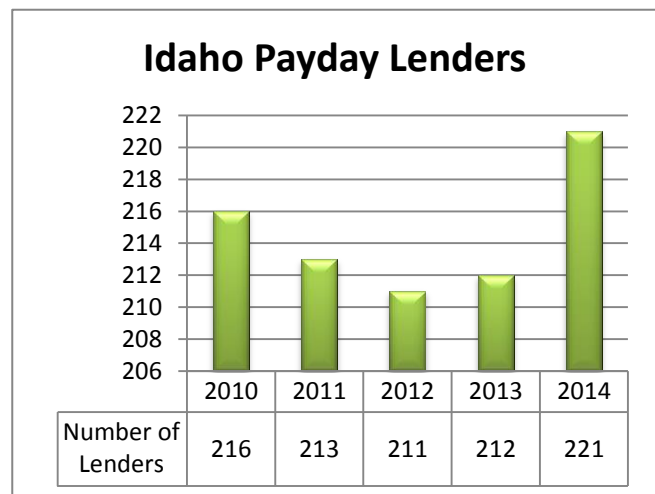
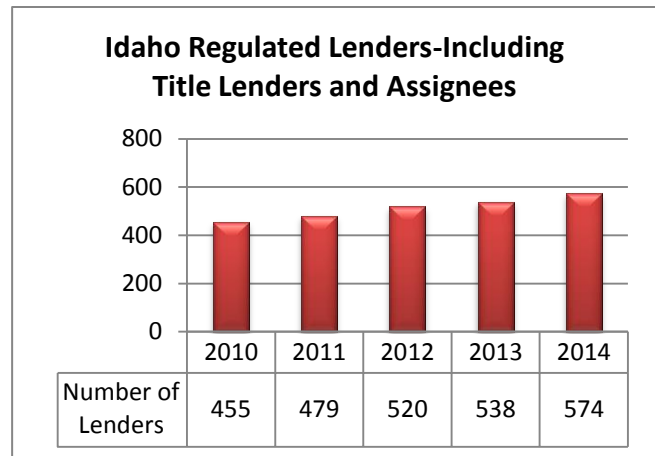
The *Idaho Credit Code* (ICC) is a state law that regulates specific terms and conditions of consumer credit in Idaho. A consumer credit transaction is a credit sale or loan in which the credit or loan is extended by a person who is regularly engaged in the offering of credit or financing to borrowers who will use it for personal, family or household purposes, and in which a finance charge is imposed or the debt is payable in installments.

The ICC does not apply to first mortgages but does apply to subordinate lien mortgages. Most other consumer credit transactions such as automobile loans and extensions of credit through credit cards are subject to the ICC. The ICC also applies to payday loan transactions and short-term equity loans on titled vehicles. The ICC includes specific lending procedures and consumer protection provisions for the payday and title lending industries in Idaho, as well as separate licensing requirements for payday lenders. The ICC also includes other generally applicable consumer protection provisions, such as a consumer’s right to be informed about the costs of a loan before it is made, the right to cancel a payday or title loan by the next business day after it is extended, the right, once per year, to an extended payment plan to pay off a payday loan, and the right to cancel certain home solicitation sales and real estate transactions.

Licensing/Lending Activity – Under the ICC, creditors engaged in the business of making

regulated consumer loans, or taking assignment of and undertaking direct collection of payments from debtors arising from regulated consumer loans, must obtain a regulated lender license. Regulated lenders must file for license renewal and submit composite annual reports annually.

During fiscal year 2014, lending activity by state licensed regulated lenders ranged from sole-proprietors located in Idaho to national finance companies with several million dollars in outstanding Idaho loans. The composition of regulated lenders consists of finance companies, including second mortgage lenders, consumer loan assignees, and payday/title lenders. As of



June 30, 2014, Idaho had 574 licensed regulated lender offices, which included title lenders, consumer loan assignees, consumer finance companies, and 221 licensed payday lender offices.

Compliance/Enforcement – In addition to answering consumer inquiries and complaints, Consumer Finance Bureau staff members conduct routine and “for-cause” on-site compliance examinations of licensed regulated lenders. The Bureau is committed to regularly examining licensees to ensure that their business practices comply with the provisions of the ICC. During fiscal year 2014, the Bureau’s field examiners conducted 13 examinations of payday lender offices, 28 examinations of title loan offices, and 7 examinations of other regulated consumer lender offices. Many licensees examined by the Bureau hold both a regulated lender license and a payday lender license. Therefore, Bureau examiners often have the ability to examine an entity’s payday lending activity and other regulated lending activity, including title loans, during a single examination. The Bureau also received and acted upon 35 complaints from Idaho consumers regarding entities operating as regulated lenders or title lenders, and 39 complaints against payday lenders. During fiscal year 2014, the Bureau ordered one unlicensed payday lender to cease and desist from offering payday loans to Idaho consumers and entered into one Consent Order with an unlicensed payday lender. Details of these actions are included in Exhibit VI.

IDAHO COLLECTION AGENCY ACT

The Consumer Finance Bureau oversees collection agencies that collect from Idaho residents under the authority of the *Idaho Collection Agency Act* (Act). Consumers have an obligation to pay their debts. However, collection agencies must deal openly, fairly, honestly and without deception when collecting debts. This includes complying with the federal Fair Debt Collection Practices Act.

Licensing – Under the Act, the following activities cannot be conducted in Idaho by non-exempt entities without first obtaining an Idaho collection agency license:

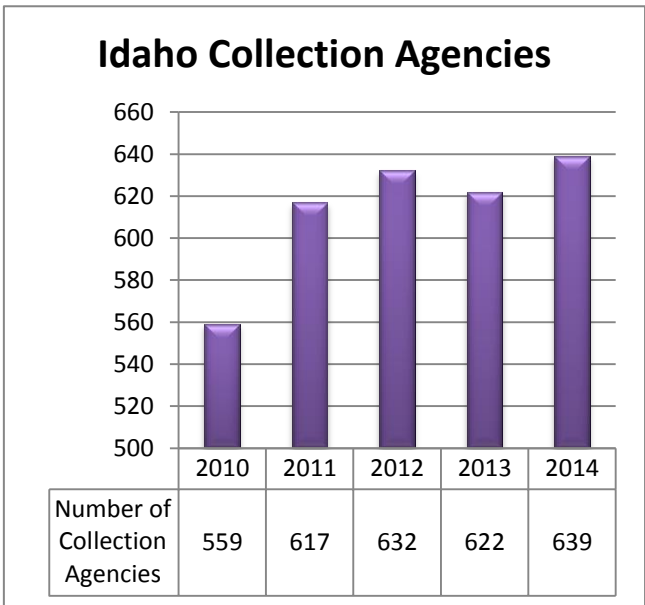
- Operating as a collection agency, debt counselor, credit counselor, or credit repair organization;
- Engaging, either directly or indirectly, in the business of collecting or receiving payment for another of any account, bill, claim, or other indebtedness;
- Soliciting or advertising to collect or receive payment for another of any account, bill, claim, or other indebtedness;
- Selling or distributing any system of collection letters in which the name of any person other than the creditor to whom the debt is owed appears;
- Engaging in any activity which indicates that a third party may be involved in effecting collections;

- Engaging in the business of credit or debt counseling, or credit repair; or
- Engaging in, or offering to engage in, the business of collecting any form of indebtedness for that person’s own account if the indebtedness was acquired from another person and if the indebtedness was either delinquent or in default at the time it was acquired.

No matter where located, all entities engaged in any of the activities listed above in Idaho are required to obtain a Collection Agency license, which license must be renewed annually.

As of June 30, 2014, Idaho had 639 Idaho collection agency licensees. These agencies had a combined total of 45,879 individual solicitors/collectors registered with the

Department. Additionally, at fiscal year end the Department had 49 credit/debt counselors, 6 credit repair organizations, and 114 debt buyers licensed under the Act.



Compliance/Enforcement – In addition to answering consumer inquiries and complaints, Bureau examiners regularly conduct on-site compliance examinations of licensed collection agencies. During the past fiscal year, Bureau examiners conducted 16 examinations of companies licensed under the Act. The Department received 159 complaints against collection agencies and debt buyers and 16 complaints against credit/debt counselors. The Department entered into an administrative Consent Order with one company to resolve allegations of violations of the Act. Furthermore, the Department revoked the license of one collection agency for failure to meet the licensing requirements of the Act. Details of these actions are included in Exhibit VI.

IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT AND IDAHO MORTGAGE COMPANY ACT

Under the *Idaho Residential Mortgage Practices Act* (Act), all non-exempt office locations from which mortgage brokering or mortgage lending activities are conducted are required to be licensed with the Department. The provisions of the Act also extend to individuals who originate residential mortgage loans for mortgage broker and lender licensees. The purpose of the Act is to ensure that companies and individuals offering mortgage services in Idaho meet minimum standards and that consumers are protected against unfair practices.

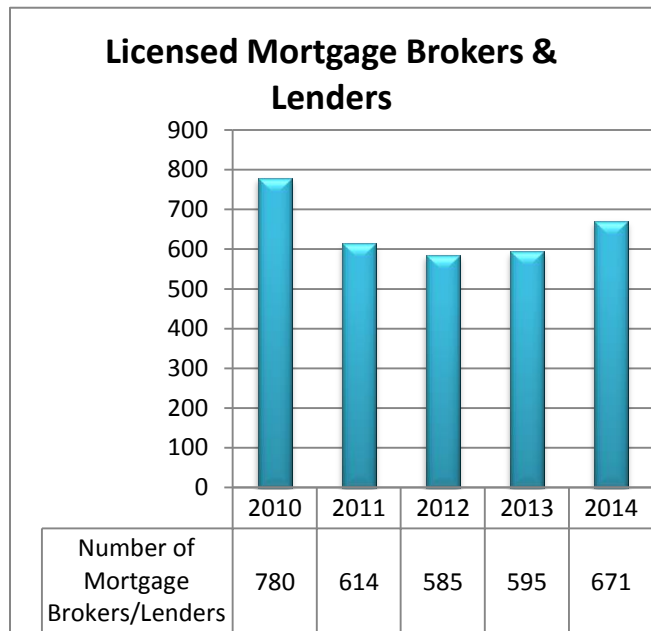
Mortgage brokers are companies in the business of:

- (i) assisting borrowers in obtaining mortgage loans from banks or other lenders; or
- (ii) assisting others to obtain an adjustment or compromise of an existing residential mortgage loan.

