

# Good news: Idaho community banks are doing well despite the economic crunch

BY PATTI MOSS - Idaho Statesman

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As I talk with customers and friends in the community, it is obvious that many people have questions about banking these days. The recent housing crisis has left folks wondering how this crunch is affecting the soundness of our local community banks. I would like to share some good news for businesses and consumers: **Idaho community banks are particularly well suited to help our communities in challenging times like these.**

1. Banks have capital reserves. Banks must have adequate reserves to cover the loan losses that inevitably occur in any economic climate, but capital is the ultimate cushion against losses that are unexpected. The FDIC rates banks based on their level of capital relative to their risk. A "well-capitalized" rating, such as the rating we hold at Bank of the Cascades, signals financial strength and should offer an extra measure of confidence for customers.
2. Banking regulations keep banks accountable. Down cycles hit the financial services industry as they do any market segment - this isn't the first time, and it won't be the last. As a result, the banking industry has learned many lessons that yield positive results for customers and further accountability for banks. Banks are routinely examined by state and federal examiners as well as independent auditors to ensure that deposits are safe.
3. Banks are part of the solution. Most community banks in the Northwest have some investment in real estate, so we all share in the challenges presented by this burst in the housing bubble. All parties - home buyers and sellers, lenders, Wall Street, and government entities - will participate in the market readjustment.
4. Banks have the resources to meet the needs of their communities. With \$17.6 billion in deposits in Idaho, banks have plenty of money to reinvest in local communities by providing loans and other services. Idaho's community banks have money to lend to those who qualify, rates are favorable and housing prices are down.

Here in the Northwest, we're well positioned to recover from the downturn because, frankly, we're in a place where people want to live. Parts of the country that suffer from declining populations will take longer to rebound. People are continuing to choose the high quality of life found in the Pacific Northwest, and our local economies can recover faster.

While I wish I could predict when this cycle will end, I cannot. But I do believe community banks are well positioned to attain solid growth and increasing profitability once the cycle has run its course.

Patti Moss is president and CEO of Cascade Bancorp and CEO of Bank of the Cascades.