FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE PR-83-84 (7-12-84)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE COFFEEN NATIONAL BANK, COFFEEN, ILLINOIS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Coffeen National Bank, Coffeen, Illinois, have been assumed by the newly chartered Coffeen State Bank, Coffeen, Illinois, a wholly-owned subsidiary of Sangaman Banc Shares II, Inc., Springfield, Illinois. The failed bank's sole office will reopen on Friday, July 13, 1984, as Coffen State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Coffeen National Bank was closed on July 12, 1984, by Michael F. Mancusi, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Mancusi said: "Over the past two years the bank experienced substantial loan and operating losses. The bank was unable to remedy its problems and losses finally exhausted the bank's capital funds, resulting in its insolvency."

In addition to assuming about $9.3 million in 2,800 deposit accounts, Coffeen State Bank has agreed to pay the FDIC a purchase premium of $567,890. 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 $2.4 million and will retain assets of the failed bank with a book value of approximately $3.0 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 Coffeen State 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 the shareholders of the closed bank.

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