



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF PEOPLES STATE BANK, ODEBOLT, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Peoples State Bank, Odebolt, Iowa, have been assumed by Peoples Savings Bank, Odebolt, Iowa, a newly-chartered bank. The failed bank's sole office will reopen on Tuesday, April 30, 1985, as Peoples Savings Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Peoples State Bank was closed on Friday, April 26, 1985, by Thomas H. Huston, Iowa Superintendent of Banking, and the FDIC was named receiver. Mr. Huston said: "The bank suffered heavy loan losses and the present owners were unwilling to recapitalize."

In addition to assuming about \$12.5 million in 3,100 deposit accounts, Peoples Savings Bank has agreed to pay the FDIC a purchase premium of \$57,000. The assuming bank will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$5.3 million. To facilitate the transaction, the FDIC will advance cash amounting to \$7.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$8.0 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 Peoples Savings Bank.

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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 nondepositor creditors and shareholders of the closed bank.

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