



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF BANK OF THE NORTHWEST, EUGENE, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Bank of the Northwest, Eugene, Oregon, have been assumed by First Interstate Bank of Oregon, N.A., Portland, Oregon. The failed bank's sole office will reopen on Tuesday, September 4, 1984, as a branch of First Interstate and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Bank of the Northwest was closed on August 31, 1984, by Oregon Superintendent of Banks John B. Olin and the FDIC was named receiver. Mr. Olin said: "In recent years the bank experienced severe losses due to high overhead and an enlarged volume of substandard loans. This, coupled with a distressed local economy, prevented the bank from reaching a break-even point."

In addition to assuming about \$16 million in 5,900 deposit accounts, including \$1 million in accounts placed by deposit brokers, First Interstate has agreed to pay the FDIC a purchase premium of \$650,000. 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 \$11.8 million and will retain assets of the failed bank with a book value of approximately \$13.4 million.

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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 First Interstate.

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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