FDIC NEWS RELEASE

FEDERAL DEPOSIT INSURANCE CORPORATION

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

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The First National Bank of Gaylord, Gaylord, Kansas, have been assumed by the Farmers National Bank of Gaylord, a newly-chartered bank.

The failed bank's sole office will reopen by Monday, October 29, 1984, as the Farmers National Bank of Gaylord and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First National Bank of Gaylord was closed on October 25, 1984, by H. Joe Selby, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "Over the past year the bank experienced 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, resulting in its insolvency."

In addition to assuming about $5.9 million in 1,300 deposit accounts, Farmers National Bank of Gaylord has agreed to pay the FDIC a purchase premium of $126,000. 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 $3.8 million and will retain assets of the failed bank with a book value of approximately $4.4 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 Farmers National Bank of Gaylord.

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 the shareholders of the closed bank.

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