



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC APPROVES DEPOSIT ASSUMPTION OF DEER LODGE BANK AND TRUST COMPANY, DEER LODGE, MONTANA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of Deer Lodge Bank and Trust Company, Deer Lodge, Montana, by Peoples Bank of Deer Lodge, N.A., Deer Lodge, Montana, a newly-chartered subsidiary of Sandquist Corporation, Bozeman, Montana.

The failed bank's only office will reopen on Friday, April 10, 1987, as Peoples Bank of Deer Lodge, N.A. and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Deer Lodge Bank and Trust Company, with total assets of approximately \$14.8 million, was closed on Thursday, April 9, 1987, by Fred J. Flanders, Montana Commissioner of Financial Institutions, and the FDIC was named receiver.

Peoples Bank of Deer Lodge, N.A. will assume about \$13.6 million in 3,800 deposit accounts. Additionally, the bank will purchase certain of the failed bank's loans and other assets with a book value of \$12.7 million at a discount of \$1,899,000. The transaction will result in a substantially lower cost to the FDIC than if these assets were held and liquidated in receivership. The FDIC will retain assets of the failed bank with a book value of about \$2.1 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.

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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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