Mortgage lenders fund mortgage loans and may also perform the mortgage brokering activities mentioned above. Loan originators assist in the preparation of applications for new residential mortgage loans and for modifications of existing residential mortgage loans. The Act applies to those making first mortgage loans as well as to those making subordinated lien loans secured by a dwelling, as defined in section 103(w) of the Truth in Lending Act (15 USC Section 1601 *et seq.*), located in Idaho, or on residential real estate.

In addition, the Department has authority under the *Idaho Mortgage Company Act* to ensure that mortgage companies are properly handling borrower reserves, impound and escrow accounts, as well as properly applying borrower payments.

Licensing – The Act requires that mortgage brokers/lenders obtain a license for each location from which they conduct mortgage brokering/lending activities in Idaho. Licensees are not required to have a physical office location in Idaho. In fact, the Department has license holders nationwide. As of June 30, 2014, the Department had 671 active mortgage broker/lender licenses in effect. The Department also had 2,642 mortgage loan originator licenses in effect as of that date.



Compliance – The Bureau conducts on-site examinations, and investigations when warranted, of mortgage brokers, lenders, and mortgage loan originators to verify that business is conducted in

compliance with the Act. During fiscal year 2014, the Department conducted examinations of 72 mortgage broker/lender licensees as well as examinations of 341 mortgage loan originators for compliance with the Act. The Bureau also handles customer complaints and inquiries. During fiscal year 2014, the Department received and processed 31 complaints against mortgage service providers, 32 complaints against mortgage brokers/lenders, and 12 complaints against individual mortgage loan originators.

Mortgage Loan Delinquencies – In fiscal year 2014, the Department observed a decrease over the previous year in the rates of residential loans in Idaho reported as seriously delinquent or in foreclosure. At the end of the second quarter of fiscal year 2014 (December 31, 2013) the number of residential mortgage loans in Idaho that were in foreclosure or reported over 90 days delinquent had fallen to 3.24 percent from 4.48 percent one year earlier. This positive trend in reduced delinquencies and foreclosures in Idaho continued, and by the end of fiscal year 2014 Idaho's rates had dropped to 2.57 percent from 3.84 percent one year earlier. At fiscal year end, Idaho compared favorably to the national percentage of residential mortgage loans that were seriously delinquent or in foreclosure, which stood at 4.80 percent.

Enforcement – In fiscal year 2014, the Department ordered the denial of one mortgage loan originator license application. Additionally, the Department entered into an administrative Consent Order with one mortgage broker/lender to address violations of the Act. Furthermore, the Department entered into a Consent Judgment with one mortgage servicing company to address mortgage loan servicing issues affecting homeowners in Idaho. Details of these actions are included in Exhibit VI.

IDAHO LOAN BROKER STATUTE

Idaho's Loan Broker statute, Idaho Code § 26-2501 *et seq.*, prohibits anyone who acts as a loan broker in Idaho from receiving any fee, interest, or other charge prior to a loan or extension of credit being made to a borrower by an authorized lender, or prior to a written commitment of the same being made to a borrower by an authorized lender. During fiscal 2014, the Department received numerous inquiries from consumers contemplating paying upfront fees to loan brokers. In response to these inquiries, and in financial literacy trainings throughout the state, Bureau staff members regularly warn Idaho consumers of the perils of falling prey to advance fee loan scams. Perpetrators of advance fee loan scams commonly operate from outside of the United States but use local sounding addresses. Victims are commonly asked to wire money to foreign locations as a part of the scam.

REGULATORY AND EDUCATIONAL INITIATIVES

Mortgage Advisory Board – Pursuant to the provisions of the Idaho Residential Mortgage Practices Act, the Director appoints Idaho mortgage industry members to a Mortgage Advisory Board annually. The Mortgage Advisory Board meets throughout the year with the Department Director and Bureau staff members and provides valuable input on mortgage regulatory issues, market conditions, and industry initiatives. Through fiscal year 2014, the members of the Mortgage Advisory Board, who also represent mortgage industry associations in Idaho, provided the Department with vital feedback on the impact and application of amendments to the Idaho Residential Mortgage Practices Act, described below. The current members of the Mortgage Advisory Board are Chuck Anderson, Ty Porter, Allison Gillespie, Michelle Guth, and Jessika Ondrick.

Regulatory Initiatives – The 2013 Idaho Legislature adopted amendments to the Idaho Credit Code and the Idaho Residential Mortgage Practices Act that went into effect on July 1, 2014. The amendments provided consumer lenders and collection agencies operating in Idaho with the option of using the Nationwide Multistate Licensing System (NMLS) for maintaining their Idaho license records. The NMLS provides licensees the benefit of creating a single licensing record for use across state jurisdictions, using an online technology platform for submitting licensing information and maintaining license records, and allowing access 24/7 from any location with internet access. The amendments also provided a 60-day license reinstatement period for mortgage and consumer lender licensees who fail to renew their licenses on time. The new statutory reinstatement period allows companies to complete the licensing process more quickly in the event that they fail to renew their licenses on time. Following the implementation of these amendments, the Department observed significant usage of the NMLS by regulated lenders and collection agencies. Notably, as of the end of fiscal year 2014, 30 percent of the Department's licensed collection agencies, 30 percent of the Department's licensed regulated lenders, and 23.2 percent of the Department's licensed payday lenders had successfully transitioned to the NMLS for online maintenance of their licenses.

The Department continues to be regularly involved in the efforts of the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) to develop licensing and regulatory processes that meet the requirements of Idaho's adoption of requirements of the federal Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act). This includes participation by Bureau staff members on various committees to develop procedural standards for licensing, including licensee testing, and continuing education implemented through the NMLS. Throughout fiscal year 2014 Bureau staff members were in communication with the federal Consumer Financial Protection Bureau (CFPB), the federal agency with oversight responsibility to ensure the effective administration of the SAFE Act in Idaho.

Mortgage Recovery Fund – Idaho law establishes a mortgage recovery fund to provide reimbursement to persons damaged as a result of violations of the Idaho Residential Mortgage Practices Act. Mortgage licensees pay into the fund as a part of their initial license application and at the time of their annual license renewals. On an annual basis, the Department may apply up to \$50,000 of moneys accumulated in the mortgage recovery fund in excess of \$1,500,000 to: (i) fund the department’s expenses in administering the mortgage recovery fund; (ii) develop and implement consumer education concerning the residential mortgage industry; (iii) contract for research projects for the state concerning the residential mortgage industry; (iv) fund the training expenses of department staff members and its attorneys concerning the residential mortgage industry; and (v) publish and distribute educational materials to licensees and applicants for licensure under the Idaho Residential Mortgage Practices Act. At the end of fiscal year 2014 the mortgage recovery fund balance was \$1,740,708.31. As a consequence of attaining a fund balance in excess of \$1,500,000 by fiscal year end, the Department notified its mortgage licensees, pursuant to Idaho Code § 26-31-110(2), of a mortgage recovery fund “fee holiday” for the 2014 mortgage license renewal process.

SECURITIES BUREAU

Business Combination Act
Continuing Care Disclosure Act
Control Share Acquisition Act
Endowment Care Cemetery Act
Idaho Commodity Code
Idaho Escrow Act
Idaho Financial Fraud Prevention Act
Idaho Money Transmitters Act
Uniform Securities Act

The Securities Bureau administers and enforces several consumer and business protection statutes. Through the authority of the *Uniform Securities Act* and the *Idaho Commodity Code*, the Bureau regulates the sale of investment securities and those individuals and entities that offer investment opportunities to the public. The Bureau's objectives in administering and enforcing these statutes include promoting the integrity and vitality of state and federal financial markets, protecting the investing public from fraudulent investment schemes, and assisting legitimate businesses in their efforts to raise capital in Idaho. Through the *Idaho Escrow Act*, the Bureau provides oversight to independent escrow companies, as well as those providing 1031 exchange accommodation services.

In addition, the Bureau has limited duties under Idaho's *Control Share Acquisition Act*, *Business Combination Act*, *the Continuing Care Disclosure Act*, and the *Idaho Financial Fraud Prevention Act*. Also, the Bureau ensures that endowed care cemeteries properly handle the funds and trust placed with them through administration of the *Endowment Care Cemetery Act*. Finally, the Securities Bureau is responsible for the licensing and enforcement provisions of the *Idaho Money Transmitters Act*. A money transmitter includes any business engaged in receiving money for transmission by any and all means and any business that issues payment instruments to purchasers (e.g., money orders).

Where individuals or entities violate these statutes, appropriate remedies are sought using statutory and administrative enforcement authority. The Bureau also provides assistance in criminal prosecutions when necessary.

UNIFORM SECURITIES ACT

The *Uniform Securities Act* (Act) seeks to preserve and promote legitimate securities markets by assisting companies in their attempts to raise capital and prevent investment fraud. While the Act is designed to protect investors from fraud, it does not protect investors from the possibility of investment loss resulting from securities price movements, market changes or business failures. The Act requires that persons who solicit investments provide complete disclosure of all the important aspects of the investment being promoted. With this information, investors are empowered to make reasoned investment decisions.

Idaho Registered Broker-Dealers and Investment Advisors

Securities Issuer Filings – Generally, any public offering of newly issued securities must be reviewed and registered with the Securities Bureau before it is offered to public investors. The review is designed to determine whether the offering materials provide full, fair and accurate disclosure of all material information and whether the offering materials contain fraudulent terms or the offering is structured unfairly.

