



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC APPROVES ASSUMPTION OF INSURED DEPOSITS OF BANK OF NEWPORT, NEWPORT BEACH, CALIFORNIA

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of insured deposits of Bank of Newport, Newport Beach, California, by Union Bank, San Francisco, California. Bank of Newport, with total assets of \$174.3 million and total deposits of \$159.5 million as of June 23, was closed today by James E. Gilleran, California Banking Superintendent, and the FDIC was named receiver.

The failed bank's five offices will reopen as branches of Union Bank on Monday, August 15. The failed bank's insured depositors will automatically become depositors of the assuming bank.

Union Bank will assume about \$149.6 million in about 19,000 deposit accounts. At the time the bank failed, about \$9.9 million in 350 accounts exceeded the federal insurance limit of \$100,000 and will not be assumed by Union Bank.

The FDIC Board of Directors also voted to make a prompt advance payment to uninsured depositors equal to 50 percent of uninsured claims. Uninsured depositors can call an FDIC claims agent at (714) 760-6000 beginning Monday, August 15, 1994, to arrange payment.

The assuming bank will pay a premium of \$1.7 million for the right to receive the failed bank's deposits and will purchase \$41.0 million of the failed bank's assets.

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 notes that its claim on recoveries from the sale of the failed bank's assets will have priority over non-depositor creditors of the failed bank.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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