



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF GALENA PARK STATE BANK, GALENA, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of Galena Park State Bank, Galena, Texas, by Lockwood National Bank of Houston, Houston, Texas.

The failed bank's sole office will reopen on Friday, August 12, 1988, as a branch of Lockwood National Bank of Houston and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Galena Park State Bank, with total assets of about \$26.4 million, was closed on Thursday, August 11, 1988, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

Lockwood National Bank of Houston will pay the FDIC a premium of \$144,000 and will assume about \$28.3 million in 5,700 deposit accounts. It also will purchase approximately \$19.6 million of the failed bank's assets.

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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