Registration of Firms and Agents – The Bureau registers and provides oversight for most broker-dealers, securities sales agents and investment advisory representatives doing business in or from Idaho. Additionally, the Bureau registers and is the sole regulator for investment advisory (IA) firms that are located in Idaho and have assets under management of up to \$100 million. Every application for registration is examined either electronically or manually prior to approval. The Bureau had oversight responsibility for 1,495 broker-dealer firms and state registered investment adviser firms during FY 2014. This oversight also extends to nearly 102,000 individuals who currently hold Idaho registrations as broker-dealer agents, investment adviser representatives and issuer agents. While the aggregate number of broker-dealer and investment advisory firms has been somewhat static in recent years, the number of agents has continued to climb to another all-time high this fiscal year of 101,955.

Compliance – In an effort to assure that the securities industry is complying with the Uniform Securities Act, registration amendments are regularly reviewed to consider changes in the applicant's business, ownership and new disciplinary information. Bureau staff also investigates investor complaints, reviews advertising, and analyzes financial data on broker-dealer and investment adviser firms. Finally, periodic on-site examinations of broker-dealer and investment adviser offices are conducted to verify compliance with the Act and to educate industry professionals. When a violation is discovered, the Department determines whether sanctions are appropriate or whether other corrective action can address the issue. The Bureau may seek fines, deny, suspend or revoke licenses or initiate administrative or court action.

Enforcement – As an enforcement agency, one of the Bureau's missions is to protect Idaho investors from fraudulent investment schemes. Bureau professionals investigate complaints of

possible violations of the Act, negotiate administrative sanctions, assist in bringing civil lawsuits and assist in criminal prosecutions to enforce the law. The potential financial impact of securities cases under investigation or in the process of resolution during the fiscal year approached \$25 million. During FY 2014, the Securities Bureau initiated or completed 12 enforcement actions. Details of the administrative and civil court actions filed or completed by the Bureau during FY 2014 are provided in Exhibit V.

Rescission, Refunds and Penalties – As a result of the Bureau’s regulatory enforcement efforts, Idaho residents were offered, or awarded in judgments by the courts, nearly \$1 million in refunds on their securities investments due to the administrative and civil enforcement actions described earlier. This also includes voluntary rescission offers made in accordance with the Act. Unfortunately, only a small portion of this amount is collectible by the Department. For this reason, the Department encourages victims of investment fraud to pursue their own remedies and not rely on the Department to recover any lost funds. The Bureau assessed total fines and penalties of more than \$60,000 in fiscal year 2014. Much of this amount is also uncollectible.

IDAHO MONEY TRANSMITTERS

The Department of Finance is charged with the responsibility of administering and enforcing the *Idaho Money Transmitters Act*. A “money transmitter” is defined as any business engaged in receiving money for transmission, or transmitting money within the United States or to locations outside the United States, by any and all means including, but not limited to, payment instruments, wire transfers, and facsimile or electronic transfers. At fiscal year end, the Department had 81 licensees under this statute, an increase of more than 15 percent over the prior fiscal year. The number of money transmitter licensees has grown more than 50 percent since Fiscal 2010 as a result of new business models including Internet-only transmitters, stored value instruments and, most recently, crypto-currencies.

IDAHO ESCROW ACT

In fiscal year 2014, the Department transferred the administration of the Idaho Escrow Act from the Consumer Finance Bureau to the Department’s Securities Bureau. The *Idaho Escrow Act* assigns the Department regulatory oversight responsibilities for independent Idaho escrow agencies. Idaho escrow agencies, as defined in the Idaho Escrow Act, are required to obtain a license prior to engaging in escrow activities in Idaho. This includes exchange accommodators who facilitate “1031” exchanges, pursuant to 26 USC §1031. As of June 30, 2014, the Department had 37 licensees authorized to engage in escrow activities in the state of Idaho.

ENDOWMENT CARE CEMETERIES

The purpose of the *Endowment Care Cemetery Act* is to ensure that sound business practices essential to the continued furnishing of endowed or perpetual care cemeteries are followed. A

“perpetual” or “endowed care cemetery” is a cemetery where lots are sold under the representation that the cemetery and lots will receive perpetual maintenance and oversight. This “endowed care” is provided free of further cost to the purchaser after payment of the original purchase price for a lot or burial space. An endowed or perpetual care cemetery is required to establish an irrevocable trust fund in the sum of at least \$50,000 for the care of the cemetery. The income from the trust fund may only be used for the general care, maintenance, and embellishment of the cemetery. All “endowed care” or “perpetual care” cemeteries in Idaho are required to be registered with the Securities Bureau.

There are 12 endowed care cemeteries licensed in Idaho. Each of these cemeteries is required to submit a renewal fee and form every year, along with a financial statement for its trust account. The Securities Bureau conducts periodic audits of endowed care cemeteries to verify that the trust funds are being handled properly.

SUPPORTING SERVICES BUREAU

This Bureau provides enterprise operational support to the Director and the chiefs of the other Bureaus in carrying out their program responsibilities. This support is provided through the development and maintenance of the accounting system and records for the Department; maintenance of personnel records; preparation and submission of the Department's budget; providing financial, management and statistical reports; coordination of the Department's business services; maintenance of the Departments vehicles, and maintenance of the Department's information technology systems.

The Supporting Services Bureau completed several large projects during fiscal year 2014 including: developing a web-based licensing system for collection agents, IT, fiscal or budgetary support for national accreditations, replacement of key equipment, updating the strategic plan, the strategic IT plan, and overseeing increased design and transition into a comprehensive records management system. Databases for Mortgage Loan Originators, Mortgage Loan Originator Continuing Education, and CFB Case Management, again all received major upgrades. We also worked with Access Idaho and the Nationwide Multistate Licensing System (NMLS) to automate licensing of collection agencies, as well as solicitors and collectors. Many systems received significant synchronization capabilities and other upgrades.

The following information regarding the Department is included in the following exhibits:

Exhibit II	Summary of Income and Expenses
Exhibit VII	Department of Finance Staff

**DEPARTMENT OF FINANCE DIRECTORS/COMMISSIONERS
SINCE DATE OF CREATION BY ACT OF LEGISLATURE IN 1905**

<u>Director/Commissioner</u>	<u>Term of Office</u>
Charles S. Loveland	March 6, 1905 to June 1, 1907
W. S. Chaney	June 1, 1907 to March 6, 1909
William G. Cruse	March 6, 1909 to June 2, 1911
V. W. Platt	June 2, 1911 to February 1, 1913
A. E. Reid	February 1, 1913 to February 6, 1915
G. R. Hitt	February 6, 1915 to January 25, 1919
Jay Gibson	January 25, 1919 to September 10, 1920
J. G. Fralick	September 10, 1920 to February 7, 1923
E. W. Porter	February 7, 1923 to February 1, 1931
Ben Diefendorf	February 1, 1931 to January 13, 1937
George W. Wedgwood	January 13, 1937 to January 1, 1939
G. L. Jenkins	January 1, 1939 to January 6, 1941
George W. Wedgwood	January 6, 1941 to January 4, 1943
G. L. Jenkins	January 4, 1943 to January 2, 1945
J. B. Newport	January 4, 1945 to December 28, 1946
William J. Sewell	December 28, 1946 to January 6, 1947
E. F. Haworth	January 6, 1947 to August 15, 1952
Austin Schauweiler	August 15, 1952 to May 14, 1954
R. U. Spaulding	June 17, 1954 to April 14, 1961
J. L. McCarthy	June 1, 1961 to July 9, 1965
Tom D. McEldowney (Acting)	August 10, 1965 to January 31, 1967
John D. Silva	February 1, 1967 to January 4, 1971
Tom D. McEldowney (Acting)	January 4, 1971 to August 29, 1971
Tom D. McEldowney	August 30, 1971 to March 31, 1987
Belton J. Patty	April 1, 1987 to January 1, 1995
Gavin M. Gee (Acting)	January 2, 1995 to March 13, 1996
Gavin M. Gee	March 13, 1996 to Present

SUMMARY OF INCOME AND EXPENSES

July 1, 2013 through June 30, 2014

INCOME BY SOURCE

Dedicated Account-----	\$12,006,160
TOTAL INCOME COLLECTED-----	\$12,006,160

APPROPRIATION

Dedicated Account-----	\$6,762,800
TOTAL APPROPRIATION-----	\$6,762,800

EXPENDITURES

Personnel Costs-----	\$5,066,456
Operating Expenditures-----	\$1,505,330
Capital Outlay-----	\$52,301
TOTAL EXPENDITURES-----	\$6,624,087
BALANCE OF APPROPRIATION-----	\$138,713

EXPENDITURES BY MAJOR CLASSES

Salaries & Wages-----	\$3,709,852
Personnel Benefits-----	\$1,356,604
Communication Services-----	\$47,068
Employee Development & Other Services-----	\$142,371
Professional Services-----	\$435,701
Repairs & Maintenance Service-----	\$50,654
Administrative Services-----	\$1,791
DP Services-----	\$121,488
Employee Travel-----	\$302,027
Materials & Supplies-----	\$44,204
Insurance-----	\$3,102
Rentals & Operating Leases-----	\$327,128
Miscellaneous Operating Expenditures-----	\$29,796
Capital Outlay-----	\$52,301
	\$6,624,087

TRANSFERRED TO GENERAL FUND ----- \$4,957,765

PERSONNEL STATUS	POSITIONS	POSITIONS	POSITIONS
June 30	AUTHORIZED	APPROPRIATED	FILLED
Full-Time Employees	64	64	61

FUND SOURCE B

Security Investor Fund (Securities Fines Only)-----	\$50,000.00
-	
	<u>\$50,000.00</u>

EXPENDITURES

Personnel Costs-----	\$0
Operating Expenditures-----	\$50,000
Capital Outlay-----	\$0
	<u>\$50,000</u>
	<u>\$0</u>

