



NEWS RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST BANK AND TRUST OF IDAHO, MALAD CITY, IDAHO

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First Bank and Trust of Idaho, Malad City, Idaho, by The Idaho First National Bank, Boise, Idaho.

The failed bank's six offices will reopen on Monday, May 12, 1986, as branches of The Idaho First National Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First Bank and Trust of Idaho, which had total assets of \$59.1 million, was closed on Friday, May 9, 1986, by Tom D. McEldowney, Director of the Idaho Department of Finance, and the FDIC was named receiver. Mr. McEldowney said: "Over the past several years, First Bank and Trust of Idaho experienced substantial deterioration in the quality of its loan portfolio due to continued adverse agricultural conditions, the generally poor economic climate in Idaho and management problems. These factors resulted in inadequate capital, thereby causing the bank's insolvency."

The Idaho First National Bank will assume about \$54.7 million in 12,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$280,000. It also will purchase certain of the failed bank's loans and other assets for \$29.9 million. To facilitate the transaction, the FDIC will advance \$24.5 million to the assuming bank and will retain assets of the failed bank with a book value of about \$29.2 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

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potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by The Idaho First National Bank.

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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