



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC GRANTS ASSISTANCE TO PREVENT FAILURE OF CITIZENS STATE BANK, HAYFIELD, MINNESOTA

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 Citizens State Bank, Hayfield, Minnesota. The transaction is effective immediately. The FDIC acted following notification by Michael A. Hatch, Minnesota Commissioner of Commerce, that Citizens State Bank was in danger of failing.

As a result of this action, Citizens State Bank will be strengthened and recapitalized, and uninterrupted service will be afforded all customers of the bank. The bank operates two offices in Dodge County, Minnesota, and has assets of \$30.1 million and deposits of \$29.3 million.

The FDIC's financial assistance consists of an injection of \$900,000 to offset certain losses in the bank. The FDIC will recover a portion of its outlay through recoveries from loans covered by the assistance agreement. Concurrently, \$1.8 million of additional capital will be contributed by the proponents of the transaction.

A request for assistance to prevent the failure of an insured bank will be considered if such an approach proves least costly to the insurance fund. Additionally, the FDIC's policy criteria for providing assistance to banks in danger of failing must be met. These criteria, in part, require sufficient capitalization, usually from sources other than the FDIC, to restore the bank to viability. The transaction also should have the same effect on shareholders as if the bank had actually failed.

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

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