



NEWS RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF
SAILORS AND MERCHANTS BANK AND TRUST COMPANY, VIENNA, VIRGINIA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits of Sailors and Merchants Bank and Trust Company, Vienna, Virginia, by First Union Corporation, Charlotte, North Carolina.

The failed bank's two offices will reopen on Saturday, December 12, 1992, as branches of First Union Bank of Virginia, a newly chartered institution, and its depositors automatically will become depositors of the assuming bank.

Sailors and Merchants, with total assets of \$33.0 million, was closed on Friday, December 11, 1992, by Sidney A. Bailey, Virginia Commissioner of Financial Institutions, and the FDIC was named receiver.

First Union Bank of Virginia will assume about \$31.7 million in about 6,000 deposit accounts. It will pay a premium of \$1.4 million for the right to receive the failed bank's deposits and purchase \$15.7 million of the failed bank's assets. To facilitate the transaction, the FDIC will advance about \$14.7 million to the assuming bank and will retain assets of the failed bank with a book value of about \$12.3 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 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.

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