



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF NATIONAL BANK AND TRUST COMPANY  
OF TRAVERSE CITY, TRAVERSE CITY, MICHIGAN

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the National Bank and Trust Company of Traverse City, Traverse City, Michigan, have been assumed by NBD Northwest Bank, N.A., Traverse City, a new bank subsidiary of NBD Bancorp, Inc., Detroit, Michigan. The failed bank's nine offices will reopen on Monday, March 12, 1984, as branches of NBD Northwest Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

National Bank and Trust Company was closed on March 9, 1984, by Acting Comptroller of the Currency H. Joe Selby and the FDIC was named receiver. Mr. Selby said: "National Bank and Trust Company of Traverse City began experiencing serious problems in its loan portfolio during 1983. These problems led to the bank posting a heavy operating loss for the year. Loan losses grew to critical levels early in 1984, and attempts by the bank to raise additional capital were not successful. Finally, these losses exhausted the bank's capital resulting in insolvency."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 21,500 accounts in the

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failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$66 million in deposits and other liabilities, NBD Northwest has agreed to pay the FDIC a purchase premium of \$3.5 million. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to approximately \$54.4 million to the assuming bank and will retain assets of the failed bank with a book value of approximately \$63 million.

The FDIC approved the transaction under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by NBD Northwest Bank. 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 the shareholders of the closed bank.