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Columbia River Bank closed, acquired by Columbia State Bank *Customers can expect business as usual*

(Salem) — The Oregon Department of Consumer and Business Services today ordered the closure of Columbia River Bank and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. Columbia State Bank of Washington acquired essentially all of Columbia River's assets and liabilities from the FDIC.

Columbia River Bank is headquartered in The Dalles, and it has 21 offices in Oregon and Washington. All deposit accounts of Columbia River Bank are being transferred to Columbia State Bank, and will be available immediately. Branches with normal operations on Saturdays will reopen Saturday as Columbia State Bank, and all branches will reopen Monday as Columbia State Bank. In the meantime, depositors of Columbia River Bank can continue to access their accounts through automated teller machine transactions, checks, and debit transactions. Loan customers should make their payments as usual.

Columbia River Bank had been experiencing critically low levels of capital, and ultimately, became insolvent. The bank's problems resulted primarily from nonperforming residential construction loans.

"Columbia River Bank management worked hard to restore the bank to financial health," said Cory Streisinger, director of the Department of Consumer and Business Services. "We and the FDIC engaged in some intense discussions to ensure the bank had been given every opportunity to turn the corner. However, a review of the bank's loan portfolio in early January showed that a key measure of the bank's solvency – called Tier 1 capital – had sunk well below the minimum level needed for the bank to remain in operation. Unfortunately, this left us with no option but to order the bank's closure."

Columbia River Bank was founded in 1977. As of Sept. 30, 2009, Columbia River Bank had total assets of approximately \$1.1 billion and total deposits of \$1.0 billion. Based in Tacoma, Wash., Columbia State Bank has total assets of about \$3.2 billion and total deposits of \$2.5 billion. Columbia State Bank has 50 offices, with locations on the Oregon coast and in the Portland area.

Because Columbia State Bank is acquiring all of Columbia River Bank's operations – including its deposits, loans, and the majority of its assets – there will not be any losses for former Columbia River Bank depositors who have deposits exceeding the FDIC Deposit Insurance amount.

"We were saddened to have to shut Columbia River's doors, but we are pleased to see that Columbia State Bank has agreed to acquire Columbia River to ensure continued services to the bank's many loyal customers," said David Tatman, administrator of the department's Division of Finance & Corporate Securities.

There were 140 bank closures nationwide in 2009, including three in Oregon, and several banks have closed nationwide in the early weeks of 2010. Each time a bank has closed in Oregon, another bank has taken over the deposits of the failed bank. No Oregon depositor has lost money as the result of a bank closure.

A heavy concentration of real estate loans is plaguing banks in Oregon and throughout the region. With the downturn in the housing market and increased softness in the commercial property market, the makers of those loans cannot repay them. Many banks are in critical need of capital to help them weather the downturn.

“Access to capital is a significant challenge,” Streisinger said. “But the good news is that several Oregon banks have been successful in raising capital recently, which will help them continue through these tough times and ensure they are around to serve their communities for years to come.”

The FDIC has established a Web site and a toll-free phone number to answer questions from depositors, creditors, and other interested parties regarding the receivership of Columbia River Bank. The Web site is <http://www.fdic.gov/bank/individual/failed/columbiariver.html>, and the toll-free phone number is 1-800-523-0640. The phone number will be operational this evening until 9 p.m., PST; on Saturday from 9 a.m. to 6 p.m., PST; on Sunday from noon to 6 p.m., PST; and thereafter from 8 a.m. to 8 p.m., PST.

Deposits of all banks are now insured by the FDIC up to \$250,000. Special rules are in place for accounts held in trust status, joint accounts, and non-interest bearing transaction accounts that may further expand deposit insurance coverage. You can find additional information on FDIC Deposit Insurance and other protections for your financial accounts at http://egov.oregon.gov/DCBS/safe_money.shtml.

The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. The department’s Division of Finance and Corporate Securities regulates Oregon financial institutions. For more information on Oregon banks as well as frequently asked questions about today’s transaction, visit www.dfcs.oregon.gov.

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