

Director's Office, 350 Winter St. NE, Room 200, Salem, Oregon 97301-3878

For immediate release:
February 13, 2009

For more information:
Lisa Morawski, 503-947-7897 or
503-932-4371 (cell)

Pinnacle Bank closed, acquired by Washington Trust Bank

Customers can expect business as usual

(Salem) — The Oregon Department of Consumer and Business Services today ordered the closure of Pinnacle Bank in Beaverton and announced the acquisition of Pinnacle by Washington Trust Bank. The department appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver of Pinnacle Bank.

All deposit accounts of Pinnacle Bank are being transferred to Washington Trust Bank, and will be available immediately. On Tuesday (after the President’s Day holiday), Pinnacle’s office at 8880 S.W. Nimbus Ave. in Beaverton will reopen as Washington Trust Bank. In the meantime, depositors of Pinnacle Bank can continue to access their accounts through automated teller machine transactions, checks, and debit transactions. Loan customers should make their payments as usual.

“While we are saddened to see Pinnacle close, we are pleased to see Washington Trust Bank step in and acquire Pinnacle, to ensure a seamless transition for Oregonians and businesses with accounts there,” said Cory Streisinger, director of the department.

Founded in 2002, Pinnacle Bank primarily served small and mid-sized business customers. As of Dec. 31, 2008, Pinnacle Bank had total assets of \$72 million and total deposits of \$64 million. Washington Trust Bank, based in Spokane, Wash, has approximately \$4 billion in assets and \$3 billion in deposits. Washington Trust Bank was founded in 1902 and has retail branches in Washington, Idaho, and Utah as well as lending operations in Oregon and Arizona.

Because Washington Trust Bank is acquiring all of Pinnacle’s operations – including its deposits, loans, and the majority of its assets – the department does not expect any losses for former Pinnacle Bank depositors who have deposits exceeding the FDIC Deposit Insurance amount.

David Tatman, administrator of the department’s Division of Finance and Corporate Securities, said the state closed Pinnacle Bank because it was insolvent and could no longer meet its financial obligations. The bank had been experiencing significant liquidity problems because of a reliance on nonlocal, brokered deposits. The bank also held a high level of nonperforming commercial real estate loans, which severely damaged its asset quality. These factors led to losses for the institution in 2007 and 2008.

“Pinnacle Bank has been working through these issues for quite some time,” Tatman said. “But despite their strong efforts, they were not able to continue in these current economic conditions.”

The department has not closed an Oregon-chartered bank since 1987, although a federal bank in Oregon, Far West Federal Savings Bank, was closed in 1991. However, bank closures have occurred across the nation in the past year, and the closure of Pinnacle represents the 13th FDIC-insured institution to close in 2009.

Leading up to the current recession, Oregon banks had been experiencing significant growth, outpacing their national counterparts in profitability and asset quality. Five new banks received Oregon charters and entered the

market in the mid-2000s. However, the downturn in the economy, particularly the housing market, has had a significant impact on Oregon banks. Many community banks focused on real estate loans that funded construction and development of residential properties. When the real estate market dropped, these banks were faced with an increasing number of nonperforming loans, which has reduced capital and earnings.

“These are challenging times for financial institutions in Oregon and across the nation, and, while we are confident that community banking as a whole will remain a vibrant industry here, we may well see continued contraction during this economic downturn,” Streisinger said.

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 Pinnacle Bank. The Web site is <http://www.fdic.gov/bank/individual/failed/pinnacle.html>, and the toll-free phone number is 1-800-930-1848. 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 transactions 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.

###