



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-79-86 (5-29-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF THE LONE ROCK BANK, NATIONAL ASSOCIATION, LONE ROCK, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of The Lone Rock Bank, National Association, Lone Rock, Iowa, by Swea City State Bank, Swea City, Iowa.

The failed bank's only office will reopen on Friday, May 30, 1986, as a branch of Swea City State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Lone Rock Bank, National Association, which had total assets of \$7.5 million, was closed on Thursday, May 29, 1986, by Dean S. Marriott, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Marriott said: "Over the past year the bank experienced substantial deterioration in the quality of its loan portfolio due to poor lending practices on behalf of prior management including excessive concentration of risk to individual borrowers."

Swea City State Bank will assume about \$7.1 million in 1,000 deposit accounts and has agreed to pay the FDIC a purchase premium of \$76,000. It also will purchase certain of the failed bank's loans and other assets for \$3.1 million. To facilitate the transaction, the FDIC will advance \$4.0 million to the assuming bank and will retain assets of the failed bank with a book value of about \$4.4 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 Swea City State Bank.

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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.

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