Commerce Bank of Arizona, Tucson, Arizona, Assumes All of the Deposits of Towne Bank of Arizona, Mesa, Arizona

Towne Bank of Arizona, Mesa, Arizona, was closed today by the Arizona Department of Financial Institutions, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Commerce Bank of Arizona, Tucson, Arizona, to assume all of the deposits of Towne Bank of Arizona.

The sole branch of Towne Bank of Arizona will reopen on Monday as a branch of Commerce Bank of Arizona. Depositors of Towne Bank of Arizona will automatically become depositors of Commerce Bank of Arizona. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship to retain their deposit insurance coverage. Customers should continue to use their existing branch until they receive notice from Commerce Bank of Arizona that it has completed systems changes to allow other Commerce Bank of Arizona branches to process their accounts as well.

This evening and over the weekend, depositors of Towne Bank of Arizona can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of March 31, 2010, Towne Bank of Arizona had approximately $120.2 million in total assets and $113.2 million in total deposits. Commerce Bank of Arizona will pay the FDIC a premium of 0.3 percent to assume all of the deposits of Towne Bank of Arizona. In addition to assuming all of the deposits of the failed bank, Commerce Bank of Arizona agreed to purchase essentially all of the assets.

The FDIC and Commerce Bank of Arizona entered into a loss-share transaction on $80.1 million of Towne Bank of Arizona's assets. Commerce Bank of Arizona will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit: http://www.fdic.gov/bank/individual/failed/lossshare/index.html.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-866-782-1766. The phone number will be operational this evening until 9:00 p.m., Mountain Daylight Time (MDT); on Saturday from 9:00 a.m. to 6:00 p.m., MDT; on Sunday from noon to 6:00 p.m., MDT; and thereafter from 8:00 a.m. to 8:00 p.m., MDT. Interested parties also can visit the FDIC's Web site at http://www.fdic.gov/bank/individual/failed/townebank.html.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be $41.8 million. Commerce Bank of Arizona's acquisition of all the deposits was the "least costly" resolution for the FDIC's DIF compared to all alternatives. Towne Bank of Arizona is the 67th FDIC-insured institution to fail in the nation this year, and the second in Arizona. The last FDIC-insured institution closed in the state was Desert Hills Bank, Phoenix, on March 26, 2010.