



PRESS RELEASE

Federal Deposit Insurance Corporation

January 18, 1994

FDIC APPROVES IN PRINCIPLE SETTLEMENT OF PENDING LITIGATION WITH FIRST CITY BANCORPORATION, INC., HOUSTON TEXAS

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation today approved in principle a settlement of the pending litigation between First City Bancorporation of Texas, Inc., and the FDIC in its corporate capacity and in its capacity as receiver of the failed bank subsidiaries of First City. The 20 bank subsidiaries were closed in October 1992 by their respective chartering authorities and in January 1993 were sold to multiple acquirors.

The FDIC and First City in December of 1993 agreed to an arrangement under which the FDIC would advance to First City partial recovery of amounts that First City ultimately would be expected to be entitled to as part of the receivership process stemming from the failures.

No funds from the Bank Insurance Fund will be expended in connection with the settlement approved in principle today. The FDIC as receiver of the First City banks will pay to First City an initial distribution of the surplus from the receiverships in the amount of \$200 million. The distribution will consist of \$107 million in cash and \$93 million in other assets, and will be paid following the approval of the settlement by the bankruptcy court. Further surplus distributions will be made by the FDIC as receiver if additional funds become available from the receiverships. Prior to the payment of the initial distribution, all depositors and other creditors of the First City banks whose proven claims have been allowed by the FDIC as receiver will be paid in full.

The settlement is subject to the preparation of the definitive agreements and the approval of the bankruptcy court having jurisdiction over First City and its assets.



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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