Beat: Business

U.S. federal regulators close small bank in Missouri

-, 15.12.2012, 18:12 Time

USPA News - Federal regulators on Friday evening closed a small bank in Missouri, bringing the total number of bank failures in the United States so far this year to 51. The overall number of bank failures is significantly lower when compared to previous years. The Community Bank of the Ozarks, which had a total of two branches, was closed by the Missouri Division of Finance after its regular closing time on Friday.

The bank had its headquarters in Sunrise Beach, a village approximately 70 miles (112 kilometers) northeast of Springfield. After the closing, the Federal Deposit Insurance Corporation (FDIC) said it immediately entered into a purchase and assumption agreement with the Bank of Sullivan, based in Sullivan, Missouri, to assume all of the deposits of the Community Bank of the Ozarks. As of September 30, the Community Bank of the Ozarks had approximately $42.8 million in total assets and $41.9 million in total deposits. Most customers should see no or little service disruption despite the closure of the institution as both branches of the Community Bank of the Ozarks will reopen during their normal business hours on Saturday as branches of the Bank of Sullivan, and all depositors of the Community Bank of the Ozarks will automatically become depositors of the Bank of Sullivan. All of the services of the failed bank, including checks, ATM and debit cards, will remain active. "Checks drawn on the bank will continue to be processed," FDIC spokesman Greg Hernandez said in a brief statement. "Loan customers should continue to make their payments as usual." Richard J. Weaver, Commissioner of the Missouri Division of Finance, said the failed bank had operated under close regulatory scrutiny since 2009. "The demise of this bank is the result of liberal lending practices compounded by adverse economic trends," he said. "Many of these loans became delinquent and non-performing. Losses have been realized and are more than the bank can support." Attempts to sell the bank or acquire additional capital were not successful, Weaver said. As a result, the bank`s board of directors voted to turn the bank over to federal regulators, as is required by Missouri law when a bank is in failing conditions. "There will be no interruption of services for customers of the former Community Bank of the Ozarks," Weaver assured customers. The total cost of the bank failure to the Deposit Insurance Fund (DIF) is estimated to be around $10.4 million, but the FDIC said it was the least costly resolution for the DIF compared to other alternatives. Friday`s closure brings the total number of U.S. bank failures so far this year to 51, significantly lower than in recent years. There were 91 bank failures in 2011 and 157 bank failures in 2010.

Article online:
https://www.uspa24.com/bericht-341/us-federal-regulators-close-small-bank-in-missouri.html

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