



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF
THE RED RIVER BANK, RED RIVER, NEW MEXICO

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of The Red River Bank, Red River, New Mexico, by Centinel Bank of Taos, Taos, New Mexico.

The failed bank's sole office will reopen on Monday, February 26, 1990, as a branch of Centinel Bank of Taos, and its depositors automatically will become depositors of the assuming bank.

The Red River Bank, with total assets of \$6.3 million, was closed on Friday, February 23, 1990, by Kenneth J. Carson, Jr., New Mexico Director Financial Institutions Division, and the FDIC was named receiver.

Centinel Bank of Taos will assume about \$6.1 million in 900 deposit accounts and has agreed to pay the FDIC a purchase premium of \$1,500. It also will purchase certain of the failed bank's assets and will have options to purchase loans and other assets. To facilitate the transaction, the FDIC will advance about \$4.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$5.1 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC.

The FDIC will recover a 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 nondepositor creditors and shareholders of the closed bank.

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