



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF ALLEN COUNTY BANK AND TRUST COMPANY, LEO, INDIANA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Allen County Bank and Trust Company, Leo, Indiana, by The Indiana National Bank, Indianapolis, Indiana.

The failed bank's four offices will reopen on Saturday, November 23, 1985, as branches of The Indiana National Bank, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Allen County Bank and Trust Company was closed on Friday, November 22, 1985, by Ruth D. Harrison, Director, Indiana Department of Financial Institutions, and the FDIC was named receiver. Ms. Harrison said: "The bank failed because of continuing heavy loan losses. These losses were not primarily from agriculture-related loans, but were largely from non-performing participation loans purchased from other financial institutions and from commercial credit."

The Indiana National Bank will assume about \$11.1 million in 5,700 deposit accounts and has agreed to pay the FDIC a purchase premium of \$2 million. It also will purchase certain of the failed bank's loans and other assets for \$8.8 million. To facilitate the transaction, the FDIC will advance \$300,000 to the assuming bank and will retain assets of the failed bank with a book value of about \$2.5 million. Total assets of the failed bank amounted to \$11.3 million.

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