



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FIRST SECURITY BANK, SANDWICH, ILLINOIS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of First Security Bank, Sandwich, Illinois, have been assumed by First National Bank of Sandwich, a newly-chartered subsidiary of First Union Bancorporation, Inc., Streator, Illinois. The failed bank's sole office will reopen on December 24, 1984, as First National Bank of Sandwich and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First Security Bank was closed on December 22, 1984, by William C. Harris, Illinois Commissioner of Banks and Trust Companies, and the FDIC was named receiver. Commissioner Harris said First Security Bank had been operated in an unsafe and unsound manner. The bank's capital was impaired.

In addition to assuming about \$10.4 million in 2,300 deposit accounts, First National Bank of Sandwich has agreed to pay the FDIC a purchase premium of \$518,000. The assuming bank will purchase the failed bank's installment loans, real estate loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$4.1 million and will retain assets of the failed bank with a book value of approximately \$5.5 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 First National Bank of Sandwich.

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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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