



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF TEXAS BANK & TRUST, LUBBOCK, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Texas Bank & Trust, Lubbock, Texas, by RepublicBank Lubbock, National Association, Lubbock, Texas.

The failed bank's only office will reopen on Monday, September 22, 1986, as a branch of RepublicBank Lubbock, National Association, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Texas Bank & Trust, with total assets of \$36.1 million, was closed on Friday, September 19, 1986, by Texas Banking Commissioner James L. Sexton and the FDIC was named receiver. Mr. Sexton said: "An examination earlier this year, and a recent reexamination by the Texas Department of Banking and the FDIC, disclosed extensive deterioration in the loan portfolio, resulting in losses well in excess of the bank's capital and reserves. Significant asset and earnings losses also were sustained as a result of a large investment in unusually elaborate banking quarters. The loan losses were not concentrated in any particular industry or business activity, but resulted from faulty lending decisions on a variety of commercial loans."

RepublicBank Lubbock, National Association, will assume about \$30.8 million in 7,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$375,100. It also will purchase certain of the failed bank's loans and other assets for \$19.5 million. To facilitate the transaction, the FDIC will advance \$14.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$16.6 million.

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The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by RepublicBank Lubbock, 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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