



# NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-186-89 (9-23-89)

## FDIC APPROVES ASSUMPTION OF DEPOSITS OF THE FARMERS STATE BANK, LYMAN, NEBRASKA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of The Farmers State Bank, Lyman, Nebraska, by First National Bank in Morrill, Morrill, Nebraska.

The failed bank's sole office will reopen on Monday, September 25, 1989, as a branch of First National Bank in Morrill and its depositors automatically will become depositors of the assuming bank.

The Farmers State Bank, with total assets of \$5.1 million, was closed on Saturday, September 23, 1989, by Cynthia H. Milligan, Nebraska Director of Banking and Finance, and the FDIC was named receiver.

First National Bank in Morrill will assume about \$4.8 million in 1,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$40,000. It also will purchase approximately \$900,000 of the failed bank's assets and will have options to purchase loans and other assets. To facilitate the transaction, the FDIC will advance about \$4.0 million to the assuming bank and will retain assets of the failed bank with a book value of about \$4.2 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 FDIC will recover a 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.