



## NEWS RELEASE

FOR IMMEDIATE RELEASE

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### FDIC APPROVES DEPOSIT ASSUMPTION OF THE BANK OF COMMERCE, SHREVEPORT, LOUISIANA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of The Bank of Commerce, Shreveport, Louisiana, by Peoples Bank & Trust Company, Natchitoches, Louisiana.

The failed bank's three offices will reopen on Monday, June 16, 1986, as branches of Peoples Bank & Trust Company, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Bank of Commerce, which had total assets of \$70.3 million, was closed on Friday, June 13, 1986, by Kenneth Pickering, Louisiana Commissioner of Financial Institutions, and the FDIC was named receiver. Mr. Pickering said: "The failure was due to a large number of problem loans." He noted that the failure was not related to the failure of Bossier Bank and Trust Company, Bossier City, Louisiana, which also closed on Friday, June 13.

Peoples Bank & Trust Company will assume about \$69.0 million in 9,400 deposit accounts and has agreed to pay the FDIC a purchase premium of \$600,000. It also will purchase certain of the failed bank's loans and other assets for \$37.1 million. To facilitate the transaction, the FDIC will advance \$31.5 million to the assuming bank and will retain assets of the failed bank with a book value of about \$33.2 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 Board made such a finding in this case because of the premium paid by Peoples Bank & Trust Company.

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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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