



## NEWS RELEASE

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### FDIC ORGANIZES NEW BANK TO ASSUME DEPOSITS OF CAPITAL BANK & TRUST CO., BATON ROUGE, LOUISIANA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the organization of a new, full service national bank which will assume all deposits and secured liabilities of Capital Bank & Trust Co., Baton Rouge, Louisiana.

A charter for the new bank, Capital Bank & Trust Co., National Association, Baton Rouge, Louisiana, was approved today by the Comptroller of the Currency following the closing of Capital Bank & Trust Co. by Fred C. Dent, Jr., Louisiana Commissioner of Financial Institutions, who also appointed the FDIC receiver of the failed bank. All of the failed bank's offices will reopen on Monday, November 2, 1987. All depositors and a majority of the loan customers of the failed bank automatically will become customers of the new bank.

The FDIC normally attempts to arrange an immediate acquisition following the failure of an insured bank. In this case, the Board of Directors decided it would be more beneficial to depositors and loan customers if the FDIC exercised its new authority to organize and arrange, on an interim basis, for the operation of a full service bank. Utilization of this new "bridge" bank authority was determined to be the most cost effective way to preserve existing banking services and give the FDIC sufficient time to arrange a permanent transaction which will continue to protect all depositors.

The future disposition of Capital Bank & Trust Co., National Association, will result in the assumption by a new or existing bank of deposit and other

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liabilities and the acquisition of all or most of the assets held by the bridge bank. Depositors and loan customers, therefore, are assured of uninterrupted banking services.

Capital Bank & Trust Co. had total assets of about \$372.2 million at the time it was closed by Mr. Dent, who determined the institution was insolvent due to losses in loans to the energy, real estate and agricultural segments of the local economy. He noted the failed bank's earlier efforts to seek new sources of capital were unsuccessful.

Capital Bank & Trust Co., National Association, will acquire \$349.0 million in loans and other assets of the failed bank. It also will assume \$308.7 million in 54,600 deposit accounts and certain secured liabilities of the failed bank. The FDIC, in its receivership capacity, will retain assets of the failed bank with a book value of \$23.2 million.

The new bridge bank established by the FDIC is the first organized by the agency since it was given authority to do so by Congress in July. Congress specified that these institutions could operate for as long as three years so credit and other banking relationships could be continued while the FDIC seeks buyers for an insolvent bank.

The FDIC will provide operating funds to Capital Bank & Trust Co., National Association, through the purchase of the institution's debt obligations. The new bank has no shareholders.

In authorizing the establishment of bridge banks, the Congress indicated that these interim institutions should be managed conservatively but operate much like a private sector bank. To achieve these objectives, each bridge bank is vested with full corporate powers and is managed by a five-member Board of Directors comprised of private citizens appointed by the FDIC.

Five prominent individuals with broad financial and public service expertise have agreed to serve as directors of Capital Bank & Trust Co., National Association. They are: Lawrence A. Merrigan, former President, Bank of New Orleans; John J. Early, former Director of the FDIC's Division of Bank Supervision; Charles J. Cassidy, Chairman and President, First State Bank & Trust Company, Bogalusa, Louisiana; William F. Staats, Professor of Banking and Finance, Louisiana State University, and Director of the Louisiana School of Banking; and John H. Lewis, President, JHL & Associates, Inc., and former Vice President of First National Bank of Commerce, New Orleans, Louisiana.

As its first act of business, the Board of Directors of Capital Bank & Trust Co., National Association, today unanimously elected Mr. Merrigan as Chairman, Chief Executive Officer and President.

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