FUND SOURCE C

Mortgage Recovery Fund-----	<u>\$1,740,708</u>
TOTAL COLLECTED -----	
-	<u>\$1,740,708</u>

STATE OF IDAHO
STATE-CHARTERED BANKS AND SAVINGS BANKS*
COMPARATIVE STATEMENT
Close of Business 12/31/13 and 12/31/12
(000's Omitted)

	2013	2012	\$ Change
Cash and balances due from depository institutions			
Noninterest-bearing balances and currency and coin	126,749	172,335	(45,586)
Interest-bearing balances	583,561	606,702	(23,141)
Securities:			
Held-to-maturity securities	140,943	128,693	12,250
Available-for-sale securities	1,248,895	1,327,708	(78,813)
Federal funds sold and securities purchased under agreements to resell			
Federal funds sold	49,111	47,774	1,337
Securities purchased under agreements to resell			
Loans and lease financing receivables			
Loans and leases held for sale	14,872	44,205	(29,333)
Loans and leases, net of unearned income	3,194,550	3,100,277	94,273
LESS: Allowance for loan and lease losses	64,186	68,732	(4,546)
Loans and leases, net of unearned income and allowance	3,130,364	3,031,545	98,819
Trading assets	3,612	3,054	558
Premises and fixed assets (including capitalized leases)	149,323	142,884	6,439
Other real estate owned	47,422	69,740	(22,318)
Investments in unconsolidated subsidiaries and associated companies			
Intangible assets:			
Goodwill	419	377	42
Other intangible assets	2,665	2,986	(321)
Other assets	179,018	166,561	12,457
Total assets	<u>5,676,954</u>	<u>5,744,564</u>	<u>(67,610)</u>
Deposits:			
In domestic offices:			
Noninterest-bearing	4,696,100	4,811,098	(114,998)
Interest-bearing	1,366,665	1,353,179	13,486
Federal funds purchased and securities sold under agreements to repurchase	3,329,435	3,457,918	(128,483)
Federal funds purchased			
Securities sold under agreements to repurchase	213,342	171,251	42,091
Trading liabilities	3,612	3,054	558
Other borrowed money	41,199	30,677	10,522
Bank's liability on acceptances executed and outstanding			
Subordinated notes and debentures			
Other liabilities	39,719	33,919	5,800
Total liabilities	<u>4,993,971</u>	<u>5,049,999</u>	<u>(56,028)</u>
Minority interest in consolidated subsidiaries			
Perpetual preferred stock and related surplus			
Common stock	96,111	92,753	3,358
Surplus (exclude all surplus related to preferred stock)	492,996	487,634	5,362
Retained earnings and Other Equity Capital Components	93,875	114,178	(20,303)
Total equity capital	<u>682,982</u>	<u>694,565</u>	<u>(11,583)</u>
Total liabilities, minority interest, and equity capital	<u>5,676,954</u>	<u>5,744,564</u>	<u>(67,610)</u>

* Includes only state-chartered banks headquartered in Idaho as of 12/31/2013 and 12/31/2012
Source: Federal Deposit Insurance Corporation

DECEMBER 31, 2013
BANK OF IDAHO
IDAHO FALLS, IDAHO
Charter No. 240
Charter Issued September 13, 1985
Incorporated July 17, 1985

OFFICERS:

President & CEO: Park L. Price
Chief Financial Officer: Jeff R. Manser
Chief Credit Officer: Cam Payne

DIRECTORS:

Emma L. Atchley; Steven E. Carr;
Mario R. Hernandez; Kenlon P. Johnson;
Park L. Price; John P. Rigby; John L. Spicer

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	4,957
Interest-bearing balances	9,456
Securities:	
Held-to-maturity securities	180
Available-for-sale securities	55,984
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	4,743
Loans and leases, net of unearned income	160,957
LESS: Allowance for loan and lease losses	3,341
Loans and leases, net of unearned income and allowance	157,616
Trading assets	0
Premises and fixed assets (including capitalized leases)	4,317
Other real estate owned	4,244
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	3,073
Total assets	244,570
Deposits:	
In domestic offices:	221,046
Noninterest-bearing	72,733
Interest-bearing	148,313
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	2,264
Total liabilities	223,310
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	1,402
Surplus (exclude all surplus related to preferred stock)	13,381
Retained earnings	6,995
Accumulated other comprehensive income	(518)
Other equity capital components	0
Total equity capital	21,260
Total liabilities, minority interest, and equity capital	244,570

DECEMBER 31, 2013
bankcda
COEUR D'ALENE, IDAHO
Charter No. 258
Charter Issued May 3, 2001
Incorporated October 16, 2000

OFFICERS:

President & CEO: Wesley R. Veach
Chief Financial Officer: Ashley M. Lenz
Chief Credit Officer: Shelly Romine

DIRECTORS:

William J. Haley; C. Richard Nordstrom;
Robert Schmand; John C. Shovic;
Suzanne Sutton-Metzer; Craig S. Tedmon;
Wesley R. Veach

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	2,749
Interest-bearing balances	10,458
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	22,102
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	675
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	52,366
LESS: Allowance for loan and lease losses	1,053
Loans and leases, net of unearned income and allowance	51,313
Trading assets	0
Premises and fixed assets (including capitalized leases)	4,149
Other real estate owned	702
Intangible assets:	
Goodwill	42
Other intangible assets	261
Other assets	3,513
Total assets	95,964
Deposits:	
In domestic offices:	83,040
Noninterest-bearing	16,915
Interest-bearing	66,125
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	500
Trading liabilities	0
Other borrowed money	2,736
Subordinated notes and debentures	0
Other liabilities	214
Total liabilities	86,490
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	6,488
Surplus (exclude all surplus related to preferred stock)	1,822
Retained earnings	1,312
Accumulated other comprehensive income	(148)
Other equity capital components	0
Total equity capital	9,474
Total liabilities, minority interest, and equity capital	95,964

DECEMBER 31, 2013
COMMUNITY 1ST BANK
POST FALLS, IDAHO
Charter No. 261
Charter Issued May 21, 2007
Incorporated May 10, 2007

OFFICERS:

Chief Executive Officer: David P. Bobbitt
 President & Chief Operations Officer: Jerry C. Lyon
 Chief Financial Officer: Nicole M. Montgomery

DIRECTORS:

William R. Basom; David P. Bobbitt;
 W. Bill Booth; David B. Holloway;
 Cyndie J. Johnson-Lempesis; Jerry C. Lyon;
 Gary T. Schneidmiller; Jack P. Tibesar

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	691
Interest-bearing balances	20,419
Securities:	
Held-to-maturity securities	2,551
Available-for-sale securities	7,723
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	201
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	52,803
LESS: Allowance for loan and lease losses	1,073
Loans and leases, net of unearned income and allowance	51,730
Trading assets	0
Premises and fixed assets (including capitalized leases)	1,015
Other real estate owned	751
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	600
Total assets	85,681
Deposits:	
In domestic offices:	75,699
Noninterest-bearing	13,343
Interest-bearing	62,356
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	173
Total liabilities	75,872
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	5,250
Surplus (exclude all surplus related to preferred stock)	5,329
Retained earnings	(708)
Accumulated other comprehensive income	(62)
Other equity capital components	0
Total equity capital	9,809
Total liabilities, minority interest, and equity capital	85,681

DECEMBER 31, 2013
D. L. EVANS BANK
BURLEY, IDAHO
Charter No. 26
Charter Issued August 29, 1904
Incorporated August 29, 1904

OFFICERS:

President & CEO: John V. Evans, Jr.
Chief Financial Officer: Brenda Sanford
Chief Credit Officer: H. Scott Horsley

DIRECTORS:

David L. Evans, IV; Don S. Evans, Sr.; Don S. Evans, Jr.;
John V. Evans, Jr.; Larry L. Evans; Paula D. Evans;
Susan D. Evans-Scarlett; Martha Gilgen;
Glen R. Kunau; Lex H. Kunau

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	18,916
Interest-bearing balances	56,159
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	252,829
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	692
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	2,768
Loans and leases, net of unearned income	633,845
LESS: Allowance for loan and lease losses	13,965
Loans and leases, net of unearned income and allowance	619,880
Trading assets	0
Premises and fixed assets (including capitalized leases)	31,156
Other real estate owned	11,551
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	13,405
Total assets	1,007,356
Deposits:	
In domestic offices:	810,176
Noninterest-bearing	237,820
Interest-bearing	572,356
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	96,673
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	3,918
Total liabilities	910,767
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	901
Surplus (exclude all surplus related to preferred stock)	65,525
Retained earnings	29,338
Accumulated other comprehensive income	825
Other equity capital components	0
Total equity capital	96,589
Total liabilities, minority interest, and equity capital	1,007,356

DECEMBER 31, 2013
HOME FEDERAL BANK
NAMPA, IDAHO
Charter No. 264
Charter Issued May 31, 2011
Incorporated January 1, 1920

OFFICERS:

President & CEO: Len E. Williams
Chief Financial Officer: Eric S. Nadeau
Chief Credit Officer: Cindy Bateman

DIRECTORS:

N. Charles Hedemark; Bradley J. Little;
Richard J. Navarro; James R. Stamey;
Daniel L. Stevens; Robert A. Tintzman; Len E. Williams

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	18,497
Interest-bearing balances	88,010
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	385,633
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	416,490
LESS: Allowance for loan and lease losses	9,046
Loans and leases, net of unearned income and allowance	407,444
Trading assets	0
Premises and fixed assets (including capitalized leases)	24,753
Other real estate owned	4,726
Investments in unconsolidated subsidiaries and associated companies	0
Intangible assets:	
Goodwill	0
Other intangible assets	2,062
Other assets	62,093
Total assets	<u>993,218</u>
Deposits:	
In domestic offices:	831,531
Noninterest-bearing	173,298
Interest-bearing	658,233
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	12,954
Total liabilities	<u>844,485</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	1
Surplus (exclude all surplus related to preferred stock)	88,893
Retained earnings	65,074
Accumulated other comprehensive income	(5,235)
Other equity capital components	0
Total equity capital	<u>148,733</u>
Total liabilities, minority interest, and equity capital	<u><u>993,218</u></u>

