



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF SWIFT COUNTY BANK, BENSON, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Swift County Bank, Benson, Minnesota, have been assumed by First Security State Bank, Sleepy Eye, Minnesota. The failed bank's sole office will reopen on Monday, June 17, 1985, as a branch of First Security State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Swift County Bank was closed on Friday, June 14, 1985, by Michael Hatch, Minnesota Commissioner of Commerce and the FDIC was named receiver. Mr. Hatch said: "Swift County Bank was insolvent due to an unusually large percentage of poor quality loans and assets. Recent efforts to inject new capital were unsuccessful. Continued stress on the farm economy contributed significantly to the failure of the bank."

First Security State Bank will assume about \$37.7 million in 8,400 deposit accounts and has agreed to pay the FDIC a purchase premium of \$811,000. It also will purchase the failed bank's installment loans, real estate loans and certain other assets for \$16 million. To facilitate the transaction, the FDIC will advance \$22.1 million to the assuming bank and will retain assets of the failed bank with a book value of about \$23.5 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce

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the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by First Security State Bank.

The FDIC expects to recover a substantial 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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