



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-168-89 (8-24-89)

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

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of First State Bank, Pflugerville, Texas, by Hibernia National Bank in Texas, Pflugerville, Texas, a newly-chartered national bank subsidiary of Hibernia Corporation, New Orleans, Louisiana.

The failed bank's two offices will reopen on Friday, August 25, 1989, as Hibernia National Bank in Texas and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First State Bank, with total assets of \$32.0 million, was closed on Thursday, August 24, 1989, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

Hibernia National Bank in Texas will assume about \$32.0 million in 5,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$26,000. It also will purchase approximately \$8.8 million of the failed bank's assets and will have options to purchase loans and other assets. To facilitate the transaction, the FDIC will advance about \$23.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$23.2 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 nondepositor creditors and shareholders of the closed bank.