



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF THE BEDFORD NATIONAL BANK, BEDFORD, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of The Bedford National Bank, Bedford, Iowa, by American National Bank, Bedford, Iowa, a newly-chartered bank subsidiary of Thurman State Corporation, Thurman, Iowa.

The failed bank's two offices will reopen on Friday, May 2, 1986, as American National Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Bedford National Bank, which had total assets of \$17.9 million, was closed on Thursday, May 1, 1986, by Robert J. Herrmann, Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Herrmann said: "Over the past several years, the bank experienced substantial deterioration in the quality of its loan portfolio due to poor lending practices and supervision by prior bank management. Present management was unable to remedy the problems, and losses finally exhausted the bank's capital, resulting in its insolvency."

American National Bank will assume about \$16.5 million in 3,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$10,000. It also will purchase certain of the failed bank's loans and other assets for \$11.5 million. To facilitate the transaction, the FDIC will advance \$5.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$6.4 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 American National Bank.

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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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