



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-66-85 (5-16-85)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF BANK OF NEWCASTLE, NEWCASTLE, OKLAHOMA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Bank of Newcastle, Newcastle, Oklahoma, have been assumed by Allied Oklahoma Bank, N.A., Oklahoma City, Oklahoma. The failed bank's sole office will reopen on Friday, May 17, 1985, as a branch of Allied Oklahoma Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Bank of Newcastle was closed on Thursday, May 16, 1985, by Robert Y. Empie, Oklahoma Bank Commissioner, and the FDIC was named receiver. Mr. Empie said: "The bank's capital funds were exhausted through careless and imprudent lending practices ... no energy or agricultural loans were involved."

In addition to assuming about \$27 million in 5,900 deposit accounts, Allied Oklahoma Bank, N.A. has agreed to pay the FDIC a purchase premium of \$727,559.38. The assuming bank will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$11.4 million. To facilitate the transaction, the FDIC will advance \$19.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$19.7 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

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to the FDIC. The Board of Directors made such a finding in this case because of the premium paid by Allied Oklahoma Bank.

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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