



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF STOCKHOLM STATE BANK, STOCKHOLM, SOUTH DAKOTA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Stockholm State Bank, Stockholm, South Dakota, by Community State Bank of Stockholm, a newly-chartered state bank.

The failed bank's only office will reopen on Monday, March 31, 1986, as Community Bank of Stockholm and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Stockholm State Bank, which had total assets of \$6.8 million, was closed on Thursday, March 27, 1986, by Patricia Whiteside, Acting South Dakota Director of Banking and Finance, and the FDIC was named receiver. Ms. Whiteside said: "The bank failed because of deterioration of loan quality and poor conditions in the agricultural economy."

Community State Bank of Stockholm will assume about \$6.3 million in 1,800 deposit accounts and has agreed to pay the FDIC a purchase premium of \$36,000. It also will purchase certain of the failed bank's loans and other assets for \$4.5 million. To facilitate the transaction, the FDIC will advance \$1.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$2.3 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 Community State Bank of Stockholm.

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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 shareholders of the closed bank.

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