



JAMES E. RISCH
Governor

GAVIN M. GEE
Director

CONTACT: Mary Hughes, Bureau Chief
Financial Institutions Bureau
(208) 332-8030

NEWS RELEASE

For Immediate Release

December 12, 2006

CONGRESS PASSES BILL TO EXTEND BANK EXAM CYCLE

Idaho Senator Mike Crapo Sponsors Bill to Further Promote Regulatory Relief

Boise, Idaho Congress has passed a bill to amend the recently enacted Financial Services Regulatory Relief Act of 2006 to clarify the provision that extends the examination cycle for some banks. As signed earlier this year, the regulatory-relief law allows regulators to examine well-capitalized and well-managed institutions, with assets up to \$500 million, once every 18 months if they were rated “outstanding” at their previous examination. The prior law capped the asset size for the extended examination cycle at \$250 million, but allowed it, at the discretion of the regulator, for banks rated “good”.

The amendment, introduced and sponsored in the Senate by Idaho Senator Mike Crapo, ensures that the benefit will be available to banks rated “outstanding” or “good”, consistent with prior law. It was supported by the Conference of State Bank Supervisors, the four federal bank and thrift regulators and the Department of Finance. Senator Crapo stated, *“Eliminating outdated, ineffective, or unduly burdensome regulations that are not justified by either the need to ensure safety and soundness or to provide consumer protection is a critical and persistent issue with the Banking Committee and the Congress. This clarification along with the Financial Services Regulatory Relief Act that recently passed are a good first step and I intend to push for more reform next Congress.”*

Senator Crapo played a significant leadership role in passage of the long-sought regulatory-relief law earlier this year.

The amendment would still allow regulators the flexibility to decide if a bank should be examined more frequently than 18 months, even if it meets the criteria for the longer cycle.

Gavin Gee, Director of the state Department of Finance, explained that Idaho law already allows an 18-month examination cycle for state-chartered institutions. *“However,”* he stated, *“the extended cycle at the national level benefits Idaho banks because most of our examinations are conducted jointly with the federal regulators. We will now have a greater ability to reduce*

DIRECTOR'S OFFICE

Director – Gavin M. Gee

800 Park Blvd., Suite 200, Boise, ID 83712

Mail To: P.O. Box 83720, Boise ID 83720-0031

Phone: (208) 332-8010 Fax: (208) 332-8097

<http://finance.idaho.gov>

NEWS RELEASE

December 12, 2006

Page 2

the regulatory burden on Idaho financial institutions by having further flexibility to tailor the regular exam cycle. This also allows the regulators to better use their resources by directing them to the institutions that need more attention. We commend Senator Crapo for taking this important step so quickly after passage of the Regulatory Relief Act.”

President Bush is expected to sign the bill into law.

* * * * *

Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> or may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.