



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-120-85 (8-9-85)

FDIC APPROVES DEPOSIT ASSUMPTION OF RIVERSIDE NATIONAL BANK OF HOUSTON, HOUSTON, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved a purchase and assumption transaction ("P&A") under which all deposits of Riverside National Bank of Houston, Houston, Texas, including those exceeding the \$100,000 deposit insurance limit, have been assumed by Peoples Bank, N.A., Houston, Texas. As a result, all of those depositors are now automatically customers of Peoples Bank.

The FDIC Board on August 1, 1985, approved the transfer of the failed bank's \$15.3 million in insured deposits to Peoples Bank. Approximately \$1.0 million in 15 accounts in excess of the insurance limit were not included in the transfer.

The basis for today's Board action is the receipt from Peoples Bank of an increased purchase premium. Peoples Bank originally submitted a bid of \$500,500 for the right to receive the failed bank's insured deposits and purchase certain of its assets for \$9.9 million. The original bid by Peoples Bank was not sufficient to satisfy the FDIC's statutory "cost test" and, therefore, the FDIC could not enter into a P&A transaction. Peoples Bank subsequently submitted a revised bid of \$915,500 to the FDIC for a full P&A. The revised bid was sufficient to permit a favorable finding under the cost test.

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