



NEWS RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF EDDY COUNTY NATIONAL BANK, CARLSBAD, NEW MEXICO

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Eddy County National Bank, Carlsbad, New Mexico, by United New Mexico Bank at Carlsbad, Carlsbad, New Mexico.

The failed bank's former main office, the Southside Branch and the Artesia Branch will reopen on Friday, April 4, 1986, as branches of United New Mexico Bank at Carlsbad and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court. The Northside Branch in Carlsbad will not reopen, but its customers may transact their business at any other United New Mexico Bank branch.

Eddy County National Bank, which had total assets of \$28.4 million, was closed on Thursday, April 3, 1986, by Robert J. Hermann, Acting Senior Deputy Comptroller of the Currency, and the FDIC was named receiver.

United New Mexico Bank at Carlsbad will assume about \$23.1 million in 3,100 deposit accounts and has agreed to pay the FDIC a purchase premium of \$57,500. It also will purchase certain of the failed bank's loans and other assets for \$19.9 million. To facilitate the transaction, the FDIC will advance \$7.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$8.5 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 United New Mexico Bank at Carlsbad.

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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 shareholders of the closed bank.

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