



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FARMERS STATE BANK, LYONS, SOUTH DAKOTA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Farmers State Bank, Lyons, South Dakota, have been assumed by Dakota State Bank, Colman, South Dakota. The failed bank's two offices will reopen on Monday, June 18, 1984, as branches of Dakota State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers State Bank was closed on June 15, 1984, by Glen F. Ritterbusch, South Dakota Director of Banking and Finance, and the FDIC was named receiver.

In addition to assuming about \$3 million in 1,100 deposit accounts, Dakota State Bank has agreed to pay the FDIC a purchase premium of \$127,500. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$1.4 million and will retain assets of the failed bank with a book value of approximately \$1.7 million.

The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Dakota 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 the shareholders of the closed bank.

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