



# NEWS RELEASE

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## FDIC APPROVES ASSUMPTION OF DEPOSITS OF FIRST MEXTA BANK, MEXTA, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of First Mexia Bank, Mexia, Texas, by The East Texas National Bank of Palestine, Palestine, Texas.

The failed bank's three offices will reopen on Friday, August 23, 1991, as branches of The East Texas National Bank, and its depositors automatically will become depositors of the assuming bank.

First Mexia Bank, with total assets of \$23.3 million, was closed on Thursday, August 22, 1991, by Kenneth W. Littlefield, Texas Bank Commissioner, and the FDIC was named receiver.

The East Texas National Bank will assume about \$22.8 million in 4,200 deposit accounts. It also will purchase \$19.4 million of the failed bank's assets, including \$4.5 million of loans at a discount of \$370,000. To facilitate the transaction, the FDIC will advance about \$3.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$3.9 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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