



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF MERCHANTS STATE BANK, DALLAS, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of Merchants State Bank, Dallas, Texas, by Grand Bank, Dallas, Texas.

The failed bank's five offices will reopen on Friday, January 20, 1989, as branches of Grand Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Merchants State Bank, with total assets of about \$125.2 million, was closed on Thursday, January 19, 1989, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

Grand Bank will assume about \$124.7 million in 17,000 deposit accounts and will purchase \$119.0 million of the failed bank's assets at a discount of \$16,999,000. The FDIC will retain assets of the failed bank with a book value of \$6.1 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 transaction will result in a lower cost to the FDIC than if the assets were held and liquidated in receivership. Additionally, because the assets and deposits will be administered by Grand Bank, the failed bank's customers will have the benefit of continuous, uninterrupted service.

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