



NEWS RELEASE

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FDIC APPROVES ASSISTANCE PROGRAM FOR CITIZENS STATE BANK, PRINCETON, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved granting assistance under Section 13(c) of the Federal Deposit Insurance Act (FDIA) to prevent the failure and closing of Citizens State Bank, Princeton, Texas.

The FDIC acted following notification by the Texas Banking Department that Citizens State Bank, with \$13.2 million in assets and \$12.6 million in deposits, was in danger of failing. The FDIC solicited open bank proposals through a competitive bidding process. The approved plan is expected to be significantly less costly to the Bank Insurance Fund (BIF) than if the bank had been closed.

Under the assistance plan, the Princeton Investor Group will acquire Citizens State Bank stock through a private sale. The existing majority shareholders of Citizens will have no interest in the resulting institution.

The FDIC financial assistance consists of providing guarantees on the remaining interest in eight loans worth \$599,000. As a result of this transaction, all deposit and loan customers of Citizens State Bank will be afforded uninterrupted service.

The FDIC may provide assistance to banks in danger of failing under Section 13(c) of the FDIA. The criteria that must be met when applying for assistance are contained in an FDIC Statement of Policy. Key elements include: (1) the cost to the BIF clearly must be less than other available

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alternatives; (2) the proposal must provide for an infusion of sufficient outside tangible capital; (3) the financial effect on shareholders and creditors of the failing institution must approximate the effect that would have occurred had the bank been closed; and (4) the proposal must be considered within a competitive bidding process. In addition, the transaction complies with the requirements of Section 13(c)(8) of the FDIA, which requires the FDIC to make certain determinations as to the management and the troubled condition of the assisted institution.

The assistance agreement with Citizens State Bank became final today. The merger will be consummated once all regulatory agencies have approved the appropriate applications.

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