



# NEWS RELEASE

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## FDIC APPROVES DEPOSIT ASSUMPTION OF THE FIRST NATIONAL BANK OF TEKAMAH, TEKAMAH, NEBRASKA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of The First National Bank of Tekamah, Tekamah, Nebraska, by Nebraska National Bank, Omaha, Nebraska.

The failed bank's only office will reopen on Friday, March 7, 1986, as a branch of Nebraska National Bank, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First National Bank of Tekamah, which had total assets of \$19.5 million, was closed on Thursday, March 6, 1986, by H. Joe Selby, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "During the past three years the bank experienced substantial deterioration in the quality of its loan portfolio, resulting in an inordinate amount of farm property obtained in satisfaction of debt. The deterioration in asset quality is attributable to lending policies of former management, coupled with the depressed agricultural economy. Losses on loans and farm land collateral finally exhausted the bank's capital, resulting in its insolvency."

Nebraska National Bank will assume about \$18.4 million in 4,100 deposit accounts and has agreed to pay the FDIC a purchase premium of \$324,000. It also will purchase certain of the failed bank's loans and other assets for \$11.8 million. To facilitate the transaction, the FDIC will advance \$6.7 million to the assuming bank and will retain assets of the failed bank with a book value of about \$7.7 million.

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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 Nebraska National 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 that its claim will have priority over the claims of shareholders of the closed bank.

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