



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST STATE BANK, WHITE CLOUD, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First State Bank, White Cloud, Kansas, by Silver Lake Bank, Silver Lake, Kansas.

The failed bank's only office will reopen on Friday, March 28, 1986, as a branch of Silver Lake Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First State Bank, which had total assets of \$5.5 million, was closed on Thursday, March 27, 1986, by Eugene T. Barrett, Jr., Kansas State Bank Commissioner, and the FDIC was named receiver. Mr. Barrett said: "The insolvent condition of the bank is generally attributable to changing economic conditions."

Silver Lake Bank will assume about \$5.1 million in 1,000 deposit accounts and has agreed to pay the FDIC a purchase premium of \$15,000. It also will purchase certain of the failed bank's loans and other assets for \$3.8 million. To facilitate the transaction, the FDIC will advance \$1.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$1.7 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 Silver Lake Bank.

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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