



# NEWS RELEASE

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PR-109-84 (9-7-84)

## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF OAKLAND SAVINGS BANK, OAKLAND, IOWA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Oakland Savings Bank, Oakland, Iowa, have been assumed by the newly-chartered Oakland State Bank, Oakland, Iowa, a subsidiary of Panhandle Aviation, Inc., Clarinda, Iowa. The failed bank's two offices will reopen on Monday, September 10, 1984, as Oakland State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Oakland Savings Bank was closed on September 7, 1984, by Iowa Superintendent of Banks Thomas H. Huston, and the FDIC was named receiver. Mr. Huston said: "The bank failed because of excessive loan losses and the inability to recapitalize."

In addition to assuming about \$19.2 million in 4,600 deposit accounts, Oakland State Bank has agreed to pay the FDIC a purchase premium of \$403,000. 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 \$14.4 million and will retain assets of the failed bank with a book value of approximately \$16.9 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 Oakland State 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 non-depositor creditors and shareholders of the closed bank.

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