FOR IMMEDIATE RELEASE   PR-125-86 (7-31-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF
THE GERING NATIONAL BANK AND TRUST COMPANY, GERING, NEBRASKA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of The Gering National Bank and Trust Company, Gering, Nebraska, by Scottsbluff National Bank & Trust Company, Scottsbluff, Nebraska.

The failed bank's two offices will reopen on Friday, August 1, 1986, as Gering Branch-Scottsbluff National Bank & Trust Company and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Gering National Bank and Trust Company, with total assets of $68.7 million, was closed on Thursday, July 31, 1986, by Robert J. Herrmann, Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Herrmann said: "Over the past year the bank experienced substantial deterioration in the quality of its loan portfolio due to poor lending practices and the depressed local agricultural economy."

Scottsbluff National Bank & Trust Company will assume about $67.0 million in 13,200 deposit accounts and has agreed to pay the FDIC a purchase premium of $15,000. It also will purchase certain of the failed bank's loans and other assets for $38.7 million. To facilitate the transaction, the FDIC will advance $29.2 million to the assuming bank and will retain assets of the failed bank with a book value of about $30.0 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

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potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by Scottsbluff National Bank & Trust Company.

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 shareholders of the closed bank.

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