



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-72-90 (4-19-90)

FDIC APPROVES ASSUMPTION OF DEPOSITS OF
COVE STATE BANK, COPPERAS COVE, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of Cove State Bank, Copperas Cove, Texas, by The National Bank of Gatesville, Gatesville, Texas. The failed bank's two offices will reopen on Friday, April 20, 1990, as branches of The National Bank of Gatesville and its depositors automatically will become depositors of the assuming bank.

Cove State Bank, with total assets of about \$37.8 million, was closed on Thursday, April 19, 1990, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

The National Bank of Gatesville will assume about \$36.5 million in 9,700 deposit accounts. It also will purchase approximately \$30.5 million of the failed bank's assets, including \$3.7 million of the bank's small loans at a discount of \$706,000.

To facilitate the transaction the FDIC will advance \$6.7 million to the assuming bank and will retain assets of the failed bank with a book value of \$7.2 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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