



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-132-89 (7-13-89)

FDIC APPROVES ASSUMPTION OF DEPOSITS OF THE STERLINGTON BANK, STERLINGTON, LOUISIANA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of The Sterlington Bank, Sterlington, Louisiana, by Bank of St. Joseph & Trust Company, St. Joseph, Louisiana. The failed bank's sole office will reopen on Friday, July 14, 1989, as a branch of Bank of St. Joseph & Trust Company and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Sterlington Bank, with total assets of about \$15.8 million, was closed on Thursday, July 13, 1989, by Fred C. Dent, Jr., Louisiana Commissioner of Financial Institutions, and the FDIC was named receiver.

Bank of St. Joseph & Trust Company will assume about \$15.0 million in 3,200 deposit accounts and will purchase approximately \$12.9 million of the failed bank's assets including \$1.7 million of the bank's small loans, at a discount of \$97,000.

To facilitate the transaction the FDIC will advance \$2.2 million to the assuming bank and will retain assets of the failed bank with a book value of \$2.9 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC.

The FDIC will recover a 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 nondepositor creditors and shareholders of the closed bank.

###