



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF JOHNSON COUNTY BANK, TECUMSEH, NEBRASKA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Johnson County Bank, Tecumseh, Nebraska, by State Bank of Elk Creek, Elk Creek, Nebraska.

The failed bank's only office will reopen on Saturday, February 8, 1986, as a branch of State Bank of Elk Creek and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Johnson County Bank, which had total assets of \$19.7 million, was closed on Friday, February 7, 1986, by James C. Barbee, Nebraska Director of Banking and Finance, and the FDIC was named receiver. Mr. Barbee said: "The bank's failure was the result of liberal lending and collection practices in prior years, compounded by a depressed agricultural economy and consecutive years of crop failures."

State Bank of Elk Creek will assume about \$18.3 million in 4,900 deposit accounts and has agreed to pay the FDIC a purchase premium of \$476,500. It also will purchase certain of the failed bank's loans and other assets for \$14.0 million. To facilitate the transaction, the FDIC will advance \$3.9 million to the assuming bank and will retain assets of the failed bank with a book value of about \$5.7 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 State Bank of Elk Creek.

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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 nondepositor creditors and shareholders of the closed bank.

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