



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC GRANTS ASSISTANCE TO PREVENT FAILURE OF VALLEY BANK OF BELGRADE, BELGRADE, MONTANA

The Board of Directors of the Federal Deposit Insurance Corporation today announced it has granted financial assistance under Section 13(c) of the Federal Deposit Insurance Act to prevent the failure of Valley Bank of Belgrade, Belgrade, Montana. The transaction is effective as of July 31, 1987. The FDIC acted following notification by Fred J. Flanders, Montana Commissioner of Financial Institutions, that Valley Bank of Belgrade was in danger of failing.

As a result of this action, Valley Bank of Belgrade will be acquired by Mountain Bank Systems, Inc., Whitefish, Montana. The bank will be strengthened and recapitalized, and uninterrupted service will be afforded all deposit and loan customers. The bank operates one office in Belgrade, Montana, and has assets of \$18.6 million and deposits of \$16.9 million.

The FDIC's financial assistance consists of a cash infusion of \$3,025,000. A key feature of the assistance program is that the FDIC assumes none of the bank's assets. Mountain Bank Systems, Inc., is contributing \$1 million to the bank's capital structure.

The FDIC usually acts following the failure of a commercial bank either to arrange for its deposits to be assumed by a healthy bank or, if that is not possible, to pay off insured depositors and liquidate the failed bank's assets. However, the FDIC's Board, as a matter of policy, generally will approve a request for assistance to prevent the closing of an insured bank or thrift only if it determines that the proposal is clearly the least costly alternative available to the FDIC and the bank will have managerial resources

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capable of returning it to viability. An assistance proposal must provide for sufficient capitalization of a failing bank and should include capital infusions from non-FDIC sources. Furthermore, the financial effect of FDIC assistance upon shareholders and creditors of the bank or of the bank's holding company must approximate the effect on these parties which would have resulted had the assisted bank failed.

In granting financial assistance, the FDIC will attempt to avoid acquiring an equity position in a bank or acquiring or servicing the institution's assets.

The FDIC Board voted to approve the Valley Bank of Belgrade assistance transaction based on the determination that it was in compliance with the mandatory cost test as well as these policy criteria.

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