

2015

110TH ANNUAL REPORT



IDAHO

DEPARTMENT OF FINANCE

C.L. 'Butch' Otter
Governor

Gavin M. Gee
Director

Protecting the Integrity of Idaho Financial Markets Since 1905



IDAHO
DEPARTMENT OF FINANCE

July 1, 2015

THE HONORABLE C. L. "BUTCH" OTTER
GOVERNOR, STATE OF IDAHO

Dear Governor Otter:

I am pleased to submit herewith the 110th Annual Report of the Department of Finance for fiscal year 2015, July 1, 2014 through June 30, 2015.

The Department's mission is to aggressively promote access to vigorous, healthy and comprehensive financial services for Idahoans. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities and credit transactions. Department financial services sector licensing and registrations increased about 4 percent over last fiscal year. As a result, the Department was able to transfer \$5.2 million to the State's General Fund.

The Department provides regulatory oversight for multiple financial services industries and undertakes enforcement actions where necessary. This past fiscal year, Department enforcement actions resulted in approximately \$1.1 million in restitution/rescission/refunds ordered for the benefit of Idaho residents. Beyond its regulatory oversight functions and enforcement activities, the Department continued its efforts to promote economic development, appropriately reduce regulatory burdens, improve financial literacy, and protect financial service consumers in the state. A few examples of these efforts include:

- Sponsoring legislation that reduced some of the regulatory burdens on Idaho community banks.
- Supporting 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.
- Continuing to expand the availability of online licensing and reporting (approximately 98% effective).
- Expanding the use of online access to certain data in order to perform more of the Department's regulatory examinations off-site, reducing travel expenses and the amount of time spent in the offices of certain licensees.
- Continuing 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 produced in concert with the Idaho Commission of Libraries.

Finally, the Department again conducted Town Hall Meetings with Idaho community bankers and participated in a national community banking research/policy initiative alongside the Federal Reserve System and the Conference of State Bank Supervisors. The initiative focused on the challenges and opportunities facing community banks with the goal of developing policy initiatives to support the vital role of community banks.

I express my sincere appreciation for the support we have received from you, your staff, the Legislature, the industries we regulate and their associations, and our national associations, and for the dedication and hard work of our superb employees.

Sincerely,

GAVIN M. GEE, Director
Idaho Department of Finance

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About The Cover:

The Idaho Capitol Rotunda before the new white fluorescent lighting was installed

FOREWORD

The Department of Finance is a regulatory agency charged with the supervision and oversight of state-chartered financial institutions, regulated lenders, securities issuers, broker-dealers and stockbrokers, residential mortgage brokers, lenders, and loan originators, investment advisers and sales personnel, collection agencies, endowed care cemeteries, and others. The Department administers nine distinct programs. Two of these programs relate to the Department's internal operations, while the other seven involve the administration and enforcement of the following twenty-three regulatory statutes:

<i>Idaho Bank Act</i>	<i>Idaho Credit Code</i>
<i>Idaho Bank Holding Company Act</i>	<i>Idaho Mortgage Company Act</i>
<i>Idaho Interstate Banking Act</i>	<i>Idaho Collection Agency Act</i>
<i>Idaho Interstate Branching Act</i>	<i>Idaho Uniform Securities Act</i>
<i>Idaho International Banking Act</i>	<i>Idaho Residential Mortgage Practices Act</i>
<i>Idaho Trust Institutions Act</i>	<i>Business Combination Act</i>
<i>Idaho Savings Bank Act</i>	<i>Control Share Acquisition Act</i>
<i>Business and Industrial Development Corporation Act (BIDCO)</i>	<i>Idaho Commodity Code</i>
<i>Idaho Credit Union Act</i>	<i>Endowment Care Cemetery Act</i>
<i>Idaho Money Transmitters Act</i>	<i>Continuing Care Disclosure Act</i>
<i>Idaho Financial Fraud Prevention Act</i>	<i>Idaho Escrow Act</i>
	<i>Idaho Loan Broker Act</i>

MISSION STATEMENT

The mission of the Idaho Department of Finance is to aggressively promote access to vigorous, healthy and comprehensive financial services for Idaho citizens. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities, and credit transactions. Through administration of laws enacted by the Idaho Legislature, legitimate financial transactions are encouraged, while fraud, unsafe practices, and unlawful conduct are detected and appropriate enforcement action is taken.

The Department is funded entirely by fees levied by law on the industries subject to its supervision. A list of prior Commissioners/Directors of the Department of Finance is shown in Exhibit I, and a summary of income and expenses and personnel status is shown in Exhibit II. Exhibit VII provides a list of the Department's staff.

DEPARTMENT HIGHLIGHTS AND CURRENT ISSUES

The Department, originally known as the Idaho office of “State Bank Commissioner,” was created March 6, 1905. At that time, the Department administered only one law, the *Idaho Bank Act*, and regulated only the banking industry. This year the Department processed more than 171,000 business filings, licenses and registrations for companies with billions of dollars in combined assets. The Department delivers services through three operating bureaus: Financial Institutions, Securities and Consumer Finance. Each bureau delivers services in both a regulatory capacity and as a consumer protection and education advocate.

REGULATORY INITIATIVES

Significant changes in the regulatory and competitive structures of the financial services industry continue to occur. These changes require adaptation by both industry and regulators. The Department and its staff endeavor to improve the quality of its regulation and reduce regulatory burdens, while also expanding educational opportunities for both industry and consumers.

Legislation and Rulemaking

House Bill No. 99. The 2015 Idaho Legislature passed House Bill No. 99, amending the Idaho Bank Act to provide certain regulatory relief to Idaho banks; make the regulation of interstate banking activity consistent with federal law requirements; and enhance the enforcement authority of the Department in order to meet agency accreditation standards. Significant provisions of the legislation:

- Eliminate the requirement that Idaho banks file stock transfer reports with the Department;
- Amend the requirement regarding stock transfers so that approval is needed if, after the transfer, the person acquiring stock will own or control 10% of the bank’s stock, consistent with change of control requirements of federal bank regulators;
- Eliminate the requirement that banks hold shareholder meetings only in certain months, and instead allow meetings as determined in the bank’s bylaws;
- Require banks to provide notice to the Department before establishing a loan production office in Idaho;
- Allow Idaho banks to determine the market value of foreclosed property by an evaluation, instead of an appraisal, when the bank’s investment in the property is less than \$250,000;
- Authorize the Department to (1) order the suspension or removal of a bank director, officer, or employee upon certain findings and, if removed, the person is prohibited from again being employed by a bank in Idaho unless permitted by the Department, (2) assess civil money penalties for unsafe and unsound practices or violations of the Bank Act, rules or orders, and (3) bring an action in court based on unsafe or unsound practices or violations of the Bank Act, rule or order;

- Authorize the Department to determine whether use of the word “bank” in a corporate name is misleading or deceptive so as to cause harm to the public; and
- Revise interstate branching provisions to be consistent with federal law requirements.

Community Banking Initiative - In support of Idaho community banks, the Department participated in the third annual Community Banking in the 21st Century Research Conference, sponsored by the Federal Reserve System and the Conference of State Bank Supervisors (CSBS). The conference was held September 30 – October 1, 2015, at the Federal Reserve Bank of St. Louis. The conference brought together academics, policymakers, bank supervisors, and community bankers to focus on the challenges and opportunities that community bankers face in the 21st Century. In preparation, state bank regulators conducted town hall meetings with bankers to gather their candid views on the community banking industry; the Department held a town hall meeting in July 2015. A report, *Community Banking in the 21st Century: Opportunities, Challenges and Perspectives*, was issued following the conference, along with the results of a survey taken by community bankers in 39 states, providing a comprehensive view of what bankers are thinking about key issues facing their industry and how they are responding to changes in their markets. The survey covered issues such as the regulations most impacting community banks, the narrowing of mortgage loan products, and the evolving mix of other products and services. This is an ongoing initiative that the Department will continue to work on with industry, and state and federal policymakers.

Regulatory Burdens and Related Costs – The Department continues its commitment to provide reasonable regulatory oversight without imposing excessive costs on industry.

- Idaho’s overall regulatory fees are among the lowest of any state in the country.
- Annual assessments charged to banks and credit unions have been discounted from the statutory maximum amounts. This discount has resulted in significant savings for state-chartered financial institutions.
- In addition to reducing fees, the Department has implemented ways to reduce other regulatory burdens without reducing the effectiveness of its regulatory oversight. For example, the Department continues to use its examination resources more effectively by reducing the number of staff hours spent in institutions that are healthy and that routinely gain high marks for financial and operational integrity.
- This year, the Department joined 49 other states in an agreement to coordinate review of multi-state Regulation A securities offerings. This protocol is designed to ease regulatory hurdles for filers without sacrificing important investor protections.
- The Department provides online collection agency agent-registration and quarterly reporting capability through the Access Idaho portal. Although use of the online process is optional, approximately 90 percent of Idaho’s licensed collection agencies have transitioned from paper filings with check payments to online filings, record retention, and multiple payment options.

- Consumer finance companies, payday lenders and collection agencies continue to have the option of obtaining and renewing licenses through the NMLS (Nationwide Multistate Licensing System).
- The Department also worked closely with those involved in Bitcoin and other virtual currencies as well as with fellow regulators and groups such as CSBS to find a workable system of regulation. Although the virtual currency area is undergoing rapid change and development, the Department and its sister states and associations made great strides in understanding these complex products and the companies that mine, store and exchange them for fiat currency. This is expected to be an ongoing topic of discussion as the technology develops.
- The Department is working diligently to understand and provide proper oversight to numerous emerging payment systems. A recent study by Dr. Windsor Holder predicts mobile and contactless payment transactions will double in just the next four years, hitting \$5 trillion. The study also notes that for the first time this year, the combined transactions on mobile handsets and tablets will be greater than those on desktops and laptops.

EDUCATIONAL INITIATIVES

Industry and Regulatory Cooperation and Education – The Department makes significant efforts to coordinate its activities with both industry and other regulatory agencies. Such coordination and cooperation is increasingly important in an interstate, international and electronic commercial world. To this end, the Department meets regularly with industry trade associations and other state and federal regulators. The Department also continues its efforts to assist industry in understanding and complying with regulatory requirements. Program highlights this year include:

- ***CSBS State Federal Supervisory Forum*** – Director of Finance Gavin Gee and Financial Institutions Bureau Chief Mary Hughes participated in the CSBS State Federal Supervisory Forum in San Francisco.
- ***NASCUS/NCUA Annual Meeting*** – Director Gee, Bureau Chief Hughes, and Senior Commissioned Credit Union Examiner Richard Sherrick attended the NASCUS/ NCUA Annual Meeting.
- ***NASCUS Interstate Branching Cooperative Agreement*** – Director Gee signed the NASCUS Interstate Branching Cooperative Agreement that requires participating states to cooperate and communicate on credit union interstate branching activities.
- ***State Liaison Committee for the Federal Financial Institutions Examination Council*** – Bureau Chief Hughes was appointed to the State Liaison Committee for the Federal Financial Institutions Examination Council (FFIEC).
- ***North American Securities Administration Association (NASAA) Automated Securities Filings System*** – The Department agreed to be a pilot state for the new NASAA Automated Securities Filings System.

- ***Second Vice President of National Association of Consumer Credit Administrators (NACCA)*** – Consumer Finance Bureau Chief Mike Larsen was Elected the 2nd Vice President of the National Association of Consumer Credit Administrators (NACCA) for the 2014-2015 term.
- ***Meeting With Banking Representatives From Turkmenistan*** – Director Gee and Senior Commissioned Bank Examiner Brad Bergquist met with banking representatives from Turkmenistan to discuss state laws and regulations regarding financial institutions and e-banking.
- ***CSBS NMLS Training*** – Individuals from CSBS provided on-site staff training at the Department for Consumer Finance Bureau staff on use of the Nationwide Mortgage Licensing System (NMLS).
- ***Community Bankers Workshop*** – The Department, along with trainers and senior staff from the Federal Deposit Insurance Corporation (FDIC), hosted a Community Bankers Workshop for nearly 50 community bank CEOs, senior staff, and directors.
- ***21st Annual Meeting for the North American Collection Agency Regulatory Association (NACARA)*** – The Department hosted the 21st Annual Meeting for the North American Collection Agency Regulatory Association (NACARA) attended by regulators from 18 states and 2 federal agencies.
- Department staff participated in additional meetings during the year with representatives of the financial services industry and regulators, including: All Payments Expo (APEX) Prepaid Compliance Conference; Western Region Regulators Interagency Meetings; 2014 Annual Conference of the American Association of Residential Mortgage Regulators (AARMR); Idaho Community Bankers Association (ICBA) Board Meetings; CSBS 13th Annual Bank Directors' Seminar; 8th Annual National Forum on Emerging Payment Systems; Third Annual Community Banking Research Conference; 10th American Conference Institute National Forum on Prepaid Card Compliance; International Credit Union Day; Idaho Bankers Association (IBA) Public Affairs Committee Meeting; Idaho Credit Union League (ICUL) Board Meetings; Money Transmitter Regulators Association Conference; CSBS Advisory Panel on Payday Lending; NASCUS Cybersecurity Symposium; ACI 2nd National Forum on Virtual Currency; California Mortgage Bankers Association; ICUL Governmental Affairs Committee Meeting; NMLS Annual Conference; and State of Idaho Treasurer's Investment Advisory Board Meetings.

Consumer Educational Efforts – The Department has a long tradition of providing educational resources to Idahoans. The Department provides educational presentations and materials on a variety of topics including investment fraud and consumer credit issues. Among the Department’s efforts this year:

- **Smart Women, Smart Money Financial Conferences** – The Department provided monetary sponsorship and staff support for this important annual conference hosted by the Office of the State Treasurer. Conferences were held in Boise in February 2015 and in Moscow in October 2015. The primary purpose of this event is to educate women in financial matters. At this annual event, the Department provides speakers and staffs a booth from which conference attendees may obtain free educational materials.
- **Financial Literacy Month** – Joining other state securities regulators and a broad-based coalition of consumer groups and industry members, the Department participated in the annual Financial Literacy Month during April. Kicked off with Governor C. L. “Butch” Otter’s Proclamation that “April is Financial Literacy Month”, the Department distributed educational materials and made presentations designed to increase financial knowledge and help Idahoans recognize and avoid securities fraud. The Department hosted a Financial Literacy Month section on its website listing many of the activities and events scheduled during the month.
- **Scam Jams** – The Department, a member of the Idaho Scam Jam Alliance (ISJA), joined other ISJA members to host the 2015 Scam Jam Conference on June 20th in Boise. The ISJA is a coalition of non-profit entities and government agencies dedicated to fighting fraud through sponsorship of free Scam Jams throughout Idaho. Attendees of the 2015 Scam Jam were provided information on investment fraud, financial scams, Medicare fraud, local law enforcement cases, and tips on how to avoid becoming a victim of identity theft. The Department participated in chairing and leading the ISJA while also staffing a booth for the event where free educational materials were provided to attendees.
- **Idaho Military Financial Alliance** – The Department joined the Idaho Military Financial Alliance in 2013. The Alliance is comprised of non-profits, credit unions, government and military agencies which strive to build awareness and mobilize the financial community on behalf of service members and their families. In 2015, the Department participated in sponsoring Military Saves Week and “Operation Financial Freedom”, a special event that featured keynote speaker Holly Petraeus, Assistant Director of the Consumer Financial Protection Bureau’s Office of Servicemember Affairs.
- **America Saves Week** – The Department joined agencies throughout the United States to celebrate America Saves Week. America Saves Week is an annual nationwide event and an opportunity for organizations to promote good savings behavior and a chance for individuals to assess their own saving status. The America Saves program seeks to encourage and support households to save money, reduce debt, and build wealth.
- **Bank On Treasure Valley** – Bank On is a program with the United Way that seeks to improve the financial health of our community by reducing the number of unbanked and

underbanked individuals. The program strives to give a second chance to the unbanked community by providing financial education to its participants and by promoting the use of traditional banking services. The Department works with area financial institutions to market Bank On. In addition, Department staff have volunteered their time as instructors.

- ***Family Financial Literacy Fairs*** – The Idaho Commission on Libraries and FINRA sponsored four Family Financial Literacy Fairs in the Fall of 2014 in the Magic Valley area. The Department staffed a booth and provided free materials at each fair.

