



NEWS RELEASE

FOR IMMEDIATE RELEASE

FR-188-90 (9-20-90)

FDIC APPROVES ASSUMPTION OF DEPOSITS OF FIRST STATE BANK OF RISING STAR, RISING STAR, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of First State Bank of Rising Star, Rising Star, Texas, by The Peoples State Bank, Clyde, Texas.

The failed bank's Eastland office will not reopen; however, its former main office in Rising Star will reopen on Friday, September 21, 1990, as a branch of The Peoples State Bank. The depositors of First State Bank of Rising Star automatically will become depositors of the assuming bank.

First State Bank of Rising Star, with total assets of \$14.3 million, was closed on Thursday, September 20, 1990, by Kenneth W. Littlefield, Banking Commissioner, and the FDIC was named receiver.

The Peoples State Bank will assume about \$13.7 million in 3,200 deposit accounts and has agreed to pay the FDIC a purchase premium of \$5,100. 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 \$9.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$9.8 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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