



## NEWS RELEASE

FOR IMMEDIATE RELEASE

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### FDIC APPROVES DEPOSIT ASSUMPTION OF HAYS STATE BANK, HAYS, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Hays State Bank, Hays, Kansas, by Farmers State Bank and Trust Company, Hays, Kansas.

The failed bank's two offices will be consolidated into the two offices of Farmers State Bank and Trust Company and customers of Hays State Bank will be able to transact business at the assuming bank's two locations beginning Friday, December 5, 1986. Hays State Bank and Trust Company depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Hays State Bank, with total assets of \$34.8 million, was closed on Thursday, December 4, 1986, by Kansas State Bank Commissioner Eugene T. Barrett, Jr., and the FDIC was named receiver.

Farmers State Bank and Trust Company will assume about \$31.2 million in 4,600 deposit accounts and has agreed to pay the FDIC a purchase premium of \$51,000. It also will purchase certain of the failed bank's loans and other assets for \$15.0 million. To facilitate the transaction, the FDIC will advance \$18.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$19.8 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 Board made such a finding in this case because of the premium paid by Farmers State Bank and Trust Company.

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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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