



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF FIRST STATE BANK OF MCKINNEY, MCKINNEY, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of First State Bank of McKinney, McKinney, Texas, by First Bank, Farmersville, Texas. The failed bank's sole office will reopen on Friday, August 18, 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.

First State Bank of McKinney, with total assets of about \$21.8 million, was closed on Thursday, August 17, 1989, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

First Bank will assume about \$20.6 million in 3,800 deposit accounts and will pay the FDIC a purchase premium of \$217,000. It also will purchase approximately \$14.8 million of the failed bank's assets, including \$1.2 million of the bank's small loans.

To facilitate the transaction the FDIC will advance \$5.5 million to the assuming bank and will retain assets of the failed bank with a book value of \$7.0 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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