



NEWS RELEASE

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FDIC APPROVES ASSISTANCE PROGRAM FOR FIRST BANK AND TRUST, HARRISBURG, ILLINOIS

The Board of Directors of the Federal Deposit Insurance Corporation today announced it has approved in principle granting assistance under Section 13(c) of the Federal Deposit Insurance Act (FDIA) to prevent the failure and closing of First Bank and Trust, Harrisburg, Illinois.

The FDIC acted following notification by the State of Illinois that First Bank and Trust, with \$26.6 million in assets and \$25.7 million in deposits, was in danger of failing. The FDIC received open bank proposals within a competitive bidding process. The approved plan is expected to be significantly less costly to the Bank Insurance Fund (BIF) than if the bank had been closed.

Under the assistance plan, a local investor group will acquire the bank through a newly formed holding company, Shawnee Bancorp., Inc., Harrisburg, Illinois. As a result of this transaction, all deposit and loan customers of First Bank and Trust will be afforded uninterrupted service.

The financial assistance package consists of a loss guarantee of up to \$673,000 to offset current and future asset losses in the bank for a three-year period. The investor group will provide \$2.4 million to restore the bank's capital to an acceptable level. Existing shareholders will retain a 1.5 percent interest in the resulting institution.

The FDIC will recover a portion of its \$673,000 outlay through a sharing of recoveries from charged-off assets covered by the assistance agreement. If the investor group sells its interest prior to the expiration of the

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assistance agreement, the FDIC will receive 50 percent of any gain on the sale. The responsibility for pursuing collections and claims will remain with the bank.

The FDIC may provide assistance to banks in danger of failing under Section 13(c) of the FDIA. The criteria that must be met when applying for assistance are contained in an FDIC Statement of Policy. Key elements include: (1) the cost to the BIF clearly must be less than other available alternatives; (2) the proposal must provide for an infusion of sufficient outside tangible capital; (3) the financial effect on shareholders and creditors of the failing institution must approximate the effect that would have occurred had the bank been closed; and (4) the proposal must be considered within a competitive bidding process.

The assistance agreement will be finalized with the investor group based on the proposal accepted in principle by the FDIC. The agreement is also subject to approval by First Bank and Trust's shareholders as well as state and federal regulatory agencies.

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