



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF NATIONAL BANK OF ODESSA, ODESSA, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of National Bank of Odessa, Odessa, Texas, have been assumed by the First State Bank of Odessa, N.A., a new national bank subsidiary of Independent Bankshares, Inc., Abilene, Texas. National Bank of Odessa's sole office will reopen on Monday, October 3, as First State Bank and its depositors automatically will become depositors of First State Bank. The transaction has been approved by the appropriate court.

National Bank of Odessa was closed September 30, 1983, by Acting Comptroller of the Currency H. Joe Selby. Mr. Selby said: "Over the past six months, the bank suffered increasingly heavy losses on energy-related loans. These losses finally exhausted the bank's capital funds and reserves, rendering it insolvent."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 18,000 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 \$81.8 million in deposits and other liabilities, First State Bank has agreed to pay the FDIC a purchase premium of \$1.2 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 \$46.9 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$62 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 First 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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