



# NEWS RELEASE

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PR-54-85 (5-2-85)

## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE BANK OF COMMERCE, CHANUTE, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Bank of Commerce, Chanute, Kansas, have been assumed by Bank of Commerce, Chanute, Kansas, a newly-chartered bank. The failed bank's three offices will reopen on Friday, May 3, 1985, as Bank of Commerce and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Bank of Commerce was closed on Thursday, May 2, 1985, by Kansas State Bank Commissioner Eugene T. Barrett, Jr., and the FDIC was named receiver. Mr. Barrett said: "The bank experienced a substantial loss in the quality of its loan portfolio."

In addition to assuming about \$62.2 million in 12,500 deposit accounts, Bank of Commerce has agreed to pay the FDIC a purchase premium of \$462,000. The assuming bank will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$33.7 million. To facilitate the transaction the FDIC will advance cash amounting to \$28.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$32.1 million.

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 Bank of Commerce.

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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 the shareholders of the closed bank.

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