



# NEWS RELEASE

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## FDIC APPROVES DEPOSIT ASSUMPTION OF NORTHSHORE BANK, HOUSTON, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Northshore Bank, Houston, Texas, by Bank of Woodforest, a newly-chartered subsidiary of Woodforest Bancshares, Inc., Houston, Texas.

The failed bank's two offices will reopen on Tuesday, November 12, 1985, as Bank of Woodforest, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Northshore Bank of Houston was closed on Friday, November 8, 1985, by Texas Banking Commissioner James L. Sexton and the FDIC was named receiver. Commissioner Sexton said: "The bank's asset condition experienced steady deterioration over the past several examinations due to unusually liberal lending practices coupled with an excessive concentration of the bank's assets in loans related to real estate."

Bank of Woodforest will assume about \$39.2 million in 8,600 deposit accounts, and has agreed to pay the FDIC a purchase premium of \$1,411,000. It also will purchase certain of the failed bank's loans and other assets for \$22.3 million. To facilitate the transaction, the FDIC will advance \$18.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$21.1 million. Total assets of the failed bank amounted to \$43.4 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 Bank of Woodforest.

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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