



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC APPROVES ASSUMPTION OF DEPOSITS OF UNIVERSITY NATIONAL BANK, SAN ANTONIO, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and other liabilities of University National Bank, San Antonio, Texas, by The Frost National Bank of San Antonio, San Antonio, Texas.

The failed bank's two offices will reopen on Friday, August 4, 1989, as branches of The Frost National Bank of San Antonio and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

University National Bank, with total assets of \$20.0 million, was closed on Thursday, August 3, 1989, by Robert J. Herrmann, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver.

The Frost National Bank of San Antonio will assume about \$21.3 million in 2,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$25,000. It also will purchase \$3.3 million of the failed bank's assets and will have options to purchase loans and other assets. To facilitate the transaction, the FDIC will advance about \$21.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$16.7 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC.

The FDIC will recover a portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of shareholders of the closed bank.

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Administration of the transferred insured deposits will be funded by an equivalent cash payment from the FDIC. The acquiring bank is paying the FDIC a premium of \$1,000 for the right to receive the transferred deposits. It also will purchase approximately \$14.8 million of the failed bank's assets. The FDIC will retain assets of the failed bank with a book value of \$6.4 million.

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