



## NEWS RELEASE

FOR IMMEDIATE RELEASE

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### FDIC APPROVES DEPOSIT ASSUMPTION OF FARMERS STATE BANK OF BARRY COUNTY, EXETER, MISSOURI

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Farmers State Bank of Barry County, Exeter, Missouri, by Security Bank of Southwest Missouri, Exeter, Missouri, a newly-chartered state nonmember bank.

The failed bank's only office will reopen on Saturday, December 14, 1985, as Security Bank of Southwest Missouri, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers State Bank of Barry County was closed on Friday, December 13, 1985, by Thomas B. Fitzsimmons, Missouri Commissioner of Finance, and the FDIC was named receiver. Mr. Fitzsimmons said: "A majority of the loan losses were not attributable to the agricultural sector, but were the result of poor lending practices and ineffective management of the bank. In addition to its loan problems, the bank did not have a chief executive officer, a blanket bond, or the required number of directors, all of which violates state laws."

Security Bank of Southwest Missouri will assume about \$4.0 million in 2,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$75,312.40. It also will purchase certain of the failed bank's loans and other assets for \$2.3 million. To facilitate the transaction, the FDIC will advance \$1.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$1.9 million. Total assets of the failed bank amounted to \$4.2 million.

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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 Security Bank of Southwest Missouri.

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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