



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF COAST COMMUNITY BANK, HARBOR, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Coast Community Bank, Harbor, Oregon, have been assumed by Security Bank of Coos County, Myrtle Point, Oregon. The failed bank's two offices will reopen on Monday, January 14, 1985, as branches of Security Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Coast Community Bank was closed on January 11, 1985, by Oregon Superintendent of Banks John B. Olin and the FDIC was named receiver. Mr. Olin said: "A poor economy coupled with some earlier liberal lending practices were the principal contributors to the ultimate depletion of the bank's capital funds. Recent strong efforts to correct problems and raise new capital were not successful."

In addition to assuming about \$8.2 million in 2,200 deposit accounts, Security Bank has agreed to pay the FDIC a purchase premium of \$10,000. The assuming bank will purchase the failed bank's installment and real estate loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$5.4 million and will retain assets of the failed bank with a book value of approximately \$5.6 million.

The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Security Bank.

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The FDIC expects to recover a substantial 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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