Notable Trends and Events

- In November 2013, the Consumer Financial Protection Bureau (CFPB) integrated the Real Estate Settlement Procedures Act (RESPA) and Truth in Lending Act (TILA) disclosures and regulations. The TILA-RESPA Integrated Disclosure (TRID) requirements became effective on October 3, 2015. Over the past year, real estate lenders have prepared for the new required TRID disclosures.
- Despite speculation that the Federal Reserve would raise interest rates within the past year due to the tapering of the bond program, rates generally remained flat.
- Financial institutions and retailers have been preparing for the transition from magnetic-strip payment cards to Europay Mastercard Visa (EMV) cards. Beginning October 1, 2015, the party that has invested in EMV deployment is protected from financial liability for card-present counterfeit fraud losses. If neither or both parties are EMV compliant, the fraud liability remains unchanged. The conversion to EMV technology has been a significant undertaking for both financial institutions and retailers.
- Idaho's federally insured credit unions (both state- and federally-chartered institutions) experienced favorable rankings in numerous key indicators of financial health and viability, as reported by the National Credit Union Administration in a press release dated September 10, 2015. Highlights of federally-insured Idaho credit union successes for the twelve-month period ending June 30, 2015 are detailed below:
 - Idaho had the highest median asset growth rate in the nation of 6.9 percent. Nationally, the median asset growth rate was 1.9 percent.
 - Idaho had the highest median loan-to-share ratio in the nation of 87 percent. Nationally, the median loan-to-share ratio was 60 percent as of June 30, 2015.
 - Idaho had the second highest median loan growth rate in the nation of 11.3 percent. Nationally, the median loan growth rate was 4.0 percent.
 - Idaho's credit unions experienced the second highest median membership growth rate in the nation of 2.7 percent. Nationally, the median membership growth rate was negative 0.3 percent.

INDUSTRY RESULTS IN IDAHO

Banking in Idaho – Idaho-based financial institutions continued to exhibit improved performance and financial condition over the past year. The average aggregate return on assets increased from 0.77 percent as of June 30, 2014, to 0.98 percent as of June 30, 2015, and the percentage of noncurrent loans to total loans decreased from 1.32 percent to 0.75 percent. The core capital ratio for Idaho-based institutions increased modestly from 11.74 percent to 11.78 percent, while the national average for all institutions declined from 9.56 percent to 9.53 percent.

During fiscal year 2015, the last remaining formal enforcement action against an Idaho-chartered bank was terminated. The Department and the Federal Reserve Bank of San Francisco released Idaho Banking Company from the March 10, 2010, Written Agreement. The Agreement was terminated upon the consummation of the merger of Idaho Banking Company with D. L. Evans Bank, effective August 31, 2014

Credit Unions in Idaho – Idaho state-chartered credit unions continue to provide valued services and products to their membership. As of December 31, 2014, Idaho state-chartered credit unions reported a Return on Average Assets ratio (ROAA), a key indicator of earnings performance, of 0.76 percent, which compares similarly to the 0.80 percent average of all credit unions in the country. Indicators of asset quality reflect favorably on Idaho state-chartered credit unions as compared to the industry nationwide with a Delinquent Loans to Total Loans ratio of 0.59 percent and a Net Loan Charge-Off to Average Loans ratio of 0.21 percent. The respective national averages are 0.85 percent and 0.49 percent. Idaho state-chartered credit unions were able to augment capital, or net worth, by 11.0 percent while growing total assets by 14.6 percent, thus leading to a decrease in the aggregate Net Worth to Total Assets ratio (Net Worth ratio) by 31 basis points year-over-year to 9.36 percent as of December 31, 2014.

Consumer Finance – By the end of fiscal year 2015 the Department observed a continuing decline in the rate of residential mortgage loans that were either seriously delinquent or in foreclosure. These rates fell from 2.57 percent, reported at the end of fiscal year 2014, to 1.91 percent as of June 30, 2015. This year, the Department had regulatory oversight responsibility for 640 licensed regulated lender and title lender office locations, 211 licensed payday lender office locations, 810 licensed mortgage broker/lender office locations, and 2,674 individual mortgage loan originator licensees. In addition, the Consumer Finance Bureau had regulatory oversight responsibility for 614 licensed collection agencies, 101 debt buyers, 7 credit repair organizations, and 50 credit/debt counselor agencies. The number of collection agency solicitors/collectors registered in Idaho was 46,759 at fiscal year-end.

Securities – The Securities Bureau processed more than 119,000 submissions in fiscal year 2015,

up more than 5 percent from the prior fiscal year. The Bureau's oversight extends to nearly more than 107,000 individuals who currently hold Idaho registrations as broker-dealer agents, investment adviser representatives and issuer agents. This represents more than a 5 percent increase over the prior fiscal year. Through civil and administrative sanctions, the Bureau obtained orders for over \$1 million in restitution and rescission for Idaho investors. The potential financial impact of securities cases under investigation or in the process of resolution during the fiscal year approached \$30 million.

FINANCIAL INSTITUTIONS BUREAU

Idaho Bank Act
Idaho Bank Holding Company Act
Idaho Credit Union Act
Idaho Financial Fraud Prevention Act
Idaho International Banking Act
Idaho Interstate Banking Act
Idaho Interstate Branching Act
Idaho Savings Bank Act
Idaho Trust Institutions Act
Business and Industrial Development Corporation Act

The Financial Institutions Bureau is responsible for promoting the safety and soundness of state-chartered commercial banks, savings banks, credit unions, bank holding companies, trust companies, and business and industrial development corporations operating in Idaho. The Bureau assesses the condition of these institutions so that the public can have confidence in the financial system, and so that the interests of depositors, creditors, and shareholders are protected. The Bureau is responsible for enforcement of the *Idaho Bank Act*, *Idaho Bank Holding Company Act*, *Idaho Credit Union Act*, *Idaho Financial Fraud Prevention Act*, *Idaho International Banking Act*, *Idaho Interstate Banking Act*, *Idaho Interstate Branching Act*, *Idaho Savings Bank Act*, *Idaho Trust Institutions Act*, and the *Business and Industrial Development Corporation Act*. The Bureau provides high quality supervision of state-chartered institutions directed at identifying material or emerging problems in individual institutions or the financial services industry and ensuring that such problems are appropriately corrected. The Bureau monitors and evaluates the financial health of state-chartered institutions, along with the various risks facing these institutions, through the on-site regulatory examination process and off-site monitoring program. The Bureau also investigates complaints against state-chartered financial institutions filed with the Department.

The Bureau works closely with federal and other state regulators to provide regulated industries seamless supervision, minimal disruption and costs, and effective use of resources. The Department continues its joint compliance examination program entered into with the FDIC twelve years ago. Idaho is one of few states that have a formal agreement with the FDIC on conducting joint compliance examinations. The joint compliance examinations, in addition to joint risk management examinations, result in more efficient and less burdensome bank examinations.

The Department is strongly committed to providing effective regulation without excessive costs. Our fees remain among the lowest in the nation; we do not charge examination fees and process most applications for nominal or no fees. Idaho financial institutions incur significantly less regulatory costs than their federal counterparts.

National Accreditation - The Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS) have established accreditation standards for both bank and credit union supervision and regulation. The accreditation process requires a comprehensive review of all factors needed to have a fully functional regulatory organization. The Department's bank and credit union sections have been continuously accredited by CSBS and NASCUS since 1990. Every year, the accreditation committee requires updated information to maintain accredited status; a full-scale re-accreditation occurs on-site every five years and most recently occurred in 2010.

Education and Examiner Training - Continuing education and training are important to maintaining accreditation, and maintaining the confidence of those we regulate. The Department continues to support educational opportunities for its examiners. During fiscal year 2015, examiners attended training sessions provided or sponsored by the Federal Deposit Insurance Corporation, the Federal Reserve System, the National Credit Union Administration, CSBS, NASCUS, and Pacific Coast Banking School (PCBS) in partnership with the University of Washington. The nine examiners assigned to the Banking Section attended 23 weeks of training during the fiscal year, and the six examiners assigned to the Credit Union Section attended 22 weeks of training.

BANKING SECTION

The Banking Section is responsible for supervising Idaho's state-chartered commercial banks, savings banks, and bank holding companies for the benefit of depositors and shareholders, to maintain public confidence in the banking system, to promote fair competition, and to encourage the continuation, maintenance, and preservation of the dual banking system. The Banking Section also licenses and supervises trust departments within financial institutions, non-depository trust companies, and business and industrial development corporations (BIDCOs). The Banking Section directly supervised eleven commercial banks (three with trust powers) and one BIDCO as of June 30, 2015.

The section also has regulatory oversight responsibilities, as the host state supervisor, for 11 state-chartered banks operating in Idaho and chartered by other states. As of June 30, 2015, these institutions held \$4.0 billion of Idaho deposits and operated 119 offices throughout the state: AmericanWest Bank (6 branches), Banner Bank (8 branches), Inland Northwest Bank (4 branches), and Washington Trust Bank (15 branches) are chartered by the State of Washington; Bank of the West (6 branches) and Sunwest Bank (4 branches) are chartered by the State of California; Bank of the Cascades (16 branches), Columbia Bank (17 branches), and Umpqua State Bank (17 branches), are chartered by the State of Oregon; Glacier Bank (24 branches) is chartered by the State of Montana; Lewiston State Bank (1 branch) is chartered by the State of Utah; and Bell State Bank and Trust (1 representative trust office) is chartered by North Dakota. As a host

state supervisor, the Banking Section also has indirect supervision over 11 bank or financial holding companies with banking operations in Idaho.

In fiscal year 2015, the Banking Section completed four risk management examinations, one consumer compliance examination, and one trust examination. In conjunction with the risk management examinations, information technology and Bank Secrecy Act/Anti-Money Laundering examinations were performed. In addition, the Banking Section participated in three risk management visitations.

Branch Activities

Branching and relocation activity increased during fiscal year 2015. D. L. Evans Bank opened branches in Ammon, Caldwell, and Fruitland, Idaho, and relocated the downtown Boise branch to West Main Street. Mountain West Bank relocated the Fairview Avenue branch to the Village in Meridian, Idaho. Bankcda relocated the Honeysuckle Avenue branch to Hayden Avenue in Hayden, Idaho. Sunwest Bank closed the Fairview Avenue branch in Meridian, Idaho.

Bank Mergers/Acquisitions/Conversions

Three mergers/acquisitions occurred during fiscal year 2015. D. L. Evans Bank acquired Idaho Banking Company, effective August 31, 2014, and Northwest Bank acquired Regal Financial Bank of Seattle, Washington on December 31, 2014. Additionally, Columbia State Bank of Tacoma, Washington, acquired Panhandle State Bank on November 1, 2014. Effective December 31, 2014, Farmers Bank completed a conversion from a national charter to a state charter. All branches associated with these actions remain functional.

IDAHO BANKING INDUSTRY REVIEW

Performance and Condition of Idaho Financial Institutions

As of June 30, 2015, there were 12 financial institutions (11 state-chartered banks and 1 federal savings bank) based in Idaho with combined assets of \$5.0 billion, net loans and leases of \$3.1 billion, and deposits of \$4.2 billion¹. Institutions headquartered in Idaho generally outperformed the national averages for all institutions during 2014, ending the year with a higher average core capital (leverage ratio) of 11.63 percent versus 9.45 percent, higher net interest margin of 3.69 percent versus 3.14 percent, lower noncurrent loans of 1.08 percent versus 1.98 percent, and lower loan charge offs of -0.07 percent versus 0.49 percent. Moreover, all Idaho-based institutions were profitable for 2014, compared to 88 percent at year-end 2013, and 67 percent of Idaho institutions reported higher earnings during the year. In addition, all of Idaho's institutions were "well-capitalized" under state and federal capital standards at year-end 2014.

¹ Source: FDIC Statistics on Depository Institutions

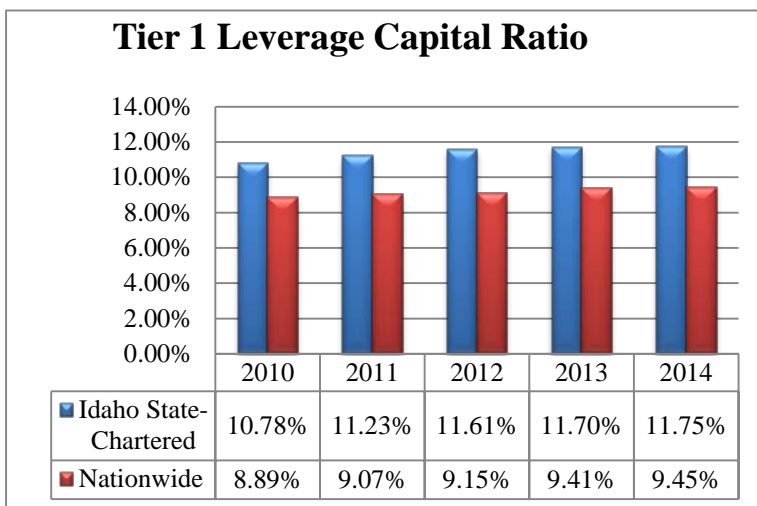
In general, the banking industry in Idaho continues to exhibit signs of sustained improvement. Continued improvement in credit quality and loan demand has contributed to the recovering health of Idaho-chartered institutions. Despite these improving trends, the prolonged duration of the low interest rate environment continues to impede earnings and erode the net interest margin at a majority of Idaho banks. Moreover, Idaho banks have not yet fully realized the cost impact of new legislation or regulation.

Deposits in Idaho

As of June 30, 2015, 32 commercial banks and savings institutions with 516 offices competed for deposits in Idaho. Total deposits in Idaho increased 5.35 percent during the fiscal year from \$20.6 billion to \$21.6 billion. Institutions headquartered outside of the state slightly increased their market share of Idaho deposits from 79 percent as of June 30, 2014, to 82 percent or \$17.7 billion as of June 30, 2015. The remaining 18 percent, or \$4.0 billion, of deposits was shared between the 12 Idaho-based institutions.

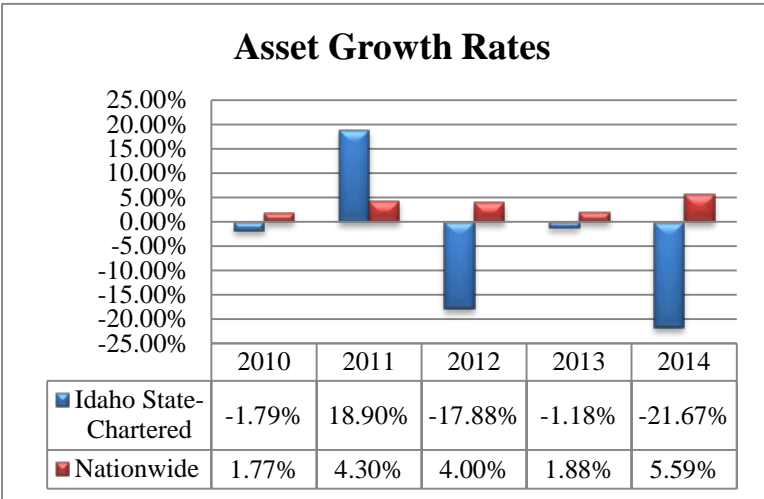
Capital Levels at Idaho State-Chartered Banks

Idaho state-chartered banks reported an increase in the average Tier 1 Leverage Capital ratio from 11.70 percent as of December 31, 2013, to 11.75 percent as of December 31, 2014, which greatly exceeded the 9.45 percent average for all banks in the nation. However, with the acquisition of two large Idaho-chartered banks (Home Federal Bank and Panhandle State Bank) by out-of-state banks, total equity capital and other key capital ratios declined in 2014. Total equity capital of state-chartered banks decreased 23.4 percent, from \$683.0 million to \$523.4 million, in 2014. The average Tier 1 Risk-Based Capital ratio decreased from 18.08 percent to 16.67 percent, and the average Total Risk-Based Capital ratio decreased from 19.32 percent to 17.83 percent. Despite the declines, both of these ratios compared favorably to the national average of 12.95 percent and 14.41 percent, respectively, for all banks.



