



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF HOBBY COMMUNITY BANK, HOUSTON, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of Hobby Community Bank, Houston, Texas, by Iola State Bank, Iola, Texas. The failed bank's sole office will reopen on Friday, June 30, 1989, as a branch of Iola State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Hobby Community Bank, with total assets of about \$8.1 million, was closed on Thursday, June 29, 1989, by Kenneth W. Littlefield, Texas Bank Commissioner, and the FDIC was named receiver.

Iola State Bank will assume about \$8.2 million in 1,200 deposit accounts and will purchase approximately \$5.1 million of the failed bank's assets, including \$270,400 of the bank's small loans at a discount of \$41,400.

To facilitate the transaction the FDIC will advance \$3.3 million to the assuming bank and will retain assets of the failed bank with a book value of \$3.0 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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