



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-205-86 (12-29-86)

FDIC GRANTS ASSISTANCE TO PREVENT FAILURE OF BANK OF KANSAS CITY, KANSAS CITY, MISSOURI

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 (FDI) Act to prevent the failure of the Bank of Kansas City, Kansas City, Missouri. The transaction is effective as of December 29, 1986. The FDIC acted following notification by Missouri Commissioner of Finance Thomas B. Fitzsimmons that the Bank of Kansas City was in danger of failing.

As a result of this action, the Bank of Kansas City will merge with The Merchants Bank, Kansas City, Missouri, and uninterrupted service will be afforded all deposit and loan customers of the bank. The Bank of Kansas City operates four offices in Kansas City, Missouri, and has assets of \$118.8 million and deposits of \$108.2 million. The four offices will operate as branches of The Merchants Bank.

To facilitate the merger, the FDIC will contribute \$1 million in cash to Bank of Kansas City's capital account. In addition, the FDIC will protect The Merchants Bank against potential losses on certain assets and unfunded letters of credit up to approximately \$32 million.

The FDIC usually acts following the failure of a commercial bank either to arrange for its deposits to be assumed by a healthy bank or, if that is not possible, to pay off insured depositors and liquidate the failed bank's assets. However, when determined to be less costly than either a deposit assumption or a deposit payoff, Section 13(c) of the FDI Act allows the FDIC to provide assistance to an open bank. The FDIC's Board, as a matter of policy, generally will approve a proposal requesting assistance to prevent the

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closing of an insured bank only where it determines that the proposal is clearly the least costly alternative to the FDIC and that other criteria of the FDIC Statement of Policy on Assistance to Operating Insured Banks have been substantially satisfied.

The FDIC Board voted to approve the Bank of Kansas City 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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