



# NEWS RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF STORY COUNTY STATE BANK, STORY CITY, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Story County State Bank, Story City, Iowa, have been assumed by Story County Bank & Trust Company, Story City, Iowa, a newly-chartered bank. The failed bank's sole office will reopen on Friday, May 10, 1985, as Story County Bank & Trust Company and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Story County State Bank was closed on Thursday, May 9, 1985, by Thomas H. Huston, Iowa Superintendent of Banking, and the FDIC was named receiver. Mr. Huston said: "The bank failed because of excessive agricultural loan losses and the inability of the owners to recapitalize or sell the bank."

In addition to assuming about \$32.1 million in 6,500 deposit accounts, Story County Bank & Trust Company has agreed to pay the FDIC a purchase premium of \$981,150. The assuming bank will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$13.3 million. To facilitate the transaction, the FDIC will advance cash amounting to \$17.1 million to the assuming bank and will retain assets of the failed bank with a book value of about \$19.4 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

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to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Story County Bank & Trust Company.

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 nondepositor creditors and the shareholders of the closed bank.

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