



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-44-90 (3-15-90)

FDIC APPROVES ASSUMPTION OF DEPOSITS OF LIBERTY CITY STATE BANK, LIBERTY CITY, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of Liberty City State Bank, Liberty City, Texas, by The First National Bank of Hughes Springs, Hughes Springs, Texas. The failed bank's sole office will reopen on Friday, March 16, 1990, as a branch of The First National Bank of Hughes Springs, and its depositors automatically will become depositors of the assuming bank.

Liberty City State Bank, with total assets of about \$15.7 million, was closed on Thursday, March 15, 1990, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

The First National Bank of Hughes Springs will assume about \$15.5 million in 2,800 deposit accounts and will pay the FDIC a purchase premium of \$198,000. It also will purchase approximately \$11.5 million of the failed bank's assets, including \$1.2 million of the bank's small loans.

To facilitate the transaction the FDIC will advance \$3.8 million to the assuming bank and will retain assets of the failed bank with a book value of \$4.3 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.