



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE EARLY BANK, EARLY, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Early Bank, Early, Texas, have been assumed by Texas Bank, Early, Texas, a new state bank.

The failed bank's only office will reopen on Monday, October 21, 1985, as Texas Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Early Bank was closed on Friday, October 18, 1985, by James L. Sexton, Texas Banking Commissioner, and the FDIC was named receiver. Mr. Sexton said: "The failure of The Early Bank resulted from loan losses far exceeding the bank's total capital and reserves and the inability of the directors and stockholders to restore the depleted capital funds. The losses stemmed from liberal and ill-advised extensions of credit, including loans to insiders and out-of-territory borrowers."

Texas Bank will assume about \$13.0 million in 2,000 deposit accounts, including \$116,000 in nine accounts in excess of the federal insurance limit of \$100,000. The assuming bank has agreed to pay the FDIC a purchase premium of \$50,000 and also will purchase certain of the failed bank's loans and other assets for \$11.3 million. To facilitate the transaction, the FDIC will advance \$2.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$4.3 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 Texas Bank.

The FDIC expects to recover a substantial 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 shareholders of the closed bank.

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