



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF MADISON BANK, MADISON, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Madison Bank, Madison, Kansas, have been assumed by The First National Bank of Madison, Madison, Kansas. The failed bank's sole office will reopen on Wednesday, July 3, 1985, as an office of The First National Bank of Madison and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Madison Bank was closed on Tuesday, July 2, 1985, by Kansas State Bank Commissioner Eugene T. Barrett, Jr., and the FDIC was named receiver. Mr. Barrett attributed the failure to substantial deterioration in the quality of the bank's loan portfolio.

The First National Bank of Madison will assume about \$7.8 million in 1,700 deposit accounts and has agreed to pay the FDIC a purchase premium of \$203,000. It also will purchase certain of the failed bank's loans and other assets for \$5.8 million. To facilitate the transaction the FDIC will advance \$1.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$2.6 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 The First National Bank of Madison.

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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 shareholders of the closed bank.

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