



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF DECATUR COUNTY NATIONAL BANK OF OBERLIN, OBERLIN, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Decatur County National Bank of Oberlin, Oberlin, Kansas, by The Bank of Oberlin, a newly-chartered subsidiary of Decatur Investment Inc., Oberlin, Kansas.

The failed bank's only office will reopen on Friday, November 22, 1985, as The Bank of Oberlin and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Decatur County National Bank of Oberlin was closed on Thursday, November 21, 1985, by H. Joe Selby, Acting Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "During 1982 and 1983 the unsafe and unsound banking practices and allegedly fraudulent activities of the bank's former president resulted in substantial deterioration in the quality of the bank's loan portfolio and severely weakened the overall condition of the bank. Continued deficiencies in loan administration, and the depressed agricultural and energy sectors of the economy, further exacerbated the bank's problems, resulting in its insolvency."

The Bank of Oberlin will assume about \$12.9 million in 2,600 deposit accounts and has agreed to pay the FDIC a purchase premium of \$30,000. It also will purchase certain of the failed bank's loans and other assets for \$5.4 million. To facilitate the transaction, the FDIC will advance \$7.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$9.1 million. Total assets of the failed bank amounted to \$14.5 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 The Bank of Oberlin.

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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