



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-181-88 (9-16-88)

FDIC GRANTS ASSISTANCE TO PREVENT FAILURE OF GUARANTY NATIONAL BANK, AUSTIN, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced it has granted financial assistance under Section 13(c) of the Federal Deposit Insurance Act to prevent the failure of Guaranty National Bank, Austin, Texas. The transaction is effective Friday, September 16, 1988. The FDIC acted following notification by Robert J. Herrmann, Senior Deputy Comptroller of the Currency, that Guaranty National Bank was in danger of failing.

The bank and its parent holding company, Central Texas Bancshares, Inc., are being acquired by an investor group headed by David A. Hartman, an El Paso, Texas, businessman. As a result of this transaction, all deposit and loan customers of Guaranty National Bank will be afforded uninterrupted service. Guaranty National Bank had total assets of about \$22 million and total deposits of about \$23 million.

The FDIC's financial assistance consists of \$4.3 million to offset losses in the bank. An additional \$2.4 million capital injection will be provided by the new investor group. The FDIC will share in recoveries of covered losses of the bank. The responsibility for pursuing collections and claims will remain with the bank.

The FDIC Board Directors determined that this transaction will be less costly to the FDIC than alternative methods of addressing the bank's problems.

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