



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-24-83 (3-25-83)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
BEAR CREEK VALLEY BANK, PHOENIX, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Bear Creek Valley Bank, Phoenix, Oregon, have been assumed by Valley of the Rogue Bank, Rogue River, Oregon. The single office of the closed bank will reopen Monday, March 28, 1983, as a branch of Valley of the Rogue Bank and all depositors of the closed bank automatically will become depositors of the assuming bank. The appropriate court has approved the transaction.

Bear Creek Valley Bank was closed on March 25, 1983, by Oregon Superintendent of Banks John B. Olin and the FDIC was named receiver. Superintendent Olin said: "During 1982 and 1983, Bear Creek Valley Bank experienced serious loan losses and had other earning and liquidity problems caused, principally, by shrinking margins due to non-earning assets and high cost deposits. The bank has been unsuccessful in raising capital, and, with the condition becoming critical, 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 estimated 2,300 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 \$11.3 million in deposits and other liabilities, Valley of the Rogue Bank has agreed to pay the FDIC a purchase premium of \$150,000. The assuming bank will purchase the failed bank's securities, installment loans

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and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$8.7 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of \$10.4 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 Valley of the Rogue 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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