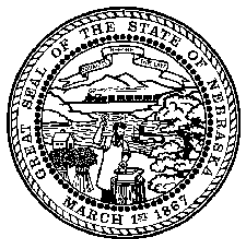


STATE OF NEBRASKA



DEPARTMENT OF BANKING AND FINANCE

John Munn

Director

Commerce Court, Suite 400
1230 'O' Street
Lincoln, Nebraska 68508-1402

Dave Heineman
Governor

DATE: February 13, 2009

CONTACTS:

John Munn, Director

Office Phone: 402-471- 2845

email: john.munn@nebraska.gov

Patti Humlicek Herstein, General Counsel

Office Phone: 402-471-4934

email: patricia.herstein@nebraska.gov

Pat Saldana, Public Information Officer

Office Phone: 402-471-3222

email: pat.saldana@nebraska.gov

Main Office: 402-471-2171

FOR IMMEDIATE RELEASE

Nebraska Banking Department Closes Sherman County Bank

Lincoln, Neb., Feb. 13, 2009 – The Nebraska Department of Banking and Finance (NDBF) announced that at 4 p.m. today it closed Sherman County Bank of Loup City, Nebraska. The bank's branch offices in Farwell, Dannebrog and St. Paul, which operated under the name Howard County Bank, were also closed. The NDBF had been closely monitoring the bank and had ordered it to increase its capital reserves to a safe level. However, efforts by the bank to do so were unsuccessful. The Department named the Federal Deposit Insurance Corporation (FDIC) as receiver of the bank. The FDIC has entered into a purchase and assumption agreement with Heritage Bank headquartered in Wood River, Nebraska, to assume all of the deposits. Heritage Bank has branch offices in Aurora, Doniphan, Grand Island, Hastings, Kearney, Neligh and Stromsburg, as well as mobile branches in Adams, Buffalo and Hall counties.

As of February 12, 2009, the Sherman County Bank had total assets of approximately \$129.8 million and total deposits of approximately \$85.1 million. Sherman County Bank was established in 1932.

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“This bank closure is not indicative of the general condition of our Nebraska banks; this is not the tip of an iceberg. This closing was precipitated by circumstances unique to Sherman County Bank,” said John Munn, NDBF Director. “The management and staff of Sherman County Bank have been fully cooperative,” Munn noted. “They alerted us to their situation and are cooperating in the transition of accounts to Heritage Bank, another Nebraska state-chartered bank.”

The Department has not closed a state-chartered bank since September 1989, when it closed Farmers State Bank in Lyman. That bank was purchased by First National Bank of Morrill, Nebraska, and reopened as a branch office. The Nebraska State Patrol assisted with the closing of the bank by providing security.

Customers who have questions regarding Sherman County Bank and their accounts can call the FDIC toll free at 1-800-823-5346. The FDIC toll-free phone number will be operational Central Standard Time (CST) as follows:

Friday, Feb. 13 until-9 p.m.
Saturday, Feb. 14 – 9 a.m. – 6 p.m.
Sunday, Feb. 15 – 12 p.m. - 6 p.m.
Monday-Friday thereafter – 8 a.m. – 8 p.m.

Customers can also visit the FDIC’s website at www.fdic.gov for more information.

The NDBF supervises 180 state-chartered banks. Maintaining the integrity of financial services remains the mission of the Department. The Department is comprised of two sections - Financial Institutions and Bureau of Securities. The NDBF is responsible for administering state laws regulating state-licensed financial institutions including banks, credit unions, trust companies, delayed deposits services, consumer finance companies, money transmitters and issuers of payment instruments such money orders and travelers’ checks. Under the Securities Act of Nebraska, the Department regulates the sale of securities offered and sold in Nebraska and to Nebraska residents. Information about licensees can be found on the Department’s Website at www.ndbf.ne.gov.

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