



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF THE NATIONAL BANK OF CARMEL,
CARMEL-BY-THE-SEA, CALIFORNIA, TO COUNTY BANK AND TRUST, SANTA CRUZ, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of both insured and secured deposits of The National Bank of Carmel, Carmel-By-The-Sea, California, to County Bank and Trust, Santa Cruz, California.

The National Bank of Carmel's two offices will reopen on Saturday, May 12, 1984, as branches of County Bank and Trust.

Deposits in The National Bank of Carmel, up to the statutory insurance limit of \$100,000, will be immediately available to their owners. Checks drawn on The National Bank of Carmel accounts will continue to be honored, and customers who had interest-bearing accounts in The National Bank of Carmel will continue to earn interest on such deposits.

Even though insured depositors of The National Bank of Carmel can automatically continue to conduct their banking transactions with County Bank and Trust, they are encouraged to visit the bank during the next 30 days to discuss the continuation of their banking relationship with County Bank and Trust.

The National Bank of Carmel was closed on May 8, 1984, by Acting Comptroller of the Currency H. Joe Selby and the FDIC was named receiver. Mr. Selby said: "Recently the National Bank of Carmel experienced serious loan losses. The bank was unable to remedy these problems and its condition became critical. This condition was compounded by an accelerated withdrawal of deposits. Losses finally exhausted the bank's capital funds resulting in its insolvency."

Insured deposits in The National Bank of Carmel amounted to \$70.8 million in 5,400 accounts. Additionally, the bank held \$31 million in accounts

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placed by deposit brokers. County Bank and Trust's administration of the deposits transferred to it will be funded by an equivalent cash payment from the FDIC. County Bank and Trust is paying the FDIC a premium of \$4,000,006 for the right to receive the transferred deposits. County Bank and Trust will purchase The National Bank of Carmel's installment loans and certain other assets totalling \$34.7 million.

The National Bank of Carmel held approximately \$4.6 million in deposits in 54 accounts that exceeded the \$100,000 insurance limit and were not secured. Owners of these deposits will share proportionately with the FDIC and any other uninsured general creditors in the proceeds realized from liquidation of the bank's assets. The FDIC Board announced that the FDIC will make a prompt advance payment early next week to uninsured depositors and general creditors, based on the estimated present value of assets to be liquidated, equal to 60 percent of their uninsured claims.

If actual collections on the assets, on a present value basis, exceed this estimate, uninsured creditors ultimately will receive additional payments on their claims. The estimate for the advance is believed to be conservative, and it is hoped that actual collections will be higher. If, however, the present value of actual collections should be less than 60 percent, the FDIC insurance fund will absorb the shortfall.

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