



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF UNION TRUST COMPANY, SAN JUAN, PUERTO RICO

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Union Trust Company, San Juan, Puerto Rico, have been assumed by Banco Popular de Puerto Rico, San Juan, Puerto Rico. Union Trust Company's sole office will reopen on Monday, December 12, 1983, as a branch of Banco Popular and its depositors automatically will become depositors of Banco Popular, subject to approval by the appropriate court.

Union Trust Company was closed December 9, 1983, by Puerto Rico's Secretary of the Treasury Carmen Ana Culpeper and the FDIC was named receiver. Ms. Culpeper said: "Union Trust Company has become insolvent and unable to continue its normal course of business."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 1,267 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$24.7 million in deposits and other liabilities, Banco Popular has agreed to pay the FDIC a purchase premium of \$289,206. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$16.5 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$17.6 million.

The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because

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of the premium paid by Banco Popular. 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 the shareholders of the closed bank.

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