



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC GRANTS ASSISTANCE TO FACILITATE ACQUISITION OF MID VALLEY BANK, OMAK, WASHINGTON

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 facilitate the acquisition of Mid Valley Bank, Omak, Washington, by First Bank System, Inc., Minneapolis, Minnesota. The transaction is effective today.

As a result of this action, First Bank System will establish a new state-chartered bank, First Bank Washington, Omak, Washington, which will purchase the assets and assume the liabilities of Mid Valley Bank. Uninterrupted service will be afforded all deposit and loan customers of the bank. The FDIC acted following notification by Washington Supervisor of Banking Thomas H. Oldfield that Mid Valley Bank was in danger of failing.

The FDIC's financial assistance consists of a guaranty to First Bank Washington against potential losses up to a maximum of \$3.5 million. State and federal regulators have approved the transaction.

The FDIC usually acts following the failure of a commercial bank either to arrange for its deposits to be assumed by a healthy bank or, if that is not possible, to pay off insured depositors and liquidate the failed bank's assets. However, when determined to be less costly than a deposit payoff, Section 13(c) of the FDI Act allows the FDIC to provide assistance to an open bank. The FDIC's Board, as a matter of policy, generally will approve a proposal requesting assistance to prevent the closing of an insured bank only if it determines that:

- 1) The bank's proposed capitalization and management plan reasonably assures the future viability of the bank.

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- 2) The proposal represents the least costly alternative available to the FDIC, taking into account the maximum "premium" the FDIC could expect to receive in a closed bank auction.
- 3) New capital has been provided by the proponents of the transaction in sufficient amount to support FDIC financial assistance.
- 4) Recoveries from non-book sources such as charged-off assets or claims against officers, directors and bonding companies accrue first to the FDIC to the extent of any losses it will sustain in connection with the proposal.
- 5) The financial impact on executive management, directors, shareholders and subordinated debt holders is comparable to what would have occurred if the bank had actually closed.

The FDIC Board voted to approve the Mid Valley Bank assistance transaction based on the determination that it was less costly to the FDIC than a deposit payoff and was in general compliance with the policy criteria.

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