

FOR IMMEDIATE RELEASE

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REGULATORS APPROVE ASSISTANCE PROGRAM
FOR BANK OF OKLAHOMA, OKLAHOMA CITY, N.A.

The Federal Deposit Insurance Corporation, the Federal Reserve Board and the Office of the Comptroller of the Currency have assembled a \$130 million financial assistance program for Bank of Oklahoma, Oklahoma City, N.A. The bank, with assets of over \$500 million, is one of 11 banking subsidiaries of BancOklahoma Corporation, a bank holding company with assets of over \$2.5 billion.

The assistance program was approved because the bank is in danger of closing and the FDIC determined that granting assistance represents the least costly option to the FDIC.

As a condition of the assistance program, the FDIC will receive warrants to buy 55 percent of the common stock of BancOklahoma at a nominal price. The warrants represent the contribution of existing shareholders to the assistance program. Further, the payment of dividends on common and existing preferred stock will be deferred for an extended period. In addition, bank creditors of the holding company have agreed to substantial concessions in the terms of their loans.

As a further condition of the assistance program, the bank is to be merged into the \$1.6 billion Bank of Oklahoma, Tulsa, N.A., the largest bank in the BancOklahoma group. The FDIC's \$130 million of assistance will consist of \$90 million of nonvoting convertible preferred stock in the bank and the repayment of \$40 million of the bank's existing debt to the Federal Reserve Bank of Kansas City.

The FDIC's preferred stock will carry no dividend for the first three years and thereafter its dividend rate will increase based on an index tied to Treasury rates. The payment of dividends on the FDIC's preferred stock will be guaranteed by BancOklahoma Corporation. Under certain circumstances, the FDIC's preferred stock will be convertible into 99.99 percent of the resulting bank's common stock to protect the FDIC's investment in the bank.

If the bank redeems the FDIC's preferred stock, BancOklahoma will be permitted to buy back up to 80 percent of the warrants issued to the FDIC, based on a predetermined schedule of prices. The FDIC has agreed not to sell 80 percent of the warrants for three years. The remaining 20 percent may be sold at any time or held as an asset of the FDIC.

The assistance program also involves substantial participation by the bank creditors of the holding company. These banks provided \$73 million under an agreement signed in October 1984. The banks have agreed to major modifications in the interest rates and terms of their loans, including conversion of approximately one-third of the existing debt to primary capital, and to extend \$10 million in a new line of credit to BancOklahoma for specified purposes.

Assistance by the FDIC is provided under Section 13(c) of the Federal Deposit Insurance Act, which authorizes the FDIC to assist a failing bank as long as the cost of doing so is less than if the bank failed. The assistance program is subject to approval by shareholders of BancOklahoma Corporation, as well as approval of final documentation by federal bank regulators.

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