



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF BANCO DE AHORRO, FSB, MAYAGUEZ, PUERTO RICO

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Banco de Ahorro, FSB, Mayaguez, Puerto Rico, by Banco Popular de Puerto Rico, San Juan, Puerto Rico. On May 30, 1986, the Federal Home Loan Bank Board declared Banco de Ahorro, FSB, Mayaguez, Puerto Rico, insolvent and appointed the FDIC as its receiver for the purpose of liquidation. Banco de Ahorro had total assets of \$31.7 million.

The failed bank's five offices will reopen on Saturday, May 31, 1986, as branches of Banco Popular de Puerto Rico and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Banco Popular de Puerto Rico will assume about \$28.2 million in 7,200 deposit accounts and has agreed to pay the FDIC a purchase premium of \$412,078.33. It also will purchase certain of the failed bank's loans and other assets for \$20.9 million. To facilitate the transaction, the FDIC will advance \$11.7 million to the assuming bank and will retain assets of the failed bank with a book value of about \$10.8 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 Board made such a finding in this case because of the premium paid by Banco Popular de Puerto Rico.

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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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