



OREGON STATE BANK

PUTTING OUR MONEY TO WORK FOR US

Would the Virtual State Bank compete with community banks?

No. The Virtual State Bank would partner with community banks to help expand their lending markets. In fact, the VSB would be statutorily prohibited from retail operations.

Why does Oregon need a Virtual State Bank?

Oregon can use public funds here in Oregon to increase local businesses and farms' access to capital. With loan participations, capital access, and other programs, the VSB will partner with local financial institutions to help Oregon entrepreneurs grow their businesses and add jobs.

How would the Virtual State Bank keep public money safe?

The VSB will not take on above-average risk or below-market rate loans. The VSB will have stringent safeguards in place to protect taxpayers and manage risk conservatively.

- The Virtual State bank will be able to buy SBA, FHA and VA loans from Oregon's community banks, making a sizeable portion of its portfolio federally-guaranteed. Loan participations ensure that community banks retain significant vested interests in their loans.
- It is imperative that the VSB have both independent and state bank regulator audits. And like all other prudently run financial institutions, the envisioned fully-operational bank will maintain adequate loan-loss reserves and capital standards, and abide by lending limits and underwriting standards.

Who would run the Virtual State Bank?

The day-to-day operations will be managed by an executive director who must have extensive experience in banking. An Advisory Council composed of representatives from the Oregon community bank, small business, building trades, and agricultural sectors will review operations and finances. Finally, a Governing Board composed of the Governor, State Treasurer, and Labor Commissioner will ensure public accountability for the VSB's operations.

Why not just deposit more state money in local financial institutions?

Uninsured public deposits must be collateralized to high degrees. This means they cannot be put into loans and are often too costly for community banks to hold. Using state deposits to leverage new small business lending and job growth allows community banks to make more loans in their communities.

How would the Virtual State Bank improve economic development tools for community banks?

First, revenue generated by the VSB's operations would add funding to economic development programs. Second, the VSB will improve the coordination of state economic development tools to make it easier for community banks to participate.

www.OregoniansForaStateBank.org. *Building a strong business ecosystem in Oregon.*