



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC GRANTS ASSISTANCE TO PREVENT FAILURE OF BANK OF SANTA FE, SANTA FE, NEW MEXICO

The Board of Directors of the Federal Deposit Insurance Corporation today granted financial assistance under Section 13(c) of the Federal Deposit Insurance Act to prevent the failure of Bank of Santa Fe, Santa Fe, New Mexico. The transaction is effective immediately. The FDIC acted following notification by James W. Stretz, Director, Financial Institutions Division, New Mexico, that Bank of Santa Fe was in danger of failing.

As a result of this action, Bank of Santa Fe will be strengthened and recapitalized, and uninterrupted service will be afforded all deposit and loan customers of the bank. The bank, which operates four offices in Santa Fe, has assets of about \$101 million and deposits of \$94 million.

The FDIC will purchase \$12.0 million of non-voting, floating-rate preferred stock and a \$5.0 million loan participation in a pool of assets. The FDIC also has issued a commitment to purchase up to \$6.0 million of additional assets. Concurrently, \$7.0 million of additional capital will be contributed by Mr. Robert E. Keyes.

The FDIC will share in net recoveries on assets and claims against bonding and insurance companies, accountants, attorneys, directors and officers. Additionally, the FDIC will receive a proportion of net earnings beyond a predetermined return and will be entitled to receive one-third of any gain on the sale of the bank's stock should the bank be sold within five years.

The FDIC will consider a request for assistance to prevent the failure of an insured bank if such an approach proves least costly to the insurance fund.

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The FDIC's policy criteria for providing assistance to banks state, in part, that sufficient capital, usually contributed by sources other than the FDIC, must be available to restore the bank to viability. The transaction also should have the same effect on shareholders as if the bank had actually failed.

The FDIC Board voted to approve the Bank of Santa Fe assistance transaction based on the determination that it was in compliance with the mandatory cost test as well as the policy criteria.

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