



NEWS RELEASE

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FDIC AGREES IN PRINCIPLE TO ARRANGEMENT WITH
FIRST CITY BANCORPORATION OF TEXAS, INC., HOUSTON, TEXAS

The FDIC announced today that its Board of Directors has agreed in principle to the outline of an arrangement under which the FDIC would advance to First City partial recovery of amounts that First City ultimately is expected to be entitled to as part of the receivership process stemming from the October 1992 failures of 20 First City banks. The banks were closed by their respective chartering authorities and in January 1993 were sold to multiple acquirors.

The two main elements of the agreement are:

- 1) There will be no cost to the FDIC's Bank Insurance Fund (BIF) resulting from the banks' failures.
- 2) No portion of the ultimate surplus in the receiverships will be retained by the receiverships.

As part of the arrangement, all unsecured creditors including uninsured depositors, will be repaid. In addition, all litigation by First City against the FDIC, The Office of the Comptroller of the Currency (OCC), the Texas Banking Commissioner and others would be dropped. Final terms of the arrangement will be negotiated between First City management and the FDIC. Any ultimate agreement will be subject to the final approval of all parties.

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