



# NEWS RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF URBANA SAVINGS BANK, URBANA, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Urbana Savings Bank, Urbana, Iowa, have been assumed by Peoples Bank and Trust Company, Cedar Rapids, Iowa. The failed bank's three offices will reopen on Monday, June 24, 1985, as branches of Peoples Bank and Trust Company and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Urbana Savings Bank was closed on Friday, June 21, 1985, by Thomas H. Huston, Iowa Superintendent of Banking, and the FDIC was named receiver. Mr. Huston attributed the failure to excessive loan losses and the inability on the part of management to recapitalize or sell the bank.

Peoples Bank and Trust Company will assume about \$6.4 million in 4,700 deposit accounts and has agreed to pay the FDIC a purchase premium of \$202,101. It also will purchase the failed bank's installment loans, real estate loans and certain other assets for \$4.0 million. To facilitate the transaction, the FDIC will advance \$2.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$3.1 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce

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the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by Peoples Bank and Trust Company.

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 nondepositor creditors and shareholders of the closed bank.

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