



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FARMERS & MERCHANTS BANK, EUFAULA, OKLAHOMA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of Farmers & Merchants Bank, Eufaula, Oklahoma, by Citizens National Bank & Trust of Muskogee, Muskogee, Oklahoma.

The failed bank's sole office will reopen on Friday, July 24, 1987, as a branch of Citizens National Bank & Trust of Muskogee and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers & Merchants Bank, with total assets of \$14.4 million, was closed on Thursday, July 23, 1987, by Wayne H. Osborn, Oklahoma Bank Commissioner, and the FDIC was named receiver.

Citizens National Bank & Trust of Muskogee will assume about \$13.8 million in 3,100 deposit accounts and has agreed to pay the FDIC a purchase premium of \$251,252. It also will purchase certain of the failed bank's loans and other assets for \$3.4 million. To facilitate the transaction, the FDIC will advance about \$10.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$10.9 million. Citizens National Bank & Trust of Muskogee will have an option to purchase any of the assets retained by the FDIC. The exercise of this option is expected to reduce the FDIC's net cash outlay.

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.

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The FDIC will recover a 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 nondepositor creditors and shareholders of the closed bank.

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