Asset and Deposit Growth in Idaho State-Chartered Banks

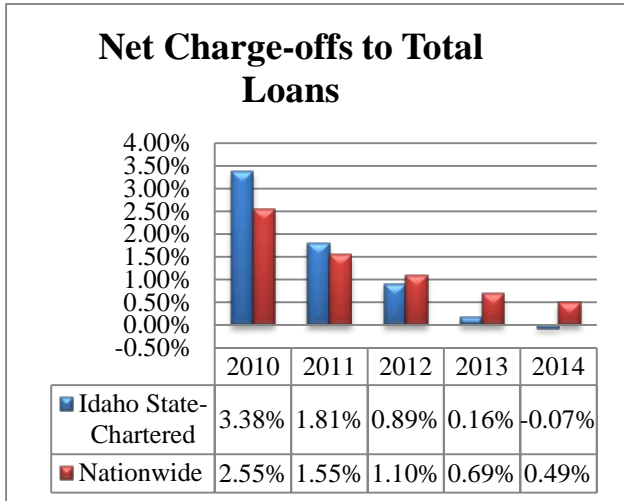
The acquisition of two Idaho-chartered institutions in 2014 resulted in significant declines in total loans and deposits. As of year-end 2014, total assets in Idaho-chartered banks declined 21.7 percent, from \$5.7 billion to \$4.5 billion. Nationwide, total assets in all banks grew 5.6 percent, increasing from \$14.7 trillion to \$15.6 trillion. This growth was primarily supported by increases in interest-bearing balances, cash and correspondent deposits, and net loans. At Idaho state-chartered institutions, net loans declined 18.9 percent, from \$3.2 billion to \$2.6 billion, while loans at banks nationwide increased from \$7.8 trillion to \$8.2 trillion, or 5.5 percent. Commercial and industrial lending increased by \$149.0 billion, or 9.51 percent, from \$1.6 trillion to \$1.7 trillion for banks nationwide, followed by a \$105.1 billion, or 2.59 percent, increase in real estate lending from \$4.1 trillion to \$4.2 trillion. The majority of the this improvement was attributed to growth in commercial real estate, multifamily residential, and construction and land development lending. Only single-family residential lending declined throughout 2014 with a loss of \$4.9 billion, or -0.21 percent. Nonetheless this contraction appears to be slowing compared to the -4.43 percent decline in 2013.



Total deposits in Idaho state-chartered banks declined 21.0 percent, from \$4.7 billion as of December 31, 2013, to \$3.7 billion as of December 31, 2014. Conversely, deposits at banks nationwide increased 5.5 percent, from \$11.2 trillion to \$11.8 trillion, over the same period.

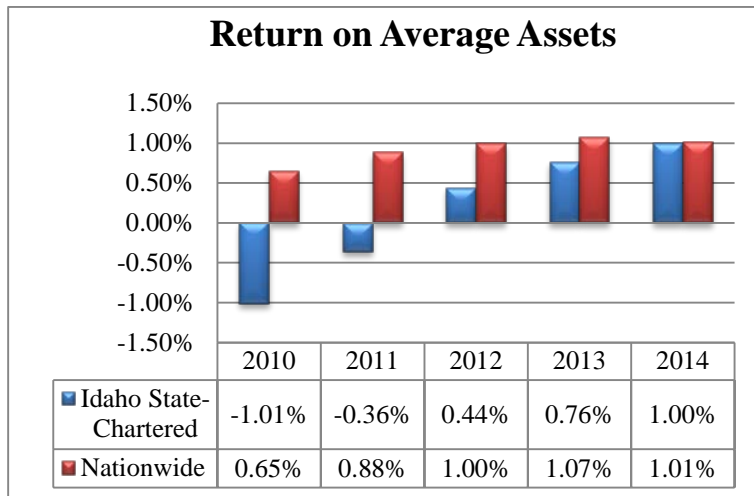
Asset Quality and Earnings in Idaho State-Chartered Banks

Overall, Idaho state-chartered banks continued to realize improved asset quality in 2014. Net charge-offs declined 132.1 percent, from \$4.9 million to a net recovery position of negative \$1.6 million. Additionally, the ratio of net charge-offs to total loans and leases for Idaho state-chartered banks decreased from 0.16 percent in 2013 to -0.07 percent in 2014. Nationwide, banks also experienced a decline in net charge-offs of 26.17 percent as the ratio of net charge-offs to total loans and leases declined from 0.69 percent to 0.49 percent.



The ratio of noncurrent loans to total loans for Idaho state-chartered banks decreased in 2014 from 1.81 percent to 1.21 percent, which is lower than the national ratio of 1.96 percent. Idaho state-chartered banks reported a ratio of reserves for possible loan losses to total loans of 1.80 percent, which is above the 1.48 percent average reported for banks nationwide.

Earnings for both Idaho-chartered banks and banks nationwide declined in 2014. Net income for Idaho state-chartered banks declined \$2.4 million, or 5.64 percent, from \$43.3 million to \$40.8



million. However, the Return on Average Assets ratio (ROAA) for Idaho-chartered banks improved from 0.76 percent to 1.00 percent. All banks in the nation reported a 1.37 percent decline in net income from \$154.4 billion to \$152.3 billion; however, the average ROAA declined from 1.07 percent to 1.01 percent. Due to the prolonged low interest rate environment, the net interest margin (NIM) further contracted

over the year for both Idaho-chartered banks and all banks nationwide as yields on loans continued to decline. The NIM for Idaho-chartered banks declined 21 basis points to 3.72 percent, while the NIM for banks nationwide declined 12 basis points to 3.14 percent.

**Idaho State-Chartered Commercial Banks
Aggregate Condition and Performance**

IDAHO BANKS	6/30/2015	6/30/2014	\$/# Change	% Change	12/31/2014	12/31/2013	\$/# Change	% Change
<i>(dollar figures in millions)</i>								
Number of institutions reporting	11	13	-2	-15.66	11	15	-4	-26.67
Total employees (full-time equivalent)	1,185	1,405	-220	-8.53	1,153	1,742	-589	-33.81
AGGREGATE CONDITION AND INCOME DATA (\$000)								
Net operating income (year-to-date)	23,407	19,860	3,547	17.86	40,823	45,390	-4,567	-10.06
Total assets	4,449,441	5,001,454	-552,013	-41.97	4,446,492	6,076,010	-1,629,518	-26.82
Earning assets	4,145,427	4,589,201	-443,774	-9.67	4,140,092	5,548,183	-1,408,091	-25.38
Net loans & leases	2,689,628	2,940,315	-250,687	-10.06	2,551,391	3,302,681	-751,290	-22.75
Other real estate owned	24,898	42,902	-18,004	-10.39	31,278	49,952	-18,674	-37.38
Total deposits	3,719,435	4,135,531	-416,096	-9.67	3,709,571	5,042,991	-1,333,420	-26.44
Equity capital	545,290	608,543	-63,253	-10.39	523,383	734,408	-211,025	-28.73
	BP Change				BP Change			
Yield on earning assets	4.12	4.03	9		4.02	4.24	-22	
Cost of funding earning assets	0.23	0.31	-8		0.31	0.37	-6	
Net interest margin	3.89	3.72	17		3.72	3.87	-15	
Noninterest income to average assets	0.83	0.81	2		0.87	0.75	12	
Noninterest expense to average assets	3.04	3.17	-13		3.14	3.44	-30	
Net charge-offs to loans & leases	0.04	-0.01	5		-0.07	0.17	-24	
Credit-loss prov. to net charge-offs	151.76	-732.40	88,416		-1.45	6.98	-843	
Net operating income to assets	1.02	0.78	24		0.99	0.74	25	
Retained earnings to average equity	8.13	5.67	246		4.31	1.19	312	
Pre tax return on assets	1.43	1.03	40		1.19	0.85	34	
Return on assets	1.06	0.80	26		1.00	0.75	25	
Return on equity	8.75	6.67	208		8.25	6.07	218	
Loss allowance to loans	1.72	1.95	-23		1.80	2.08	-28	
Loss allowance to noncurrent loans	211.28	134.74	7,654		149.30	105.72	4,358	
Noncurrent assets plus OREO to assets	1.06	1.73	-67		1.41	1.91	-50	
Noncurrent loans to loans	0.81	1.45	-64		1.21	1.97	-76	
Net loans and leases to deposits	72.31	71.10	121		68.78	65.49	329	
Net loans and leases to core deposits	76.41	75.82	59		72.84	68.92	392	
Equity capital to assets	12.26	12.17	9		11.77	12.09	-32	
Core capital (leverage) ratio	11.97	11.85	12		11.75	11.77	-2	
Tier 1 risk-based capital ratio	16.35	16.77	-42		16.67	18.36	-169	
Total risk-based capital ratio	17.49	17.97	-48		17.83	19.60	-177	

TRUST DEPARTMENTS AND TRUST COMPANIES

The Banking Section is responsible for enforcing the *Idaho Trust Institutions Act* and currently supervises the trust departments of three state-chartered banks. These trust departments primarily administer personal trusts, agency accounts, safekeeping, and non-complex employee benefit accounts. The employee benefit accounts are mostly self-directed IRAs and 401(k) accounts.

Total trust assets under supervision decreased by 13.3 percent during the year to \$455.8 million as of December 31, 2014, consisting of \$388.2 million in managed assets and \$67.6 million in non-managed assets. The decline in these amounts was largely due to the acquisition of Panhandle State Bank by Columbia State Bank in November 2014.

The Department approved three out-of-state trust companies to operate in Idaho. Two of these companies - First Capital Surety and Trust Company (Sioux Falls, South Dakota), and U.S. Trust Company of Delaware (Wilmington, Delaware) - have no offices in Idaho. Bell State Bank & Trust of Fargo, North Dakota, operates a representative trust office in Boise. These out-of-state trust companies are supervised in accordance with the terms of the Nationwide Cooperative Agreement for Supervision and Examination of Multi-State Trust Institutions, with the home state regulator as the single point of contact.

Trust Departments and Trust Companies				
Activity	12/31/2014	12/31/2013	\$/# Change	% Change
	(\$ in 000's)	(\$ in 000's)		
Fiduciary powers granted	5	7	-2	-28.57
Fiduciary powers exercised	3	4	-1	-25.00
Fiduciary or related activity	3	4	-1	-25.00
Number of fiduciary and related asset accounts	1,127	1,534	-407	-26.53
Number of managed accounts	903	1,188	-285	-23.99
Number of non-managed accounts	224	346	-122	-35.26
Total fiduciary and related assets (\$)	455,779	525,391	-69,612	-13.25
Managed assets (\$)	388,184	430,571	-42,387	-9.84
Non-managed assets (\$)	67,595	94,820	-27,225	-28.71

BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

On July 1, 1989, the Business and Industrial Development Corporation Act became effective, authorizing an alternative form of financial institution. The Act authorizes the formation of business and industrial development corporations (BIDCOs) to provide financing and management assistance to new or expanding companies.

Working closely with the Small Business Administration, other federal financial assistance programs, local economic development organizations, and traditional commercial lenders, BIDCOs are licensed to increase the level and quality of financial services available to the small business community in Idaho. This financial assistance has led to the creation or retention of an estimated 1,399 permanent jobs in the state. The Idaho Company, located in Idaho Falls, is the only licensed BIDCO in Idaho and was inactive in 2014.

Business and Industrial Development Corporations		
Activity for Calendar Year 2014	Number	Dollar Amount
Number and dollar amount of financing assistance provided to business firms:	0	\$0
Number and dollar amount of financing assistance provided to minority-owned and woman-owned business firms:	0	\$0
Estimated number of jobs created or retained through financing assistance:	0	NA
Activity Since Inception	Number	Dollar Amount
Number and dollar amount of financing assistance provided to business firms:	302	\$26,209,484
Number and dollar amount of financing assistance provided to minority-owned and woman-owned business firms:	30	\$2,057,916
Estimated number of jobs created:	1,025	NA
Estimated number of jobs retained:	374	NA

CREDIT UNION SECTION

The Credit Union Section is responsible for supervising all Idaho state-chartered credit unions and ensuring compliance with the *Idaho Credit Union Act*. As of June 30, 2015, there were 25 credit unions under the Credit Union Section's direct supervision. The section has additional responsibilities, as the host-state supervisor, for five state-chartered credit unions operating in Idaho and chartered by other states. Washington-chartered Global Credit Union has branches in Coeur d'Alene and Post Falls; Horizon Credit Union has branches in Coeur d'Alene, Ponderay, Post Falls, and Sandpoint; Numerica Credit Union has branches in Coeur d'Alene and Hayden; and Spokane Teachers Credit Union has branches in Coeur d'Alene, Dalton Gardens, Ponderay, and Post Falls. California-chartered Silverado Credit Union operates one branch in Nampa.

The Credit Union Section is an active participant in the National Association of State Credit Union Supervisors (NASCUS). NASCUS actively coordinates with all state credit union regulatory agencies and the National Credit Union Administration (NCUA) on a variety of credit union regulatory issues. In November 2010, the Credit Union Section was successfully reaccredited by NASCUS for another 5-year term.

In fiscal year 2015, the Credit Union Section completed 24 examinations and 9 visitations, participated in two examinations of Washington state-chartered credit unions, and participated in an examination of American Share Insurance Corporation (ASI). Fifteen of the examinations and seven of the visitations were conducted jointly with examiners from either the NCUA or ASI, depending on whether the institution is federally or non-federally insured.

New Branches

During fiscal year 2015, Idaho state-chartered credit unions opened four new branches in Idaho. Connections Credit Union opened a branch at 780 N. Ten Mile Road, Meridian, with a branch charter effective date of May 18, 2015. Idaho Central Credit Union (ICCU) opened two new branches in Idaho: one branch at 673 N. 2nd East, Rexburg, with a branch charter effective date of August 18, 2014; and one branch located at 240 N. 25th East, Idaho Falls, with a branch charter effective date of August 25, 2014. Also occurring in fiscal year 2015, Mountain Gem Credit Union opened a branch at 1804 N. Midland Boulevard, Nampa, with a branch charter effective date of October 27, 2014.

Branch Closures

Effective December 31, 2014, Cornerstone Credit Union closed its branch located at 404 Holly Street, Nampa.

Branch Relocations

Effective December 16, 2014, St. Alphonsus Medical Credit Union relocated its office within Boise, from 6130 Emerald Street to 999 N. Curtis Road.

Mergers

Les Bois Credit Union merged into Mountain America Federal Credit Union, effective January 1, 2015. Mountain America Federal Credit Union continues to operate the branches acquired from the Les Bois merger, with the exception of the branch located at 123 McClure Street, Nampa, which was closed shortly after the merger.

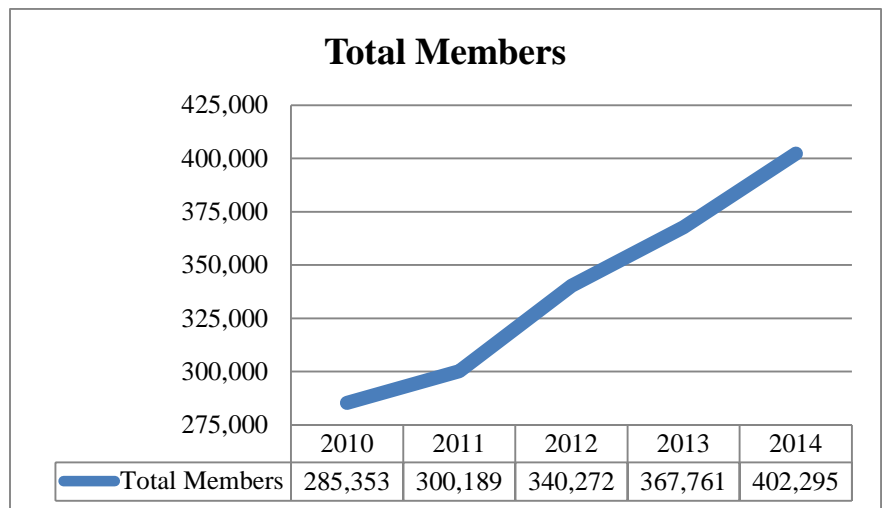
Public Employees Credit Union merged into Idaho Central Credit Union, effective June 13, 2015. Idaho Central Credit Union continues to operate the one branch office acquired in the merger, located at 1410 N. Government Way, Coeur d’Alene.

Performance and Condition of Idaho Credit Unions

During calendar year 2014, Idaho state-chartered credit unions experienced average membership growth of 9.3 percent, asset growth of 14.6 percent, loan growth of 21.5 percent, and net worth growth of 11.0 percent. These figures compare favorably to the nationwide credit union averages of 3.1 percent for membership growth, 5.6 percent for asset growth, 10.4 percent for loan growth, and 7.5 percent for net worth growth. Idaho credit unions continue to manage operations in an increasingly competitive financial environment. As a group, Idaho credit unions continue to provide financial security to their membership, offering needed products and providing basic financial services. The information used to compile the dollar amounts and ratios presented in the following charts and narrative comments is derived from the consolidated Call Reports filed by Idaho’s state-chartered credit unions for the period ending December 31, 2014.

