

BANK OF AMERICA



NEWS

For release _____

SAN FRANCISCO, 1st September, 1978

Bank of America National Trust and Savings Association feels that in order to dispel any misunderstanding, it is necessary to address the Financial Times report which appeared in yesterday's edition of the newspaper (August 31, 1978).

The specific points referred to in that article, attributed to Mr Douglas Kraus, a lawyer acting for Financial General Bank Shares, appear to be taken from Bank of America credit review files.

Bank credit review files are analytical, conservative, and closely controlled since they contain highly sensitive, privileged, and confidential information relating to the relevant relationship and represent the judgment at the time of the bank officer making the review.

It is Bank of America's present opinion that BCCI's loan reserve has been established in accordance with prudent risk management practices.

Bank of America has maintained representation on the board of BCCI since the inception of its relationship.

Bank of America supports the increasingly tighter administrative controls which BCCI management has adopted.

Thursday's report suggests that the matters contained in Mr Kraus's statements contributed to the Bank of America's decision to reduce and eventually sell its BCCI shareholdings. As Bank of America has heretofore publicly announced, its reasons for that action are related solely to changes in market conditions, particularly in the Middle East, which make it appropriate for both institutions - the bank and BCCI - to discontinue the relationship.

Bank of America's involvement in the Financial General Bank Shares suit arises from a motion to compel production of documents in the bank's possession, and Bank of America will pursue its standard practice of responding to that motion in line with applicable law and with guidance of legal counsel.