FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE
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FDIC ESTABLISHES 20 NEW BRIDGE BANKS TO ASSUME SUBSIDIARIES OF FIRST CITY BANCORPORATION OF TEXAS, INC., HOUSTON, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has established 20 new, full-service bridge banks to assume deposits and certain other liabilities and assets of the 20 bank subsidiaries of First City Bancorporation of Texas, Inc., Houston, Texas. The new banks were chartered by the Office of the Comptroller of the Currency and are insured by the FDIC.

The action took place after the Comptroller of the Currency closed First City, Texas--Houston, N.A., and Catherine A. Ghiglieri, Texas Banking Commissioner, closed First City, Texas--Dallas. The holding company's 18 other banks were closed by their respective chartering authorities after the FDIC exercised its authority to assess the other subsidiary institutions for losses on the Houston and Dallas banks. The FDIC's use of this "cross-guarantee" provision rendered those 18 institutions insolvent.

As of June 30, the 20 banks' assets totaled $8.8 billion and deposits totaled $7.9 billion in about 900,000 accounts. The FDIC will seek proposals for the acquisition of the 20 new bridge banks and expects to return them to the private sector in approximately three months.

Banking offices, with the exception of those in Houston, Dallas, San Antonio and Austin, will open for business as usual on Saturday, October 31. On Monday, November 2, 1992, all offices of the 20 new banks will be open. Depositors at all 20 banks will have access to their accounts by check or automated teller machine over the weekend. Loan customers of the banks should

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continue to make payments according to the terms and conditions of their loan agreements.

For the 16 better-capitalized bank subsidiaries of First City Bancorporation, all deposits, including about $140 million in 5,700 accounts in excess of the $100,000 insurance limit, were transferred to the new banks.

For the Houston, Dallas, Austin and San Antonio bank subsidiaries, all deposits under the $100,000 deposit insurance limit were fully protected and transferred to the new banks. Deposits in excess of the $100,000 insurance limit of about $260 million in 5,000 accounts were not transferred to the new banks. These depositors will receive a check equal to 80 percent of their uninsured amount. If actual collections on the sale of the four failed banks' assets exceed this recovery estimate, uninsured depositors ultimately will receive additional payments on their claims. The Board of Directors determined that had the FDIC absorbed the uninsured depositors' share of the losses in these banks, it would not have resulted in the "least costly" resolution required by law.

Depositors in the four banks whose accounts exceeded the federal insurance limit should call the FDIC at **1-800-934-1155** beginning Friday, October 30, to schedule an appointment with a claims agent. Arrangements will then be made for customers to receive their advance payment checks. The phone center hours are as follows:

- Friday, October 30 — Open until midnight Saturday.
- Sunday, November 1 — 9 a.m. to midnight.
- Monday-Friday, Nov. 2-6 — 8 a.m. to 5 p.m.

Claims agents will be available beginning Monday, November 2 through November 6 from 8 a.m. to 8 p.m., and on November 7 and 8 from 9 a.m. to 5 p.m. at the following locations, depending on the customer's bank:

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For deposit accounts at:	Advance payments can be picked up at:
First City, Texas—Houston	--FDIC Houston Consolidated Office, 7324 Southwest Freeway, Suite 1600, Houston.
First City, Texas—Austin	--Hilton Hotel, 6000 Middle Fiskbille Road, Austin
First City, Texas—Dallas	--FDIC Dallas Regional Office, 1910 Pacific Ave., 8th floor, Dallas.
First City, Texas—San Antonio	--FDIC San Antonio Consolidated Office, 4440 San Piedras Drive, South, San Antonio.

For depositors at First City, Texas--Houston's office in McAllen, Texas, FDIC claims agents will be at the Embassy Suite Hotel in McAllen, beginning Monday, November 2 at 8 a.m.

Edward G. Harshfield has been appointed chief executive officer of the bridge banks. Harshfield is Chairman, Executive Committee, of Federal Capital Bank, N.A., Washington, D.C., and Chairman of EH Thrift Management Inc., Chicago, Illinois. He is a former senior officer of Citicorp and former Chief Executive Officer of Household Financial Services, Inc. and Columbia Savings and Loan, Beverly Hills, California, and director of Household International.

The FDIC is required under the FDIC Improvement Act of 1991 to handle failing bank situations in the manner which is the least costly to the Bank Insurance Fund. The FDIC board concluded that the establishment of the new bridge banks was the least costly option available and will facilitate the orderly sale of the failed institutions.

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