



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF BANK OF RED OAK, RED OAK, OKLAHOMA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Bank of Red Oak, Red Oak, Oklahoma, have been assumed by The Farmers State Bank, Quinton, Oklahoma. Bank of Red Oak's sole office will reopen on Saturday, December 17, 1983, as a branch of The Farmers State Bank and its depositors automatically will become depositors of The Farmers State Bank subject to approval by the appropriate court.

Bank of Red Oak was closed December 16, 1983, by Oklahoma Bank Commissioner Robert Empie, and the FDIC was named receiver. Mr. Empie said: "Heavy loan losses exhausted capital and reserves and rendered the bank insolvent."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 3,427 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

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In addition to assuming about \$10.5 million in deposits and other liabilities, The Farmers State Bank has agreed to pay the FDIC a purchase premium of \$276,501. 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 \$6 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$6.5 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 The Farmers State Bank. 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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