



## NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-110-86 (7-17-86)

### FDIC APPROVES DEPOSIT ASSUMPTION OF CALLAO COMMUNITY BANK, CALLAO, MISSOURI

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Callao Community Bank, Callao, Missouri, by Lafayette County Bank of Lexington/Wellington, Lexington, Missouri.

The failed bank's office will reopen on Friday, July 18, 1986, as a branch of Lafayette County Bank of Lexington/Wellington and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Callao Community Bank, which had total assets of \$5.3 million, was closed on Thursday, July 17, 1986, by Thomas B. Fitzsimmons, Missouri Commissioner of Finance, and the FDIC was named receiver. Mr. Fitzsimmons said: "The bank was closed due to agricultural and commercial loan losses that exhausted the bank's capital."

Lafayette County Bank of Lexington/Wellington will assume about \$5.1 million in 1,600 deposit accounts and has agreed to pay the FDIC a purchase premium of \$50,610. It also will purchase certain of the failed bank's loans and other assets for \$4.0 million. To facilitate the transaction, the FDIC will advance \$1.1 million to the assuming bank and will retain assets of the failed bank with a book value of about \$1.3 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by Lafayette County Bank of Lexington/Wellington.

-more-

The FDIC will recover a 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 shareholders of the closed bank.

###