



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-24-85 (3-1-85)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF HALIFAX NATIONAL BANK OF PORT ORANGE, PORT ORANGE, FLORIDA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Halifax National Bank of Port Orange, Port Orange, Florida, have been assumed by Barnett Bank of Volusia County, Deland, Florida, a subsidiary of Barnett Banks of Florida, Inc., Jacksonville, Florida. The failed bank's three offices will reopen on Monday, March 4, 1985, as branches of Barnett Bank of Volusia County, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Halifax National Bank of Port Orange was closed on Friday, March 1, 1985, by H. Joe Selby, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "A routine examination revealed rapid deterioration in the quality of the bank's loan portfolio. Poor lending practices and controls, coupled with suspected fraud, resulted in substantial loan losses. The bank was unable to remedy its problems and losses finally exhausted the bank's capital funds, resulting in its insolvency."

In addition to assuming about \$35 million in 10,000 deposit accounts, Barnett Bank has agreed to pay the FDIC a purchase premium of \$4.3 million. The assuming bank will purchase the failed bank's real estate loans and certain other assets for \$17.0 million. To facilitate the transaction, the FDIC will advance cash amounting to \$12.9 million and will retain assets of the failed bank with a book value of about \$17.2 million.

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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 of the premium paid by Barnett Bank.

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 shareholders of the closed bank.

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