

FOR IMMEDIATE RELEASE

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**NEW FDIC BANK TO ASSUME DEPOSITS
OF 20 INSOLVENT MCorp BANKS**

The Board of Directors of the Federal Deposit Insurance Corporation has approved the transfer of deposits of 20 insolvent commercial bank subsidiaries of MCorp of Dallas, Texas, to The Deposit Insurance Bridge Bank, National Association, Dallas, Texas, a newly chartered institution wholly-owned by the FDIC.

All of the failed banks' offices opened today as branches of The Deposit Insurance Bridge Bank, National Association, at the normal time for business. Full banking services continue to be available to all deposit and loan customers of the failed banks and hours of operation remain unchanged. The five remaining MBanks and MTrust are not involved in this transaction and continue to be owned by MCorp.

The 20 MBanks were closed on the evening of March 28 and the morning of March 29 by the Office of the Comptroller of the Currency, which determined the banks were insolvent. MBank-Dallas, N.A. became insolvent when it was unable to meet the Federal Reserve's demand for the repayment of its Dallas bank's Discount Window borrowings. Some of the MBanks were insolvent due to continuing loan losses attributable, in part, to depressed economic conditions in the Southwest. However, the bulk of the banks became insolvent due to a combination of loan losses and losses from intracompany transactions.

Depositors at 19 of the failed institutions, including those with funds in excess of the \$100,000 insurance limit, were fully protected by this transaction. Unsubordinated general creditors of those 19 banks also were fully protected. At MBank-Abilene, only deposits up to the insurance limit have been transferred to the new bridge bank. Uninsured depositors and general creditors of MBank-Abilene, and holders of contingent or off-balance sheet claims against any of the 20 banks, will share on a pro rata basis with the FDIC in the failed bank's assets. Deposit and other claims of MCorp and its affiliates against any of the failed banks will share on the same pro rata basis.

The FDIC intends to pursue potential claims against MCorp for liabilities and obligations of MCorp to the 20 subsidiary banks that were closed. The 20 failed banks had assets of approximately \$15.4 billion and approximately \$11.6 billion in deposits.

The Deposit Insurance Bridge Bank, National Association, is owned entirely by the FDIC, which obtained its national bank charter from the OCC and provided the institution with approximately \$300 million in operating funds.

The bridge bank is the fourth such institution organized by the FDIC since it received authority from Congress to establish these full service banks in 1987. The agency is authorized to obtain a national bank charter and operate a bridge bank to preserve banking services of insolvent institutions while a permanent solution is sought. The FDIC will be accepting proposals for the acquisition of the bridge bank.

The FDIC has retained James B. Gardner, chairman and chief executive officer of the former MBank-Dallas, to serve as president and chief operating officer of The Deposit Insurance Bridge Bank, National Association. The appointment of a chairman, recruited from outside of the MCorp system, will be announced in the near future. Mr. Gardner will be responsible for

overseeing the day to day operations of the bridge bank.

The Deposit Insurance Bridge Bank, National Association, will have its main office at the facilities of the former MBank-Dallas, National Association, and operate offices at the locations of the former MBanks. There are no immediate plans for further reorganization, or reductions in staffing, of the former MBanks.

A list of the 20 banks, including their total assets and deposits as of February 28, 1989, is attached.

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