



NEWS RELEASE

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PR-184-91 (12-10-91)

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FDIC APPROVES BID FOR SERVICING ASSETS OF FORMER FIRST REPUBLIC BANKS

The FDIC Board today approved a proposal by Financial Resource Management, Inc., Dallas (FRMI), to service the pool of classified assets remaining from the 1988 failure of the First Republic Bank Corporation system in Texas.

Based on the four other bids received, FRMI's proposal was determined to result in the lowest cost recovery to the FDIC.

FRMI, a subsidiary of NCNB Texas National Bank, Dallas, will service the \$2.7 billion asset pool for two years with a possibility, at the FDIC's option, of a third year. The terms of the proposal are similar to the previous contract NCNB/FRMI had with the agency to service the pool. The FDIC pays the expenses of managing and servicing the assets and FRMI receives an incentive fee tied to its ability to minimize expenses and maximize the net present value recovery on the pool.

The new agreement is expected to result in a \$30 million two-year saving to the FDIC over the terms of the previous service agreement based on a lower incentive fee schedule.

NCNB Texas placed approximately \$8 billion of classified assets into the pool over its three-year existence. As of September 30, 1991, FRMI and NCNB Texas collected in excess of \$5.3 billion.

The effective date of the new agreement is January 1, 1992.

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