



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST STATE BANK & TRUST COMPANY, EDINBURG, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First State Bank & Trust Company, Edinburg, Texas, by NBC Bank-Edinburg, Edinburg, Texas, a newly-formed subsidiary of National Bancshares Corporation of Texas, San Antonio, Texas.

The failed bank's only office will reopen on Thursday, May 29, 1986, as NBC Bank-Edinburg and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First State Bank & Trust Company, which had total assets of \$134.1 million, was closed on Friday, May 23, 1986, by James L. Sexton, Texas Bank Commissioner, and the FDIC was named receiver.

The FDIC announced initially that a direct payoff of insured depositors would be undertaken because no bids were received for the failed bank. The FDIC Board subsequently received a bid from NBC Bank-Edinburg and arranged the deposit assumption transaction, thereby protecting both insured and uninsured depositors of the failed bank and reducing the cost of the failure to the deposit insurance fund.

NBC Bank-Edinburg will assume about \$118.8 million in 11,700 deposit accounts and has agreed to pay the FDIC a purchase premium of \$250,000. It also will purchase certain of the failed bank's loans and other assets for \$86.2 million. To facilitate the transaction, the FDIC will advance \$41.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$47.9 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 NBC Bank-Edinburg.

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.