



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-93-89 (5-4-89)

FDIC APPROVES DEPOSIT ASSUMPTION OF KATY NATIONAL BANK, KATY, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and other liabilities of Katy National Bank, Katy, Texas, by First Bank, Navasota, Texas. The failed bank's sole office will reopen on Friday, May 5, 1989, as a branch of First Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Katy National Bank, with total assets of about \$61.8 million, was closed on Thursday, May 4, 1989, by Robert J. Herrmann, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver.

First Bank will assume about \$58.8 million in 9,900 deposit accounts. It also will purchase approximately \$43.6 million of the failed bank's assets, including \$3.5 million of the bank's small loans at a discount of \$298,700.

To facilitate the transaction the FDIC will advance \$15.5 million to the assuming bank and will retain assets of the failed bank with a book value of \$18.2 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 shareholders of the closed bank.

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