



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC GRANTS ASSISTANCE TO PREVENT FAILURE OF MOREHEAD NATIONAL BANK, MOREHEAD, KENTUCKY

The Board of Directors of the Federal Deposit Insurance Corporation today announced it has granted financial assistance under Section 13(c) of the Federal Deposit Insurance Act to prevent the failure of Morehead National Bank, Morehead, Kentucky. The transaction is effective immediately. The FDIC acted following notification by Robert J. Herrmann, Senior Deputy Comptroller of the Currency, that Morehead National Bank was in danger of failing.

As a result of this action, Morehead National Bank will be strengthened and recapitalized, and uninterrupted service will be afforded all deposit and loan customers of the bank. The bank operates its sole office in Morehead, Kentucky, and has assets of \$8.2 million and deposits of \$7.8 million.

The FDIC's financial assistance consists of an injection of \$1,071,150 to offset certain losses in the bank. Concurrently, \$1,432,000 of additional capital will be contributed by proponents of the transaction. All bank assets will remain with the bank.

The FDIC will consider a request for assistance to prevent the failure of an insured bank if such an approach proves least costly to the insurance fund. The FDIC's policy criteria for providing assistance to banks state, in part, that sufficient capital, usually contributed by sources other than the FDIC, must be available to restore the bank to viability. The transaction also should have the same effect on shareholders as if the bank had actually failed.

The FDIC Board voted to approve the Morehead National Bank assistance transaction based on the determination that it was in compliance with the mandatory cost test as well as the policy criteria.

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