

OFFICE OF THE TREASURER
STATE OF WASHINGTON
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Public Deposit Protection Commission

2023 Report

November 1, 2022 – October 31, 2023

A report to the Legislature providing an update on recent events,
responses and issues related to modernizing and improving the protection
of public deposits in the State of Washington

Executive Summary

Washington law, [RCW 43.08.300](#), requires the State Treasurer to report annually to the Legislature on actions taken by the Public Deposit Protection Commission (PDPC) and the Treasurer regarding public deposit protection.

Reports issued starting in 2009 provide an accounting of the events and actions taken by the PDPC and the Treasurer to protect public deposits. Recent reports are available on the [PDPC reports to the Legislature webpage](#). This 2023 report is an update on events and actions taken since November 2022, when the last report was published.

Washington's public depositaries continue to provide secure banking services for state and local government entities. No financial institutions serving government depositors were closed in 2023. By comparison, 12 banks were closed at the height of the banking crisis in 2010.

Four public depositary banks were acquired by other institutions in 2023. Additionally, five new financial institutions were approved to act as public depositaries in their Washington branches and two others terminated their status as public depositaries.

As of October 31, 2023 (the most current data available at the time of this report), 57 PDPC banks and 24 PDPC credit unions held \$10.8 billion in public deposits.

Reforms enacted by the 2009 and 2016 Legislatures, signed into law by the Governor, overseen by the Public Deposit Protection Commission, and implemented by the State Treasurer were highly effective at protecting all public deposits in the State of Washington. These safeguards continue to protect all public deposits.

Deposits

As of October 31, 2023, insured deposits in banks represented about four percent of the \$10.625 billion in total deposits. These public depositories have pledged additional collateral to protect uninsured public deposits.

Currently, twenty-four credit unions are approved to accept public deposits. As of October 31, 2023, sixteen of those credit unions held \$182.3 million in public deposits, which are either insured by the National Credit Union Administration (NCUA) or secured by collateral.

Total deposits in all public depositories is approximately \$10.8 billion.

Closures

State and federal regulators did not close any public depository banks or credit unions located in Washington in 2023.

However, federal regulators did close five banks and one credit union in other states, including the California based Silicon Valley Bank and New York based Signature Bank.

The PDPC convened to review relevant conditions and report that Washington public depositories remained strong and that pledged collateral is sufficient to ensure the safety of state and local government deposits.

Mergers and Acquisitions

Four of Washington's public depository banks were acquired by another institution since November 2022. The dates of acquisition as well as the financial institutions involved are as follows:

- February 2, 2023: BMO Harris Bank, NA (Chicago, Illinois) completed its acquisition of the Bank of the West (San Francisco, California)
- March 1, 2023: Umpqua Bank (Roseburg, Oregon) completed its acquisition of Columbia Bank (Tacoma, Washington)
- May 26, 2023: US Bank (Cincinnati, Ohio) completed its acquisition of MFUG Union Bank (San Francisco, California)
- August 31, 2023: Bank of Eastern Oregon (Heppner, Oregon) acquired Farmington State Bank (Farmington, Washington)

Other Changes

Through October 2023, the following five new financial institutions were approved to act as public depositaries in their Washington branches:

- February 10, 2023: Idaho Central Credit Union (Pocatello, Idaho)
- May 10, 2023: OBee Credit Union (Tumwater, Washington)
- June 20, 2023: BMO Harris Bank, NA (Chicago, Illinois)
- August 2, 2023: Global Federal Credit Union (Anchorage, Alaska)
- August 2, 2023: Kitsap Credit Union (Bremerton, Washington)

And, the following two financial institutions requested and were approved to terminate their status as public depositaries:

- January 11, 2023: United Business Bank (Walnut Creek, California)
- October 6, 2023: Seattle Credit Union (Seattle, Washington)

Trustee Changes

Through October 2023, no new entities were approved to act in the capacity of third-party trustee and perform the function of safekeeping securities pledged by public depositaries intended to protect uninsured public deposits.

Credit Unions

In 2018, the Legislature passed [Substitute House Bill 1209](#) permitting credit unions to accept public deposits in excess of insured limits from depositors located within a county with a population of three hundred thousand persons or less. Then in 2021, the Legislature passed [Senate Bill 5106](#) which removed the population restriction on depositors, allowing all state and federally chartered credit unions to accept uninsured public deposits.

Public Deposit Protection Commission Resolutions

Since the last PDPC annual report, the Commission met on November 29, 2022, March 22, 2023 and November 14, 2023. At those meetings, the Chair notified the Commission regarding letters of authorization issued by the Chair authorizing approval or termination requests of financial institutions for public depository status in accordance with Resolution 2018–3; and letters of resolution issued by the Chair authorizing requests to approve, rescind, or extend out-of-state and alien bank accounts in accordance with Resolution 2018–2. No new PDPC resolutions were adopted this year.

Looking Ahead:

The Office of the State Treasurer continues to work with state and federal regulators to keep up with changing conditions in public depositories to ensure the safety and soundness of public funds on deposit at banks and credit unions.