



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF THE FIRST STATE BANK, WHITE CLOUD, MICHIGAN

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of The First State Bank, White Cloud, Michigan, by The Peoples State Bank, St. Joseph, Michigan.

The failed bank's sole office will reopen on Monday, February 15, 1988, as a branch of The Peoples State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First State Bank, with total assets of \$38.7 million, was closed on Friday, February 12, 1988, by Eugene W. Kuthy, Michigan Commissioner of Financial Institutions, and the FDIC was named receiver.

The Peoples State Bank will assume about \$36.5 million in 7,900 deposit accounts and will purchase certain of the failed bank's loans and other assets for \$26.0 million. To facilitate the transaction, the FDIC will advance about \$10.5 million to the assuming bank and will retain assets of the failed bank with a book value of about \$12.7 million. The Peoples State Bank has agreed to service the assets retained by the FDIC.

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 shareholders of the closed bank.

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