



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-12-83 (2-12-83)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF AMERICAN STATE BANK, BRADLEY, ILLINOIS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of American State Bank, Bradley, Illinois, have been assumed by Midwest Trust and Savings Bank of Bradley, Bradley, Illinois, a newly chartered state nonmember bank. The sole office of the closed bank will reopen Monday and all depositors of the closed bank automatically will become depositors of the assuming bank. The appropriate court has approved the transaction.

American State Bank was closed on February 12, 1983 by Illinois First Deputy Commissioner of Banks John E. Treston and the FDIC was named receiver. Deputy Commissioner Treston said excessive loan losses rendered the bank insolvent.

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 4,600 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$12.2 million in deposits and other liabilities, Midwest Trust and Savings has agreed to pay a purchase premium of \$711,000. The assuming bank will purchase the failed bank's securities, installment loans, and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$3.1 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value \$4.1 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 Midwest Trust and Savings. 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.

#