



# NEWS RELEASE

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## FDIC APPROVES DEPOSIT ASSUMPTION OF TEXAS INDEPENDENCE BANK, PASADENA, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Texas Independence Bank, Pasadena, Texas, by The Texas Independence Bank, Pasadena, Texas, a newly-chartered subsidiary of Citizens Bankers, Inc., Baytown, Texas.

The failed bank's only office will reopen on Friday, September 19, 1986, as The Texas Independence Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Texas Independence Bank, with total assets of \$12.0 million, was closed on Thursday, September 18, 1986, by Texas Banking Commissioner James L. Sexton and the FDIC was named receiver. Mr. Sexton said: "The bank's asset condition deteriorated over the past several examinations, resulting in a severely weakened capital structure. A high concentration of poor quality loans led to further significant losses, exceeding the remaining capital funds. The resulting capital deficit could not be cured and the bank's board of directors, finding the bank in failing condition, tendered it to the commissioner for liquidation."

The Texas Independence Bank will assume about \$11.8 million in 4,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$25,000. It also will purchase certain of the failed bank's loans and other assets for \$8.7 million. To facilitate the transaction, the FDIC will advance \$3.3 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

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potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by The Texas Independence 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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