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NEWS RELEASE

For Immediate Release

July 23, 2015

Department of Finance Reports Robust & Record Business Filings

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, released numbers for fiscal year 2015 that demonstrate the continued expansion of the financial services industries in and into Idaho.

Gee said the department processed nearly 172,000 business filings, licenses, and registrations in the fiscal year ended June 30, 2015; an increase of more than 4 percent over fiscal 2014 and another all-time record. *"Idahoans' access to financial services continues to expand in Idaho, helping to support our growing economy,"* Gee said. New filings processed by the department include applications and renewals by the state banking, credit union, mortgage, consumer lending and securities industries, under 23 financial service laws administered by the department. The securities bureau reported a record 119,479 securities filings and professionals licensing to do business in Idaho. The mortgage industry continued its recovery in Idaho with a 20 percent increase in the number of mortgage broker/lender license applications, along with a more than 10 percent increase in the number of regulated consumer lending institutions. Department-licensed companies and professionals reside in every state and 21 foreign countries.

Department Holds Third Annual Town Hall Meeting to Support Community Banks – For the third year, the Department conducted a community bank town hall meeting. Idaho community bankers provided insight on business formation in Idaho, and their efforts to support economic development and meet other financial services needs at the local level. The bankers discussed the increased attention at the federal level on unequal regulatory burdens on community banks, and provided examples of the negative effects new regulations have on product availability. These efforts underscore the critical role of community banks in their communities and the local and national economies. Their focus on small business, commercial real estate and farm lending, coupled with other valuable products and services, creates jobs, strengthens Idaho communities and grows our local, state and national economies. The Department also conducted a survey of Idaho-based community banks to gather data demonstrating the vital services and contributions that community banks provide to their local communities and neighborhoods. The survey results and a related infographic can be accessed at <http://www.finance.idaho.gov/PR/2015/PressRel-Comm-Bank-Serving-ID-Communities.pdf>.

Department Works to Reduce Financial Services Industry Regulatory Burdens – During the last fiscal year, the department has undertaken a number of initiatives to reduce the regulatory burden on the industries it regulates.

- Sponsored legislation during the Legislative Session that reduced some of the regulatory burdens on Idaho community banks, which legislation passed and was effective 07/01/2015.
- Continued to support federal legislation and regulatory efforts to reduce the federal regulatory burden on Idaho financial services businesses, including "Right-Size Regulation" for community banks and smaller financial institutions.
- Expanded use of online licensing systems to streamline the licensing and regulatory reporting processes. At the end of the fiscal year, over 95 percent of the Department's licensees and registrants utilized online licensing systems.

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- Expanded the use of online access to certain data necessary to perform some or much of the Department's regulatory examinations off-site, reducing travel expenses and the amount of time spent in the offices of certain regulated entities.

Idaho Community Banks and Credit Unions Continue Improvement – Idaho-based community banks showed stable to improving performance and financial condition. For the first quarter of 2015, the average aggregate Return on Assets improved to 0.82 percent. The average net interest margins remained steady at 3.66 percent. The ratio of noncurrent loans to total loans decreased from 1.61 percent to 1.01 percent, and charged-off loans increased from a negative or “recovery” position of 0.05 percent to 0.08 percent. The average core capital ratio for Idaho-based banks is 11.59 percent, and remains stronger than the national average of 9.48 percent. All banks headquartered in Idaho were considered well-capitalized as of March 31, 2015.

Idaho-based credit unions also showed stable to improving performance and financial condition. Although the average total net worth ratio declined slightly from 10.02 percent to 9.79 percent, Credit quality remained stable with the aggregate delinquent loans ratio at 0.34 percent, whereas nationally it is 0.69 percent. The net charge-off ratio decreased from 0.47 percent to 0.26 percent. Credit unions in Idaho outperformed national averages in other measures as well. Total loan growth was 11.18 percent in Idaho, compared to 5.34 percent nationally; and share growth was 15.57 percent, compared to 14.15 percent nationally.

During the fiscal year, three Idaho banks engaged in merger activity. Northwest Bank of Boise acquired Regal Financial Bank of Seattle, Washington, Idaho Banking Company of Boise merged into D.L. Evans Bank of Burley; and Panhandle State Bank of Sandpoint merged into Columbia State Bank of Tacoma, Washington. Two Idaho credit unions merged during fiscal year 2015, decreasing the total number of credit unions headquartered in Idaho to 39.

Financial Fraud Cases Recede Toward Historic Norms – Active financial fraud investigations conducted by the Department of Finance during the year continued their descent from record highs after the great recession and suggest a potential financial fraud impact of approximately \$30 million. The department initiated or completed 30 enforcement actions and more than \$1.1 million was ordered returned to Idahoans as a result of department initiated and other enforcement matters.

Financial Education Efforts by Department and Its Partners – Consumer and investor education initiatives have long been part of the Department of Finance's mission. This past year's highlights included the department's participation and/or sponsorship of **America Saves** and **Military Saves Week**, the **17th Annual Financial Literacy Month**, “**Bank On Treasure Valley**,” a **Senior Scam Jam**, two **Smart Women Smart Money: Idaho Everywoman's Financial Conferences**, as well as educational efforts directed at members of the military and financial fairs and presentations in concert with the **Idaho Commission of Libraries**.

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