



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FARMERS STATE BANK, KANARANZI, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Farmers State Bank, Kanaranzi, Minnesota, have been assumed by Citizens State Bank of Silver Lake, Silver Lake, Minnesota.

The failed bank's two offices will reopen on Monday, October 21, 1985, as branches of Citizens State Bank of Silver Lake, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers State Bank was closed on Friday, October 18, 1985, by Michael Hatch, Minnesota Commissioner of Commerce in Charge of Financial Institutions, and the FDIC was named receiver.

Citizens State Bank of Silver Lake will assume about \$3.7 million in 900 deposit accounts, including \$4,000 in one account in excess of the federal insurance limit of \$100,000. The assuming bank has agreed to pay the FDIC a purchase premium of \$18,000 and also will purchase certain of the failed bank's loans and other assets for \$2.9 million. To facilitate the transaction, the FDIC will advance \$800,000 to the assuming bank and will retain assets of the failed bank with a book value of about \$900,000.

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 Citizens State Bank of Silver 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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