



## NEWS RELEASE

FOR IMMEDIATE RELEASE

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### FDIC APPROVES ACQUISITION OF DEPOSITS AND LIABILITIES OF McALLEN STATE BANK, McALLEN, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of assets and all deposit liabilities of McAllen State Bank, McAllen, Texas, by First City National Bank of Houston, Houston, Texas. Both banks are owned by First City Bancorporation, which is headquartered in Houston.

McAllen State Bank will reopen on Wednesday, April 20, as a branch of First City National and depositors of the McAllen bank automatically will become depositors of the Houston bank.

McAllen State Bank was closed today by Kenneth W. Littlefield, Texas Banking Commissioner, who appointed the FDIC receiver. The financial condition of the institution had deteriorated significantly in recent months. Losses and increased contingent liabilities had become sufficient to threaten the viability of the pending assistance plan for the subsidiary banks of First City Bancorporation.

The assistance plan was announced last September and is awaiting consummation, which is expected later today. It provides for \$970 million in FDIC aid to First City banks and the infusion of \$500 million in new capital in the company by a group of investors headed by Mr. A. Robert Abboud.

At the time it was closed, McAllen State Bank had approximately \$550 million in deposits, assets with a book value of about \$590.7 million and \$9 million negative equity.

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