



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
BROWNFIELD STATE BANK & TRUST CO., BROWNFIELD, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Brownfield State Bank & Trust Co., Brownfield, Texas, have been assumed by Brownfield State Bank, a newly formed subsidiary of American State Financial Corporation of Lubbock, Texas. The failed bank's two offices will reopen on Tuesday, February 21, 1984, as branches of Brownfield State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Brownfield State Bank & Trust was closed on February 17, 1984, by Texas Banking Commissioner James L. Sexton, and the FDIC was named receiver. Mr. Sexton said: "Failure of this bank resulted from loan losses exceeding total capital funds, and the failure of its owners to replace the depleted capital."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 4,776 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$36.9 million in deposits and other liabilities, Brownfield State Bank has agreed to pay the FDIC a purchase premium of \$2⁰ million. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$16.6 million to the assuming bank and will retain assets of the failed bank with a book value of approximately \$19.7 million.

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The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Brownfield State 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 the shareholders of the closed bank.

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