



NEWS RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF EMERALD EMPIRE BANKING COMPANY,
SPRINGFIELD, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Emerald Empire Banking Company, Springfield, Oregon, have been assumed by Citizens Valley Bank, Albany, Oregon. The failed bank's two offices will reopen on Monday, February 6, 1984, as branches of Citizens Valley Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Emerald Empire Banking Company was closed on February 3, 1984 by Oregon Superintendent of Banks John B. Olin and the FDIC was named receiver. Mr. Olin said: "The bank has been unsuccessful in raising capital or remedying its problems and loan losses finally exhausted the bank's capital funds."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 3,223 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$20.7 million in deposits and other liabilities, including \$11.2 million (or over 50%) in deposits acquired from deposit brokers, Citizens Valley Bank has agreed to pay the FDIC a purchase premium of \$105,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$ 16.8 million to the assuming bank and will

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retain assets of the failed bank with a book value of approximately \$17.7 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 Citizens Valley Bank. 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 the shareholders of the closed bank.

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