



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF ALBANY STATE BANK, ALBANY, MISSOURI

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Albany State Bank, Albany, Missouri, by United Missouri Bank of St. Joseph, St. Joseph, Missouri.

The failed bank's only office will reopen on Friday, August 29, 1986, as a facility of United Missouri Bank of St. Joseph and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Albany State Bank, with total assets of \$4.6 million, was closed on Thursday, August 28, 1986, by Thomas B. Fitzsimmons, Missouri Commissioner of Finance, and the FDIC was named receiver. Mr. Fitzsimmons said: "The bank was chartered in 1980 and, by 1983, was operating under an aggressive growth philosophy which included the use of brokered deposits to fund marginal agricultural loans. The timing for this philosophy could not have been worse. With the downturn of the agricultural economy and the continuous turnover in management the bank was not able to revive itself."

United Missouri Bank of St. Joseph will assume about \$4.7 million in 900 deposit accounts and has agreed to pay the FDIC a purchase premium of \$25,000. It also will purchase certain of the failed bank's loans and other assets for \$2.9 million. To facilitate the transaction, the FDIC will advance \$1.9 million to the assuming bank and will retain assets of the failed bank with a book value of about \$1.8 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

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potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by United Missouri Bank of St. Joseph.

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 nondepositor creditors and shareholders of the closed bank.

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