DECEMBER 31, 2013
IDAHO BANKING COMPANY
BOISE, IDAHO
Charter No. 250
Charter Issued October 3, 1996
Incorporated May 14, 1996

OFFICERS:

President & CEO: James Latta
Chief Financial Officer: Bruce Barfuss

DIRECTORS:

V. Dale Babbitt; M. Dean Buffington;
B. Randy Harris; James C. Latta;
John S. Simko

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,751
Interest-bearing balances	20,029
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	6,483
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	2
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	62,218
LESS: Allowance for loan and lease losses	4,119
Loans and leases, net of unearned income and allowance	58,099
Trading assets	0
Premises and fixed assets (including capitalized leases)	3,058
Other real estate owned	5,637
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	4,711
Total assets	<u>99,770</u>
Deposits:	
In domestic offices:	95,919
Noninterest-bearing	28,256
Interest-bearing	67,663
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	374
Total liabilities	<u>96,293</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	4,299
Surplus (exclude all surplus related to preferred stock)	21,328
Retained earnings	(22,190)
Accumulated other comprehensive income	40
Other equity capital components	0
Total equity capital	<u>3,477</u>
Total liabilities, minority interest, and equity capital	<u><u>99,770</u></u>

DECEMBER 31, 2013
IDAHO FIRST BANK
MCCALL, IDAHO
Charter No. 259
Charter Issued September 3, 2005
Incorporated March 3, 2005

OFFICERS:

President & CEO: Greg P. Lovell
Chief Financial Officer: Don D. Madsen
Chief Lending Officer: Kathleen Lewis

DIRECTORS:

Don F. Driscoll; Justin C. Dye;
James F. Fletcher; Daniel C. Krahn;
Larry LaRocco; Greg P. Lovell;
Mark J. Miller; William B. Rawlings

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	2,179
Interest-bearing balances	2,369
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	4,953
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	1,755
Loans and leases, net of unearned income	72,807
LESS: Allowance for loan and lease losses	1,134
Loans and leases, net of unearned income and allowance	71,673
Trading assets	0
Premises and fixed assets (including capitalized leases)	5,050
Other real estate owned	610
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	2,279
Total assets	<u>90,868</u>
Deposits:	
In domestic offices:	
Noninterest-bearing	79,878
Interest-bearing	12,383
Interest-bearing	67,495
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	1,000
Subordinated notes and debentures	0
Other liabilities	501
Total liabilities	<u>81,379</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	18,069
Surplus (exclude all surplus related to preferred stock)	0
Retained earnings	(8,511)
Accumulated other comprehensive income	(69)
Other equity capital components	0
Total equity capital	<u>9,489</u>
Total liabilities, minority interest, and equity capital	<u>90,868</u>

DECEMBER 31, 2013
IDAHO INDEPENDENT BANK
COEUR D'ALENE, IDAHO
Charter No. 246
Charter Issued September 7, 1993
Incorporated November 3, 1992

OFFICERS:

Chief Executive Officer: Jack W. Gustavel
President & Chief Operating Officer: Kurt R. Gustavel
Cashier: Paul H. Montreuil

DIRECTORS:

Roy L. Eiguren; Jack W. Gustavel;
Kurt R. Gustavel; Jerald J. Jaeger;
Gary L. Mahn; Alicia A. Ritter

Cash and balances due from depository institutions	(000's omitted)
Noninterest-bearing balances and currency and coin.	8,073
Interest-bearing balances	102,175
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	78,574
Federal funds sold and securities purchased under agreements to resell	
Federal funds sold	275
Securities purchased under agreements to resell	0
Loans and lease financing receivables	
Loans and leases held for sale	4,992
Loans and leases, net of unearned income	236,589
LESS: Allowance for loan and lease losses	5,925
Loans and leases, net of unearned income and allowance	230,664
Trading assets	3,612
Premises and fixed assets (including capitalized leases)	17,499
Other real estate owned	2,532
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	20,881
Total assets	<u>469,277</u>
Deposits:	
In domestic offices:	366,620
Noninterest-bearing	127,838
Interest-bearing	238,782
Federal funds purchased and securities sold under agreements to repurchase	
Federal funds purchased	0
Securities sold under agreements to repurchase	15,900
Trading liabilities	3,612
Other borrowed money	22,920
Subordinated notes and debentures	0
Other liabilities	5,886
Total liabilities	<u>414,938</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	44,746
Surplus (exclude all surplus related to preferred stock)	41,761
Retained earnings	(21,190)
Accumulated other comprehensive income	61
Other equity capital components	(11,039)
Total equity capital	<u>54,339</u>
Total liabilities, minority interest, and equity capital	<u>469,277</u>

DECEMBER 31, 2013
IDAHO TRUST BANK
BOISE, IDAHO
Charter No. 263
Charter Issued December 4, 2008
Incorporated December 4, 2008

OFFICERS:

Chief Executive Officer: Daniel W. Prohaska
President: Thomas F. Prohaska
Chief Financial Officer: Ronnie Zivanic

DIRECTORS:

John B. Dimmer; Stanley K. Fornander;
Richard H. Jones; Daniel W. Prohaska;
Thomas F. Prohaska

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,554
Interest-bearing balances	18,327
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	1,334
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	470
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	45,266
LESS: Allowance for loan and lease losses	1,360
Loans and leases, net of unearned income and allowance	43,906
Trading assets	0
Premises and fixed assets (including capitalized leases)	4,088
Other real estate owned	1,266
Intangible assets:	
Goodwill	155
Other intangible assets	0
Other assets	4,778
Total assets	75,878
Deposits:	
In domestic offices:	57,996
Noninterest-bearing	10,730
Interest-bearing	47,266
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	152
Total liabilities	58,148
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	2,000
Surplus (exclude all surplus related to preferred stock)	14,529
Retained earnings	1,204
Accumulated other comprehensive income	(3)
Other equity capital components	0
Total equity capital	17,730
Total liabilities, minority interest, and equity capital	75,878

DECEMBER 31, 2013
IRELAND BANK
MALAD CITY, IDAHO
Charter No. 7
Charter Issued May 1, 1899
Incorporated December 8, 1892

OFFICERS:

President & CEO: Bruce Lowry
Chief Financial Officer: Tony McClain
Chief Credit Officer: Blake Marchant

DIRECTORS:

Timothy P. Deeg; David G. Jenkins;
Bruce Lowry; Randall E. Marshall;
Randon W. Wilson

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,982
Interest-bearing balances	7,523
Securities:	
Held-to-maturity securities	15,626
Available-for-sale securities	54,886
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	127,316
LESS: Allowance for loan and lease losses	1,648
Loans and leases, net of unearned income and allowance	125,668
Trading assets	0
Premises and fixed assets (including capitalized leases)	1,720
Other real estate owned	2,353
Intangible assets:	
Goodwill	222
Other intangible assets	0
Other assets	8,579
Total assets	218,559
Deposits:	
In domestic offices:	194,413
Noninterest-bearing	69,556
Interest-bearing	124,857
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	381
Trading liabilities	0
Other borrowed money	4,743
Subordinated notes and debentures	0
Other liabilities	928
Total liabilities	200,465
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	705
Surplus (exclude all surplus related to preferred stock)	6,370
Retained earnings	12,918
Accumulated other comprehensive income	(1,899)
Other equity capital components	0
Total equity capital	18,094
Total liabilities, minority interest, and equity capital	218,559

DECEMBER 31, 2013
NORTHWEST BANK
BOISE, IDAHO
Charter No. 262
Charter Issued March 25, 2008
Incorporated September 6, 2007

OFFICERS:

President & CEO: Steven D. Wasson
Chief Financial Officer: Debra L. Johnson
Chief Credit Officer: Thomas A. Vander Ploeg

DIRECTORS:

Tami M. Chafin; Jeffery D. Gow;
William K. Ilett; John W. Mitchell;
Rob Perez; Steven D. Wasson

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	5,169
Interest-bearing balances	35,502
Securities:	
Held-to-maturity securities	2,048
Available-for-sale securities	13,251
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	183,920
LESS: Allowance for loan and lease losses	2,205
Loans and leases, net of unearned income and allowance	181,715
Trading assets	0
Premises and fixed assets (including capitalized leases)	325
Other real estate owned	625
Intangible assets:	
Goodwill	0
Other intangible assets	322
Other assets	3,896
Total assets	242,853
Deposits:	
In domestic offices:	195,270
Noninterest-bearing	52,226
Interest-bearing	143,044
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	
Other borrowed money	1,800
Subordinated notes and debentures	0
Other liabilities	1,323
Total liabilities	198,393
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	3,500
Surplus (exclude all surplus related to preferred stock)	39,230
Retained earnings	1,621
Accumulated other comprehensive income	109
Other equity capital components	0
Total equity capital	44,460
Total liabilities, minority interest, and equity capital	242,853

DECEMBER 31, 2013
PANHANDLE STATE BANK
SANDPOINT, IDAHO
Charter No. 238
Charter Issued May 15, 1981
Incorporated December 19, 1980

OFFICERS:

President & CEO: Curt B. Hecker
Chief Financial Officer: Douglas M. Wright
Chief Administrative Officer: Pamela R. Rasmussen
Chief Credit Officer: David A. Dean

DIRECTORS:

James T. Diehl; Ford Elsaesser;
Curt B. Hecker; Ron Jones; John Kubiak;
Maggie Lyons; John B. Parker; John Pietrzak;
Michael J. Romine; John L. Welborn

