



NEWS RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST STATE BANK OF SISSETON, SISSETON, SOUTH DAKOTA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of First State Bank of Sisseton, Sisseton, South Dakota, by Farmers & Merchants Bank and Trust Co., Aberdeen, South Dakota.

The failed bank's two offices will reopen on Friday, May 8, 1987, as branches of Farmers & Merchants Bank and Trust Co., and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First State Bank of Sisseton, with total assets of \$21.2 million, was closed on Thursday, May 7, 1987, by Richard A. Duncan, South Dakota Director of Banking and Finance, and the FDIC was named receiver.

Farmers & Merchants Bank & Trust Co. will assume about \$19.7 million in 4,100 deposit accounts and has agreed to pay the FDIC a purchase premium of \$105,000. It also will purchase certain of the failed bank's loans and other assets for \$13.2 million. To facilitate the transaction, the FDIC will advance about \$6.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$8.0 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 Farmers & Merchants Bank and Trust Co.

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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