



Washington State Department of Financial Institutions

Division of Banks

2024 Year In Review

The banking industry continues to face pressure and uncertainty surrounding interest rates, inflation and economic conditions, but Washington state-chartered banks remain largely resilient. Financial performance was fairly steady across the Washington banking industry throughout the fourth quarter of 2024. For the most part, earnings metrics remained constrained, but stable, compared to the previous quarter. Loan growth at the end of the year was consistent compared to the prior quarter, at a modest 0.70% annualized. Credit risk metrics remain favorable compared to long-range historical averages, but on a national level there has been some loan quality deterioration. Liquidity and deposit growth remains a challenge in the current elevated interest rate environment, and examiners along with the industry will be paying attention to both short-term and long-term interest rates impacts.

Of note, 57% of Washington state-chartered banks indicated a decline in full-time employees. Overall staffing will be top of mind for examiners to ensure banks have the appropriate operational and risk management resources to keep up with asset growth and economic uncertainty.

STATE CHARTERED NUMBERS AT A GLANCE AS OF DECEMBER 31, 2024



CSBS Annual Strategic Planning Meeting

DFI Director Charlie Clark, Deputy Director Catherine Mele, Director of Banks Roberta Hollinshead, Director of Consumer Services Ali Higgs, and Consumer Services Chief of Examinations Rick St. Onge attended the Conference of State Banks Supervisors (CSBS) meeting in August. The states spent two days discussing the current and future state of both bank and non-bank financial service supervision and regulation. CSBS members talked about various threats to the state system and laid out a 5-year strategic path forward focusing on our collective strengths and opportunities. There was an industry panel on Banking and Innovation on Community Bank Innovation and Effective Partnerships.



From L to R: Roberta Hollinshead, Rick St. Onge, Ali Higgs, Catherine Mele, and Charlie Clark at the CSBS meeting.



From L to R: CSBS VP of Policy, Nathan Ross; Massachusetts Commissioner of Banking, Mary Gallagher; Roberta; Texas Commissioner of Banking Charles Cooper.

Prior to the Strategic Planning event, Roberta and Charlie participated in a CSBS Board Meeting and met with the CSBS Bankers Advisory Board (BAB). State Bank Northwest Chief Executive Officer Greg Deckard was appointed to the BAB.

Roberta participated on a panel discussion of the banking landscape, current threats and opportunities.

Community Bankers of Washington Convention and Trade Show

On Sept. 12, DFI Director Charlie Clark joined Director of Banks Roberta Hollinshead at the 2024 Community Bankers of Washington Convention and Trade Show. They are both pictured here with State Bank Northwest CEO and newly appointed Conference of State Bank Supervisors (CSBS) Bankers Advisory Board Member, Greg Deckard. We provided updates on the work we are doing as a part of CSBS, DFI agency happenings, and other regulatory hot topics.



Pictured left to right: Roberta Hollinshead, Greg Deckard, and Charlie Clark.