



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FARMERS STATE BANK, ST. JOSEPH, MISSOURI

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Farmers State Bank, St. Joseph, Missouri, have been assumed by Farmers' State Bank of Buchanan County, St. Joseph, Missouri. The failed bank's offices will open on Saturday, May 4, 1985, as offices of Farmers' State Bank of Buchanan County and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers State Bank was closed on Friday, May 3, 1985, by Thomas B. Fitzsimmons, Missouri Commissioner of Finance, and the FDIC was named receiver. Mr. Fitzsimmons said: "The bank became insolvent due to loan losses and the poor quality of the bank's loan portfolio. Our demands for additional capital over the past several months were not met. The majority of the bank's loan losses are being experienced in energy-related loans as well as commercial business loans. It should be noted that a high percentage of these loans were made outside the St. Joseph market area. Although the local agricultural economy is struggling, it was not a major factor in the failure of the bank."

In addition to assuming about \$46.2 million in 15,700 deposit accounts, Farmers' State Bank of Buchanan County has agreed to pay the FDIC a purchase premium of \$1,067,000. The assuming bank will purchase the failed bank's

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installment loans, real estate loans, and certain other assets for \$18.7 million. To facilitate the transaction, the FDIC will advance cash amounting to \$26.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$27.5 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 Farmers' State Bank of Buchanan County.

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 claim will have priority over the claims of shareholders of the closed bank.

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