



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF THE FARMERS AND MERCHANTS BANK OF HILL CITY, HILL CITY, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of The Farmers and Merchants Bank of Hill City, Hill City, Kansas, by Farmers and Merchants Bank of Hill City, Hill City, Kansas, a newly-chartered subsidiary of Stockton Bancshares, Inc., Stockton, Kansas.

The failed bank's sole office will reopen on Friday, February 19, 1988, as Farmers and Merchants Bank of Hill City and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Farmers and Merchants Bank of Hill City, with total assets of about \$16.9 million, was closed on Thursday, February 18, 1988, by W. Newton Male, Kansas State Bank Commissioner, and the FDIC was named receiver.

Farmers and Merchants Bank of Hill City will assume about \$16.6 million in 2,600 deposit accounts and will purchase \$16.4 million of the failed bank's assets at a discount of \$4.9 million.

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. The transaction will result in a substantially lower cost to the FDIC than if the assets were held and liquidated in receivership. Additionally, because the assets and deposits will be administered by Farmers and Merchants Bank of Hill City, the failed bank's customers will have the benefit of continuous, uninterrupted service.

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