



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-92-85 (6-21-85)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FIRST CITY BANK, N.A., OKLAHOMA CITY, OKLAHOMA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of First City Bank, NA, Oklahoma City, Oklahoma, have been assumed by City Bank & Trust, Oklahoma City, Oklahoma, a newly-chartered bank. The failed bank's sole office will reopen on Monday, June 24, 1985, as City Bank & Trust and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First City Bank, NA, was closed on Friday, June 21, 1985, by Michael Patriarca, Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Patriarca said: "Over the past several years the bank experienced a high degree of losses due to a substantial deterioration in the quality of its loan portfolio. The bank was unable to remedy its problems and losses finally exhausted the bank's capital, resulting in its insolvency."

City Bank & Trust will assume about \$84 million in 5,600 deposit accounts, including \$5.7 million in 41 accounts originated by deposit brokers. City Bank & Trust has agreed to pay the FDIC a purchase premium of \$2,505,000. It also will purchase the failed bank's installment loans, real estate loans and certain other assets for \$26.5 million. To facilitate the transaction, the FDIC will advance \$56.9 million to the assuming bank and will retain assets of the failed bank with a book value of about \$61 million.

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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 City Bank & Trust.

The FDIC expects to recover a substantial 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.

The FDIC continues to be concerned about deposit brokers that place funds in banks solely on the basis of the rate of interest paid, without regard to the condition of the institutions involved. A major source of these funds is other financial institutions.

Banks paying above market rates of interest often are experiencing serious problems. When such banks receive large amounts of brokered funds and subsequently fail, the cost to the deposit insurance fund is substantially and unjustifiably increased.

In the case of First City Bank, the brokered funds originated through First Empire Funding Corporation, Huntington, New York; FAIC Securities, Inc., Miami, Florida; Caray Investment Company, Inc., Laguna Hills, California, and James Baker and Company, Oklahoma City, Oklahoma.

Institutions whose funds were placed in the failed bank included 20 banks, four savings and loan associations, 15 credit unions and one union pension fund.

The organizations for which the funds were deposited include:

COMMERCIAL & SAVINGS BANKS

Alliance Bank
Oklahoma City, Oklahoma

American Bank of Commerce
Oklahoma City, Oklahoma

Binger Community Bank
Binger, Oklahoma

Caldwell State Bank
Caldwell, Kansas

Chippewa First Financial Bank
St. Louis, Missouri

Commercial Bank
Oklahoma City, Oklahoma

Exchange Bank of Perry
Perry, Oklahoma

Exchange National Bank of Del City
Del City, Oklahoma

Farmers and Merchants Bank
Arnett, Oklahoma

First American Bank
Minco, Oklahoma

First National Bank
Mangum, Oklahoma

First National Bank of Holdenville
Holdenville, Oklahoma

First State Bank
Hollis, Oklahoma

Guarantee State Bank
Mangum, Oklahoma

Howell State Bank
Howell, New Jersey

Midwest City National Bank
Midwest City, Oklahoma

Montana Bank of Butte
Butte, Montana

Montana Bank of Red Lodge
Red Lodge, Montana

Security Bank of Harrison
Harrison, Arkansas

Union State Bank
Arkansas City, Arkansas

CREDIT UNIONS

Anheuser Busch Employee Credit Union
St. Louis, Missouri

Cabrini Credit Union
Allen Park, Michigan

Colgate Palmolive Credit Union
Kansas City, Kansas

Detroit Edison Employees Credit Union
Detroit, Michigan

Education Employees Credit Union
Saginaw, Michigan

First Community Credit Union
St. Louis, Missouri

Future Credit Union of Detroit
Detroit, Michigan

Lake Huron Credit Union
Saginaw, Michigan

Metro Health Services
Federal Credit Union
Omaha, Nebraska

N&W Employees Federal Credit Union
Roanoke, Virginia

Oregon Central Credit Union
Portland, Oregon

ORNL Employee Federal Credit Union
Oakridge, Tennessee

Saginaw C. P. Employees Credit Union
Saginaw, Michigan

State Employee Credit Union
Lansing, Michigan

Yorborg-Warner Federal Credit Union
York, Pennsylvania

SAVINGS AND LOAN ASSOCIATIONS

Abington Federal Savings and Loan
Jenkins, Pennsylvania

Franklin Savings Association
Austin, Texas

Fort Brooke Savings & Loan
Tampa, Florida

Perpetual Savings and Loan
Cedar Rapids, Iowa

OTHERS

IBEW Local Union 1141 Pension Fund
Oklahoma City, Oklahoma

Virsa, Inc.
Oklahoma City, Oklahoma

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