



# NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-17-86 (2-14-86)

## FDIC APPROVES DEPOSIT ASSUMPTION OF PARK BANK OF FLORIDA, ST. PETERSBURG, FLORIDA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Park Bank of Florida, St. Petersburg, Florida, by The Chase Bank of Florida, N.A., a newly-chartered subsidiary of Chase Manhattan Corporation, New York, New York.

The failed bank's eight banking offices will reopen on Tuesday, February 18, 1986, as The Chase Bank of Florida, N.A., and its depositors automatically will become depositors of the assuming bank.

The acquisition of Park Bank of Florida by The Chase Bank of Florida, N.A., followed a competitive bidding process which included both in-state and out-of-state potential acquirers. The transaction was approved by the FDIC Board under a provision of the Garn-St Germain Depository Institutions Act of 1982, which authorizes the FDIC to solicit bids from out-of-state banking organizations in cases involving failed banks with \$500 million or more in assets.

Park Bank of Florida, which had total assets of \$592.9 million, was closed on Friday, February 14, 1986, by Gerald A. Lewis, Florida State Comptroller, and the FDIC was named receiver. Mr. Lewis said: "Losses attributable to lending practices, including real estate acquisition, development and construction loans, combined with a downturn in the area's real estate market, have recently increased substantially. Substantial funds have been shifted to

-more-

cover anticipated loan losses, thus resulting in the financial condition which is the basis of today's action."

The Chase Bank of Florida, N.A., will assume about \$543.9 million in 38,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$62.6 million. It also will purchase certain of the failed bank's loans and other assets for \$378.5 million. To facilitate the transaction, the FDIC will advance approximately \$114.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$214.4 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 The Chase Bank of Florida, N.A.

The FDIC will recover a 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 shareholders of the closed bank.

###