

TITLE 26  
BANKS AND BANKING

CHAPTER 6  
RESERVES, SURPLUS AND DIVIDENDS

26-601. RESERVE. Every bank organized under the laws of this state and authorized to receive deposits shall comply with the reserve requirements of the Federal Reserve act.

[26-601, added 1979, ch. 41, sec. 2, p. 86; am. 1981, ch. 8, sec. 1, p. 15; am. 2008, ch. 140, sec. 5, p. 404.]

26-602. DIMINUTION OF RESERVE. (1) When the reserve of any bank falls below the amount required by section [26-601](#), Idaho Code, for any reporting period, the bank shall immediately restore its reserve to the amount required by section [26-601](#), Idaho Code, and in addition:

(a) If a bank is deficient in reserve for two (2) nonconsecutive reporting periods in a calendar year, the bank shall pay to the department of finance at the end of the second reporting period a fine of three hundred dollars (\$300).

(b) If a bank is deficient in reserves for three (3) nonconsecutive reporting periods in a calendar year, the bank shall pay to the department of finance at the end of the third reporting period a fine equal to five percent (5%) of the dollar amount by which it was deficient in reserves for the third reporting period or five hundred dollars (\$500), whichever is greater.

(c) If a bank is deficient in reserves for more than three (3) nonconsecutive reporting periods or for two (2) or more consecutive reporting periods in a calendar year, the director shall proceed as provided in section [26-1115](#), Idaho Code. The bank shall not increase its loans or discounts until its reserve is fully restored and the director may by order set a minimum level of cash reserves which the bank must maintain until such time as the director has reason to believe that the bank will comply with the reserve requirements of section [26-601](#), Idaho Code.

(2) The penalties set out in subsection (1) of this section are not exclusive. The director may in proper cases proceed in his discretion as provided in section [26-1115](#), Idaho Code, or [chapter 10, title 26](#), Idaho Code.

[26-602, added 1979, ch. 41, sec. 2, p. 86; am. 2008, ch. 140, sec. 6, p. 405.]

26-604. DIVIDENDS -- SURPLUS. No dividend shall be declared or paid by any bank until a surplus equal to twenty percent (20%) of the paid-in capital stock of such bank has been built up. Thereafter, the board of directors of any bank may declare a dividend of so much of its net profits as it shall deem expedient; but before any such dividend is declared or paid, not less than one-fifth (1/5) of the net profits of the bank for such period as is covered by the dividend shall be carried to the surplus fund until such surplus fund shall amount to fifty percent (50%) of the paid-in common stock. Any loss sustained by any bank in excess of its undivided profits may be charged to its surplus account, provided that its surplus funds shall thereafter be reimbursed from its earnings in the manner above provided. If such surplus fund is reduced below an amount equal to twenty percent (20%) of the common stock,

no further dividend shall be declared or paid until such surplus is restored to that amount, and thereafter dividends shall only be declared and paid in the amount and in the manner above provided until such surplus shall be restored to an amount equal to fifty percent (50%) of the common stock.

The directors knowingly voting for any dividend in violation of any of the provisions of this section shall be jointly and severally liable, civilly, for any and all dividends so declared, and in addition thereto, shall be guilty of a misdemeanor.

[26-604, added 1979, ch. 41, sec. 2, p. 87.]