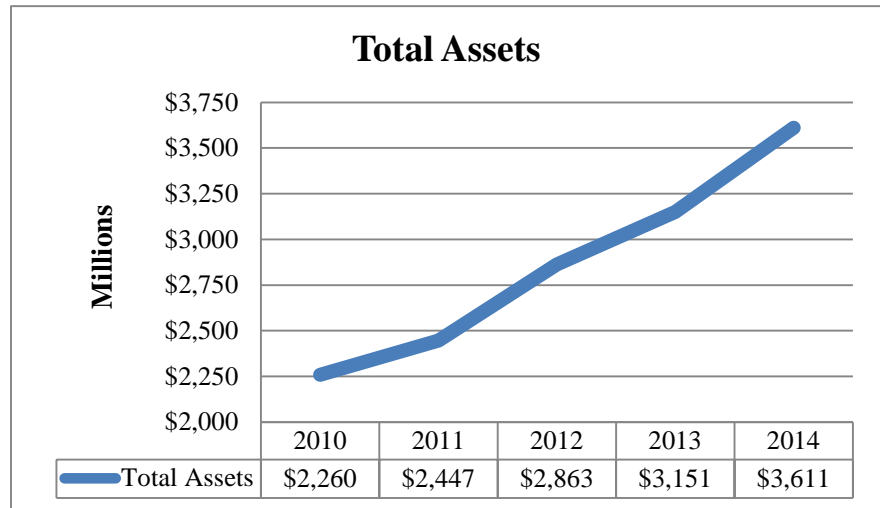
Members

Idaho state-chartered credit unions have a total membership of approximately 403,000 members as of year-end 2014. Total membership increased by approximately 34,000 in the last 12 months, representing a 9.3 percent annual growth rate.



Assets

Idaho state-chartered credit unions finished calendar year 2014 with total assets of \$3.6 billion, an increase of \$460.2 million from 2013. This represents a 14.6 percent annual growth rate and continues the double-digit annual asset growth rate experienced after the recent economic recession.



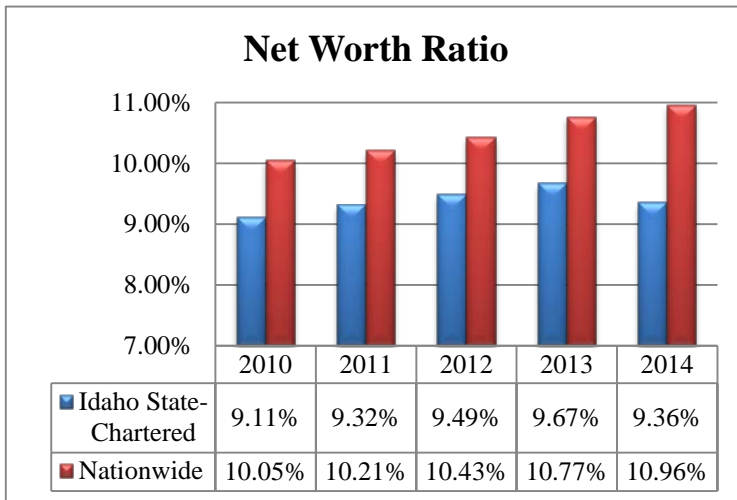
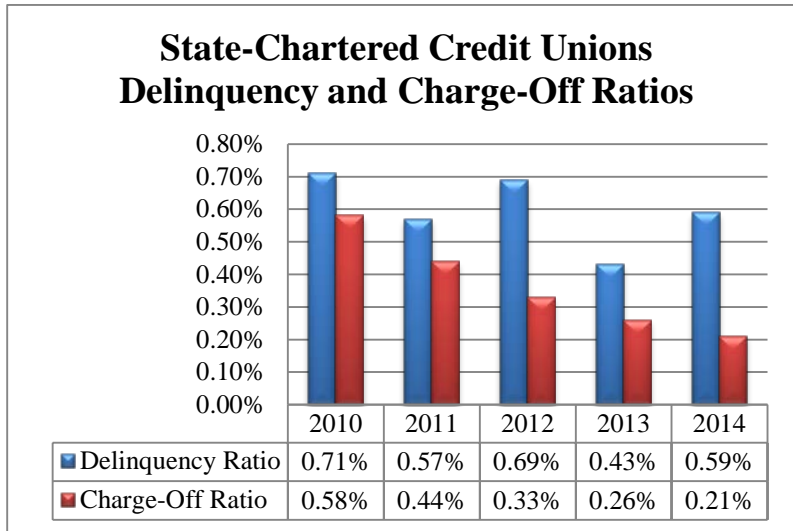
Loans

Idaho state-chartered credit unions increased total loans by \$533.0 million in calendar year 2014, providing for an annual growth rate of 21.5 percent. This level of growth is over twice the national loan growth rate of 10.40 percent. The low interest rate environment combined with an increasingly competitive loan market, while beneficial for consumers, placed downward pressure on the loan yield earned by financial institutions. This is evidenced by the yield on average loans of 3.85 percent reported by Idaho state-chartered credit unions as of December 31, 2014, continuing a multi-year decline and marking a 30 basis point decrease for 2014 as compared to a 70 basis point decline noted for 2013. The downward trend for the yield on average loans is also seen with all credit unions in the country, with a 22 basis point decline to 4.79 percent noted within the same period. While total loans on the balance sheet increased by 21.5 percent for Idaho state-chartered credit unions, the reduced loan yield translates to a total loan interest income increase of only 10.2 percent, or \$9.8 million, for 2014.

The composition of the \$3.0 billion Idaho state-chartered credit union loan portfolio is as follows: 37.80 percent in real estate-secured loans, 31.44 percent in used vehicle loans, 17.60 percent in new vehicle loans, 6.14 percent in unsecured credit card loans and other types of unsecured credit, and 7.02 percent in all other loans. Loan growth was strongest in the new vehicle category at 33.2 percent followed by real estate-secured loans at 20.8 percent, unsecured credit cards and other unsecured credit at 18.8 percent, and used vehicle loans at 16.6 percent. Credit unions are increasingly utilizing indirect lending relationships to generate new loans; total outstanding indirect loans increased by \$254.1 million, or 32.5 percent, in 2014 and indirect loans represent 34.46 percent of total loans at Idaho state-chartered credit unions as of December 31, 2014.

Delinquency and Charge-Offs

As a percentage of total loans, reportable loan delinquency increased to 0.59 percent as of December 31, 2014, marking a 16 basis point year-over-year increase. The Net Charge-Offs to Average Loans ratio continued its multi-year decline in 2014, dropping to 0.21 percent as of December 31, 2014. One cause for the rise in delinquency is the increase in past due real estate loans, as a percentage of all real estate loans, from 0.32 percent to 0.85 percent within the past 12 months. The Charge-Off ratio is at a historical low when evaluating year-end data for the five-year period ending December 31, 2014. Nationwide, the Delinquent Loans ratio decreased to 0.85 percent while the Charge-Off ratio also declined to 0.49 percent.



Net Worth

The Net Worth to Total Assets ratio (Net Worth ratio) decreased from 9.67 percent to 9.36 percent in 2014. Total equity in dollars increased by \$33.4 million, or 11.0 percent, to \$338.2 million. The decrease in the Net Worth ratio is attributable to asset growth of 14.6 percent outpacing net worth growth of 11.0 percent in 2014. Idaho state-chartered credit unions continue to trail the national credit union Net Worth ratio average of

10.96 percent as of December 31, 2014.

Operating Results

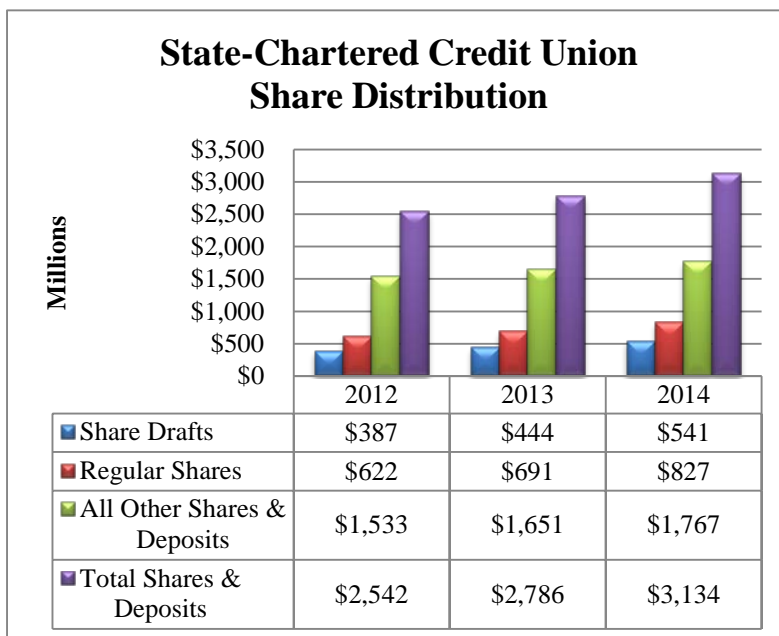
Idaho state-chartered credit unions reported \$25.8 million in net income for 2014, a decrease of \$6.4 million, or 19.8 percent, from 2013 earnings of \$32.2 million. The 0.76 percent Return on Average Assets ratio (ROAA) for Idaho state-chartered credit unions compares similarly to the ROAA of 0.80 percent reported by all credit unions nationwide for 2014. As discussed above, the continued low interest rate environment combined with a competitive marketplace for loan

financing has placed increased compression on financial institutions' operating margins. The yield on average loans declined by 30 basis points to 3.85 percent, while the yield on average investments increased by 20 basis points to 0.89 percent. These movements, combined with a nearly unchanged Cost of Funds to Average Assets ratio (COF) of 0.49 percent, have contributed to a continued multi-year decline in the Net Interest Margin to Average Assets ratio (NIM) from 2.82 percent to 2.74 percent year-over-year. The NIM captures interest earned on loans and investments while subtracting interest paid on borrowed money and subtracting dividends paid on share and deposit accounts. Nationally, credit unions are reporting a COF of 0.54 percent and a NIM of 2.84 percent.

Loan interest income for 2014 of \$105.6 million continued to constitute the largest portion of Idaho state-chartered credit unions' income. Investment income increased by \$295 thousand, or 8.5 percent, despite a relatively unchanged total investment portfolio of \$292.9 million. Total interest expense, including dividend expense, interest paid on deposits and interest paid on borrowed money, increased by \$2.1 million, or 14.4 percent, in 2014.

Deposits

In 2014, total shares and deposits increased by 12.5 percent to \$3.1 billion. Total share drafts increased by 21.8 percent to \$540.9 million while total regular shares increased by 19.6 percent to \$826.7 million. Regular shares represent 26.37 percent of total shares, an increase from the 24.82 percent level noted as of year-end 2013. Certificates of deposit (CDs) continue to represent the largest portion of total shares and deposits at 29.89 percent, as compared to 30.42 percent for the same period one year prior. Money market shares grew by 5.9 percent to \$582.7 million while IRA/KEOGH accounts also grew by 5.9 percent to \$206.3 million as of December 31, 2014.



Liquidity

Cash and cash equivalents decreased by \$96.2 million, or 44.7 percent, and totaled \$119.2 million as of December 31, 2014. Total short-term investments decreased by \$119.5 million, or 41.6 percent, from 2013. The Cash and Short Term Investments to Total Assets ratio (Liquidity ratio) of 5.63 percent represents a decrease from the 10.12 percent Liquidity ratio noted as of year-end 2013. Loans comprise 96.01 percent of total shares and 83.35 percent of total assets. Total off-balance sheet borrowing capacity increased by \$271.5 million, or 58.3 percent, to \$736.8 million as of December 31, 2014. Outstanding draws against borrowing lines of credit increased by \$64.3 million, or 926.5 percent, from year-end 2013 to year-end 2014.

CONSUMER FINANCE BUREAU

Idaho Collection Agency Act
Idaho Credit Code
Idaho Residential Mortgage Practices Act

The Consumer Finance Bureau is the regulatory and licensing authority for regulated consumer lenders under the *Idaho Credit Code*. Regulated lenders include consumer finance companies, financial institutions, payday lenders, title lenders, and creditors who take assignments and undertake collection of payments from debtors arising from regulated consumer loans. Provisions of the *Idaho Credit Code* also apply to retail sellers of goods and services who extend credit to their customers.

The Bureau is committed to providing reasonable regulation of mortgage brokers, mortgage lenders, mortgage loan originators, and mortgage service providers operating in Idaho under the *Idaho Residential Mortgage Practices Act* and the *Idaho Mortgage Company Act*.

The Bureau is responsible for the licensing and enforcement provisions of the *Idaho Collection Agency Act*. Collection agencies that engage in collection activities with Idaho residents are required to obtain a license under, and comply with, the provisions of the Act. Entities that engage in credit counseling, debt counseling, or credit repair within the state of Idaho are also required to obtain a license and comply with the provisions of the Act.

The Bureau administers and enforces Idaho's Loan Broker statute that prohibits loan brokers operating in Idaho from receiving any fee, interest, or other charge prior to a loan or extension of credit, or written commitment to loan or extend credit, made by an authorized lender.

Compliance with the above laws is reviewed by onsite examinations of licensees and by investigations of complaints filed with the Consumer Finance Bureau. The goal of the Bureau is to assure the availability and quality of consumer financial services and lawful debt collection practices. The Consumer Finance Bureau currently has a 23 member staff.

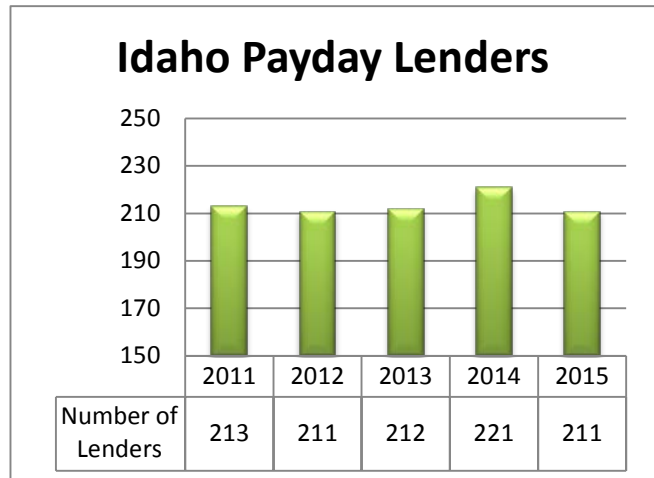
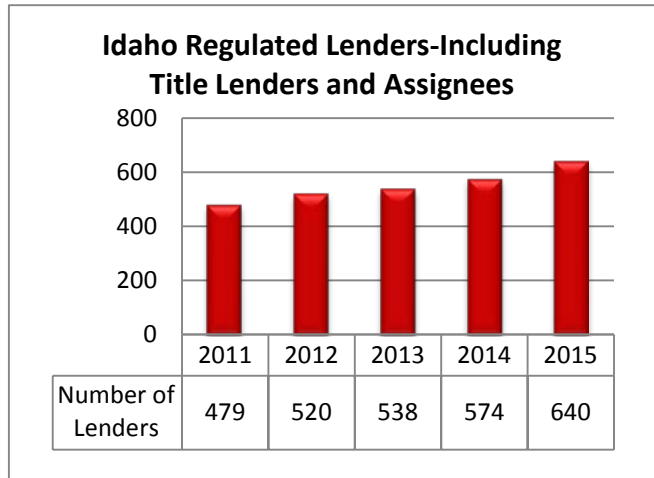
IDAHO CREDIT CODE

The *Idaho Credit Code* (ICC) is a state law that regulates specific terms and conditions of consumer credit in Idaho. A consumer credit transaction is a credit sale or loan in which the credit or loan is extended by a person who is regularly engaged in the offering of credit or financing to borrowers who will use it for personal, family or household purposes, and in which a finance charge is imposed or the debt is payable in installments.

The ICC does not apply to first mortgages but does apply to subordinate lien mortgages. Most other consumer credit transactions such as automobile loans and extensions of credit through credit cards are subject to the ICC. The ICC also applies to payday loan transactions and short-term equity loans on titled vehicles. The ICC includes specific lending procedures and consumer protection provisions for the payday and title lending industries in Idaho, as well as separate licensing requirements for payday lenders. The ICC also includes other generally applicable consumer protection provisions, such as a consumer’s right to be informed about the costs of a loan before it is made, the right to cancel a payday or title loan by the next business day after it is extended, the right, once per year, to an extended payment plan to pay off a payday loan, and the right to cancel certain home solicitation sales and real estate transactions.

Licensing/Lending Activity – Under the ICC, creditors engaged in the business of making regulated consumer loans, or taking assignment of and undertaking direct collection of payments from debtors arising from regulated consumer loans, must obtain a regulated lender license. Regulated lenders must file for license renewal and submit composite annual reports annually.

During fiscal year 2015, lending activity by state licensed regulated lenders ranged from sole-proprietors located in Idaho to national finance companies with several million dollars in outstanding Idaho loans. The composition of regulated lenders consists of finance companies,



including second mortgage lenders, consumer loan assignees, and payday/title lenders. As of June 30, 2015, Idaho had 640 licensed regulated lender offices, which included title lenders, consumer loan assignees, and consumer finance companies, and 211 licensed payday lender offices.

