



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
THE FARMERS NATIONAL BANK OF AURELIA, AURELIA, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Farmers National Bank of Aurelia, Aurelia, Iowa, have been assumed by Heritage Bank, N.A., a new-chartered subsidiary of the Geiger Corporation, Edina, Minnesota. The failed bank's two offices will reopen on Friday, June 22, 1984, as Heritage Bank and its depositors automatically will become depositors of the assuming bank.

The Farmers National Bank of Aurelia was closed on June 21, 1984, by H. Joe Selby, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "The bank recently experienced a substantial deterioration in the quality of its loan portfolio. The bank was unable to remedy its loan portfolio problems and losses finally exhausted the bank's capital funds, resulting in its insolvency."

In addition to assuming about \$18.8 million in 4,800 deposit accounts, Heritage Bank has agreed to pay the FDIC a purchase premium of \$1.1 million. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$8.1 million and will retain assets of the failed bank with a book value of approximately \$10.1 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 Heritage 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 claim will have priority over the claims of the shareholders of the closed bank.

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