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	20,178
Interest-bearing balances	44,946
Securities:	
Held-to-maturity securities	28,286
Available-for-sale securities	251,638
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	614
Loans and leases, net of unearned income	522,648
LESS: Allowance for loan and lease losses	7,687
Loans and leases, net of unearned income and allowance	514,961
Trading assets	0
Premises and fixed assets (including capitalized leases)	34,685
Other real estate owned	3,684
Intangible assets:	
Goodwill	0
Other intangible assets	20
Other assets	38,053
Total assets	937,065
Deposits:	
In domestic offices:	720,948
Noninterest-bearing	250,691
Interest-bearing	470,257
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	99,888
Trading liabilities	0
Other borrowed money	4,000
Subordinated notes and debentures	0
Other liabilities	5,476
Total liabilities	830,312
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	2,688
Surplus (exclude all surplus related to preferred stock)	121,863
Retained earnings	(16,596)
Accumulated other comprehensive income	(1,182)
Other equity capital components	0
Total equity capital	106,753
Total liabilities, minority interest, and equity capital	937,065

DECEMBER 31, 2013
SYRINGA BANK
BOISE, IDAHO
Charter No. 251
Charter Issued February 13, 1997
Incorporated March 8, 1996

OFFICERS:

President & CEO: Scott Gibson
Chief Financial Officer: Brian Heim

DIRECTORS:

Hilario "Larry" J. Arguinchona;
Scott J. Chandler; Don Deters;
Scott Gibson; Bruce C. Parker

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	3,225
Interest-bearing balances	22,143
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	6,811
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	119,804
LESS: Allowance for loan and lease losses	4,021
Loans and leases, net of unearned income and allowance	115,783
Trading assets	0
Premises and fixed assets (including capitalized leases)	2,192
Other real estate owned	710
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	2,457
Total assets	<u>153,361</u>
Deposits:	
In domestic offices:	145,814
Noninterest-bearing	21,457
Interest-bearing	124,357
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	4,000
Subordinated notes and debentures	0
Other liabilities	403
Total liabilities	<u>150,216</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	5,082
Surplus (exclude all surplus related to preferred stock)	43,765
Retained earnings	(45,748)
Accumulated other comprehensive income	45
Other equity capital components	0
Total equity capital	<u>3,144</u>
Total liabilities, minority interest, and equity capital	<u><u>153,361</u></u>

DECEMBER 31, 2013
THE BANK OF COMMERCE
IDAHO FALLS, IDAHO
Charter No. 225
Charter Issued March 30, 1959
Incorporated March 30, 1959

OFFICERS:

President & CEO: Thomas J. Romrell
Chief Financial Officer: Ronald M. Johnson
Chief Credit Officer: A. Michael Morrison

DIRECTORS:

Ross M. Bowen;
Julian G. Cowley; Calvin J. Erb;
Newman Giles; Todd Groberg;
William Reed; Thomas J. Romrell

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	36,828
Interest-bearing balances	146,045
Securities:	
Held-to-maturity securities	92,252
Available-for-sale securities	106,694
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	46,796
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	507,521
LESS: Allowance for loan and lease losses	7,609
Loans and leases, net of unearned income and allowance	499,912
Trading assets	0
Premises and fixed assets (including capitalized leases)	15,316
Other real estate owned	8,031
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	10,660
Total assets	<u>962,534</u>
Deposits:	
In domestic offices:	817,750
Noninterest-bearing	279,419
Interest-bearing	538,331
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	5,153
Total liabilities	<u>822,903</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	29,200
Retained earnings	109,360
Accumulated other comprehensive income	71
Other equity capital components	0
Total equity capital	<u>139,631</u>
Total liabilities, minority interest, and equity capital	<u>962,534</u>

DECEMBER 31, 2013
THE IDAHO COMPANY
IDAHO FALLS, IDAHO
Charter No. 1
Incorporated November 28, 1986
BIDCO License Issued July 11, 1989

OFFICERS:
 Chairman & Manager:
 John Rigby

DIRECTORS:
 John Rigby;
 William F. Rigby;
 Fred T. Thompson, Jr.

	(000's Omitted)
<u>ASSETS</u>	
Cash.....	15
Loan Receivable.....	175
Less: Allowance for Loan Losses	81
Net Loans and Leases.....	94
Interest Receivable	8
Prepaid Expenses	0
Other Investments	1,817
Total Assets.....	1,934
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
Accounts Payable	5
Accrued Expenses	0
Notes Payable.....	326
Accrued Interest	16
Total Liabilities	347
<u>STOCKHOLDERS' EQUITY</u>	
Common Stock.....	1,142
Retained Earnings	444
Accumulated Other Comprehensive Activity.....	1
Total Stockholders' Equity.....	1,587
Total Liabilities and Stockholders' Equity.....	1,934

STATE OF IDAHO
STATE-CHARTERED CREDIT UNIONS
COMPARATIVE STATEMENT
Close of Business 12/31/13 and 12/31/12

	2013	2012	% Change
<u>ASSETS</u>			
Cash and Cash Equivalents	215,330,114	293,108,243	-26.54
Unsecured Credit Cards	120,804,579	100,623,170	20.06
All Other Unsecured Loans	34,719,575	28,322,587	22.59
New Auto Loans	397,544,748	307,593,192	29.24
Used Auto Loans	811,743,675	699,606,310	16.03
First Mortgage Real Estate Loans	802,918,165	719,693,776	11.56
Other Real Estate Loans	139,384,398	131,145,982	6.28
Other Loans, Leases, and Non-Federally Guaranteed Student Loans	168,645,237	158,807,967	6.19
Total Loans	\$2,476,843,656	\$2,145,792,984	15.43
Allowance for Loan and Lease Losses	-12,751,152	-14,504,373	-12.09
Loans Held For Sale	6,734,993	6,983,729	-3.56
Loans Including Loans For Sale Less ALLL	2,470,827,497	2,138,272,340	15.55
Available for Sale Securities	23,689,588	42,196,444	-43.86
Held-to Maturity Securities	74,488,308	25,321,116	194.17
Deposits in Commercial Banks, Savings & Loans, Savings Banks	155,083,391	174,623,584	-11.19
Loans to, Deposits in, & Investments in Natural Person Credit Unions	6,743,149	11,821,560	-42.96
Membership Capital and Paid-in Capital at Corporate Credit Unions	3,617,296	3,617,296	0.00
All Other Investments in Corporate Credit Unions	3,246,000	763,000	325.43
All Other Investments	25,860,798	19,710,521	31.20
Total Investments	\$292,728,530	\$278,053,521	5.28
Land and Building (Net of Dep)	102,348,811	90,857,535	12.65
Other Fixed Assets	14,195,667	12,255,316	15.83
NCUA Share Insurance Capitalization Deposit	24,443,219	21,740,308	12.43
Other Assets	29,867,801	26,522,620	12.61
TOTAL ASSETS	\$3,150,777,921	\$2,862,752,645	10.06
<u>LIABILITIES, SHARES AND EQUITY</u>			
Promissory and other Notes Payable	26,288,393	18,393,369	42.92
Accrued Dividends and Interest Payable	2,723,334	2,221,146	22.61
Accounts Payable & Other Liabilities	38,415,384	36,338,870	5.71
Total Liabilities	\$67,427,111	\$56,953,385	18.39
Share Drafts	444,055,007	386,916,469	14.77
Regular Shares	691,376,570	622,040,320	11.15
All Other Shares and Deposits	1,650,651,240	1,532,562,949	7.71
Total Shares And Deposits	\$2,786,082,817	\$2,541,519,738	9.62
Undivided Earnings	220,296,429	196,867,067	11.90
Regular Reserves	77,810,320	74,217,093	4.84
Other Reserves	229,118	229,118	0.00
Equity Acquired in Merger	6,777,542	588,841	1050.15
Unrealized Gain/Loss A-F-S SEC	-86,247	176,066	-148.99
Other Comprehensive Income	-7,754,169	-7,798,663	-0.57
Total Equity	\$297,267,993	\$264,279,522	12.48
TOTAL LIABILITIES, SHARES, AND EQUITY	\$3,150,777,921	\$2,862,752,645	10.06