Compliance/Enforcement – In addition to answering consumer inquiries and complaints, Consumer Finance Bureau staff members conduct routine and “for-cause” on-site compliance examinations of licensed regulated lenders. The Bureau is committed to regularly examining licensees to ensure that their business practices comply with the provisions of the ICC. During fiscal year 2015, the Bureau’s field examiners conducted 30 examinations of payday lender offices, 35 examinations of title loan offices, and 12 examinations of other regulated consumer lender offices. Many licensees examined by the Bureau hold both a regulated lender license and a payday lender license. Therefore, Bureau examiners often have the ability to examine an entity’s payday lending activity and other regulated lending activity, including title loans, during a single examination. The Bureau also received and acted upon 33 complaints from Idaho consumers regarding entities operating as regulated lenders or title lenders, and 22 complaints against payday lenders.

IDAHO COLLECTION AGENCY ACT

The Consumer Finance Bureau oversees collection agencies that collect from Idaho residents under the authority of the *Idaho Collection Agency Act* (Act). Consumers have an obligation to pay their debts. However, collection agencies must deal openly, fairly, honestly and without deception when collecting debts. This includes complying with the federal Fair Debt Collection Practices Act.

Licensing – Under the Act, the following activities cannot be conducted in Idaho by non-exempt entities without first obtaining an Idaho collection agency license:

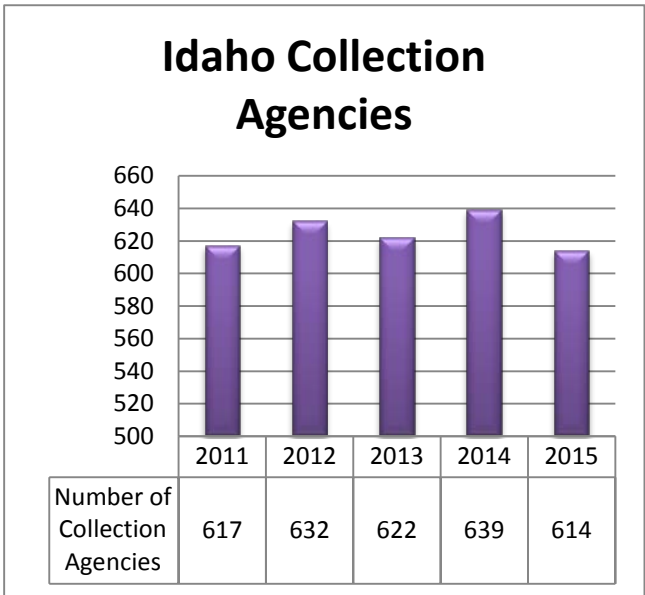
- Operating as a collection agency, debt counselor, credit counselor, or credit repair organization;
- Engaging, either directly or indirectly, in the business of collecting or receiving payment for another of any account, bill, claim, or other indebtedness;
- Soliciting or advertising to collect or receive payment for another of any account, bill, claim, or other indebtedness;
- Selling or distributing any system of collection letters in which the name of any person other than the creditor to whom the debt is owed appears;
- Engaging in any activity which indicates that a third party may be involved in effecting collections;
- Engaging in the business of credit or debt counseling, or credit repair; or

- Engaging in, or offering to engage in, the business of collecting any form of indebtedness for that person’s own account if the indebtedness was acquired from another person and if the indebtedness was either delinquent or in default at the time it was acquired.

No matter where located, all entities engaged in any of the activities listed above in Idaho are required to obtain a Collection Agency license, which license must be renewed annually.

As of June 30, 2015, Idaho had 614 Idaho collection agency licensees. These agencies had a combined total of 46,759 individual solicitors/collectors registered with the Department. Additionally, at fiscal year-end the Department had 50 credit/debt counselors, 7 credit repair organizations, and 101 debt buyers licensed under the Act.

Compliance/Enforcement – In addition to answering consumer inquiries and complaints, Bureau examiners regularly conduct on-site compliance examinations of licensed collection agencies. During the past fiscal year, Bureau examiners conducted 14 examinations of companies licensed under the Act. The Department received 133 complaints against collection agencies and debt buyers and 9 complaints against credit/debt counselors. The Department entered into two Consent Orders to resolve allegations of violations of the Act. Furthermore, the Department ordered six companies to cease and desist from violations of the Act and revoked the license of one collection agency for failure to meet licensing requirements. Details of these actions are included in Exhibit V.



**IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT
AND IDAHO MORTGAGE COMPANY ACT**

Under the *Idaho Residential Mortgage Practices Act* (Act), all non-exempt office locations from which mortgage brokering or mortgage lending activities are conducted are required to be licensed with the Department. The provisions of the Act also extend to individuals who originate residential mortgage loans for mortgage broker and lender licensees. The purpose of the Act is to ensure that companies and individuals offering mortgage services in Idaho meet minimum standards and that consumers are protected against unfair practices.

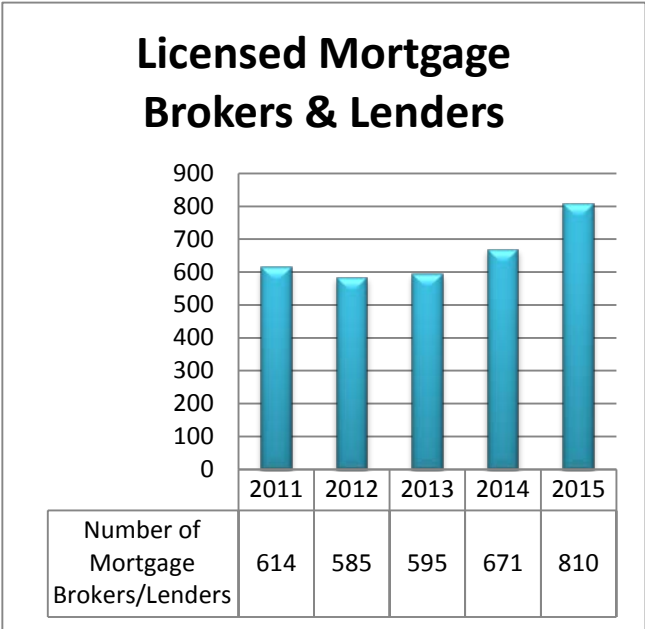
Mortgage brokers are companies in the business of:

- (i) assisting borrowers in obtaining mortgage loans from banks or other lenders; or
- (ii) assisting others to obtain an adjustment or compromise of an existing residential mortgage loan.

Mortgage lenders fund mortgage loans and may also perform the mortgage brokering activities mentioned above. Loan originators assist in the preparation of applications for new residential mortgage loans and for modifications of existing residential mortgage loans. The Act applies to those making first mortgage loans as well as to those making subordinated lien loans secured by a dwelling, as defined in section 103(w) of the Truth in Lending Act (15 USC Section 1601 *et seq.*), located in Idaho, or on residential real estate.

In addition, the Department has authority under the *Idaho Mortgage Company Act* to ensure that mortgage companies are properly handling borrower reserves, impound and escrow accounts, as well as properly applying borrower payments.

Licensing – The Act requires that mortgage brokers/lenders obtain a license for each location from which they conduct mortgage brokering/lending activities in Idaho. Licensees are not required to have a physical office location in Idaho. In fact, the Department has license holders nationwide. As of June 30, 2015, the Department had 810 active mortgage broker/lender licenses in effect. The Department also had 2,674 mortgage loan originator licenses in effect as of that date.



Compliance – The Bureau conducts on-site examinations, and investigations when warranted, of mortgage brokers, lenders, and mortgage loan originators to verify that business is conducted in compliance with the Act. During fiscal year 2015, the Department conducted examinations of 90 licensed mortgage broker/lender companies, which included a review of the activities of approximately 1,450 mortgage loan originators for compliance with the Act. The Bureau also handles customer complaints and inquiries. During fiscal year 2015, the Department received and processed 27 complaints against mortgage service providers, 8 complaints against mortgage brokers/lenders, and 1 complaint against individual mortgage loan originators.

Mortgage Loan Delinquencies – In fiscal year 2015, the Department observed a decrease over the previous year in the rates of residential loans in Idaho reported as seriously delinquent or in foreclosure. At the end of the second quarter of fiscal year 2015 (December 31, 2014) the number of residential mortgage loans in Idaho that were in foreclosure or reported over 90 days delinquent had fallen to 2.33 percent from 3.24 percent one year earlier. This positive trend in reduced delinquencies and foreclosures in Idaho continued, and by the end of fiscal year 2015 Idaho's rates had dropped to 1.91 percent from 2.57 percent one year earlier. At fiscal year-end, Idaho compared favorably to the national percentage of residential mortgage loans that were seriously delinquent or in foreclosure, which stood at 3.95 percent.

Enforcement – In fiscal year 2015, the Department ordered the denial of one mortgage loan originator license application. Additionally, the Department entered into an administrative Consent Order with one mortgage broker/lender to address violations of the Act. Details of these actions are included in Exhibit V.

IDAHO LOAN BROKER STATUTE

Idaho's Loan Broker statute, Idaho Code § 26-2501 *et seq.*, prohibits anyone who acts as a loan broker in Idaho from receiving any fee, interest, or other charge prior to a loan or extension of credit being made to a borrower by an authorized lender, or prior to a written commitment of the same being made to a borrower by an authorized lender. The Department often receives inquiries from consumers contemplating paying upfront fees to loan brokers. In response to these inquiries, and in financial literacy trainings throughout the state, Bureau staff members regularly warn Idaho consumers of the perils of falling prey to advance fee loan scams. Perpetrators of advance fee loan scams commonly operate from outside of the United States but use local sounding addresses. Victims are commonly asked to wire money to foreign locations as a part of the scam, and rarely recover their funds.

REGULATORY AND EDUCATIONAL INITIATIVES

Mortgage Advisory Board – Pursuant to the provisions of the Idaho Residential Mortgage Practices Act, the Director appoints Idaho mortgage industry members to a Mortgage Advisory Board annually. The Mortgage Advisory Board meets throughout the year with the Department Director and Bureau staff members and provides valuable input on mortgage regulatory issues, market conditions, and industry initiatives. Through fiscal year 2015, the members of the Mortgage Advisory Board, who also represent mortgage industry associations in Idaho, provided the Department with vital information and feedback relative to the Department’s oversight of the mortgage industry in Idaho. The current members of the Mortgage Advisory Board are Chuck Anderson, Ty Porter, Allison Gillespie, and Michelle Guth.

The Department continues to be regularly involved in the efforts of the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) to develop licensing and regulatory processes that meet the requirements of Idaho’s adoption of requirements of the federal Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act). This includes participation by Bureau staff members on various committees to develop procedural standards for licensing, including licensee testing, and continuing education implemented through the Nationwide Multistate Licensing System (NMLS). Throughout fiscal year 2015 Bureau staff members were in communication with the federal Consumer Financial Protection Bureau (CFPB), the federal agency with oversight responsibility to ensure the effective administration of the SAFE Act in Idaho.

Mortgage Recovery Fund – Idaho law establishes a mortgage recovery fund to provide reimbursement to persons damaged as a result of violations of the Idaho Residential Mortgage Practices Act. Mortgage licensees pay into the fund as a part of their initial license application and at the time of their annual license renewals. On an annual basis, the Department may apply up to \$50,000 of moneys accumulated in the mortgage recovery fund in excess of \$1,500,000 to: (i) fund the department’s expenses in administering the mortgage recovery fund; (ii) develop and implement consumer education concerning the residential mortgage industry; (iii) contract for research projects for the state concerning the residential mortgage industry; (iv) fund the training expenses of department staff members and its attorneys concerning the residential mortgage industry; and (v) publish and distribute educational materials to licensees and applicants for licensure under the Idaho Residential Mortgage Practices Act. At the end of fiscal year 2015 the mortgage recovery fund balance was \$1,845,196.37. As a consequence of attaining a fund balance in excess of \$1,500,000 by fiscal year end, the Department notified its mortgage licensees, pursuant to Idaho Code § 26-31-110(2), of a mortgage recovery fund “fee holiday” for the 2015 mortgage license renewal process.

SECURITIES BUREAU

Business Combination Act
Continuing Care Disclosure Act
Control Share Acquisition Act
Endowment Care Cemetery Act
Idaho Commodity Code
Idaho Escrow Act
Idaho Financial Fraud Prevention Act
Idaho Money Transmitters Act
Uniform Securities Act

The Securities Bureau administers and enforces several consumer and business protection statutes. Through the authority of the *Uniform Securities Act* and the *Idaho Commodity Code*, the Bureau regulates the sale of investment securities and those individuals and entities that offer investment opportunities to the public. The Bureau's objectives in administering and enforcing these statutes include promoting the integrity and vitality of state and federal financial markets, protecting the investing public from fraudulent investment schemes, and assisting legitimate businesses in their efforts to raise capital in Idaho. Through the *Idaho Escrow Act*, the Bureau provides oversight to independent escrow companies, as well as those providing 1031 exchange accommodation services.

In addition, the Bureau has limited duties under Idaho's *Control Share Acquisition Act*, *Business Combination Act*, *the Continuing Care Disclosure Act*, and the *Idaho Financial Fraud Prevention Act*. Also, the Bureau ensures that endowed care cemeteries properly handle the funds and trust placed with them through administration of the *Endowment Care Cemetery Act*. Finally, the Securities Bureau is responsible for the licensing and enforcement provisions of the *Idaho Money Transmitters Act*. A money transmitter includes any business engaged in receiving money for transmission by any and all means and any business that issues payment instruments to purchasers (e.g., money orders, stored value products).

Where individuals or entities violate these statutes, appropriate remedies are sought using statutory and administrative enforcement authority. The Bureau also provides assistance in criminal prosecutions when necessary.

UNIFORM SECURITIES ACT

The *Uniform Securities Act* (Act) seeks to preserve and promote legitimate securities markets by assisting companies in their attempts to raise capital and prevent investment fraud. While the Act is designed to protect investors from fraud, it does not protect investors from the possibility of investment loss resulting from securities price movements, market changes or business failures. The Act requires that persons who solicit investments provide complete disclosure of all the important aspects of the investment being promoted. With this information, investors are empowered to make reasoned investment decisions.

Idaho Registered Broker-Dealers and Investment Advisors

Securities Issuer Filings – Generally, any public offering of newly issued securities must be reviewed and registered with the Securities Bureau before it is offered to public investors. The review is designed to determine whether the offering materials provide full, fair and accurate disclosure of all material information and whether the offering materials contain fraudulent terms or the offering is structured unfairly.

Registration of Firms and Agents – The Bureau registers and provides oversight for most broker-dealers, securities sales agents and investment advisory representatives doing business in or from Idaho. Additionally, the Bureau registers and is the sole regulator for investment advisory (IA) firms that are located in Idaho and have assets under management of up to \$100 million. Every application for registration is examined either electronically or manually prior to approval. The Bureau had oversight responsibility for 1,498 broker-dealer firms and state registered investment adviser firms during FY 2015. This oversight also extends to more than 107,000 individuals who currently hold Idaho registrations as broker-dealer agents, investment adviser representatives and issuer agents. While the aggregate number of broker-dealer and investment advisory firms has been somewhat static in recent years, the number of agents has continued to climb to another all-time high this fiscal year.

Compliance – In an effort to assure that the securities industry is complying with the Uniform Securities Act, registration amendments are regularly reviewed to consider changes in the applicant's business, ownership and new disciplinary information. Bureau staff also investigates investor complaints, reviews advertising, and analyzes financial data on broker-dealer and investment adviser firms. Finally, periodic on-site examinations of broker-dealer and investment adviser offices are conducted to verify compliance with the Act and to educate industry professionals. When a violation is discovered, the Department determines whether sanctions are appropriate or whether other corrective action can address the issue. The Bureau may seek fines, deny, suspend or revoke licenses or initiate administrative or court action.

Enforcement – As an enforcement agency, one of the Bureau’s missions is to protect Idaho investors from fraudulent investment schemes. Bureau professionals investigate complaints of possible violations of the Act, negotiate administrative sanctions, assist in bringing civil lawsuits and assist in criminal prosecutions to enforce the law. The potential financial impact of securities cases under investigation or in the process of resolution during the fiscal year approached \$30 million. During FY 2015, the Securities Bureau initiated or completed 19 enforcement actions. Details of the administrative and civil court actions filed or completed by the Bureau during FY 2015 are provided in Exhibit V.

Rescission, Refunds and Penalties – As a result of the Bureau’s regulatory enforcement efforts, Idaho residents were offered, or awarded in judgments by the courts, more than \$1 million in refunds on their securities investments due to the administrative and civil enforcement actions described earlier. This also includes voluntary rescission offers made in accordance with the Act. Unfortunately, only a small portion of this amount is collectible by the Department. For this reason, the Department encourages victims of investment fraud to pursue their own remedies and not rely on the Department to recover any lost funds. The Bureau assessed total fines and penalties of more than \$110,000 in fiscal year 2015. Much of this amount is also uncollectible.

