



NEWS RELEASE

FOR IMMEDIATE RELEASE

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

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and other liabilities of Watson State Bank, Watson, Minnesota, by Minnwest Bank Montevideo, Montevideo, Minnesota.

The failed bank's sole office will reopen on Monday, October 3, 1988, as a branch of Minnwest Bank Montevideo and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Watson State Bank, with total assets of about \$13.4 million, was closed on Friday, September 30, 1988, by Michael A. Hatch, Minnesota Commissioner of Commerce, and the FDIC was named receiver.

Minnwest Bank Montevideo will assume about \$11.8 million in 2,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$166,000. It also will purchase approximately \$7.9 million of the failed bank's assets, including \$211,000 of the bank's small loans. To facilitate the transaction the FDIC will advance \$5.1 million to the assuming bank and will retain assets of the failed bank with a book value of \$5.5 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 potential loss to the FDIC.

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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