FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF FIRST TRUST BANK OF LAKEFIELD, LAKEFIELD, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured or preferred deposits of the First Trust Bank of Lakefield, Lakefield, Minnesota to Fulda State Bank, Fulda, Minnesota. The failed bank's sole office will reopen on Monday, June 3, 1985, as a branch of Fulda State Bank.

First Trust Bank of Lakefield was closed on Friday, May 31,1985, by Michael Hatch, Minnesota Commissioner of Commerce and the FDIC was named receiver. Mr. Hatch said: "The condition of the bank had deteriorated due to an unusually high percentage of poor quality loans and assets. Losses in loans and other assets exceeded the bank's capital and efforts to inject new capital had been unsuccessful."

At the time the bank closed, its deposits amounted to $20.6 million in 3,700 deposit accounts. Of the total deposits, $197,000 in eleven accounts exceeded the federal insurance limit of $100,000. Uninsured depositors and nondepositor creditors will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

Deposits in the failed bank up to the statutory insurance limit of $100,000, will be available to their owners immediately. Checks drawn on the failed bank's accounts will continue to be honored.

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Even though insured depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank for an 18-month period, they are encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationship with the new bank. From the standpoint of customer convenience and service, it would be preferable for these visits to be spread out over the next month or longer than to occur within the next week or so.

Administration of the insured deposits transferred to the new bank will be funded by an equivalent cash payment from the FDIC. The new bank is paying the FDIC a premium of $205,575 for the right to receive the transferred deposits, and will purchase other assets of the failed bank for $5.3 million.

The FDIC Board of Directors decided to arrange an insured deposit transfer because no acceptable bids were received for the failed bank.

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