



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-41-86 (3-27-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST STATE BANK, MEMPHIS, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First State Bank, Memphis, Texas, by Memphis State Bank, a newly-chartered subsidiary of North Central Texas Bancshares, Inc., Iowa Park, Texas.

The failed bank's only office will reopen on Friday, March 28, 1986, as Memphis State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First State Bank, which had total assets of \$16.6 million, was closed on Thursday, March 27, 1986, by James L. Sexton, Texas Bank Commissioner, and the FDIC was named receiver. Mr. Sexton said: "As might be expected, current difficulties in the farm economy contributed somewhat to the failure, but the lack of management continuity over the past few years and the absence of managerial expertise and experience appears to have been a factor of some significant consequence."

Memphis State Bank will assume about \$15.3 million in 2,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$102,530. It also will purchase certain of the failed bank's loans and other assets for \$9.6 million. To facilitate the transaction, the FDIC will advance \$5.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$7.0 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 Memphis 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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