



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FARMERS STATE BANK OF ROUND LAKE, ROUND LAKE, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Farmers State Bank of Round Lake, Round Lake, Minnesota, have been assumed by Farmers State Bank of Mountain Lake, Mountain Lake, Minnesota. The failed bank's two offices will reopen on Monday, August 5, 1985, as branches of Farmers State Bank of Mountain Lake, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers State Bank of Round Lake was closed on Friday, August 2, 1985, by Minnesota Commissioner of Finance Michael Hatch and the FDIC was named receiver.

Farmers State Bank of Mountain Lake will assume about \$20.6 million in 4,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$410,000. It also will purchase certain of the failed bank's loans and other assets for \$15.5 million. To facilitate the transaction, the FDIC will advance \$5.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$8.0 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 Farmers State Bank of Mountain Lake.

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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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