



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-178-87 (10-1-87)

FDIC APPROVES DEPOSIT ASSUMPTION OF CLAY COUNTY STATE BANK, DILWORTH, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of Clay County State Bank, Dilworth, Minnesota, by Northwestern State Bank, Ulen, Minnesota, Ulen, Minnesota.

The failed bank's two offices will reopen on Friday, October 2, 1987, as branches of Northwestern State Bank, Ulen, Minnesota, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Clay County State Bank, with total assets of about \$10.5 million, was closed on Thursday, October 1, 1987, by Michael A. Hatch, Minnesota Commissioner of Commerce, and the FDIC was named receiver.

Northwestern State Bank, Ulen, Minnesota, will assume about \$10.2 million in 3,700 deposit accounts and will purchase \$10.4 million of the failed bank's assets at a discount of \$980,000. The FDIC will retain assets of the failed bank with a book value of approximately \$94,000.

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. The transaction will result in a substantially lower cost to the FDIC than if the assets were held and liquidated in receivership. Additionally, because the assets and deposits will be administered by Northwestern State Bank, Ulen, Minnesota, the failed bank's customers will have the benefit of continuous, uninterrupted service.

###