FDIC FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE PR-38-87 (2-26-87)

FDIC GRANTS ASSISTANCE TO PREVENT FAILURE OF CENTRAL BANK AND TRUST COMPANY, GLENMORA, LOUISIANA

The Board of Directors of the Federal Deposit Insurance Corporation today announced it has granted financial assistance under Section 13(c) of the Federal Deposit Insurance Act to prevent the failure of the Central Bank and Trust Company, Glenmora, Louisiana. The transaction is effective immediately.

The FDIC acted following notification by the Louisiana Commissioner of Financial Institutions that Central Bank and Trust Company was in danger of failing.

The financial assistance facilitates the merger of Central Bank and Trust Company with Peoples Bank and Trust Company, Natchitoches, Louisiana, and uninterrupted service will be afforded all deposit and loan customers of the bank. Central Bank and Trust Company's four offices in Glenmora, Alexandria, Boyce and Hineston, Louisiana, will become branches of Peoples Bank and Trust Company. Central Bank and Trust Company had assets of $28.3 million and deposits of $28.0 million.

The FDIC will initially purchase approximately $5.2 million of assets from the bank. Subsequently, Peoples Bank and Trust Company will have a 120-day option to sell additional assets of approximately $2.0 million to the FDIC at 95% of book value.

The FDIC usually acts following the failure of a commercial bank either to arrange for its deposits to be assumed by a healthy bank, or if that is not possible, to pay off insured depositors and liquidate the failed bank's assets. However, the FDIC's Board, as a matter of policy, generally will approve a request for assistance to prevent the closing of an insured bank

-moreonly where it determines that the proposal is less costly than a payoff of depositors and the resulting bank will have managerial resources capable of assuring its viability. An assistance proposal must provide for sufficient capitalization for the resulting bank and should include capital commitments from non-FDIC sources. Furthermore, the financial effect of FDIC assistance upon shareholders and subordinated debt holders of the bank or of the bank's holding company must approximate the effect on these parties which would have resulted had the assisted bank failed.

In granting financial assistance, the FDIC will attempt to avoid acquiring an equity position in a bank or servicing the institution's assets. Responsibility for pursuing legal claims against bonding and insurance companies and others should remain with the bank in most cases.

The FDIC Board voted to approve the Central Bank and Trust Company assistance transaction based on a determination that it was in compliance with the mandatory cost test as well as these policy criteria.

###