



# NEWS RELEASE

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FDIC GRANTS ASSISTANCE TO FACILITATE ACQUISITION OF THE BANK OF OREGON,  
WOODBURN, OREGON, BY ALASKA PACIFIC BANCORPORATION, ANCHORAGE, ALASKA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the granting of financial assistance under Section 13(c) of the FDI Act to facilitate the acquisition of the Bank of Oregon, Woodburn, Oregon, by the Alaska Pacific Bancorporation, a bank holding company based in Anchorage, Alaska. The Federal Reserve Board has approved the acquisition.

As a result of today's action, a recapitalized and strengthened Bank of Oregon will offer uninterrupted service to all of its deposit and loan customers. Bank of Oregon, which operates fifteen offices, has assets of \$108 million and deposits of \$101 million. Alaska Pacific owns two banks in Alaska and has consolidated assets of \$550 million. The acquisition and assistance are effective May 31, 1985.

The FDIC Board acted following notification by the Superintendent of Banks of the State of Oregon that the Bank of Oregon was in danger of failing.

As part of the transaction, the FDIC will acquire all claims against officers, directors, employees and agents of Bank of Oregon as well as any other claims against any parties who might have caused a loss to the Bank of Oregon. No such claims are currently known to exist; however, the FDIC will investigate to determine whether any such claims could provide a future source of recovery.

To ensure the financial strength and stability of Bank of Oregon, Alaska Pacific is immediately contributing \$11 million to the capital of Bank of Oregon.

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Alaska Pacific is to acquire the Bank of Oregon, including its wholly-owned subsidiary Agri-Credit Corporation. The FDIC is to provide assistance by purchasing for \$19.9 million in cash certain loans, real estate and all assets previously charged off. Alaska Pacific has committed to keep all branches of Bank of Oregon open for at least 90 days.

Alaska Pacific acquired control of Bank of Oregon's shares by purchasing them for \$1.00 from BanOre Bancshares, Inc., Bank of Oregon's former one-bank holding company. The transaction was approved by the shareholders of Bank of Oregon and BanOre Bancshares. All members of Bank of Oregon's board of directors have tendered their resignations and may not rejoin the bank without prior FDIC consent.

The Oregon Legislature recently enacted a law permitting the interstate acquisition of an Oregon Bank with assets over \$100 million and in danger of failing, by a bank or bank holding company in any of the nine states in the 12th Federal Reserve District. Alaska Pacific requested an open-bank assisted acquisition so the FDIC sought bids for the failing bank on both an open and closed bank basis from several banks throughout the District. The Alaska Pacific open-bank bid was the bid least costly to the FDIC.

The FDIC usually acts following the failure of a commercial bank either to arrange for its deposits to be assumed by a healthy bank or, if that is not possible, to pay off insured depositors and liquidate the failed bank's assets. The FDIC Board agreed in this case to provide assistance on an open-bank basis because the cost of the assistance granted is substantially lower than the cost of either a deposit assumption or a deposit payoff. In addition, the FDIC will avoid the substantial cost of a failed bank receivership.

The Board, as a matter of policy, generally will not approve any proposal requesting assistance to prevent the closing of an insured bank, unless:

- (1) The financial impact on executive management, directors, shareholders and subordinated debt holders is comparable to what would have occurred if the bank had actually closed.
- (2) Recoveries from nonbook sources such as charged-off assets or claims against officers, directors, bonding companies and the like accrue first to the FDIC to the extent of any losses it will sustain in connection with the proposal. The FDIC should be "last in and first out" in any open bank proposal.
- (3) The proposal clearly and unquestionably represents the least costly alternative available to the FDIC, taking into account the maximum "premium" the FDIC could expect to receive in a closed bank auction.
- (4) The proposal features sufficient tangible capitalization and otherwise reasonably assures the future viability of the bank.

The Board determined that the Alaska Pacific proposal met these criteria.

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