



# NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-7-86 (1-24-86)

## FDIC APPROVES DEPOSIT ASSUMPTION OF UTAH FIRST BANK, SALT LAKE CITY, UTAH

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Utah First Bank, Salt Lake City, Utah, by Citibank (Utah), Salt Lake City, Utah, a newly-chartered state bank subsidiary of Citicorp, New York.

The failed bank's two offices will reopen on Monday, January 27, 1986, as Citibank (Utah), and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The FDIC was able to accept the bid from Citicorp because of recent Utah legislation that permits out-of-state institutions to acquire failing banks located within the state.

Utah First Bank, which had total assets of \$36.7 million, was closed on Friday, January 24, 1986, by Utah Commissioner of Financial Institutions Elaine B. Weis and the FDIC was named receiver.

Citibank (Utah) will assume about \$33.4 million in 5,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$3,150,000. It also will purchase certain of the failed bank's loans and other assets for \$18.0 million. To facilitate the transaction, the FDIC will advance \$15.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$18.7 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 Board made such a finding in this case because of the premium paid by Citibank (Utah).

- more -

The FDIC expects to recover a substantial 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 nondepositor creditors and shareholders of the closed bank.

###