FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF REPUBLIC BANK OF KANSAS CITY, KANSAS CITY, MISSOURI, TO LANDMARK BANK OF KANSAS CITY, KANSAS CITY, MISSOURI

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits (and also those fully secured) of the Republic Bank of Kansas City, Kansas City, Missouri, to Landmark Bank of Kansas City, Kansas City, Missouri, a new bank subsidiary of Landmark Bancshares, St. Louis, Missouri. Republic Bank's two offices will reopen on Thursday, June 21, 1984, as Landmark Bank of Kansas City.

Up to the statutory insurance limit of $100,000, deposits in Republic Bank will be immediately available to their owners. Checks drawn on Republic Bank accounts will continue to be honored, and customers who had interest-bearing accounts in Republic Bank will continue to earn interest on such deposits.

Even though insured Republic Bank depositors can automatically continue to conduct their banking transactions with Landmark Bank for an 18-month period, they are encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationships with Landmark Bank. It would be preferable from the standpoint of customer convenience and service for these visits to be spread out over the next month or longer than to occur within the next week or so.

Republic Bank was closed on June 18, 1984, by Missouri Commissioner of Finance Kenneth W. Littlefield, and the FDIC was named receiver. Mr. Littlefield attributed the bank's problems to "poor lending and collection practices," and "too rapid growth by the use of highly volatile, brokered funds." He noted that the bank's use of brokered deposits increased from none at the beginning of 1982 to more than 57 percent on March 31, 1984.

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At the time the bank closed, its total deposits amounted to $37.7 million in 5,000 accounts, including $17,922,000 placed by deposit brokers. Total insured deposits amounted to $37.0 million. Landmark Bank's administration of the deposits transferred to it will be funded by an equivalent cash payment from the FDIC. Landmark Bank is paying the FDIC a premium of $975,000 for the right to receive the transferred deposits. Landmark Bank will purchase Republic Bank's installment loans and certain other assets totalling $16.4 million.

Republic Bank held approximately $747,000 in deposits that exceeded the $100,000 insurance limit and were not secured. Owners of these deposits will share proportionately with the FDIC and other uninsured general creditors in the proceeds realized from liquidation of the bank's assets.

The decision to transfer insured deposits to another bank instead of arranging a merger was based on the existence of an undeterminable, but potentially large, amount of potential or contingent claims. For the same reason, the FDIC Board determined that an advance payment to uninsured depositors and other general creditors, based on anticipated collections on the failed bank's assets, was not feasible.

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