IDAHO MONEY TRANSMITTERS

The Department of Finance is charged with the responsibility of administering and enforcing the *Idaho Money Transmitters Act*. A “money transmitter” is defined as any business engaged in receiving money for transmission, or transmitting money within the United States or to locations outside the United States, by any and all means including, but not limited to, payment instruments, wire transfers, and facsimile or electronic transfers. At fiscal year end, the Department had 99 licensees under this statute, an increase of more than 20 percent over the prior fiscal year. The number of money transmitter licensees has nearly doubled since Fiscal 2010 as a result of new business models including Internet-only transmitters, stored value instruments and, most recently, crypto-currencies.

IDAHO ESCROW ACT

The *Idaho Escrow Act* assigns the Department regulatory oversight responsibilities for independent Idaho escrow agencies. Idaho escrow agencies, as defined in the Idaho Escrow Act, are required to obtain a license prior to engaging in escrow activities in Idaho. This includes exchange accommodators who facilitate “1031” exchanges, pursuant to 26 USC §1031. As of June 30, 2015, the Department had 38 licensees authorized to engage in escrow activities in the state of Idaho.

ENDOWMENT CARE CEMETERIES

The purpose of the *Endowment Care Cemetery Act* is to ensure that sound business practices essential to the continued furnishing of endowed or perpetual care cemeteries are followed. A “perpetual” or “endowed care cemetery” is a cemetery where lots are sold under the representation that the cemetery and lots will receive perpetual maintenance and oversight. This “endowed care” is provided free of further cost to the purchaser after payment of the original purchase price for a lot or burial space. An endowed or perpetual care cemetery is required to establish an irrevocable trust fund in the sum of at least \$50,000 for the care of the cemetery. The income from the trust fund may only be used for the general care, maintenance, and embellishment of the cemetery. All “endowed care” or “perpetual care” cemeteries in Idaho are required to be registered with the Securities Bureau.

There are 12 endowed care cemeteries licensed in Idaho. Each of these cemeteries is required to submit a renewal fee and form every year, along with a financial statement for its trust account. The Securities Bureau conducts periodic audits of endowed care cemeteries to verify that the trust funds are being handled properly.

SUPPORTING SERVICES BUREAU

This Bureau provides enterprise operational support to the Director and the chiefs of the other Bureaus in carrying out their program responsibilities. This support is provided through the development and maintenance of the accounting system and records for the Department; maintenance of personnel records; preparation and submission of the Department's budget; providing financial, management and statistical reports; coordination of the Department's business services; maintenance of the Departments vehicles, and maintenance of the Department's information technology systems.

The Supporting Services Bureau completed several large projects during fiscal year 2015 including: improvement of a web-based licensing system for collection agents, IT, fiscal and budgetary support for national accreditations, replacement of key equipment, updating the Department strategic plan, the strategic IT plan, Emergency Operations Plan, and overseeing increased design and transition into a comprehensive records management system. Databases for Mortgage Loan Originators, Mortgage Loan Originator Continuing Education, and CFB Case Management, all received major upgrades. We also worked with Access Idaho and the Nationwide Multistate Licensing System (NMLS) to improve automated licensing of collection agencies, as well as solicitors and collectors. Many systems received significant synchronization capabilities and other upgrades during FY 2015.

The following information regarding the Department is included in the following exhibits:

Exhibit II	Summary of Income and Expenses
Exhibit VII	Department of Finance Staff

**DEPARTMENT OF FINANCE DIRECTORS/COMMISSIONERS
SINCE DATE OF CREATION BY ACT OF LEGISLATURE IN 1905**

<u>Director/Commissioner</u>	<u>Term of Office</u>
Charles S. Loveland	March 6, 1905 to June 1, 1907
W. S. Chaney	June 1, 1907 to March 6, 1909
William G. Cruse	March 6, 1909 to June 2, 1911
V. W. Platt	June 2, 1911 to February 1, 1913
A. E. Reid	February 1, 1913 to February 6, 1915
G. R. Hitt	February 6, 1915 to January 25, 1919
Jay Gibson	January 25, 1919 to September 10, 1920
J. G. Fralick	September 10, 1920 to February 7, 1923
E. W. Porter	February 7, 1923 to February 1, 1931
Ben Diefendorf	February 1, 1931 to January 13, 1937
George W. Wedgwood	January 13, 1937 to January 1, 1939
G. L. Jenkins	January 1, 1939 to January 6, 1941
George W. Wedgwood	January 6, 1941 to January 4, 1943
G. L. Jenkins	January 4, 1943 to January 2, 1945
J. B. Newport	January 4, 1945 to December 28, 1946
William J. Sewell	December 28, 1946 to January 6, 1947
E. F. Haworth	January 6, 1947 to August 15, 1952
Austin Schauweiler	August 15, 1952 to May 14, 1954
R. U. Spaulding	June 17, 1954 to April 14, 1961
J. L. McCarthy	June 1, 1961 to July 9, 1965
Tom D. McEldowney (Acting)	August 10, 1965 to January 31, 1967
John D. Silva	February 1, 1967 to January 4, 1971
Tom D. McEldowney (Acting)	January 4, 1971 to August 29, 1971
Tom D. McEldowney	August 30, 1971 to March 31, 1987
Belton J. Patty	April 1, 1987 to January 1, 1995
Gavin M. Gee (Acting)	January 2, 1995 to March 13, 1996
Gavin M. Gee	March 13, 1996 to Present

SUMMARY OF INCOME AND EXPENSES

July 1, 2013 through June 30, 2015

INCOME BY SOURCE

Dedicated Account-----	\$12,590,659
TOTAL INCOME COLLECTED-----	\$12,590,659

APPROPRIATION

Dedicated Account-----	\$7,110,900
TOTAL APPROPRIATION-----	\$7,110,900

EXPENDITURES

Personnel Costs-----	\$5,021,295
Operating Expenditures-----	\$1,504,996
Capital Outlay-----	\$138,356
TOTAL EXPENDITURES-----	\$6,664,647
BALANCE OF APPROPRIATION-----	\$446,253

EXPENDITURES BY MAJOR CLASSES

Salaries & Wages-----	\$3,624,554
Personnel Benefits-----	\$1,396,741
Communication Services-----	\$45,536
Employee Development & Other Services-----	\$151,496
Professional Services-----	\$457,590
Repairs & Maintenance Service-----	\$45,636
Administrative Services-----	\$940
DP Services-----	\$137,648
Employee Travel-----	\$247,094
Materials & Supplies-----	\$61,200
Insurance-----	\$3,031
Rentals & Operating Leases-----	\$325,037
Miscellaneous Operating Expenditures-----	\$29,788
Capital Outlay-----	\$138,356
	\$6,664,647

TRANSFERRED TO GENERAL FUND -----\$5,240,709

PERSONNEL STATUS June 30	POSITIONS AUTHORIZED	POSITIONS APPROPRIATED	POSITIONS FILLED
Full-Time Employees	64	64	59

FUND SOURCE B

Security Investor Fund (Securities Fines Only)-----	<u>\$50,000.00</u>
	<u>\$50,000.00</u>

EXPENDITURES

Personnel Costs-----	\$0
Operating Expenditures-----	\$14,338
Capital Outlay-----	\$0
	<u>\$14,338</u>
	<u>\$35,662</u>

FUND SOURCE C

Mortgage Recovery Fund-----	<u>\$1,847,499</u>
TOTAL COLLECTED -----	<u>\$1,847,499</u>

STATE OF IDAHO
STATE-CHARTERED BANKS AND SAVINGS BANKS*
COMPARATIVE STATEMENT
Close of Business 12/31/14 and 12/31/13
(000's Omitted)

	2014	2013	\$ Change
Cash and balances due from depository institutions			
Noninterest-bearing balances and currency and coin	83,313	126,749	(43,436)
Interest-bearing balances	572,965	583,561	(10,596)
Securities:			
Held-to-maturity securities	151,883	140,943	10,940
Available-for-sale securities	808,374	1,248,89	(440,521)
Federal funds sold and securities purchased under agreements to resell			
Federal funds sold	51,628	49,111	2,517
Securities purchased under agreements to resell			
Loans and lease financing receivables			
Loans and leases held for sale	14,311	14,872	(561)
Loans and leases, net of unearned income	2,583,89	3,194,55	(610,654)
LESS: Allowance for loan and lease losses	46,816	64,186	(17,370)
Loans and leases, net of unearned income and allowance	2,537,08	3,130,36	(593,284)
Trading assets		3,612	(3,612)
Premises and fixed assets (including capitalized leases)	94,730	149,323	(54,593)
Other real estate owned	31,278	47,422	(16,144)
Investments in unconsolidated subsidiaries and associated companies			
Intangible assets:			
Goodwill	419	419	0
Other intangible assets	2,057	2,665	(608)
Other assets	89,603	179,018	(89,415)
Total assets	<u>4,446,49</u>	<u>5,676,95</u>	<u>(1,230,462)</u>
Deposits:			
In domestic offices:			
Noninterest-bearing	3,709,57	4,696,10	(986,529)
Interest-bearing	1,205,89	1,366,66	(160,774)
Federal funds purchased and securities sold under agreements to repurchase	2,503,68	3,329,43	(825,755)
Federal funds purchased and securities sold under agreements to repurchase			
Federal funds purchased			
Securities sold under agreements to repurchase	149,341	213,342	(64,001)
Trading liabilities		3,612	(3,612)
Other borrowed money	22,259	41,199	(18,940)
Bank's liability on acceptances executed and outstanding			
Subordinated notes and debentures			
Other liabilities	38,087	39,719	(1,632)
Total liabilities	<u>3,923,10</u>	<u>4,993,97</u>	<u>(1,070,862)</u>
Minority interest in consolidated subsidiaries			
Perpetual preferred stock and related surplus			
Common stock	87,280	96,111	(8,831)
Surplus (exclude all surplus related to preferred stock)	251,274	492,996	(241,722)
Retained earnings and Other Equity Capital Components	184,829	93,875	90,954
Total equity capital	<u>523,383</u>	<u>682,982</u>	<u>(159,599)</u>
Total liabilities, minority interest, and equity capital	<u>4,446,49</u>	<u>5,676,95</u>	<u>(1,230,462)</u>

* Includes only state-chartered banks headquartered in Idaho as of 12/31/2014 and 12/31/2013
Source: Federal Deposit Insurance Corporation

DECEMBER 31, 2014
BANK OF IDAHO
IDAHO FALLS, IDAHO
Charter No. 240
Charter Issued September 13, 1985
Incorporated July 17, 1985

OFFICERS:

President & CEO: Jeff Newgard
Chief Operations Officer: Jeffrey E. Jones
Chief Financial Officer: Jeff Manser
Chief Credit Officer: Cam Payne

DIRECTORS:

Emma L. Atchley; Steven E. Carr;
Mario Hernandez; Kenlon P. Johnson;
Park Price; John Spicer

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	4,785
Interest-bearing balances	9,241
Securities:	
Held-to-maturity securities	100
Available-for-sale securities	47,287
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	4,625
Loans and leases, net of unearned income	179,331
LESS: Allowance for loan and lease losses	3,013
Loans and leases, net of unearned income and allowance	176,318
Trading assets	
Premises and fixed assets (including capitalized leases)	5,351
Other real estate owned	1,813
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	2,478
Total assets	251,998
Deposits:	
In domestic offices:	225,278
Noninterest-bearing	71,399
Interest-bearing	153,879
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	2,337
Total liabilities	227,615
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	1,402
Surplus (exclude all surplus related to preferred stock)	13,381
Retained earnings	9,096
Accumulated other comprehensive income	504
Other equity capital components	0
Total equity capital	24,383
Total liabilities, minority interest, and equity capital	251,998

DECEMBER 31, 2014
bankcda
COEUR D'ALENE, IDAHO
Charter No. 258
Charter Issued May 3, 2001
Incorporated October 16, 2000

OFFICERS:

President & CEO: Wes R. Veach
Chief Financial Officer: Ashley M. Lenz
Chief Credit Officer: Shelly Romine
Sr. Operations Officer: Kim Nordstrom

DIRECTORS:

Brad Corkill; William J. Haley;
Suzanne Metzger; C. Richard Nordstrom;
Robert Schmand; John C. Shovic;
Craig S. Tedmon; Wes R. Veach

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	2,553
Interest-bearing balances	5,712
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	20,620
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	530
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	556
Loans and leases, net of unearned income	55,621
LESS: Allowance for loan and lease losses	1,029
Loans and leases, net of unearned income and allowance	54,592
Trading assets	0
Premises and fixed assets (including capitalized leases)	4,608
Other real estate owned	753
Intangible assets:	
Goodwill	42
Other intangible assets	222
Other assets	3,479
Total assets	<u>93,667</u>
Deposits:	
In domestic offices:	73,880
Noninterest-bearing	17,834
Interest-bearing	56,046
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	7,083
Trading liabilities	0
Other borrowed money	2,673
Subordinated notes and debentures	0
Other liabilities	192
Total liabilities	<u>83,828</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	6,488
Surplus (exclude all surplus related to preferred stock)	1,843
Retained earnings	1,502
Accumulated other comprehensive income	6
Other equity capital components	0
Total equity capital	<u>9,839</u>
Total liabilities, minority interest, and equity capital	<u>93,667</u>

DECEMBER 31, 2014
COMMUNITY 1ST BANK
POST FALLS, IDAHO
Charter No. 261
Charter Issued May 21, 2007
Incorporated May 10, 2007

OFFICERS:

Chief Executive Officer: David P. Bobbitt
President & Chief Operations Officer: Jerry C. Lyon
Chief Financial Officer: Nicole M. Montgomery

DIRECTORS:

William R. Basom; David P. Bobbitt;
W. Bill Booth; David B. Holloway;
Cyndie J. Lempesis; Jerry C. Lyon;
Gary T. Schneidmiller; Jack P. Tibesar

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	665
Interest-bearing balances	22,439
Securities:	
Held-to-maturity securities	5,132
Available-for-sale securities	6,529
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	201
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	58,102
LESS: Allowance for loan and lease losses	1,094
Loans and leases, net of unearned income and allowance	57,008
Trading assets	0
Premises and fixed assets (including capitalized leases)	932
Other real estate owned	85
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	706
Total assets	<u>93,697</u>
Deposits:	
In domestic offices:	82,954
Noninterest-bearing	14,557
Interest-bearing	68,397
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	203
Total liabilities	<u>83,157</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	5,250
Surplus (exclude all surplus related to preferred stock)	5,343
Retained earnings	(51)
Accumulated other comprehensive income	(2)
Other equity capital components	0
Total equity capital	<u>10,540</u>
Total liabilities, minority interest, and equity capital	<u><u>93,697</u></u>

DECEMBER 31, 2014
D. L. EVANS BANK
BURLEY, IDAHO
Charter No. 26
Charter Issued August 29, 1904
Incorporated August 29, 1904

OFFICERS:

President & CEO: John V. Evans, Jr.
Chief Administrative Officer: Brenda Sanford
Chief Financial Officer: Curtis Smith
Chief Credit Officer: H. Scott Horsley

DIRECTORS:

David L. Evans, IV; Don S. Evans, Sr.; Don S. Evans, Jr.;
John V. Evans, Jr.; Larry L. Evans; Paula D. Evans;
Susan D. Evans-Scarlett; Martha Gilgen;
Glen R. Kunau; Lex H. Kunau

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	24,667
Interest-bearing balances	110,837
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	282,876
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	694
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	1,987
Loans and leases, net of unearned income	723,887
LESS: Allowance for loan and lease losses	14,635
Loans and leases, net of unearned income and allowance	709,252
Trading assets	0
Premises and fixed assets (including capitalized leases)	39,638
Other real estate owned	14,721
Intangible assets:	
Goodwill	0
Other intangible assets	960
Other assets	20,571
Total assets	<u>1,206,213</u>
Deposits:	
In domestic offices:	967,833
Noninterest-bearing	329,237
Interest-bearing	638,596
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	127,167
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	4,846
Total liabilities	<u>1,099,846</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	901
Surplus (exclude all surplus related to preferred stock)	75,525
Retained earnings	27,331
Accumulated other comprehensive income	2,610
Other equity capital components	0
Total equity capital	<u>106,367</u>
Total liabilities, minority interest, and equity capital	<u><u>1,206,213</u></u>

DECEMBER 31, 2014
FARMERS BANK
BUHL, IDAHO
Charter No. 265
Charter Issued December 26, 2014
Incorporated December 23, 2014

OFFICERS:

