



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-115-86 (7-18-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF THE FIRST NATIONAL BANK OF SHERIDAN, SHERIDAN, WYOMING

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of The First National Bank of Sheridan, Sheridan, Wyoming, by First Wyoming Bank-Sheridan, Sheridan, Wyoming.

The failed bank's office will reopen on Monday, July 21, 1986, as First Wyoming Bank-Sheridan and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First National Bank of Sheridan, with total assets of \$65.9 million, was closed on Thursday, July 17, 1986, by Robert J. Herrmann, Deputy Comptroller of the Currency, and the FDIC was named receiver.

The FDIC announced initially that a direct payoff of insured depositors would be undertaken because no acceptable bids were received for the failed bank. The FDIC Board subsequently received a bid from First Wyoming Bank-Sheridan and arranged the deposit assumption transaction, thereby protecting both insured and uninsured depositors of the failed bank and reducing the cost of the failure to the deposit insurance fund.

First Wyoming Bank-Sheridan will assume about \$59.8 million in 11,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$185,000. It also will purchase certain of the failed bank's loans and other assets for \$37.6 million. The FDIC will retain assets of the failed bank with a book value of about \$28.3 million.

In lieu of making a cash advance to the assuming bank, the FDIC will provide a note receivable of about \$22.0 million, payable in one year and

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bearing an interest rate of 7.0 percent. The assuming bank elected this option instead of receiving the customary cash advance and may elect to receive cash payments on the note during the term in increments of \$1 million, thereby making funds immediately available in the community. Recently, some potential bidders have indicated a reluctance to submit bids for failed banks and receive cash because of limited loan demand and an inability to invest at a profitable rate of return.

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 First Wyoming Bank-Sheridan.

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.

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