



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF UNITED BANK OF OREGON,
MILWAUKIE, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of United Bank of Oregon, Milwaukie, Oregon, have been assumed by United States National Bank of Oregon, Portland, Oregon. The failed bank's two offices will reopen on Monday, March 5, 1984, as branches of United States National Bank of Oregon, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

United Bank of Oregon was closed on March 2, 1984, by Oregon Superintendent of Banks John B. Olin and the FDIC was named receiver. Mr. Olin said: "Loan losses stemming from inadequate early management, coupled with a distressed economy, completely 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 5,681 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 \$14.5 million in deposits and other liabilities, including \$1.5 million (over 10 percent) in deposits acquired from deposit brokers, United States National Bank of Oregon has agreed to pay the FDIC a purchase premium of \$305,000. The assuming bank will purchase the failed bank's installment loans and certain other assets.

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To facilitate the transaction, the FDIC will advance cash amounting to \$12 million to the assuming bank and will retain assets of the failed bank with a book value of approximately \$12.7 million.

The FDIC approved the transaction 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 United States National Bank of Oregon. 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.