



# NEWS RELEASE

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PR-189-88 (10-3-88)

## FDIC APPROVES DEPOSIT ASSUMPTION OF LIBERTY BANK AND TRUST COMPANY, WARSAW, INDIANA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of Liberty Bank and Trust Company, Warsaw, Indiana, by Trustcorp Bank, Goshen, Goshen, Indiana.

The failed bank's four offices will reopen on Tuesday, October 4, 1988, as branches of Trustcorp Bank, Goshen and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Liberty Bank and Trust Company, with total assets of \$49.6 million, was closed on Monday, October 3, by the Members of the Indiana Department of Financial Institutions, and the FDIC was named receiver.

Trustcorp Bank, Goshen will assume about \$46.5 million in 10,600 deposit accounts and has agreed to pay the FDIC a purchase premium of \$3,220,000. It also will initially purchase certain of the failed bank's assets for \$12.3 million and will have options to purchase loans and other assets of the failed bank. To facilitate the transaction, the FDIC will advance about \$31.7 million to the assuming bank and will retain assets of the failed bank with a book value of about \$37.3 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.

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