



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-145-86 (9-5-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF WESTERN BANK, MIDLAND, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Western Bank, Midland, Texas, by United Bank, National Association, Midland, Texas

The failed bank's only office will reopen on Monday, September 8, 1986, as a branch of United Bank, National Association, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Western Bank, with total assets of \$72.8 million, was closed on Thursday, September 4, 1986, by Texas Banking Commissioner James L. Sexton and the FDIC was named receiver. Mr. Sexton said: "A concentration in energy-related loans and the bank's liberal practices in granting that type credit in the early '80s created continuing asset, earnings, and capital problems for Western Bank. A remission of sorts had been experienced until the recent decline in oil prices gave rise to substantial further losses and a depleted capital structure."

United Bank, National Association, will assume about \$68.0 million in 13,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$300,000. It also will purchase certain of the failed bank's loans and other assets for \$6.6 million. To facilitate the transaction, the FDIC will advance \$65.9 million to the assuming bank and will retain assets of the failed bank with a book value of about \$66.2 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

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potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by United Bank, National Association.

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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