



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

FOR IMMEDIATE RELEASE
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South Valley Bank & Trust, Klamath Falls, Oregon, Assumes All of the Deposits of Home Valley Bank, Cave Junction, Oregon

Home Valley Bank, Cave Junction, Oregon, was closed today by the Oregon Department of Consumer and Business Services, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with South Valley Bank & Trust, Klamath Falls, Oregon, to assume all of the deposits of Home Valley Bank.

The five branches of Home Valley Bank will reopen on Monday as branches of South Valley Bank & Trust. Depositors of Home Valley Bank will automatically become depositors of South Valley Bank & Trust. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship in order to retain their deposit insurance coverage. Customers of Home Valley Bank should continue to use their existing branch until they receive notice from South Valley Bank & Trust that it has completed systems changes to allow other South Valley Bank & Trust branches to process their accounts as well.

This evening and over the weekend, depositors of Home Valley Bank can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of March 31, 2010, Home Valley Bank had approximately \$251.80 million in total assets and \$229.6 million in total deposits. South Valley Bank & Trust will pay the FDIC a premium of 1.05 percent to assume all of the deposits of Home Valley Bank. In



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-169-2010

addition to assuming all of the deposits of the failed bank, South Valley Bank & Trust agreed to purchase essentially all of the assets.

The FDIC and South Valley Bank & Trust entered into a loss-share transaction on \$211.6 million of Home Valley Bank's assets. South Valley Bank & Trust will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit: <http://www.fdic.gov/bank/individual/failed/lossshare/index.html>.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-800-528-4893. The phone number will be operational this evening until 9:00 p.m., Pacific Daylight Time (PDT); on Saturday from 9:00 a.m. to 6:00 p.m., PDT; on Sunday from noon to 6:00 p.m., PDT; and thereafter from 8:00 a.m. to 8:00 p.m., PDT. Interested parties also can visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/homevalleyor.html>.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$37.1 million. Compared to other alternatives, South Valley Bank & Trust's acquisition was the least costly resolution for the FDIC's DIF. Home Valley Bank is the 103rd FDIC-insured institution to fail in the nation this year, and the second in Oregon. The last FDIC-insured institution closed in the state was Columbia River Bank, The Dalles, on January 22, 2010.
