FDIC | NEWS RELEASE

FEDERAL DEPOSIT INSURANCE CORPORATION

FOR IMMEDIATE RELEASE

PR-135-86 (8-20-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF
MENDON STATE BANK, MENDON, ILLINOIS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Mendon State Bank, Mendon, Illinois, by First Midwest Bank/Quincy, N.A., Quincy, Illinois.

The failed bank's only office will reopen on Thursday, August 21, 1986, as a facility of First Midwest Bank/Quincy, N.A., and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Mendon State Bank, with total assets of $20.5 million, was closed on Wednesday, August 20, 1986, by William C. Harris, Illinois Commissioner of Banks and Trust Companies, and the FDIC was named receiver. Mr. Harris said: "The insolvency resulted from excessive loan losses, including several sizeable loans made to out-of-territory borrowers." In addition, he cited "unsafe and unsound banking practices on the part of management and the board of directors" as contributing to the failure.

First Midwest Bank/Quincy, N.A., will assume about $18.8 million in 3,900 deposit accounts and has agreed to pay the FDIC a purchase premium of $215,010. It also will purchase certain of the failed bank's loans and other assets for $11.8 million. To facilitate the transaction, the FDIC will advance $6.6 million to the assuming bank and will retain assets of the failed bank with a book value of about $8.7 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 First Midwest Bank/Quincy, N.A.

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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 shareholders of the closed bank.

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