



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF COLONIAL BANK, NEW ORLEANS, LOUISIANA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of Colonial Bank, New Orleans, Louisiana, by Pontchartrain State Bank, Metairie, Louisiana.

The failed bank's two offices will reopen on Friday, January 15, 1988, as branches of Pontchartrain State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Colonial Bank, with total assets of about \$47.1 million, was closed on Thursday, January 14, 1988, by Fred C. Dent, Jr., Louisiana Commissioner of Financial Institutions, and the FDIC was named receiver.

Pontchartrain State Bank will assume about \$47.4 million in 5,200 deposit accounts and will purchase \$43.6 million of the failed bank's assets at a discount of \$1.5 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 transaction will result in a substantially lower cost to the FDIC than if the assets were held and liquidated in receivership. Additionally, because the assets and deposits will be administered by Pontchartrain State Bank, the failed bank's customers will have the benefit of continuous, uninterrupted service.

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