



NEWS RELEASE

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FDIC TO PAY OFF INSURED DEPOSITORS IN NATIONAL BANK OF TEXAS, AUSTIN, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved paying off insured depositors in National Bank of Texas, Austin, Texas. The bank, which had total assets of \$32.6 million, was closed on Wednesday, July 2, 1986, by Robert J. Herrmann, Deputy Comptroller of the Currency, and the FDIC was named receiver.

The FDIC Board of Directors determined that a payoff of insured depositors was required because no bids were received for the failed bank.

Mr. Herrmann said: "The bank's failure was primarily the result of substantial loan growth during 1984 and 1985 combined with liberal commercial lending practices and inadequate oversight by the bank's board of directors."

Deposits in National Bank of Texas amounted to about \$30.6 million in 2,900 accounts. The FDIC estimates that all but about \$1.3 million of the deposits, in 162 accounts, are within the federal insurance limit of \$100,000, or are otherwise secured. Owners of such uninsured deposits will share proportionately with the FDIC in the proceeds realized from liquidation of the bank's assets.

The Board also voted to make a prompt advance payment to uninsured depositors, based on the estimated present value of assets to be liquidated, equal to 40 percent of the uninsured claims.

If actual collections on the assets, on a present value basis, exceed this estimate, uninsured depositors ultimately will receive additional payments on their claims. The estimate for the advance is believed to be conservative, and it is hoped that actual collections will be higher. If, however, the present value of actual collections should be less than 40 percent, the FDIC insurance fund will absorb the shortfall.

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