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Financial
BUSINESS BRIEFING

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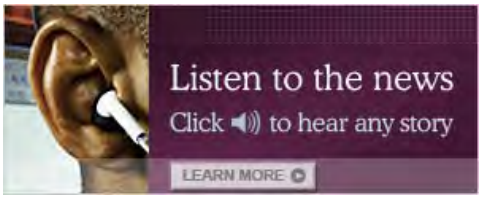

BANKING

3 Banks Seized in Ga., Calif.

Regulators closed FirstBank Financial Services in Georgia and two California banks, Alliance Bank and County Bank, marking nine failures this year of federally insured institutions.

The Federal Deposit Insurance Corp. was appointed receiver of the three banks. FirstBank Financial, based in McDonough, Ga., had $337 million in assets and $279 million in deposits. Alliance Bank, based in Culver City, Calif., had about $1.14 billion in assets and $951 million in deposits. Merced, Calif.-based County Bank had around $1.7 billion in assets and $1.3 billion in deposits.

The FDIC said FirstBank Financial's deposits will be assumed by Regions Bank in Birmingham, Ala. Its four branches will reopen Monday as offices of Regions Bank. Regions Bank also agreed to buy around $17 million of FirstBank's assets; the FDIC will retain the rest for eventual sale.

Alliance Bank's deposits will be assumed by San Diego-based California Bank & Trust, which also agreed to buy about $1.12 billion in assets. The FDIC will keep the rest for eventual sale. California Bank & Trust will share losses on the assets with the FDIC. Alliance Bank's five branches will reopen Monday as offices of California Bank & Trust.

Westamerica Bank, based in San Rafael, Calif., agreed to purchase all the deposits and assets of County Bank. Westamerica also is sharing losses with the FDIC. County Bank's 39 branches will reopen as branches of Westamerica, some today and others on Monday.

The FDIC estimated that the resolution of FirstBank Financial will cost the deposit insurance fund $111 million while that of Alliance Bank will cost $206 million and County Bank, $135 million.

AUTOMOTIVE

Toyota Forecasts Annual Loss

Toyota Motor predicted its first annual loss since 1950 as plunging demand for cars, especially in the United States, and the strong yen pummeled earnings at the world's No. 1 automaker.

For its fiscal third quarter, Toyota said it lost $1.8 billion, down sharply from the $5 billion profit for the comparable period a year earlier. Sales in the three months ended Dec. 31 plunged 28 percent, to $52.8 billion.

In December, the company said it expected to eke out a small annual net profit, but the outlook has darkened since then, particularly as the U.S. auto market has collapsed.

ENERGY

VeraSun Sells Assets to Valero

Ethanol producer VeraSun Energy, which filed for bankruptcy protection in October, said it is selling assets to Valero Energy for $280 million amid difficult industry conditions and tight credit markets. The assets include certain VeraSun production facilities in South Dakota, Iowa, Minnesota and Indiana. The company will sell all production facilities and operations in separate or combined transactions.

VeraSun said it has enough liquidity to maintain the production facilities through the sale process.

MORTGAGE FINANCE

Fannie, Freddie Delinquencies Up

Fannie Mae and Freddie Mac's delinquencies jumped 14 percent in November even as the government-controlled mortgage-finance companies accelerated efforts to help struggling borrowers stay in their homes, a Federal Housing Finance Agency report shows.

The number of borrowers at least 60 days behind on mortgages owned or guaranteed by the companies rose to 834,831 from 730,971 in October and almost double the 431,310 in January 2008, the FHFA said. The delinquency rate rose to 2.73 percent, from 2.39 percent in October.

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