



# NEWS RELEASE

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## FDIC APPROVES DEPOSIT ASSUMPTION OF BANK OF COLUMBIA FALLS, COLUMBIA FALLS, MONTANA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Bank of Columbia Falls, Columbia Falls, Montana, by First Citizens Bank, N.A., Columbia Falls, Montana, a newly-chartered subsidiary of Citizens Development Company, Billings, Montana.

The failed bank's only office will reopen on Monday, June 2, 1986, as First Citizens Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Bank of Columbia Falls, which had total assets of \$42.8 million, was closed on Friday, May 30, 1986, by Fred Napier, Montana Commissioner of Financial Institutions, and the FDIC was named receiver. Mr. Napier said: "The bank's equity capital had been deteriorating because of poor lending practices and management problems."

First Citizens Bank will assume about \$40.5 million in 5,400 deposit accounts and has agreed to pay the FDIC a purchase premium of \$310,000. It also will purchase certain of the failed bank's loans and other assets for \$13.7 million. To facilitate the transaction, the FDIC will advance \$26.5 million to the assuming bank and will retain assets of the failed bank with a book value of about \$29.1 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 Board made such a finding in this case because of the premium paid by First Citizens Bank.

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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 nondepositor creditors and shareholders of the closed bank.

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