



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF LIBERTY BANK, PHOENIX, ARIZONA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of Liberty Bank, Phoenix, Arizona, by Community Bank of Arizona, Wickenburg, Arizona.

The failed bank's two offices will reopen on Tuesday, September 5, 1989, as branches of Community Bank of Arizona and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Liberty Bank, with total assets of \$28.1 million, was closed on Friday, September 1, 1989, by William H. Rivoir, III, Arizona Superintendent of Banks, and the FDIC was named receiver.

Community Bank of Arizona will assume about \$27.5 million in 3,900 deposit accounts and has agreed to pay the FDIC a purchase premium of \$27,000. 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 about \$11.9 million to the assuming bank and will retain assets of the failed bank with a book value of about \$12.6 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 FDIC will recover a 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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