



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-51-83 (6-17-83)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
COMMUNITY BANK, HARTFORD, SOUTH DAKOTA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Community Bank, Hartford, South Dakota, have been assumed by Western Bank, Sioux Falls, South Dakota, a state-chartered bank belonging to the Federal Reserve System. The main office and two branches of the closed bank will reopen on Monday, June 20, 1983, as branches of Western Bank and all depositors of the closed bank automatically will become depositors of the assuming bank. The appropriate court has approved the transaction.

Community Bank was closed on June 17, 1983, by South Dakota Acting Director of Banking and Finance James J. Sletten, and the FDIC was named receiver.

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 9,200 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$39.5 million in deposits and other liabilities, Western Bank has agreed to pay the FDIC a purchase premium of \$1.75 million. The assuming bank will purchase the failed bank's securities, installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$23.5 million to the assuming bank and will retain assets of the failed bank with a book value of \$28.5 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

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to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Western 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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