



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF SECURITY STATE BANK, EDGAR, NEBRASKA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Security State Bank, Edgar, Nebraska, have been assumed by Guide Rock State Bank, Guide Rock, Nebraska. The failed bank's sole office will reopen on Monday, June 3, 1985, as a branch of Guide Rock State Bank, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Security State Bank was closed on Friday, May 31, 1985, by Roger M. Beverage, Nebraska Director of Banking and Finance, and the FDIC was named receiver. Mr. Beverage attributed the bank's failure to losses in the agricultural loan portfolio.

Guide Rock State Bank will assume about \$5.2 million in 1,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$26,000. It also will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$1.4 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 \$4.4 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 Guide Rock State Bank.

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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 the nondepositor creditors and shareholders of the closed bank.

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