FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC AGREES TO ASSIST MERGER OF TEXAS AMERICAN BANCSHARES INC., NATIONAL BANCSHARES CORPORATION OF TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today preliminarily approved a plan to assist MEI Diversified, Inc. (MEI), and Bank Shares Incorporated (BSI), both of Minneapolis, Minnesota, in the merger and recapitalization of Texas American Bancshares Inc., Fort Worth, Texas (TAB), and National Bancshares Corporation of Texas, San Antonio, Texas (NBC). Carl R. Pohlad, president of Bank Shares Incorporated and the Marquette Bank, Minneapolis, Minnesota, its lead bank, is the Chairman of MEI.

Fort Worth-based TAB has 24 subsidiary banks and total assets of approximately $5.1 billion. San Antonio-based NBC has total assets of approximately $2.7 billion and 12 subsidiary banks. The key elements of the assistance program approved by the FDIC Board are:

--Reduction of the current 100 percent ownership interest of TAB and NBC common stockholders. Initially, these existing stockholders will receive a 5 percent equity interest in a new bank holding company resulting from the combination of TAB and NBC. They will receive subscription rights for approximately 22 percent of the equity of the new holding company at the original issue price paid by MEI and BSI. Existing shareholders may receive an additional equity interest based on the holding company's overall earnings performance during the next five years only if the FDIC assistance is fully repaid.

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--MEI and BSI will infuse $200 million, less the proceeds from the exercise of subscription rights, in new capital in the TAB and NBC subsidiary banks as part of the merger and recapitalization of the two holding companies in exchange for up to 85 percent of the original equity interest of the new company, subject to the rights offering noted above.

--The FDIC will provide $475 million in assistance to the new holding company which will be used to offset losses in the TAB and NBC bank subsidiaries. Provisions for repayment of the assistance have been established under an income allocation agreement. Under this agreement, after five years any of the FDIC assistance which has not been absorbed by the subsidiary banks' losses, as well as any income allocated to the FDIC from earnings of the new holding company, will be paid to the FDIC over the next five years and will bear a market rate of interest. The FDIC also will receive an equity participation interest in the new holding company of at least 10 percent and up to 15 percent, depending on the company's cumulative earnings for the five-year post merger period.

--While future events could affect the FDIC's actual cost, the FDIC estimates its final cost could be as much as $325 million.

--Existing holders of TAB and NBC debt must agree to a debt restructuring. Debt holders will be required to exchange outstanding debt for nonvoting preferred stock of the new holding company.

The FDIC Board's approval of this assistance transaction is subject to approval of final documentation, other regulatory approvals, approval by shareholders of TAB and NBC, and satisfactory restructuring of the holding companies' debt.

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