FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF EDEN STATE BANK, EDEN, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Eden State Bank, Eden, Texas, by The Eden State Bank, a newly-chartered subsidiary of Eden Financial Corporation, San Angelo, Texas.

The failed bank's only office will reopen on Friday, August 1, 1986, as The Eden State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Eden State Bank, with total assets of $13.0 million, was closed on Thursday, July 31, 1986, by Texas Bank Commissioner James L. Sexton and the FDIC was named receiver. Mr. Sexton said: "Deterioration in the loan portfolio had been identified by the bank's directors and examining personnel and resulted in losses well in excess of the bank's capital. Sizeable losses were identified on loans originated under previous management and made to out-of-territory borrowers and into the local agricultural and oil economy."

The Eden State Bank will assume about $12.4 million in 2,300 deposit accounts and has agreed to pay the FDIC a purchase premium of $104,000. It also will purchase certain of the failed bank's loans and other assets for $9.7 million. To facilitate the transaction, the FDIC will advance $2.9 million to the assuming bank and will retain assets of the failed bank with a book value of about $3.3 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

-morepotential loss to the FDIC. The Board made such a finding in this case because of the premium paid by The Eden State Bank.

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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