



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
THE FIRST NATIONAL BANK OF SPRINGFIELD, SPRINGFIELD, COLORADO

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The First National Bank of Springfield, Springfield, Colorado, have been assumed by Baca State Bank, Springfield, Colorado. The failed bank's sole office will reopen on Friday, April 19, 1985, as a branch of Baca State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First National Bank of Springfield was closed on Thursday, April 18, 1985, by H. Joe Selby, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "Over the past two years the bank experienced substantial deterioration in the quality of its loan portfolio. The bank was unable to remedy its problems and losses finally exhausted the bank's capital, resulting in its insolvency."

In addition to assuming about \$13.2 million in 2,400 deposit accounts, Baca State Bank has agreed to pay the FDIC a purchase premium of \$160,000. The assuming bank will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$5.5 million. To facilitate the transaction, the FDIC will advance cash amounting to \$8.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$9.8 million.

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The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Baca State Bank.

The FDIC expects to recover a substantial 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 shareholders of the closed bank.

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