



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-101-89 (5-18-89)

FDIC APPROVES ASSUMPTION OF DEPOSITS OF SECURITY BANK AND TRUST COMPANY, WHARTON, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of Security Bank and Trust Company, Wharton, Texas, by The First National Bank of El Campo, El Campo, Texas. The failed bank's sole office will reopen on Friday, May 19, 1989, as a branch of The First National Bank of El Campo and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Security Bank and Trust Company, with total assets of about \$41.4 million, was closed on Thursday, May 18, 1989, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

The First National Bank of El Campo will assume about \$39.5 million in 6,300 deposit accounts and will pay the FDIC a purchase premium of \$813,000. It also will purchase approximately \$30.0 million of the failed bank's assets, including \$2.2 million of the bank's small loans.

To facilitate the transaction the FDIC will advance \$8.7 million to the assuming bank and will retain assets of the failed bank with a book value of \$11.4 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.

###