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NEWS RELEASE

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Department of Finance Reports Vibrant Idaho Financial Services Industry; Brisk Business Filings *Agency Says Financial Services Industry Is Well Positioned to Fund Economic Growth*

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance, today released numbers showing continued growth and vitality in the financial services industry in Idaho. According to Gee, “The operating results of Idaho financial institutions demonstrate a vibrant and healthy industry that is not only growing, but well positioned to fund economic growth throughout Idaho.” For example, Gee noted that during the past fiscal year ending June 30, 2002, Idaho state chartered banks grew at a rate more than double the national average. Idaho credit unions also remained strong, continuing to grow and provide their members with access to credit and other financial services.

The Department released industry specific information that demonstrates a growing, profitable financial services industry poised to help promote growth in Idaho’s economy. More specifically:

Idaho Banking Industry – As of June 30, 2002, state chartered financial institutions continue in sound financial condition and Idaho’s community banks continue to report double digit growth in both assets and loans. Bank profitability also increased over the prior year with 75% of state chartered banks reporting higher earnings. Banks operating in Idaho continued expanding throughout the state by opening 16 new branch offices during the past year. Despite the continued economic slowdown, loan quality indicators show Idaho state chartered banks continue to outperform the national average. The level of non-current loans (loans past due 90 days or more and loans on non-accrual) rose slightly to 0.59% of total loans, while net loan losses fell slightly to 0.29% of total loans, both well below the national average of 1.47% and 1.10%, respectively. State chartered banks in Idaho remain well capitalized with an average Tier 1 Leverage Capital ratio of 9.44% at June 30, 2002.

Idaho Credit Unions – Idaho credit unions also continued their growth in both assets and loans. Deposits at Idaho state chartered credit unions increased significantly and totaled a new record high of more than \$1 billion at fiscal year-end. Loan growth continued at a reasonable pace, while delinquent loans remained at or below levels seen during the previous year. The total net worth to total asset ratio was 8.36%.

FISCAL YEAR RESULTS 7/01/01 thru 6/30/02	ASSETS GROWTH RATE	LOAN GROWTH RATE	RETURN ON ASSETS
Idaho Banking Industry	15.12%	14.59%	1.11%
Idaho Credit Unions	16.35%	9.07%	.85%

In related news, Gee reported that total submissions, registrations and licenses with the Department exceeded the 100,000 mark for the first time in Department history, growing to another record high in excess of 106,000. “When you consider the national recession and attendant economic downturn in Idaho, the combination of increased business filings with positive industry results speaks well for how Idaho is perceived nationally and regionally as a great place for doing business, and of Idaho’s economic and growth prospects”, Gee stated.

The record number of filings processed by the Department include submissions such as securities filings, registration applications, and new branch office applications under all 20 financial service laws administered by the Department. The total number of these filings with the Department has more than doubled since 1995. With the increased use of on-line filings and other technology, the Department has been able to process this increased volume of filings with no increase in staff since 1998. For example, securities sales agents, now totaling nearly 62,000, have been licensing electronically since the late 1980’s. This past fiscal year, the Department expanded on-line filing to accommodate mortgage broker and mortgage lender licensing capabilities. Presently, more than 95% of Department applications can be filed on-line and it is the Department’s goal that by year-end, all Department applications can be made electronically.

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