



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-8-86 (1-24-86)

FDIC APPROVES DEPOSIT ASSUMPTION OF PIONEER STATE BANK, SALT LAKE CITY, UTAH

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Pioneer State Bank, Salt Lake City, Utah, by Zions First National Bank, Salt Lake City, Utah.

The failed bank's one office will reopen on Monday, January 27, 1986, as a branch of Zions First National Bank, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Pioneer State Bank, which had total assets of \$9.3 million, was closed on Friday, January 24, 1986, by Utah Commissioner of Financial Institutions Elaine B. Weis and the FDIC was named receiver.

Zions First National Bank will assume about \$8.4 million in 3,900 deposit accounts and has agreed to pay the FDIC a purchase premium of \$501,124. It also will purchase certain of the failed bank's loans and other assets for \$6.4 million. To facilitate the transaction, the FDIC will advance \$2.1 million to the assuming bank and will retain assets of the failed bank with a book value of about \$2.9 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 Zions First National Bank.

-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.

###