



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE REXFORD STATE BANK, REXFORD, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Rexford State Bank, Rexford, Kansas, have been assumed by Peoples State Bank of Rexford, a newly-chartered subsidiary of JEST, Inc., Oakley, Kansas. The failed bank's sole office will reopen on Friday, October 12, 1984, as Peoples State Bank of Rexford, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Rexford State Bank was closed on October 10, 1984, by Kansas State Bank Commissioner Eugene C. Hegarty and the FDIC was named receiver. Mr. Hegarty said: "During 1984 the Rexford State Bank's capital funds were exhausted through poor out-of-territory lending practices beyond the point of insolvency. The board of directors and stockholders were unable to inject adequate capital to correct the situation."

In addition to assuming about \$5.3 million in 636 deposit accounts, including \$2.4 million (45 percent) in accounts placed by deposit brokers, Peoples State Bank has agreed to pay the FDIC a purchase premium of \$51,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$3.7 million and will retain assets of the failed bank with a book value of approximately \$4.2 million.

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The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Peoples State Bank.

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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