President: Mike Hamilton
Chief Operations Officer: Lee Cline
Chief Information Officer: Pat Hamilton
Chief Financial Officer: Darcie Upton

DIRECTORS:

John Gibson; Mike Hamilton;
Pat Hamilton, Jr.; Vince Hamilton;
Walter C. Nelson; Jay L. Nielsen;
Steven Peterson

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	10,958
Interest-bearing balances	19,162
Securities:	
Held-to-maturity securities	41,259
Available-for-sale securities	206,237
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	358
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	161,581
LESS: Allowance for loan and lease losses	6,598
Loans and leases, net of unearned income and allowance	154,983
Trading assets	0
Premises and fixed assets (including capitalized leases)	930
Other real estate owned	2,740
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	6,726
Total assets	<u>443,353</u>
Deposits:	
In domestic offices:	386,827
Noninterest-bearing	108,639
Interest-bearing	278,188
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	925
Total liabilities	<u>387,752</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	2,000
Surplus (exclude all surplus related to preferred stock)	12,174
Retained earnings	41,391
Accumulated other comprehensive income	36
Other equity capital components	0
Total equity capital	<u>55,601</u>
Total liabilities, minority interest, and equity capital	<u>443,353</u>

DECEMBER 31, 2014
IDAHO FIRST BANK
MCCALL, IDAHO
Charter No. 259
Charter Issued September 3, 2005
Incorporated March 3, 2005

OFFICERS:

President & CEO: P. Greg Lovell
Chief Financial Officer: Don D. Madsen
Chief Credit Officer: Kathleen Lewis

DIRECTORS:

James L. Fletcher; Daniel C. Krahn;
Larry LaRocco; P. Greg Lovell;
Mark J. Miller; William B. Rawlings;
Andrew J. Scoggin

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	2,934
Interest-bearing balances	4,757
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	5,896
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	2,564
Loans and leases, net of unearned income	85,974
LESS: Allowance for loan and lease losses	1,274
Loans and leases, net of unearned income and allowance	84,700
Trading assets	0
Premises and fixed assets (including capitalized leases)	5,008
Other real estate owned	302
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	3,359
Total assets	<u>109,520</u>
Deposits:	
In domestic offices:	95,691
Noninterest-bearing	16,943
Interest-bearing	78,748
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	1,000
Subordinated notes and debentures	0
Other liabilities	394
Total liabilities	<u>97,085</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	19,248
Surplus (exclude all surplus related to preferred stock)	0
Retained earnings	(6,789)
Accumulated other comprehensive income	(24)
Other equity capital components	0
Total equity capital	<u>12,435</u>
Total liabilities, minority interest, and equity capital	<u>109,520</u>

DECEMBER 31, 2014
IDAHO INDEPENDENT BANK
COEUR D'ALENE, IDAHO
Charter No. 246
Charter Issued September 7, 1993
Incorporated November 3, 1992

OFFICERS:

Chief Executive Officer: Jack W. Gustavel
President & Chief Operating Officer: Kurt R. Gustavel
Cashier: Paul H. Montreuil

DIRECTORS:

Roy L. Eiguren; Jack W. Gustavel;
Kurt R. Gustavel; Jerald J. Jaeger;
Gary L. Mahn; Alicia A. Ritter

Cash and balances due from depository institutions	(000's omitted)
Noninterest-bearing balances and currency and coin.	6,859
Interest-bearing balances	161,648
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	59,099
Federal funds sold and securities purchased under agreements to resell	
Federal funds sold	266
Securities purchased under agreements to resell	0
Loans and lease financing receivables	
Loans and leases held for sale	3,904
Loans and leases, net of unearned income	262,148
LESS: Allowance for loan and lease losses	6,447
Loans and leases, net of unearned income and allowance	255,701
Trading assets	0
Premises and fixed assets (including capitalized leases)	16,835
Other real estate owned	514
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	21,978
Total assets	<u>530,655</u>
Deposits:	
In domestic offices:	437,631
Noninterest-bearing	175,425
Interest-bearing	262,206
Federal funds purchased and securities sold under agreements to repurchase	
Federal funds purchased	0
Securities sold under agreements to repurchase	14,593
Trading liabilities	0
Other borrowed money	9,000
Subordinated notes and debentures	0
Other liabilities	6,087
Total liabilities	<u>471,162</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	44,786
Surplus (exclude all surplus related to preferred stock)	41,808
Retained earnings	(16,183)
Accumulated other comprehensive income	121
Other equity capital components	(11,039)
Total equity capital	<u>59,493</u>
Total liabilities, minority interest, and equity capital	<u><u>530,655</u></u>

DECEMBER 31, 2014
IDAHO TRUST BANK
BOISE, IDAHO
Charter No. 263
Charter Issued December 4, 2008
Incorporated December 4, 2008

OFFICERS:

Chief Executive Officer: Daniel W. Prohaska
President: Thomas F. Prohaska
Chief Financial Officer: Ronnie Zivanic

DIRECTORS:

John B. Dimmer; Stanley K. Fornander;
Richard H. Jones; Daniel W. Prohaska;
Thomas F. Prohaska

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,596
Interest-bearing balances	24,901
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	1,125
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	442
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	49,530
LESS: Allowance for loan and lease losses	1,407
Loans and leases, net of unearned income and allowance	48,123
Trading assets	0
Premises and fixed assets (including capitalized leases)	3,952
Other real estate owned	344
Intangible assets:	
Goodwill	155
Other intangible assets	0
Other assets	5,089
Total assets	85,727
Deposits:	
In domestic offices:	68,833
Noninterest-bearing	11,690
Interest-bearing	57,143
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	164
Total liabilities	68,997
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	2,000
Surplus (exclude all surplus related to preferred stock)	14,529
Retained earnings	205
Accumulated other comprehensive income	(4)
Other equity capital components	0
Total equity capital	16,730
Total liabilities, minority interest, and equity capital	85,727

DECEMBER 31, 2014
IRELAND BANK
MALAD CITY, IDAHO
Charter No. 7
Charter Issued May 1, 1899
Incorporated December 8, 1892

OFFICERS:

President & CEO: Bruce Lowry
Chief Operations Officer: Cheryl Sorensen
Chief Financial Officer: Tony McClain
Chief Credit Officer: Blake Marchant

DIRECTORS:

Timothy P. Deeg; David G. Jenkins;
Bruce Lowry; Randall E. Marshall;
Randon W. Wilson

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,886
Interest-bearing balances	5,616
Securities:	
Held-to-maturity securities	14,920
Available-for-sale securities	54,447
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	129,179
LESS: Allowance for loan and lease losses	1,549
Loans and leases, net of unearned income and allowance	127,630
Trading assets	0
Premises and fixed assets (including capitalized leases)	1,705
Other real estate owned	2,679
Intangible assets:	
Goodwill	222
Other intangible assets	0
Other assets	7,172
Total assets	<u>216,277</u>
Deposits:	
In domestic offices:	191,188
Noninterest-bearing	70,142
Interest-bearing	121,046
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	498
Trading liabilities	0
Other borrowed money	3,339
Subordinated notes and debentures	0
Other liabilities	770
Total liabilities	<u>195,795</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	705
Surplus (exclude all surplus related to preferred stock)	6,370
Retained earnings	13,760
Accumulated other comprehensive income	(353)
Other equity capital components	0
Total equity capital	<u>20,482</u>
Total liabilities, minority interest, and equity capital	<u><u>216,277</u></u>

DECEMBER 31, 2014
NORTHWEST BANK
BOISE, IDAHO
Charter No. 262
Charter Issued March 25, 2008
Incorporated September 6, 2007

OFFICERS:

President & CEO: William E. Koenig
Chief Financial Officer: Debra L. Johnson
Chief Credit Officer: Thomas A. Vander Ploeg

DIRECTORS:

Tami M. Chafin; Jeffery D. Gow;
William K. Ilett; Gary G. Michael
John W. Mitchell; Steven D. Wasson

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	3,777
Interest-bearing balances	66,383
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	21,122
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	675
Loans and leases, net of unearned income	322,641
LESS: Allowance for loan and lease losses	3,112
Loans and leases, net of unearned income and allowance	319,529
Trading assets	0
Premises and fixed assets (including capitalized leases)	393
Other real estate owned	0
Intangible assets:	
Goodwill	0
Other intangible assets	875
Other assets	8,161
Total assets	<u>420,915</u>
Deposits:	
In domestic offices:	337,706
Noninterest-bearing	77,576
Interest-bearing	260,130
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	6,247
Subordinated notes and debentures	0
Other liabilities	17,022
Total liabilities	<u>360,975</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	3,500
Surplus (exclude all surplus related to preferred stock)	51,101
Retained earnings	5,217
Accumulated other comprehensive income	122
Other equity capital components	0
Total equity capital	<u>59,940</u>
Total liabilities, minority interest, and equity capital	<u><u>420,915</u></u>

DECEMBER 31, 2014
THE BANK OF COMMERCE
IDAHO FALLS, IDAHO
Charter No. 225
Charter Issued March 30, 1959
Incorporated March 30, 1959

OFFICERS:

President & CEO: Thomas J. Romrell
Chief Financial Officer: Ronald M. Johnson
Chief Credit Officer: A. Michael Morrison

DIRECTORS:

Ross M. Bowen;
Calvin J. Erb; Newman Giles;
Todd Groberg; Bruce Lake;
William Reed; Thomas J. Romrell

Cash and balances due from depository institutions:	(000's omitted)
Noninterest-bearing balances and currency and coin.	27,623
Interest-bearing balances	142,269
Securities:	
Held-to-maturity securities	90,472
Available-for-sale securities	103,136
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	49,137
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	555,902
LESS: Allowance for loan and lease losses	6,658
Loans and leases, net of unearned income and allowance	549,244
Trading assets	0
Premises and fixed assets (including capitalized leases)	15,378
Other real estate owned	7,327
Intangible assets:	
Goodwill	0
Other intangible assets	0
Other assets	9,884
Total assets	<u>994,470</u>
Deposits:	
In domestic offices:	841,750
Noninterest-bearing	312,449
Interest-bearing	529,301
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money	0
Subordinated notes and debentures	0
Other liabilities	5,147
Total liabilities	<u>846,897</u>
Minority interest in consolidated subsidiaries	0
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	29,200
Retained earnings	115,925
Accumulated other comprehensive income	1,448
Other equity capital components	0
Total equity capital	<u>147,573</u>
Total liabilities, minority interest, and equity capital	<u><u>994,470</u></u>

STATE OF IDAHO
STATE-CHARTERED CREDIT UNIONS
COMPARATIVE STATEMENT
Close of Business 12/31/14 and 12/31/13

	2014	2013	% Change
<u>ASSETS</u>			
Cash and Cash Equivalents	119,170,458	215,330,114	-44.7
Unsecured Credit Cards	139,072,965	120,804,579	15.1
All Other Unsecured Loans	45,643,382	34,719,575	31.5
New Auto Loans	529,610,070	397,544,748	33.2
Used Auto Loans	946,239,075	811,743,675	16.6
First Mortgage Real Estate Loans	802,918,165	802,918,165	21.0
Other Real Estate Loans	165,975,668	139,384,398	19.1
Other Loans, Leases, and Non-Federally Guaranteed Student Loans	211,498,435	169,728,516	24.6
Total Loans	\$3,009,864,498	\$2,476,843,656	21.5
Allowance for Loan and Lease Losses	-15,095,623	-12,751,152	18.4
Loans Held For Sale	5,965,616	6,734,993	-11.4
Loans Including Loans For Sale Less ALLL	3,000,734,491	2,470,827,497	21.5
Available for Sale Securities	83,293,237	23,689,588	251.6
Held-to Maturity Securities	20,724,718	74,488,308	-72.2
Deposits in Commercial Banks, Savings & Loans, Savings Banks	140,233,138	155,083,391	-9.6
Loans to, Deposits in, & Investments in Natural Person Credit Unions	13,371,334	6,743,149	98.3
Membership Capital and Paid-in Capital at Corporate Credit Unions	3,223,460	3,617,296	-10.9
All Other Investments in Corporate Credit Unions	663,000	3,246,000	-79.6
All Other Investments	31,388,000	25,860,798	21.4
Total Investments	\$292,896,887	\$292,728,530	0.1
Land and Building (Net of Dep)	117,839,072	102,348,811	15.1
Other Fixed Assets	16,145,882	14,195,667	13.7
NCUA Share Insurance Capitalization Deposit	27,567,109	24,443,219	12.8
Other Assets	33,899,852	29,863,199	13.5
TOTAL ASSETS	\$3,610,977,534	\$3,150,773,319	14.6
<u>LIABILITIES, SHARES AND EQUITY</u>			
Promissory and other Notes Payable	102,247,305	26,288,393	288.9
Accrued Dividends and Interest Payable	3,404,061	2,723,334	25.0
Accounts Payable & Other Liabilities	38,570,383	38,415,384	0.4
Total Liabilities	\$144,221,749	\$67,427,111	113.9
Share Drafts	540,852,246	444,055,007	21.8
Regular Shares	826,738,649	691,376,570	19.6
All Other Shares and Deposits	1,767,270,900	1,650,651,240	7.1
Total Shares And Deposits	\$3,134,861,795	\$2,786,082,817	12.5
Undivided Earnings	241,995,891	220,291,827	9.9
Regular Reserves	81,868,590	77,810,320	5.2
Other Reserves	229,118	229,118	0.0
Equity Acquired in Merger	14,237,894	6,772,542	110.2
Unrealized Gain/Loss A-F-S SEC	-99,437	-86,247	15.3
Other Comprehensive Income	-6,338,066	-7,754,169	-18.3
Total Equity	\$331,893,990	\$297,263,391	11.7
TOTAL LIABILITIES, SHARES, AND EQUITY	\$3,610,977,534	\$3,150,773,319	14.6

**STATE OF IDAHO
STATE-CHARTERED CREDIT UNIONS
TOTAL ASSETS**

Name	City	State	12/31/2014	12/31/2013	% Change
<u>Idaho State-Chartered Credit Unions</u>					
A+ Credit Union	Idaho Falls	ID	N/A	15,359,636	-
Boise Fire Department Credit Union	Boise	ID	8,620,623	8,952,322	-3.7
Clearwater Credit Union	Lewiston	ID	22,109,082	23,674,207	-6.6
Connections Credit Union (previously known as Potelco United)	Pocatello	ID	139,758,346	127,290,591	9.8
Cornerstone Credit Union	Caldwell	ID	17,444,504	18,128,933	-3.8
E.S.A. Credit Union	Boise	ID	6,220,600	5,897,696	5.5
East Idaho Credit Union	Idaho Falls	ID	253,057,410	257,908,380	-1.9
Health Care Idaho Credit Union	Boise	ID	10,944,585	10,701,292	2.3
Icon Credit Union (previously known as Idahy)	Boise	ID	227,409,320	163,446,923	39.1
Clarity Credit Union (previously known as Idadiv)	Nampa	ID	61,212,233	55,163,271	11.0
Idaho Central Credit Union	Pocatello	ID	1,853,241,094	1,511,535,391	22.6
Idaho United Credit Union	Boise	ID	27,828,380	27,146,839	2.5
Jefferson County Public Employees Credit Union	Menan	ID	325,832	372,340	-12.5
Kamiah Community Credit Union	Kamiah	ID	58,546,626	55,816,125	4.9
Les Bois Credit Union	Boise	ID	83,471,894	87,723,143	-4.9
Lewis Clark Credit Union	Lewiston	ID	51,624,292	46,644,982	10.7
Members Preferred Credit Union	Idaho Falls	ID	19,737,617	20,371,654	-3.1
Mini-Cassia Employees Credit Union	Burley	ID	559,117	614,145	-9.0
Mountain Gem Credit Union	Nampa	ID	17,384,993	16,851,301	3.2
Northwest Christian Credit Union	Nampa	ID	45,145,790	41,397,351	9.1
Pine Tree Community Credit Union	Grangeville	ID	38,073,917	35,288,357	7.9
Pocatello Simplot Credit Union	Pocatello	ID	30,005,425	30,589,479	-1.9
Public Employees Credit Union	Coeur d'Alene	ID	8,623,689	9,114,968	-5.4
Simplot Employees Credit Union	Caldwell	ID	19,165,011	18,341,210	4.5
St. Alphonsus Medical Credit Union	Boise	ID	4,699,507	4,589,609	2.4
St. Joe Valley Credit Union	St. Maries	ID	7,162,593	6,990,802	2.5
Westmark Credit Union	Idaho Falls	ID	590,476,160	540,557,207	9.2
White Pine Credit Union	Pierce	ID	8,128,894	8,378,039	-3.0
Total Idaho State-Chartered Credit Union Assets			\$3,610,977,534	\$3,150,773,319	14.6
<u>Other State-Chartered Credit Unions Operating in Idaho (Idaho Assets)</u>					
Global Credit Union	Spokane	WA	20,107,619	31,255,532	-35.6
Horizon Credit Union	Spokane	WA	63,195,170	68,640,545	-7.9
Numerica Credit Union	Spokane	WA	190,821,678	164,948,090	15.7
Spokane Teachers Credit Union	Spokane	WA	98,960,395	84,939,755	-12.4
Silverado Credit Union	Angwin	CA	1,187,063	1,355,094	16.5
Total Other State-Chartered Credit Unions			\$374,271,925	\$351,139,016	6.6
Total Idaho Assets			\$3,985,249,459	\$3,501,912,335	13.8

SECURITIES BUREAU SANCTIONS REPORT

I. CIVIL ENFORCEMENT ACTIONS INITIATED OR COMPLETED UNDER THE IDAHO UNIFORM SECURITIES ACT / IDAHO COMMODITY CODE

August 4, 2014

TONY SCOTT SELLERS, Idaho Falls, ID – Stipulated Judgment and Permanent Injunction - In resolution of a civil securities lawsuit filed by the Department, Mr. Sellers entered into a settlement agreement in which he 1) admitted to violations of the registration and anti-fraud provisions of the Idaho Uniform Securities Act, 2) agreed to pay a civil penalty of \$20,000 and 3) agreed to cease selling any financial products other than certain insurance products.

