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Herencia-led group agrees to rescue Fasseas family banks

An investor group led by former Banco Popular North America CEO Roberto Herencia has agreed to pump \$150 million of equity into the troubled \$2.9 billion-asset group of banks owned by high-profile civic leaders Peter and Paula Fasseas.

Mr. Fasseas announced to employees that he has reached agreement on a \$150 million recapitalization of his Metropolitan Bank Group Inc.

Mr. Herencia has been in talks with the Fasseas family for months, but federal regulators in recent days have increased the pressure on the Fasseases to find a rescuer and announce a deal, according to a person familiar with the situation.

Mr. Herencia is fronting a group, BXM Holdings Inc., which sources say is made up mainly of wealthy Latin American investors.

The agreement is subject to financial concessions by the U.S. Treasury Department, which would have to take a loss on the \$78 million in preferred shares of Metropolitan that it holds under the Troubled Asset Relief Program, according to a Metropolitan statement this evening.

"It has been a long road the last few years as the Great Recession hit our industry, but we couldn't be happier to announce that we just reached agreement with an investor group to bring \$150 million of capital into our Company," Peter and Paula Fasseas wrote in an email to employees. "This is a remarkable occasion, as four years into this economic crisis, only a handful of these recapitalizations have been completed in the entire United States."

The five separately chartered Chicago-area banks owned by Metropolitan all have seen their capital reduced significantly by commercial real estate loan losses. It's been clear for many months that the Fasseases would have to raise well over \$100 million in equity and give up control in order to save their banks.

If a deal is completed, Mr. Herencia likely would take over from Mr. Fasseas as CEO, sources have said. The bank didn't mention future leadership of the bank in a statement this evening.

"We will provide more details in the coming weeks, but of utmost importance, Metropolitan Bank Group will retain the community focus that has

been so important to us since we first bought North Community Bank in 1978—at the time a one-office, \$16 million in deposits, 16 employee bank in Wrigleyville," the Fasseases wrote in their email.

Metropolitan's banks—Archer Bank, North Community Bank, Metrobank, Plaza Bank and Oswego Community Bank—together have 92 branches in the city and suburbs.

The Fasseases are better known locally for their sponsorship of the Paws animal shelter than for their low-profile bank holdings.

Mr. Herencia ran Banco Popular's Rosemont-based North American arm from 2001 until 2008. In 2009, he was tapped to run troubled Melrose Park-based Midwest Banc Holdings Inc. and was unable to secure an equity infusion to save the company, whose bank unit was seized by regulators in 2010 and sold to the banking unit of Akron, Ohio-based FirstMerit Corp.

The Chicago Tribune first reported the internal communication to Metro Bank Group's employees.

By Steve Daniels