**STATE OF IDAHO
STATE-CHARTERED CREDIT UNIONS
TOTAL ASSETS**

Name	City	State	12/31/2013	12/31/2012	% Change
<u>Idaho State-Chartered Credit Unions</u>					
A+ Credit Union	Idaho Falls	ID	15,359,636	17,045,304	-9.89
Boise Fire Department Credit Union	Boise	ID	8,952,322	8,343,883	7.29
Cassia County Education Association	Burley	ID	N/A	2,754,175	-
Clearwater Credit Union	Lewiston	ID	23,674,207	22,450,660	5.45
Connections Credit Union (previously known as Potelco United)	Pocatello	ID	127,290,591	65,280,282	94.99
Cornerstone Credit Union	Caldwell	ID	18,128,933	18,504,930	-2.03
E.S.A. Credit Union	Boise	ID	5,897,696	5,587,068	5.56
East Idaho Credit Union	Idaho Falls	ID	257,908,380	274,422,334	-6.02
Health Care Idaho Credit Union	Boise	ID	10,701,292	10,835,314	-1.24
Icon Credit Union (previously known as Idahy)	Boise	ID	163,446,923	164,155,909	-0.43
Idadiv Credit Union	Nampa	ID	55,163,271	44,531,641	23.87
Idaho Advantage Credit Union	Boise	ID	N/A	61,124,994	-
Idaho Central Credit Union	Pocatello	ID	1,511,535,391	1,255,000,100	20.44
Idaho United Credit Union	Boise	ID	27,151,441	27,332,336	-0.66
Jefferson County Public Employees Credit Union	Menan	ID	372,340	433,852	-14.18
Kamiah Community Credit Union	Kamiah	ID	55,816,125	51,764,737	7.83
Les Bois Credit Union	Boise	ID	87,723,143	85,829,869	2.21
Lewis Clark Credit Union	Lewiston	ID	46,644,982	47,020,008	-0.80
Lewiston Catholic Credit Union	Lewiston	ID	N/A	398,683	-
M.A.P. Credit Union	Burley	ID	1,927,126	1,758,934	9.56
Members Preferred Credit Union	Idaho Falls	ID	20,371,654	21,060,063	-3.27
Mini-Cassia Employees Credit Union	Burley	ID	614,145	554,527	10.75
Mountain Gem Credit Union	Nampa	ID	16,851,301	15,005,382	12.30
Northwest Christian Credit Union	Nampa	ID	41,397,351	39,052,904	6.00
Payette River Community Credit Union	Emmett	ID	N/A	6,980,032	-
Pine Tree Community Credit Union	Grangeville	ID	35,288,357	33,517,671	5.28
Pocatello Simplot Credit Union	Pocatello	ID	30,589,479	32,009,343	-4.44
Public Employees Credit Union	Coeur d'Alene	ID	9,114,968	8,759,354	4.06
Simcoe Credit Union	Burley	ID	N/A	5,703,811	-
Simplot Employees Credit Union	Caldwell	ID	18,341,210	18,861,800	-2.76
St. Alphonsus Medical Credit Union	Boise	ID	4,589,609	5,233,633	-12.31
St. Joe Valley Credit Union	St. Maries	ID	6,990,802	7,361,752	-5.04
Westmark Credit Union	Idaho Falls	ID	540,557,207	494,398,184	9.34
White Pine Credit Union	Pierce	ID	8,378,039	8,742,841	-4.17
Total Idaho State-Chartered Credit Union Assets			\$3,150,777,921	\$2,862,752,645	10.06
<u>Other State-Chartered Credit Unions Operating in Idaho (Idaho Assets)</u>					
Global Credit Union	Spokane	WA	31,255,532	31,413,128	-0.50
Horizon Credit Union	Spokane	WA	68,640,545	84,121,488	-18.40
Numerica Credit Union	Spokane	WA	164,948,090	150,501,348	9.60
Spokane Teachers Credit Union	Spokane	WA	84,939,755	73,522,065	15.53
Silverado Credit Union	Angwin	CA	1,355,094	1,238,390	9.42
Total Other State-Chartered Credit Unions			\$351,139,016	\$340,796,419	3.03
Total Idaho Assets			\$3,501,916,937	\$3,203,549,064	9.31

SECURITIES BUREAU SANCTIONS REPORT

I. CIVIL ENFORCEMENT ACTIONS INITIATED OR COMPLETED UNDER THE IDAHO UNIFORM SECURITIES ACT / IDAHO COMMODITY CODE

- September 24, 2013 **BART TED TAYLOR, Ammon, ID** – The Department filed a civil securities lawsuit against Bart Ted Taylor in 2012. The complaint cited violations of the registration and anti-fraud provisions of the Idaho Uniform Securities Act. Taylor was alleged to have offered and sold securities in the form of promissory notes to approximately 14 investors, in an aggregate amount of around \$688,000. Investor money was sent to a Utah company called Horizon Auto Funding, LLC (Horizon Auto), which was intended to fund loans to automobile purchasers. Taylor referred some of his insurance clients to Horizon Auto, helped them invest in Horizon, and received compensation for these referrals. Horizon Auto filed for Chapter 11 bankruptcy protection on October 12, 2011, and investors have been unable to obtain any return of their invested monies. In settlement of this action, Taylor agreed to pay \$19,891.55 as restitution to investors, pay \$2,000 in penalties and is permanently barred from future violations of Idaho securities laws and selling securities in Idaho. Taylor neither admitted nor denied the state’s allegations of misrepresentations and omissions of important information.
- February 13, 2014 **KEITH FARRELL RASMUSSEN** – A civil securities lawsuit was filed in January 2013, against Idaho Falls resident, Keith Rasmussen. The complaint alleged that Rasmussen obtained more than \$500,000 from at least five Idahoans amid promises that their investment was safe and would be secured by a deed of trust on elder care facilities owned and operated by Rasmussen. The complaint alleged that Rasmussen misrepresented to some investors that their investment was risk free and he failed to inform other investors that the funds from their investment would be used to repay prior investors. The suit was settled in February 2014. Rasmussen is permanently barred from any future violations of Idaho’s Uniform Securities Act and from selling or offering for sale securities in any form in the state of Idaho. Additionally, the Department was awarded a money judgment against Rasmussen in the amount of \$295,000 to be used to pay investors restitution. Rasmussen neither admitted nor denied the Department’s charges of securities fraud and selling unregistered securities.
- February 14, 2014 **TONY SCOTT SELLERS** – A civil securities lawsuit was filed against Idaho Falls resident Tony Scott Sellers. The Department alleges Sellers sold \$4.6 million in unregistered securities. The lawsuit

states that Sellers violated Idaho securities laws by 1) selling unregistered securities in the form of We The People charitable gift annuities and 2) misrepresenting the investment by telling investors that the annuities were guaranteed by an insurance company and had little or no risk. The Department requests the court find that Sellers violated Idaho's Uniform Securities Act, permanently enjoin him from selling or offering for sale securities in any form in the state of Idaho and enjoin him from working in any financial services industry in Idaho for five years. The Department also seeks penalties of at least \$50,000.

II. ADMINISTRATIVE SANCTIONS & ORDERS ISSUED UNDER THE IDAHO UNIFORM SECURITIES ACT/IDAHO ESCROW ACT

- July 22, 2013 **JEREMY LITSTER, Boise, ID** – Agreement and Order – The Department alleged that between January 2009 and May 2009, Respondent sold unregistered securities in the amount of \$750,000. Investor money was sent to a Utah entity which purportedly invested in a business venture involving federal EB-5 immigrant/visa programs. Respondent also was alleged to have misrepresented material facts about the investment which led investors to have a false sense of security about the investment. Without admitting or denying the allegations, Respondent agreed to cease selling securities in Idaho for five years.
- September 3, 2013 **DOYLE G. RAY AND FINANCIAL CONSULTING INC, Inkom, ID** – Agreement and Order – The Department alleged that Ray offered and sold unregistered investments in residential real estate properties and failed to disclose the speculative nature of the real estate transactions to the investors. Without admitting or denying the allegations, Respondent agreed to pay a \$500 fine and comply with all Idaho securities laws in the future.
- October 31, 2013 **BEACON ROCK INVESTMENT ADVISORS, LLC AND ADAM GREGORY FEIK, Eagle, ID** – Agreement and Order – In connection with an investigation, the Respondents admitted the alleged violations and conclusions of law set forth in the Agreement and Order which included 1) misrepresenting that a life settlement type of investment was not a security, 2) making a statement that guaranteed a specific result to a client, and 3) failing to disclose the commission arrangement with the product provider which constituted an omission of a material fact. Respondents consented to pay a \$5,000 fine and agreed to comply with all provisions of the Idaho Uniform Securities Act and the rules promulgated thereunder in the future.

- December 17, 2013 **DOUGLAS S. ROBERTS, Meridian, ID** – Agreement and Order – The Department alleged that between January 2009 and April 2009, Respondent materially aided in the offer and sale of unregistered securities in the form of promissory notes and provided investors with investment guarantees of more than \$1,000,000. The Department further alleged that Roberts misrepresented the safety of the investment. Without admitting or denying the allegations, Respondent agreed not to offer or sell securities in Idaho for two years and comply with all Idaho securities laws in the future.
- January 17, 2014 **RBC CAPITAL MARKETS, LLC, New York, NY**– Administrative Consent Order – As a result of a multi-state investigation, the respondent entered into settlement agreements with numerous states, including Idaho. The allegations state that the Respondent failed to establish an adequate system to monitor the registration status of client associates that accept client orders and failed to enforce established written procedures to ensure that client associates were appropriately registered. The investigation revealed that the Respondent’s client associates accepted unsolicited orders in Idaho and were not appropriately registered to do so. Without admitting or denying the Department’s findings of fact, the Respondent agreed to establish and maintain policies, procedures and systems that reasonably supervise the trade process so that a client associate can only accept client orders that originate from jurisdictions where the client associate accepting the order is appropriately registered. Respondent also agreed to pay \$45,770.17 to the Idaho securities and investor education training fund.
- January 28, 2014 **PETER CARMINE COVINO, III, Eagle, ID** – Order Denying Applications for Registration, and Notice of Hearing – The Department issued an order denying Peter C. Covino, III applications for registration as a broker-dealer agent and investment advisor representative. The Department alleged that Covino was an active partner in a vacation real estate development called Timbercrest and that Covino's brokerage client loaned money to Timbercrest in violation of Idaho Uniform Securities Act. The Department also alleged that Covino violated Idaho law by failing to adequately notify his broker-dealer regarding his outside business activity with Timbercrest and by providing a client a guarantee against loss in an account. This Order was vacated in advance of a requested hearing as noted below.
- February 5, 2014 **THE LAND TITLE COMPANY OF PEND OREILLE COUNTY, INC., AND JUDY C. KOKONOS, Newport, WA** – Consent Order to Cease and Desist – The Department alleged that Respondents

violated the Idaho Escrow Act by conducting unlicensed escrow business for property located in Idaho. The Idaho transaction closed and was funded on January 6, 2014 and Land Title did not distribute funds to the sellers until January 29, 2014. The Department alleged that Land Title did not have enough funds in its trust account to meet its disbursement obligation. Respondent admitted to the violations, agreed not to accept any funds relating to new escrow transactions requiring Idaho escrow licensing and agreed to personally inject cash into the Land Title escrow account to insure funds are available for prompt distribution as required by the Idaho Escrow Act.

May 30, 2014

PETER CARMINE COVINO, III, Eagle, ID. – Consent Order of Suspension – Pending a hearing on the January 28, 2014 order denying Covino’s registration, the Department and Covino settled the matter and entered into a consent order of suspension. Under the terms of the consent order, the Department vacated the order of denial and approved Covino’s registration applications as of February 1, 2014. The Department then suspended Covino’s registrations for thirty days ending March 2, 2014. Covino also agreed to pay a combined total of \$10,000 in restitution and a penalty.

