



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-97-84 (8-10-84)

**FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
PEOPLES STATE BANK OF CLAY COUNTY, POLAND, INDIANA**

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Peoples State Bank of Clay County, Poland, Indiana, have been assumed by First State Bank, Poland, Indiana, a newly-chartered subsidiary of Terre Haute First Corporation, Terre Haute, Indiana. The failed bank's two offices will reopen on Monday, August 13, 1984, as First State 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 August 10, 1984, by Ruth D. Harrison, Director of Indiana's Department of Financial Institutions, and the FDIC was named receiver. Mrs. Harrison attributed the failure to "excessive loan losses, a continuing lack of profitability, and the exhaustion of capital of the bank."

In addition to assuming about \$12.8 million in 4,200 deposit accounts, First State Bank has agreed to pay the FDIC a purchase premium of \$760,001. 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 \$9.1 million and will retain assets of the failed bank with a book value of approximately \$10.1 million.

-more-

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 First State 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 non-depositor creditors and shareholders of the closed bank.

-###-