FDIC NEWS RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
ESKRIDGE STATE BANK, ESKRIDGE, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Eskridge State Bank, Eskridge, Kansas, have been assumed by Flint Hill Bank of Eskridge, Eskridge, Kansas, a newly-formed subsidiary of Colt Investments, Inc., Prairie Village, Kansas. The failed bank's sole office will reopen on Friday, July 19, 1985, as an office of Flint Hill Bank of Eskridge and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Eskridge State Bank was closed on Thursday, July 18, 1985, by Kansas Bank Commissioner Eugene T. Barrett, Jr., and the FDIC was named receiver. Mr. Barrett said: "The insolvent condition, manifested primarily by large losses in agricultural loans, is directly attributable to lax lending practices and a lack of attention to changing economic conditions."

Flint Hill Bank of Eskridge will assume about $9.3 million in 2,300 deposit accounts and has agreed to pay the FDIC a purchase premium of $170,000. It also will purchase certain of the failed bank's loans and other assets for $4.1 million. To facilitate the transaction, the FDIC will advance $5.2 million to the assuming bank and will retain assets of the failed bank with a book value of about $6.4 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 Flint Hill Bank of Eskridge.

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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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