CONSUMER FINANCE BUREAU SANCTIONS REPORT

I. ORDERS ISSUED UNDER THE IDAHO CREDIT CODE

October 31, 2013 **AAA PAYDAY ADVANCE UT LLC** (Salt Lake City, Utah) – On October 31, 2013, the Director of the Idaho Department of Finance issued an Order to Cease and Desist against AAA Payday Advance UT LLC (AAA), a Utah payday lender. The Order alleges that AAA has offered and solicited to make consumer loans to Idaho residents on its website, www.aaapaydaycash.com, in violation of the Idaho Credit Code and the Idaho Payday Lending Act. The Order requires AAA and its agents or employees to immediately cease and desist from engaging in payday lending activities without the license required by the Idaho Credit Code and Idaho Payday Lending Act.

January 9, 2014 **LIBERTY LOANS, LLC** (St. Anthony, Idaho) – On January 9, 2014, the Idaho Department of Finance Liberty Loans, LLC (Liberty), an Idaho payday lender, entered into a consent order addressing this Idaho company’s acts of operating a regulated lending business in Idaho without the license required by the Idaho Credit Code. Under the terms of the Consent Order, Liberty admitted to the allegations that it extended numerous regulated loans to Idaho residents between January 2, 2013, and

March 26, 2013, without a license and paid to the Department an administrative penalty in the amount of \$1,500. Liberty further agreed to abide by all provisions of the Idaho Credit Code and rules promulgated thereunder at all times in the future.

Liberty applied for and was granted an Idaho regulated lender license.

II. ORDERS ISSUED UNDER THE IDAHO COLLECTION AGENCY ACT

July 22, 2013 **G. REYNOLD SIMS AND ASSOCIATES** (Troy, Michigan) – On July 22, 2013, the Idaho Department of Finance and G. Reynolds Sims and Associates (Sims) entered into a Consent Order addressing Sims’ acts of operating a collection agency business in Idaho without the license as required by the Idaho Collection Agency Act (the Act). Under the terms of the Consent Order, Sims agreed to cease and desist from all collection activities in Idaho until properly licensed under the Act. Sims also paid to the Department an administrative penalty of \$25,000. Sims further agreed to abide by all provisions of the Act and rules promulgated thereunder at all times in the future.

January 9, 2014 **TAKHAR COLLECTION SERVICES, LTD** (Cambridge, Ontario, Canada) – On January 9, 2014, the Director issued an order revoking the collection agency license that the Idaho Department of Finance had issued to Takhar Collection Services, LTD (Takhar) on March 11, 2005. In the order, the Director found that Takhar had failed to maintain a required surety bond under to the Idaho Collection Agency Act (the Act). The Director found that the public interest required revocation of Takhar’s Idaho collection agency license due to its failure to maintain a surety bond. The Director issued the final Order of Revocation after Takhar did not timely initiate a contested case or request a hearing.

III. ORDERS ISSUED UNDER THE IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT – Mortgage Companies

December 19, 2013 **Ocwen Financial Corporation, Ocwen Loan Servicing, LLC (Ocwen), Ocwen is the simplified way to refer to three companies that serviced mortgage loans under the names Ocwen Loan Servicing, Litton Loan Servicing LP, and Homeward Residential Holdings LLC (previously known as American Home Mortgage Servicing Inc. or AHMSI) (Atlanta, Georgia and Palm Beach, Florida) – On December 19, 2013, the**

Idaho Department of Finance entered a settlement agreement with Ocwen, together with the CFPB, other state regulators and state attorneys general. The settlement stemmed from findings that Ocwen failed to credit borrowers' payments and forced them into expensive backup insurance policies on their homes. In the settlement, Ocwen agreed to reduce borrowers' loan balances by \$2 billion and provide homeowners \$127.3 million in a consumer relief fund. The settlement provided an estimated \$3.7 million in first lien mortgage principal reductions for Idaho borrowers. Additionally, under the settlement over 900 Idaho borrowers became eligible to receive cash payments, estimated at over \$1,000 each.

April 7, 2014

MORTGAGE INVESTORS CORPORATION d/b/a AMERIGROUP MORTGAGE CORPORATION (St. Petersburg, Florida) – On April 7, 2014, the Idaho Department of Finance and Mortgage Investor's Corporation d/b/a Amerigroup Mortgage Corporation (MIC) entered into a Consent Order addressing MIC's providing misleading information to Idaho consumers regarding its mortgage loan products, in violation of the Idaho Residential Mortgage Practices Act (the Act) and the federal Truth in Lending Act. Under the terms of the Consent Order, MIC agreed to pay to the Department \$6,000 and agreed to abide by all provisions of the Act and rules promulgated thereunder, as well as all federal laws and regulations applicable to its mortgage brokering/lending business at all times in the future.

IV. ORDERS ISSUED UNDER THE IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT – Mortgage Loan Originators

March 14, 2014

JOSE IGNACIO CORTEZ (Huntington Beach, California) – On November 22, 2013, the Director of the Idaho Department of Finance issued an order denying Jose Ignacio Cortez's (Cortez) application for an Idaho mortgage loan originator license. The Order of Denial was based on material misstatements that Cortez made in the license application he submitted to the Department.

After the Director issued the order denying Cortez's application for a mortgage loan originator license, Cortez filed a motion for reconsideration of that order. A hearing was held before the Department of Finance on February 11, 2014. On March 14, 2014, the hearing officer issued Findings of Fact, Conclusions of Law, and a Preliminary Order upholding the denial order. The Order of Denial became final after Cortez failed to timely file a motion for reconsideration of the Preliminary Order. Cortez did not appeal the final order.

YEARS OF STATE SERVICE AS OF JUNE 30, 2014
Recognizing over 680 years of Combined Service to the State of Idaho

Employee	Years of Service	Title
ADMINISTRATION		
Gavin M. Gee	39.3	Director of Finance
Marilyn T. Chastain	26.5	Securities Bureau Chief
Mary E. Hughes	24.1	Financial Institutions Bureau Chief
Mike Larsen	18.9	Consumer Finance Bureau Chief
David L. Jensen	9.3	Supporting Services Bureau Chief
Lisa A. Baker	3.3	Administrative Assistant 2
SUPPORTING SERVICES BUREAU		
Jill R. Peterson-Pate	17.3	Financial Specialist
Angela M. Baker	8.1	Personnel Technician
Karabeth Tillman	.8	Office Specialist 2
Blake Wickham	4.6	IT Systems Integration Analyst, Sr.
Homero P. Rodriguez	3.6	Web Developer
Breck Dahlin	2.6	IT Programmer Analyst, Sr.
FINANCIAL INSTITUTIONS BUREAU		
Brad P. Bergquist	33.7	Financial Institutions Examiner, Commissioned Sr.
Bruce M. Eames	20.6	Financial Institutions Examiner, Commissioned Sr.
Richard J. Sherrick	10.9	Financial Institutions Examiner, Commissioned Sr.
Mark W. Boschulte	13.1	Financial Institutions Examiner, Commissioned
Connie D. Newgard	10.7	Financial Institutions Examiner, Commissioned
Andrew C. Forth	9.9	Financial Institutions Examiner, Commissioned
Krista M. Bolt	5.6	Financial Institutions Examiner, Commissioned
Jeffrey C. Reinhardt	4.9	Financial Institutions Examiner, Commissioned
James J. Tunca	3.8	Financial Institutions Examiner, Commissioned
Gordon E. Titus	4.3	Financial Institutions Examiner 3*
Kayce C. Lamb	3.2	Financial Institutions Examiner 3*
Geraldine L. Bullard	2.5	Financial Institutions Examiner 3*
Salvador Cruz	.7	Financial Institutions Examiner 3*
Robert Moore	1.2	Financial Institutions Examiner 2*
Scott Eric Lindsay	.7	Financial Institutions Examiner 1*
Vacant		Financial Institutions Examiner 1*
Vacant		Financial Institutions Examiner 1*
Tracy L. English	1.3	Administrative Assistant 1
Elizabeth Adcock	1.6	Office Specialist 2
		*underfilling Financial Institutions Examiner, Commissioned
CONSUMER FINANCE BUREAU		
Karlyne C. (K.C.) Schaler	16.3	Financial Examiner/Investigator 4
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Billie K. Smithers	17.4	Financial Examiner/Investigator 3
Jan L. Kochan	9.9	Financial Examiner/Investigator 3
Dan D. Kline	9.3	Financial Examiner/Investigator 3

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Brad C. Carpenter	2.8	Financial Examiner/Investigator 2*
Jillian K. Laine	2.7	Financial Examiner/Investigator 2*
Dustin Mortimer	2.7	Financial Examiner/Investigator 2*
Gabe Gerrish	2.7	Financial Examiner/Investigator 2*
Jeffrey R. Flora	.7	Financial Examiner/Investigator 2*
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Karen A. Carlyle	11.8	Administrative Assistant 1
Mel White	2.9	Administrative Assistant 1
Bennie J. Bourn	2.9	Administrative Assistant 1
Mylana McArthur	8.3	Administrative Assistant 1
Kimberley A. Banner	.6	Office Specialist 2
Stephanie M. Sanders	.1	Office Specialist 2
		<i>*underfilling Financial Examiner/Investigator 3</i>

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Timothy D. Martin	25.2	Financial Examiner/Investigator 3
Coleen F. Hodson	20.9	Financial Examiner/Investigator 3
Nancy C. Ax	16.2	Financial Examiner/Investigator 3
Walter L. Bitner	13.0	Financial Examiner/Investigator 3
Kurt V. Merritt	6.1	Financial Examiner/Investigator 3
Norman Real	1.4	Financial Examiner/Investigator 1*
Vacant		Administrative Assistant 1
Virginia L. Sorensen	30.0	Securities Technician
Mary J. Harper	17.4	Technical Records Specialist 1
		<i>*underfilling Financial Examiner/Investigator 3</i>

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Brian Nicholas	26.9	Deputy Attorney General
Alan Conilogue	14.3	Deputy Attorney General
Stephanie Sze	1.3	Paralegal

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