



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE FIRST STATE BANK, EDNA, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The First State Bank, Edna, Kansas, have been assumed by First State Bank of Edna, Edna, Kansas, a newly-chartered bank. The failed bank's sole office will reopen on Friday, June 14, 1985, as First State Bank of Edna and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First State Bank was closed on Thursday, June 13, 1985, by Eugene T. Barrett, Jr., Kansas State Bank Commissioner, and the FDIC was named receiver. Mr. Barrett said: "The bank experienced substantial deterioration in the quality of its loan portfolio."

First State Bank of Edna will assume about \$8.2 million in 1,900 deposit accounts and has agreed to pay the FDIC a purchase premium of \$56,000. It also will purchase certain of the failed bank's loans and other assets for \$4.3 million. To facilitate the transaction, the FDIC will advance \$4.0 million to the assuming bank and will retain assets of the failed bank with a book value of about \$4.1 million.

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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 First State Bank of Edna.

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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