



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE FIRST NATIONAL BANK OF ONAGA, ONAGA, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The First National Bank of Onaga, Onaga, Kansas, have been assumed by First National Bank of Onaga, Onaga, Kansas, a newly-chartered national bank. The failed bank's sole office will reopen on Wednesday, July 24, 1985, as First National Bank of Onaga and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First National Bank of Onaga was closed on Tuesday, July 23, 1985, by H. Joe Selby, Acting Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "Over the past several years the bank has experienced a 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 funds, resulting in its insolvency."

First National Bank of Onaga will assume about \$19.7 million in 10,000 deposit accounts and has agreed to pay the FDIC a purchase premium of \$401,000. It also will purchase certain of the failed bank's loans and other assets for \$16.9 million. To facilitate the transaction, the FDIC will advance \$2.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$3.2 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 First National Bank of Onaga.

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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 nondepositor creditors and shareholders of the closed bank.

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