The state's lawsuit was originally filed during 2013 and cited violations of the registration and anti-fraud provisions of the Idaho Uniform Securities Act. The state alleged that Sellers sold \$4.6 million in unregistered securities in the form of We The People charitable gift annuities and that he misrepresented the investment by telling investors that the annuities were guaranteed by an insurance company and had little or no risk. Additionally, the Idaho Department of Insurance revoked Sellers' Idaho Resident Insurance Producer license for a period of five (5) years due to his failure to report the civil proceeding brought against him by the Department.

October 17, 2014

MATTHEW BLOOD, Plummer, ID – Default Judgment and Permanent Injunction - After ceasing his defense in this matter, a default judgment was entered and Blood was ordered to pay \$130,000 as restitution to investors and \$40,000 in penalties. Blood is permanently barred from future violations of Idaho securities laws and from selling securities in Idaho.

The state's lawsuit filed in 2012 alleged that Blood violated the registration and anti-fraud provisions of Idaho Uniform Securities Act. More specifically, the suit alleged that Blood used his position as a bank branch manager to portray himself as a savvy investor. Blood touted his ability to earn better than market returns with low-risk investments and

promised at least one investor that he would personally guarantee the investment. In reality, Blood did minimal investing and instead used the money for his own personal benefit.

October 21, 2014

STEPHEN HOWELL; SECURITY FINANCIAL SERVICES; SECURITY FINANCIAL FUND, LLC and SECURITY INVESTORS FUND, LLC, Plummer, ID – Judgment and Permanent Injunction - In resolution of a civil securities lawsuit filed by the Department, Stephen Howell was ordered to pay penalties of \$5,000 and was permanently barred from any future violations of Idaho’s Uniform Securities Act and from selling, offering for sale or issuing securities in any form in the state of Idaho.

The Department’s 2012 complaint against the Respondents alleged that Howell 1) defrauded investors by making misrepresentations about his Funds’ investments, 2) failed to disclose material information to investors and c) engaged in a course of business that operated as a fraud or deceit upon others.

December 19, 2014

DOUGLAS L. SWENSON, DBSI, INC., Eagle, ID – Default Judgment and Permanent Injunction - After ceasing his defense in this matter and after federal criminal sanctions, a default judgment was entered against Swenson. Swenson was permanently enjoined from engaging in any act or practice that violates any provision of Idaho's Uniform Securities Act and from selling, offering for sale or issuing securities in any form in the state of Idaho.

The state’s lawsuit was originally filed during 2009 and had alleged that Swenson raised millions of dollars through tenant in common, or “TIC”, transactions involving hundreds of real estate properties. The TIC transactions offered by Swenson and affiliates involved investors in every state and several foreign countries each purchasing an undivided, fractional interest in parcels of real estate. The suit alleged that Swenson engaged in a scheme to defraud thousands of investors – many of them elderly – by misrepresenting and failing to inform investors about the risks associated with the TIC investments.

March 12, 2015

ZACHARY V. LATIMER dba VELOCITY2, LLC AND LATIMER INVESTMENTS, INC, Smithfield, UT – Default Judgment and Permanent Injunction – After failing to defend himself in this matter, a default judgment was entered and Latimer was ordered to

pay \$945,000 in restitution, \$30,000 in penalties and is permanently barred from selling securities in Idaho.

The Department filed its civil action against Mr. Latimer in 2014. The complaint alleged that Latimer sold unregistered promissory notes and misrepresented to investors that their money was safe and liquid and would never leave an established escrow account.

II. ADMINISTRATIVE SANCTIONS & ORDERS ISSUED UNDER THE IDAHO UNIFORM SECURITIES ACT/IDAHO ESCROW ACT

July 29, 2014

PRIMARY ENTERPRISES, INC. dba LOW BOOK AUTO SALES AND HOWARD CRANE, Twin Falls, ID – Agreement and Order – The Department alleged that Crane violated certain provisions of the Uniform Securities Act (2004). In resolution of issues arising from an investigation by the Department and without admitting or denying any violations, Crane entered into a settlement agreement to pay fines and penalties in the amount of \$10,000.

August 26, 2014

TWIN FALLS TITLE AND ESCROW – Cease and Desist Order – The Department issued the Order against an entity using the name of Twin Falls Title and Escrow, alleging violations of the Idaho Escrow Act and Idaho Financial Institutions Fraud Prevention Act.

The Order alleged that the company 1) claimed to be an online escrow company engaged in offering escrow services to prospective sellers of timeshare units in Mexico, 2) fraudulently used the identity of a legitimate Idaho entity to promote unlawful activity with the purpose of obtaining money, and 3) attempted to deceive consumers by altering a copy of the Certificate of Assumed Business Name filed by First American Title Company Inc.

April 14, 2015

GOLD MOUNTAIN MANAGEMENT LLC; GREGORRY ALYN BIED – Agreement and Order - In resolution of issues arising from an examination by the Department and without admitting or denying the allegations Gold Mountain Management LLC (GMM) and Gregorry Bied agreed to a) cease operations as an investment adviser, b) pay a civil penalty of \$1,000 and b) liquidate funds and to distribute proceeds to investors. GMM and Bied also agreed to not pursue registration in any capacity for a period of seven (7) years or the length of any bar

imposed by the pending Securities and Exchange Commission (SEC) investigation and any resulting administrative or judicial proceedings

The Department alleged GMM and Bied violated the Idaho Uniform Securities Act by a) falsifying earnings reports, b) failing to conduct an annual compliance review of books and records and c) failing to disclose current legal actions brought against them.

April 27, 2015

MARK COLE SIMPSON; SIMPSON HUGHES FINANCIAL LLC – Agreement and Order - In resolution of the Department’s investigation into Mr. Simpson’s investment advisory business practices and without admitting or denying the allegations Simpson agreed to not apply for securities registration for a period of ten (10) years.

The Department had alleged that from at least July 26, 2010 to December 31, 2010 Simpson allocated a disproportionate amount of profitable day trades to his personal accounts while allocating a disproportionate amount of unsuccessful day trades or “position” trades to client accounts.

CONSUMER FINANCE BUREAU SANCTIONS REPORT

1. ORDERS ISSUED UNDER THE IDAHO COLLECTION AGENCY ACT

July 10, 2014 **DECA FINANCIAL SERVICES, LLC** (Fishers, Indiana) – Order of Revocation issued to Deca Financial Services, LLC (DFS) for failure to maintain a surety bond. DFS’s Idaho collection agency license was revoked by default inasmuch as neither DFS or its court-appointed receiver initiated a contested case or requested a hearing.

October 3, 2014 **D. SCOTT CARRUTHERS, dba LAW OFFICE OF D. SCOTT CARRUTHERS** (Stanton, California) – Order to Cease and Desist issued for conducting collection business in Idaho without the required license.

October 8, 2014 **LEGAL AND DEBT RECOVERY** (Orange, California) – Order to Cease and Desist issued for engaging in collection activity in Idaho without the

required license. The order included the factual allegation that Legal and Debt Recovery had ignored the Department's communication outlining why Legal and Debt Recovery was not exempt from licensure.

- November 12, 2014 **NCC RECOVERY, INC.** (Victorville, California) – Order to Cease and Desist, Order Imposing Civil Penalty, and Order Imposing Costs issued alleging violations of the Idaho Collection Agency Act. NCC failed to provide Department examiners with documents required to complete a compliance examination and failed to pay incurred examination costs. Additionally, NCC failed to renew its license. The order required NCC to immediately cease and desist from violating the provisions of the Act, pay a civil penalty of \$5,000, and remit examination costs of \$569.70.
- November 25, 2014 **MYRIAD CAPITAL MANAGEMENT, INC. dba STONE WHITMAN & ASSOCIATES** (Orlando, Florida) – Order to Cease and Desist issued for unlicensed collection activity. The order required Myriad to immediately cease and desist from engaging in collection activities in Idaho without a license under the Idaho Collection Agency Act.
- November 25, 2014 **SIMPLE RECOVERY SOLUTIONS, LLC** (Orlando, Florida) – Order to Cease and Desist issued for unlicensed collection activity. The order required Simple Recovery Solutions, LLC to immediately cease and desist from engaging in collection activities in Idaho without a license under the Idaho Collection Agency Act.
- May 5, 2015 **ASSIGNED CREDIT SOLUTIONS, INC.** (Marlton, New Jersey) Consent Order entered into addressing unlicensed activity under the Idaho Collection Agency Act (Act). The company admitted to engaging in violations of §§ 26-2223(1) and –(2) of the Act, including collecting against Idaho residents without a license. Assigned Credit Solutions, Inc. agreed to cease and desist from all collection activities in Idaho until properly licensed. The company agreed to pay the Department an administrative penalty of \$5,000 and \$500 in attorney fees and investigative costs. Subsequently, the company applied for and was issued an Idaho collection agency license.
- May 7, 2015 **GREENBERG, GRANT & RICHARDS, INC.** (Houston, Texas) – Consent Order entered into addressing unlicensed activity under the Idaho Collection Agency Act (Act). The company admitted to engaging in violations of §§ 26-2223(1) and –(2) of the Act, including collecting against an Idaho resident without a license. Greenberg, Grant & Richards, Inc. agreed to cease and desist from all collection activities in Idaho until properly licensed. The company agreed to pay to the Department an administrative

penalty of \$1,000 and \$500 in attorney fees and investigative costs. Subsequently, the company applied for and was granted an Idaho collection agency license.

May 8, 2015

WESTHILL EXCHANGE, LLC (Aurora, Colorado) – Order to Cease and Desist issued for unlicensed collection activity. The order required Westhill Exchange, LLC to immediately cease and desist from engaging in collection activities in Idaho without a license under the Idaho Collection Agency Act.

III. ORDERS ISSUED UNDER THE IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT – Mortgage Companies

September 19, 2014 **FLAGSHIP FINANCIAL GROUP LLC** (Lehi, Utah) Consent Order entered addressing violations of the Idaho Residential Mortgage Practices Act. Flagship paid an administrative penalty of \$50,000 and attorney fees and investigative costs in the amount of \$1,000. Flagship also agreed to comply with all provisions of the Act and rules promulgated thereunder at all times in the future.

IV. ORDERS ISSUED UNDER THE IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT – Mortgage Loan Originators

May 7, 2015

TREVOR DEE WALKER (Ammon, Idaho) – Notice of Denial of Mortgage Loan Originator License Application issued. The Notice of Denial was based on a material misstatement made in the license application. Walker requested an administrative hearing regarding the matter on May 22, 2015. On May 26, 2015, Walker withdrew his request and the Notice became a Final Order of Denial. Subsequently, Walker re-applied for and was granted a Mortgage Loan Originator License.

YEARS OF STATE SERVICE AS OF JUNE 30, 2015
Recognizing over 680 years of Combined Service to the State of Idaho

Employee	Years of Service	Title
ADMINISTRATION		
Gavin M. Gee	40.4	Director of Finance
James A. Burns	28.0	Securities Bureau Chief
Mary E. Hughes	25.2	Financial Institutions Bureau Chief
Mike Larsen	19.9	Consumer Finance Bureau Chief
David L. Jensen	10.7	Supporting Services Bureau Chief
Lisa A. Baker	4.3	Administrative Assistant 2
SUPPORTING SERVICES BUREAU		
Jill R. Peterson-Pate	18.3	Financial Specialist
Angela M. Baker	9.2	Personnel Technician
Blake Wickham	5.6	IT Systems Integration Analyst, Sr.
Homero P. Rodriguez	4.7	Web Developer
Christy L. Rolfe	.2	Office Specialist 2
Vacant		IT Programmer Analyst, Sr.
FINANCIAL INSTITUTIONS BUREAU		
Brad P. Bergquist	34.7	Financial Institutions Examiner, Commissioned Sr.
Richard J. Sherrick	12.0	Financial Institutions Examiner, Commissioned Sr.
Andrew C. Forth	10.9	Financial Institutions Examiner, Commissioned Sr.
Vacant		Financial Institutions Examiner, Commissioned Sr.
Mark W. Boschulte	14.1	Financial Institutions Examiner, Commissioned
Connie D. Newgard	11.7	Financial Institutions Examiner, Commissioned
Krista M. Bolt	6.6	Financial Institutions Examiner, Commissioned
Jeffrey C. Reinhardt	6.0	Financial Institutions Examiner, Commissioned
James J. Tunca	4.9	Financial Institutions Examiner, Commissioned
Gordon E. Titus	5.4	Financial Institutions Examiner, Commissioned
Kayce C. White	4.2	Financial Institutions Examiner, Commissioned
Salvador Cruz	1.8	Financial Institutions Examiner, Commissioned
Robert Moore	2.2	Financial Institutions Examiner 3*
Scott Eric Lindsay	1.7	Financial Institutions Examiner 2*
Sydney M. Bernard	.7	Financial Institutions Examiner 1*
Vacant		Financial Institutions Examiner 1*
Vacant		Financial Institutions Examiner 1*
Tracy L. English	2.4	Administrative Assistant 1
Elizabeth Adcock	2.7	Office Specialist 2
		*underfilling Financial Institutions Examiner, Commissioned
CONSUMER FINANCE BUREAU		
Karlyne C. (K.C.) Schaler	17.4	Financial Examiner/Investigator 4
Anthony T. Polidori	14.7	Financial Examiner/Investigator 4
Billie K. Smithers	18.4	Financial Examiner/Investigator 3
Jan L. Kochan	10.9	Financial Examiner/Investigator 3
Dan D. Kline	10.4	Financial Examiner/Investigator 3

Erin J. Van Engelen	10.1	Financial Examiner/Investigator 3
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Jillian K. Laine	3.8	Financial Examiner/Investigator 3
Dustin Mortimer	3.7	Financial Examiner/Investigator 3
Gabe Gerrish	3.7	Financial Examiner/Investigator 3
Jeffrey R. Flora	1.8	Financial Examiner/Investigator 2*
Jo Ann Lanham	23.6	Consumer Affairs Officer
Karen A. Carlyle	12.9	Administrative Assistant 1
Mel White	3.9	Administrative Assistant 1
Bennie J. Bourn	3.9	Administrative Assistant 1
Matthew Melton	.7	Administrative Assistant 1
Kimberley A. Banner	1.7	Office Specialist 2
Stephanie M. Sanders	1.0	Office Specialist 2
		<i>*underfilling Financial Examiner/Investigator 3</i>

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Patricia R. Highley	25.7	Financial Examiner/Investigator 4
Coleen F. Hodson	21.9	Financial Examiner/Investigator 4
Timothy D. Martin	26.3	Financial Examiner/Investigator 3
Nancy C. Ax	17.3	Financial Examiner/Investigator 3
Walter L. Bitner	14.1	Financial Examiner/Investigator 3
Kurt V. Merritt	7.1	Financial Examiner/Investigator 3
Norman Real	2.4	Financial Examiner/Investigator 2*
Virginia L. Sorensen	31.0	Financial Examiner/Investigator 1*
Mary J. Harper	18.5	Program Information Coordinator
Karabeth Tillman	1.6	Securities Technician
		<i>*underfilling Financial Examiner/Investigator 3</i>

Legal Staff (On assignment from AG)

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Brian Nicholas	28.0	Deputy Attorney General
Alan Conilogue	15.5	Deputy Attorney General
Stephanie Sze	2.5	Paralegal

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Securities Bureau Chief	Jim Burns
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