



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF BIWABIK STATE BANK, BIWABIK, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of Biwabik State Bank, Biwabik, Minnesota, by The First National Bank, Keewatin, Minnesota.

The failed bank's sole office will reopen on Monday, August 29, 1988, as a branch of The First National Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Biwabik State Bank, with total assets of about \$3.3 million, was closed on Friday, August 26, 1988, by Michael A. Hatch, Minnesota Commissioner of Commerce, and the FDIC was named receiver.

The First National Bank will assume about \$3.3 million in 1,600 deposit accounts and will purchase all of the failed bank's assets at a discount of \$348,500.

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 transaction will result in a 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 The First National Bank, the failed bank's customers will have the benefit of continuous, uninterrupted service.

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