



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE DESCHUTES BANK, REDMOND, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Deschutes Bank, Redmond, Oregon, have been assumed by United States National Bank of Oregon, Portland, Oregon. The Deschutes Bank's sole office will reopen Monday, October 10, as a branch of United States National Bank of Oregon and its depositors automatically will become depositors of United States National Bank of Oregon.

The Deschutes Bank was closed October 7, 1983, by Oregon Superintendent of Banks John B. Olin, who named the FDIC receiver. Mr. Olin said: "During the past three years, the bank's loan losses have been heavy and earnings have been non-existent. The bank has been unsuccessful in its attempt to raise capital, and loan losses finally eliminated 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 2,800 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 \$10 million in deposits and other liabilities, United States National Bank of Oregon has agreed to pay the FDIC a purchase premium of \$32,400. The assuming bank will purchase the failed bank's securities, installment loans and certain other assets. To facilitate the transaction, the FDIC will advance \$6.7 million in cash to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$7.6 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.

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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.

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