



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF MUTUAL FEDERAL SAVINGS BANK OF ATLANTA, ATLANTA, GEORGIA

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) has approved the assumption of all the deposits (except for five accounts pledged as capital) of Mutual Federal Savings Bank of Atlanta (Mutual Federal), Atlanta, Georgia, by Citizens Trust Bank, Atlanta, Georgia, a subsidiary of Citizens Bancshares Corporation, Atlanta, Georgia. Citizens Trust Bank will assume \$30.0 million in about 6,023 deposit accounts. Mutual Federal depositors, therefore, will automatically become depositors of Citizens Trust Bank. Mutual Federal was closed today by the Office of Thrift Supervision, and the FDIC was named receiver.

Mutual Federal's former main banking facility located at 205 Auburn Avenue NE, Atlanta, and the branch at 2577 Martin Luther King, Jr. Drive will reopen as offices of Citizens Trust Bank at 9:00 a.m. on Monday, March 13.

Citizens Trust will pay the FDIC a premium of \$2.4 million for the right to receive the failed bank's deposits and to purchase \$29.8 million in assets. Mutual Federal had total assets of \$33.8 million as of November 30, 1999. The remaining assets will be retained for later disposition by the receivership.

As part of the transaction, Citizens Trust Bank will participate in a three-year loss-sharing arrangement on approximately \$9.4 million of the assets that it purchased from the receivership. During the initial two-year period, the FDIC will reimburse Citizens Trust Bank for 80 percent of net charge-offs on these assets; Citizens Trust Bank will absorb the remaining 20 percent. During the initial two-year period, and for one year thereafter, the FDIC will receive 80 percent of all recoveries on charged-off assets.

The loss-sharing arrangement is expected to maximize returns on the assets covered by the arrangement by keeping these assets in the private sector. The agreement also



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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is expected to minimize disruption for loan customers as they will maintain a banking relationship rather than assume a liquidation relationship with the receiver.

The FDIC estimates the cost of this transaction to the Savings Association insurance Fund (SAIF) will be approximately \$1.5 million.

Mutual Federal is the first SAIF-insured institution failure this year.