

FOR IMMEDIATE RELEASE

PR-141-89 (7-20-89)

FDIC ESTABLISHES BRIDGE BANK, APPROVES SALE OF
FAILED BANK UNITS OF TEXAS AMERICAN BANCSHARES

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of deposits and purchase of substantially all assets of the 24 commercial bank subsidiaries of Texas American Bancshares Inc., Fort Worth, Texas, by a new federally-chartered bridge bank, Texas American Bridge Bank, National Association, Fort Worth, Texas. The FDIC Board also has approved the acquisition of the new bank by Deposit Guaranty Bank, Dallas, Texas, with FDIC assistance.

All of the failed banks' offices will reopen on Friday, July 21, 1989, as branches of Texas American Bridge Bank. Except for intracompany accounts, depositors of all the failed banks, including those with funds in excess of the \$100,000 federal insurance limit, will automatically become depositors of Texas American Bridge Bank, N.A.

TAB's 22 national bank subsidiaries were declared insolvent and closed by Senior Deputy Comptroller of the Currency Dean S. Marriott, while the two state-chartered banks were determined to be insolvent and closed by Texas Banking Commissioner Kenneth W. Littlefield. Deterioration in the banks' major real estate markets contributed to loan losses that exhausted capital at 10 of the federally-chartered banks, resulting in their insolvency. The remaining banks became insolvent as a result of loan losses and losses on intracompany transactions.

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Under the terms of the assistance plan, the bank's balance sheet will be marked to market. The FDIC will provide a cash contribution sufficient to eliminate the bank's negative net worth. The FDIC also will absorb losses on a pool of problem assets, which Deposit Guaranty will manage under FDIC supervision. The cost to the FDIC of its assistance is estimated to be \$900 million. The FDIC in 1988 established a reserve of \$600 million for this transaction.

Deposit Guaranty Bank will sell common stock and qualifying debt instruments in amounts sufficient to bring the resulting institution's capital up to required regulatory standards. The amount of capital to be raised is estimated to be \$175 million. No capital will be provided by the FDIC, nor will the FDIC have any continuing equity interest in the bank after the acquisition is consummated. Consummation is expected as soon as legal documentation and a final accounting of the bank's financial condition are completed.

Texas American Bridge Bank was established by the FDIC and will be managed under contract by Deposit Guaranty Bank. The new bank has total assets of approximately \$4.2 billion and deposits of approximately \$4.1 billion.

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