



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE DOUGLASS STATE BANK, KANSAS CITY, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Douglass State Bank, Kansas City, Kansas, have been assumed by The Douglass Bank, a subsidiary of Douglass Bancorp, Inc., Kansas City, Kansas, a newly-formed holding company. The Douglass State Bank's sole office will reopen on Tuesday as The Douglass Bank and its depositors automatically will become depositors of The Douglass Bank, subject to approval by the appropriate court.

The Douglass State Bank was closed September 3, 1983, by Kansas State Bank Commissioner Eugene E. Hegarty and the FDIC was named receiver. Commissioner Hegarty attributed the failure to serious loan losses.

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 7,200 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$26.2 million in deposits and other liabilities, The Douglass Bank has agreed to pay the FDIC a purchase premium of \$70,620. The assuming bank will purchase the failed bank's securities and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$17.5 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$23.8 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 The Douglass 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 the shareholders of the closed bank.

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