



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-161-86 (10-3-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF COLUMBIA COMMUNITY BANK, HERMISTON, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Columbia Community Bank, Hermiston, Oregon, by Inland Empire Bank, Hermiston, Oregon.

The failed bank's only office will reopen on Monday, October 6, 1986, as a branch of Inland Empire Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Columbia Community Bank, with total assets of \$4.5 million, was closed on Friday, October 3, 1986, by Fred Morgan, Supervisor of the Banking Section of Oregon's Financial Institutions Division, and the FDIC was named receiver. Mr. Morgan said: "From inception, Columbia Community Bank has experienced earnings problems principally due to its inability to obtain sufficient deposit levels, and to high overhead costs and loan losses resulting from liberal lending practices. Although management has been replaced, efforts to remedy the problems and increase capital have been unsuccessful."

Inland Empire Bank will assume about \$4.2 million in 2,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$2,500. It also will purchase certain of the failed bank's loans and other assets for \$3.0 million. To facilitate the transaction, the FDIC will advance \$1.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$1.5 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the

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potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by Inland Empire Bank.

The FDIC will recover a portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of nondepositor creditors and shareholders of the closed bank.

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