FOR IMMEDIATE RELEASE

PR-93-86 (6-19-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF
FIRST NATIONAL BANK OF BORGER, BORGER, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First National Bank of Borger, Borger, Texas, by First National Bank of Borger, a newly-chartered national bank subsidiary of First Borger Bancshares, Inc., Lubbock, Texas.

The failed bank's only office will reopen on Friday, June 20, 1986, as First National Bank of Borger, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First National Bank of Borger, which had total assets of $79.2 million, was closed on Thursday, June 19, 1986, by Robert J. Herrmann, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Herrmann said: "The bank's failure was primarily the result of inadequate oversight by the board of directors and liberal lending policies. Also contributing was mismanagement and insider abuse by the controlling owners."

First National Bank of Borger will assume about $68.1 million in 9,000 deposit accounts and has agreed to pay the FDIC a purchase premium of $200,000. It also will purchase certain of the failed bank's loans and other assets for $48.3 million. To facilitate the transaction, the FDIC will advance $22.5 million to the assuming bank and will retain assets of the failed bank with a book value of about $30.9 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 Board made such a finding in this case because of the premium paid by First National Bank of Borger.

-more-

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 shareholders of the closed bank.

###