



Contact:

Gavin M. Gee
Director
(208) 332-8000

NEWS RELEASE

For Immediate Release

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**Finance Department Reports Near-Record Fiscal Year Business Filings
Department Sponsors Initiatives to Support Community Banks**

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, released numbers for fiscal year 2013 that continue to demonstrate improvement across large segments of the financial services industry in Idaho. Gee said the department accepted more than 156,000 business filings, licenses, and registrations, an increase of nearly 3 percent over 2012 and the second highest in department history. *"These numbers demonstrate that Idaho's economic recovery is gaining traction and that many financial service businesses outside the state want to do business in Idaho,"* Gee said. New filings processed by the department include submissions such as securities issuer filings, license applications, and branching and merger applications under 23 financial service laws administered by the department. The securities bureau again reported a record number of securities professionals licensing to do business in Idaho (96,802). Signs of growth are beginning to appear in the mortgage industry with the aggregate number of mortgage brokers and lenders having increased after five years of contraction. The number of department-licensed mortgage loan originators increased some 33 percent to 2,140 over the previous fiscal year. Over 95 percent of department-licensed companies and professionals reside outside Idaho; these licensees are located in every state and 19 foreign countries.

Department Sponsors Initiatives to Support the Vital Role of Community Banks – As part of national and State initiatives to support and strengthen community banks, the department held town hall meetings around the state in June with Idaho community banks to gather input and data on the significant challenges and opportunities facing community banks. This valuable feedback will be part of a nationwide community bank policy and research conference in October. This conference, sponsored by the Conference of State Bank Supervisors (CSBS) and the Federal Reserve Bank of St. Louis, will underscore the critical role community banks play in their communities and the local and national economies. Federal Reserve Chairman Ben Bernanke will kick off the conference and stated, "Community banks play a vital role in the U.S. economy. It is crucial that we thoroughly explore the issues that may impact the future of the community banking model."

Idaho Banking/Credit Union Industries Continue to Show Improvement. – Idaho had no bank or credit union failures during fiscal year 2013. Nationally, there were 36 bank failures and 17 credit union failures during the fiscal year. For the first three quarters of fiscal year 2013, Idaho-based banks showed generally improved performance and financial condition. The average aggregate Return on Assets increased from 0.51 percent to 0.65 percent, the percentage of noncurrent loans to total loans decreased from 3.79 percent to 2.51 percent, and charged-off loans declined from 0.83 percent to 0.33 percent. However, the average core capital ratio for Idaho-based banks declined modestly from 12.03 percent to 11.72 percent. Two Idaho banks acquired out-of-state institutions. The Bank of Commerce acquired

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State Bank & Trust, of Dillon, MT, while Northwest Bank (formerly Western Capital Bank) acquired Northwest Bank, of Portland, OR.

Idaho-based credit unions also strengthened their financial condition during the first three quarters of the fiscal year. The aggregate Total Net Worth Ratio improved from 9.81 percent to 9.85 percent. Credit quality improved, as evidenced by a decreased aggregate Delinquent Loans Ratio of 0.57 percent (from 0.72 percent), and Net Charge-off Ratio of 0.26 percent (from 0.52 percent). Five Idaho credit unions merged during fiscal year 2013, decreasing the total number of credit unions headquartered in Idaho from 53 to 48. Yet during this period the total number of credit union branches increased from 171 to 177, providing access to the more than 606,000 credit union members in Idaho, whose numbers grew 5.67 percent during the first nine months of fiscal year 2013.

Financial Fraud Cases Up; Amount of Losses Down – Investigations conducted by the department during the fiscal year involved potential losses of more than \$58 million, down from \$80 million. The department initiated or completed some 55 enforcement actions (up from 40 last fiscal year) involving 63 defendants/respondents. The department issued cease and desist orders against nine unlicensed internet payday lenders located around the world. Gee said that the proliferation of unlicensed Internet payday lenders not only poses significant risks to consumers, but is an ongoing challenge to state and federal regulators. *“We hope that Idahoans take notice, and avoid dealing with such unlicensed and unknown entities,”* Gee said.

As a result of the department’s enforcement efforts, Idaho residents were offered or awarded judgments by the courts of approximately \$2.5 million in refunds. Additionally, as a result of the historic **2012 National Mortgage Settlement** with the nation’s five largest mortgage servicers, as of the latest report from the settlement Monitor reflecting cumulative data through March 2013, 2,810 Idaho homeowners received nearly \$168 million in gross relief under the settlement, or an average of \$59,771 per homeowner.

Ongoing Department Financial Education Efforts –The department continues to educate Idahoans about avoiding financial fraud, the wise use of credit and the importance of savings. April 2013 was again designated by Governor Otter as “Financial Literacy Month” with a wide array of financial education opportunities around Idaho. During the fiscal year, the Department provided resources and personnel to sponsor several major free financial education events such as the Senior “Scam Jams” in Nampa, Pocatello and Idaho Falls, a foreclosure intervention workshop in Boise, and the Smart Women Smart Money Financial Conferences in Boise and Coeur d’Alene. The department is a continuing participant in the Idaho Financial Literacy Coalition, a broad-based partnership of private sector, education and government members organized to enhance the financial literacy of all Idahoans, and the Idaho Military Alliance which works to provide financial education to Idaho’s military personnel.

The Department of Finance receives no state or federal tax dollars. Regulated entities fund its operations.

Department Press Releases and other information can be found on the department’s Web site at <http://finance.Idaho.gov> and may also be obtained by contacting the department at (208) 332-8000 or toll-free in Idaho at 1-888-346-3378.