



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF FARMERS STATE BANK, SCHULENBURG, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of Farmers State Bank, Schulenburg, Texas, by First Bank, Navasota, Texas. The failed bank's sole office will reopen on Friday, March 9, 1990, as a branch of First Bank, and its depositors automatically will become depositors of the assuming bank.

Farmers State Bank, with total assets of about \$35.5 million, was closed on Thursday, March 8, 1990, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

First Bank will assume about \$35.4 million in 5,500 deposit accounts. It also will purchase approximately \$29.4 million of the failed bank's assets, including \$2.6 million of the bank's small loans at a discount of \$95,000.

To facilitate the transaction the FDIC will advance \$6.1 million to the assuming bank and will retain assets of the failed bank with a book value of \$6.1 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 non depositor creditors and shareholders of the closed bank.

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