



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-130-84 (10-24-84)

FDIC ANNOUNCES DEPOSIT ASSUMPTIONS OF TWO NEBRASKA BANKS

The Board of Directors of the Federal Deposit Insurance Corporation announced today that the deposit liabilities of two jointly-owned Nebraska banks have been assumed by two other banks. The deposits of the Farmers State Bank, Kilgore, have been assumed by The First National Bank of Valentine, Valentine, Nebraska. The deposits of The Bank of Cody, Cody, have been assumed by The Guardian State Bank, Alliance, Nebraska.

The banks were closed on October 24, 1984, by Roger M. Beverage, Nebraska Director of Banking and Finance, and the FDIC was named receiver. Mr. Beverage said both banks were closed because of extensive loan losses and inadequate capitalization.

Each bank's office will reopen on Thursday, October 25, 1984, under the name of its acquiring institution and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

In addition to assuming about \$5.3 million in 1,700 accounts of the Farmers State Bank, The First National Bank of Valentine has agreed to pay the FDIC a purchase premium of \$51,000.

In addition to assuming about \$9.9 million in 1,900 deposit accounts of The Bank of Cody, The Guardian State Bank has agreed to pay the FDIC a purchase premium of \$303,000.

-more-

In each case the assuming bank will purchase the failed bank's installment loans and certain other assets.

To facilitate the transactions, the FDIC will advance cash amounting to \$4.2 million in the Farmers State Bank closing and will retain assets of the failed bank with a book value of approximately \$4.8 million. In the case of The Bank of Cody, the cash advance will be \$8.1 million and the FDIC will retain assets of the failed bank with a book value of approximately \$9.2 million.

The FDIC approved the deposit assumptions under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in these cases because of the premiums paid by the acquiring banks.

The FDIC expects to recover a substantial portion of its outlay through the liquidation of assets not transferred to the assuming banks. In this respect, the FDIC notes that its claim will have priority over the claims of non-depositor creditors and the shareholders of the closed banks.

##