



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-204-86 (12-19-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF LAKELAND STATE BANK, PEQUOT LAKES, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Lakeland State Bank, Pequot Lakes, Minnesota, by The Northern National Bank, Bemidji, Minnesota.

The failed bank's two offices will reopen on Monday, December 22, 1986, as Pequot Lakes Branch of The Northern National Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Lakeland State Bank, with total assets of \$46.5 million, was closed on Friday, December 19, 1986, by Minnesota Commissioner of Finance Michael A. Hatch and the FDIC was named receiver.

The Northern National Bank will assume about \$46.5 million in 13,800 deposit accounts and has agreed to pay the FDIC a purchase premium of \$109,000. It also will purchase certain of the failed bank's loans and other assets for \$33.8 million. To facilitate the transaction, the FDIC will advance \$12.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$12.6 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 The Northern National Bank.

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.

###