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NEWS RELEASE

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IDAHO DEPARTMENT OF FINANCE SIGNS LANDMARK AGREEMENTS TO STREAMLINE BANK SUPERVISION

Boise, Idaho . . . Director of Finance, Gavin Gee, on behalf of the Idaho Department of Finance, has signed two documents that will improve supervision and reduce regulatory burden for state-chartered banks that operate across state lines. Earlier this month, Idaho joined ten Western state bank regulators in signing the Master State Cooperative Agreement, among state banking departments, and a State/Federal Supervisory Agreement for an Interstate Environment, among state banking departments, the Federal Deposit Insurance Corporation and the Federal Reserve Bank of San Francisco, for the supervision of multi-state banks.

The Master State Cooperative Agreement establishes procedures for state banking departments to coordinate the supervision of multi-state, state-chartered banks. Under this Agreement, state banking departments will promote and evaluate the safety and soundness of banks operating within their borders by supervising and examining multi-state banks in cooperation with each other. They will reduce supervisory burden to these banks by fostering coordination and communication, thus facilitating the examination process; and they will enhance responsiveness to local needs and interests in an interstate banking and branching environment.

Over the last 16 months, Idaho and 32 other states have passed laws or adopted policies authorizing banks to operate interstate branches. As a result, many banks are initiating or expanding interstate banking and branching operations. In Idaho, over 93% of the \$13 billion in total banking assets is currently in banks with interstate operations. These regulatory agreements will facilitate supervision of those banks already operating on an interstate basis as well as those planning such operations in the future.

The Master State Cooperative Agreement is consistent with a national Framework for a Cooperative Agreement, approved unanimously by the nation's state banking departments at the Conference of State Bank Supervisors' Annual Meeting earlier this month. The Framework provides a model for other states to tailor similar agreements on the roles of home states (where the bank is headquartered) and host states (where the bank has branches) in the supervision of multi-state, state chartered banks. Both the Master State Cooperative Agreement and its underlying Framework designate the home state supervisor as the primary regulator and provide a single point of contact for the institution. Host state law will apply to out-of-state branches in

the areas of anti-trust, intrastate branching, deposit concentration limits, and consumer protection.

The State/Federal Supervisory Agreement for an Interstate Environment establishes similar procedures for state supervisors, the FDIC and the Federal Reserve to share supervisory responsibilities among the states and the Federal banking agencies. Like its companion Master State Cooperative Agreement, the State-Federal Supervisory Agreement lays out a map for regulators to reduce supervisory burden on state-chartered banks by improving coordination and communication, providing banks clarity and consistency on the supervisory process, and setting clear lines of accountability.

"These documents demonstrate the continued vitality of state bank supervision," Gee said. "State bank regulators all around the country are committed to ensuring that state regulation remains responsive, efficient and effective. Through these agreements, we can reduce regulatory burden and retain the many benefits of state bank supervision for Idaho citizens and for banks that want to operate across state lines."

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