



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF BANK OF GERING, GERING, NEBRASKA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Bank of Gering, Gering, Nebraska, by First State Bank, Scottsbluff, Nebraska.

The failed bank's only office will reopen on Friday, October 24, 1986, as a branch of First State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Bank of Gering, with total assets of \$20.9 million, was closed on Thursday, October 23, 1986, by James C. Barbee, Nebraska Director of Banking and Finance, and the FDIC was named receiver. Mr. Barbee said: "The bank's deterioration occurred as a result of liberal lending policies and ineffective management, compounded by a depressed agricultural economy."

First State Bank will assume about \$20.4 million in 3,800 deposit accounts and has agreed to pay the FDIC a purchase premium of \$30,000. It also will purchase certain of the failed bank's loans and other assets for \$13.1 million. To facilitate the transaction, the FDIC will advance \$7.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$7.8 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 Board made such a finding in this case because of the premium paid by First State Bank.

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

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that its claim will have priority over the claims of nondepositor creditors and shareholders of the closed bank.

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