



NEWS RELEASE

FOR IMMEDIATE RELEASE
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FDIC APPROVES ASSUMPTION OF DEPOSITS OF THE KERENS BANK, KERENS, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of The Kerens Bank, Kerens, Texas, by Cedar Creek Bank, Seven Points, Texas.

The failed bank's sole office will reopen on Friday, July 26, 1991, as a branch of Cedar Creek Bank, and its depositors automatically will become depositors of the assuming bank.

The Kerens Bank, with total assets of \$20.0 million, was closed on Thursday, July 25, 1991, by Kenneth W. Littlefield, Texas Bank Commissioner, and the FDIC was named receiver.

Cedar Creek Bank will assume about \$19.8 million in 2,700 deposit accounts and has agreed to pay the FDIC a purchase premium of \$50,000. It also will purchase \$6.2 million of the failed bank's loans and other assets and will have options to purchase other loans. To facilitate the transaction, the FDIC will advance about \$13.5 million to the assuming bank and will retain assets of the failed bank with a book value of about \$13.8 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 potential loss to the FDIC.

The FDIC will recover a 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 nondepositor creditors and shareholders of the closed bank.

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