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Closure of Columbia River Bank

Frequently Asked Questions

Why did Columbia River Bank close?

The state closed Columbia River Bank because it was insolvent. The bank's problems resulted primarily from nonperforming residential construction loans, which dragged down capital and earnings.

In February 2009, the Oregon Department of Consumer and Business Services (DCBS) and the Federal Deposit Insurance Corp. (FDIC) issued a cease-and-desist order against Columbia River Bank for unsafe and unsound banking practices. To read about the specific problems the agencies found, go to <http://www.cbs.state.or.us/dfcs/securities/enf/orders/FDIC-08-360b.pdf>.

The Columbia River Bank management team worked hard to resolve the issues raised in the order and to restore the bank to financial health. Unfortunately, its capital level sunk well below the minimum standard for solvency, and DCBS had no other option but to order its closure.

I'm a customer of Columbia River Bank - are my deposits safe?

Yes. If you have an account with Columbia River Bank, you should expect business as usual. Columbia State Bank has acquired Columbia River Bank, and you will automatically become a depositor of Columbia State Bank. Columbia River branches that have normal Saturday operations will reopen Saturday, Jan. 23, as Columbia State Bank. All of Columbia River's 21 offices in Oregon and Washington will reopen Monday, Jan. 25, as Columbia State Bank. In the meantime, you can continue to access your account through automated teller machine transactions, checks, and debit transactions.

Columbia State Bank also has acquired Columbia River's loans. Loan customers should make their payments as usual.

For more information about your account, please visit the FDIC's Web page on the closure of Columbia River Bank at <http://www.fdic.gov/bank/individual/failed/columbiariver.html>, or call the FDIC's toll-free phone number at 1-800-523-0640.

Will Columbia River Bank's closure affect other banks in Oregon?

No. Columbia River Bank's closure has no impact on other Oregon banks.

Should customers of Columbia River switch banks?

There is no need for Columbia River customers to change banks. All branches will reopen Monday, Jan. 25, as Columbia State Bank. However, if they choose to, there continues to be a variety of local and federal banking institutions that serve Oregon and Washington.

How are other banks performing?

Community banks across the nation continue to face significant challenges due to the downturn in the economy, particularly the real estate market. In 2009, 140 banks closed nationwide, including three in Oregon, and there have been several closings nationwide in the early weeks of 2010.

In Oregon, many banks have high concentrations of real estate loans that funded construction and development projects when the economy was growing. When the real estate market dropped, these banks were faced with an increasing number of nonperforming loans, which reduced capital and earnings. With continued softness in both the residential and commercial real estate markets, many banks are in critical need of capital. Several Oregon banks have successfully raised capital in recent months, which will help them weather the downturn.

How do I know if my bank accounts are safe?

Deposits in all state-chartered banks and financial institutions are federally insured up to \$250,000. In addition, businesses can receive unlimited insurance coverage on non-interest bearing transactional accounts through June 30, 2010.

Go to http://egov.oregon.gov/DCBS/safe_money.shtml for more information on the safety of your banking and other types of financial accounts.

Even if a bank does fail, another institution typically acquires the failed bank's deposits. In that case, customers see no disruption. They can still access their deposits and conduct transactions. In the four bank closings in Oregon during the past year, no depositors have lost money.

How does the state protect bank customers?

DCBS' Division of Finance and Corporate Securities conducts regular examinations of Oregon's state-chartered banks to monitor their safety and soundness. To address the increasing challenges banks are facing during the current economic downturn, the division added five new financial examiner positions.

The division, along with the FDIC, examines all state banks at least once every two years, and when banks are rated less than satisfactory, the division revisits institutions at least every six months and often more frequently until their performance improves. Like all bank regulators, the division uses the "CAMELS" rating system adopted by the Federal Financial Institutions Examination Council. The acronym, CAMELS, includes an individual rating for Capital, Asset (loan) quality, Management, Earnings, Liquidity, and Sensitivity to market risk.

When banks score less than satisfactory on their exams, they must enter into an agreement with the division – either formal or informal, depending on the severity of the problems – to take corrective action. The division will close the bank if the bank cannot make the necessary improvements and no longer can meet its financial obligations.

Where can I learn more about Oregon banks?

Visit the banks and trusts section of the Division of Finance and Corporate Securities' Web site at: http://www.cbs.state.or.us/dfcs/banks_trusts.html or call the division at 503-378-4140 or toll-free 866-814-9710.