



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF INWOOD STATE BANK, INWOOD, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Inwood State Bank, Inwood, Iowa, have been assumed by Security Savings Bank, Larchwood, Iowa. The failed bank's sole office will reopen on Wednesday, February 20, 1985, as a branch of Security Savings Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Inwood State Bank was closed on February 19, 1985, by Iowa Superintendent of Banks Thomas H. Huston and the FDIC was named receiver. Mr. Huston said: "The bank failed because of excessive loan losses and the inability to sell or recapitalize the bank."

In addition to assuming about \$6.9 million in 1,600 deposit accounts, Security Savings Bank has agreed to pay the FDIC a purchase premium of \$327,500. The assuming bank will purchase the failed bank's installment and real estate loans and certain other assets for \$3.4 million. To facilitate the transaction, the FDIC will advance cash amounting to \$3.2 million and will retain assets of the failed bank with a book value of about \$3.7 million.

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 Security Savings Bank.

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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 claims will have priority over the claims of nondepositor creditors and shareholders of the closed bank.

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