



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF TODD COUNTY STATE BANK, LONG PRAIRIE, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of Todd County State Bank, Long Prairie, Minnesota, by First National Bank of Long Prairie, Long Prairie, Minnesota.

Depositors of the failed bank automatically will become depositors of the assuming bank, subject to approval by the appropriate court. The Grey Eagle office of the failed bank will reopen on Friday, May 15, 1987, as a branch of First National Bank of Long Prairie. The failed bank's Long Prairie office will not reopen; however, its customers will be able to conduct their business at the main office of First National Bank of Long Prairie in Long Prairie, Minnesota.

Todd County State Bank, with total assets of \$14.3 million, was closed on Thursday, May 14, 1987, by Michael A. Hatch, Minnesota Commissioner of Commerce, and the FDIC was named receiver.

First National Bank of Long Prairie will assume about \$14.1 million in 4,600 deposit accounts and has agreed to pay the FDIC a purchase premium of \$419,000. It also will purchase certain of the failed bank's loans and other assets for \$10.2 million. To facilitate the transaction, the FDIC will advance about \$3.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$4.1 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

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potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by First National Bank of Long Prairie.

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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