FDIC NEWS RELEASE

FEDERAL DEPOSIT INSURANCE CORPORATION

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FDIC TRANSFERS INSURED DEPOSITS OF RIVERSIDE NATIONAL BANK OF HOUSTON, HOUSTON, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured or preferred deposits of the Riverside National Bank of Houston, Houston, Texas, to Peoples Bank, N.A., Houston, Texas, a newly-chartered national bank. The failed bank's sole office will reopen Friday, August 2, 1985, as Peoples Bank, N.A.

Riverside National Bank of Houston was closed on Thursday, August 1, 1985, by Michael Patriarca, Deputy Comptroller of the Currency, and the FDIC was named receiver.

At the time the bank closed, its deposits amounted to about $16.3 million in 7,500 deposit accounts, including $1.0 million in 15 accounts in excess of the federal insurance limit of $100,000. Uninsured depositors and nondepositor creditors will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

Deposits in the failed bank up to the statutory insurance limit of $100,000 will be available to their owners immediately. Checks drawn on the failed bank's accounts will continue to be honored.

Even though insured depositors can automatically continue to conduct banking transactions with the acquiring bank for an 18-month period, they are encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationships with the new bank. From the standpoint of customer convenience and service, it would be preferable for these visits to be spread out over the next month or longer than to occur within the next week or so.

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Administration of the insured deposits transferred to the new bank will be funded by an equivalent cash payment from the FDIC. The new bank is paying the FDIC a premium of $500,500 for the right to receive the transferred deposits, and will purchase certain assets of the failed bank for $9.9 million.

The Board of Directors decided to arrange an insured deposit transfer because no acceptable bids were received for a merger of the failed bank into another institution, an approach that would have resulted in protection of depositors with claims above the insurance limit.

The Board also voted to make a prompt advance payment to uninsured depositors, based on the estimated present value of assets to be liquidated, equal to 50 percent of the uninsured claims.

If actual collections on the assets, on a present value basis, exceed this estimate, uninsured depositors ultimately will receive additional payments on their claims. The estimate for the advance is believed to be conservative, and it is hoped that actual collections will be higher. If, however, the present value of actual collections should be less than 50 percent, the FDIC insurance fund will absorb the shortfall.

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