



PRESS RELEASE

Federal Deposit Insurance Corporation

March 30, 1994

REPORTS PROJECTED LOSSES FOR RECEIVERSHIPS

FOR IMMEDIATE RELEASE

To provide interested parties with loss information on its largest receiverships, the FDIC's Division of Finance (DOF) today reported projected losses to the Bank Insurance Fund (BIF) associated with the 50 largest closed institutions based on their asset value at the failure date. The projections, calculated at year-end 1993, take into account all current and estimated costs associated with the resolution transactions, not just the projected loss on remaining assets.

At year-end 1993, the FDIC had 594 active receiverships with remaining assets in liquidation of approximately \$30 billion. Any losses associated with the liquidation of the remaining \$30 billion as well as losses from previous liquidation efforts will be shared on a pro rata basis by the BIF and creditors of the failed institutions.

Two of the FDIC's largest receiverships are expected to result in no losses to the BIF:

- Banking subsidiaries of the First City Bancorporation, Inc., Houston, Texas: The 20 First City Banks are expected to be resolved at no cost to the BIF. All creditors with valid claims against the receivership(s) will receive the full principal amount of their claims along with interest as provided by Texas state law. Based on the outcome of negotiations between the FDIC and First City Bancorporation in January 1994, approximately \$200 million of surplus will be distributed to First City Bancorporation, Inc. The holding company also will receive future distributions based on proceeds realized from the sale of the remaining receivership assets, less payments made under the loss-sharing arrangements between the FDIC and the assuming banks, and other costs and expenses of the receiverships.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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- Southeast Bank, N.A., Miami, Florida, and its affiliate, Southeast Bank of West Florida, Pensacola: No loss to the BIF is expected on these resolutions. All creditors with valid claims against the receiverships will receive the full principal amount of their claims. The projected remaining surplus of \$27 million will be used to pay a portion of the interest on claims as provided by Florida law. The FDIC is currently reevaluating certain aspects of this transaction to determine if additional surplus is available to pay additional interest or make distributions to shareholders.

A table showing the 50 largest institutions or groups of institutions with their associated losses is attached. Several institutions on the attachment are shown in a consolidated format. Based on DOF's current analysis, none of the institutions (with the exception of First City and Southeast, discussed above) within the consolidated group will generate sufficient recoveries to allow for full payment of all creditors.

The FDIC evaluates the losses associated with its active receiverships on an annual basis. In addition, the FDIC prepares an extensive annual analysis of aggregate figures for all bank failures for past years. The Failed Bank Cost Analysis (FBCA) contains statistical data on bank resolutions and estimated losses on active FDIC receiverships. The 1993 edition of the FBCA is expected to be available by mid May, 1994.

For further information of the financial condition of any active receiverships, contact Alvin E. Kitchen, Deputy Director, Division of Finance, FDIC, 3501 North Fairfax Drive, Room 7059, Arlington, VA 22226. For a copy of the FDIC's 1993 FBCA, call the FDIC Reading Room at (202) 898-8563.

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