



NEWS RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF METRO BANK, MIDLAND, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Metro Bank, Midland, Texas, have been assumed by Mid-Cities National Bank, a newly-chartered bank. The sole office of the closed bank will reopen Monday, August 1, 1983, as Mid-Cities National and all depositors of the closed bank automatically will become depositors of the assuming bank. The appropriate court has approved the transaction.

Metro Bank was closed on July 29, 1983, by Texas Banking Commissioner Robert E. Stewart and the FDIC was named receiver. Mr. Stewart said the insolvency was caused by substantial loan losses.

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 2,400 accounts in the 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 \$29.9 million in deposit and other liabilities, Mid-Cities National has agreed to pay the FDIC a purchase premium of \$850,000. The assuming bank will purchase the failed bank's securities, installment loans, and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$17.3 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of \$20.2 million.

The FDIC approved the deposit assumption 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

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because of the premium paid by Mid-Cities National. 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.

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