



NEWS RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST CITIZENS BANK, DALLAS, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First Citizens Bank, Dallas, Texas, by Grand Bank Northeast, a newly-chartered subsidiary of Grand Bancshares, Inc., Dallas, Texas.

The failed bank's only office will reopen on Friday, August 8, 1986, as Grand Bank Northeast and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First Citizens Bank, with total assets of \$93.8 million, was closed on Thursday, August 7, 1986, by Texas Bank Commissioner James L. Sexton and the FDIC was named receiver. Mr. Sexton said: "The 32-year-old bank was declared insolvent due to loan losses incurred well in excess of capital funds. Attempts by its directors and stockholders to recapitalize the bank were unsuccessful. The majority of losses sustained arose from liberal and ill-advised loans to oil and gas ventures."

Grand Bank Northeast will assume about \$88.9 million in 15,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$1,005,500. It also will purchase certain of the failed bank's loans and other assets for \$73.5 million. To facilitate the transaction, the FDIC will advance \$14.9 million to the assuming bank and will retain assets of the failed bank with a book value of about \$20.3 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 Board made such a finding in this case because of the premium paid by Grand Bank Northeast.

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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 nondepositor creditors and shareholders of the closed bank.

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