



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE STEELE STATE BANK, CHEROKEE, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Steele State Bank, Cherokee, Iowa, have been assumed by Valley Bank & Trust, Cherokee, Iowa, a newly-chartered state nonmember bank. The failed bank's two offices will reopen on Monday, January 28, 1985, as Valley Bank & Trust and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Steele State Bank was closed on January 25, 1985, by Thomas H. Huston, Iowa Superintendent of Banking, and the FDIC was named receiver. Mr. Huston said: "The bank failed because of excessive loan losses and the inability of the shareholders to recapitalize."

In addition to assuming about \$17.7 million in 5,300 deposit accounts, Valley Bank & Trust has agreed to pay the FDIC a purchase premium of \$206,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$9.3 million and will retain assets of the failed bank with a book value of about \$10.9 million.

The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Valley Bank & Trust.

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The FDIC expects to recover a substantial 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 the shareholders of the closed bank.

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