



NEWS RELEASE

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FDIC TO PAY OFF INSURED DEPOSITORS IN PERMIAN BANK, ODESSA, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved paying off insured depositors in Permian Bank, Odessa, Texas. The bank, with total assets of \$38.8 million, was closed on Friday, July 18, 1986, by James L. Sexton, Texas Banking Commissioner, 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. Sexton said: "Permian Bank had struggled for the last four years with the consequences of liberal lending to energy-sector entities during the early 1980s. Despite repeated capital injections and managerial and regulatory efforts since that time, the bank could not be rehabilitated. The recent decline in oil prices proved a factor of some consequence in that outcome."

Deposits in Permian Bank totalled about \$33.8 million in 7,000 accounts, including about \$152,000 in 23 accounts that exceeded the federal insurance limit of \$100,000. 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 30 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

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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 30 percent, the FDIC insurance fund will absorb the shortfall.

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