



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF WASHINGTON
NATIONAL BANK OF CHICAGO, CHICAGO, ILLINOIS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Washington National Bank of Chicago, Chicago, Illinois, have been assumed by Banco Popular de Puerto Rico. The failed bank's sole office will reopen on Monday, May 21, as a branch of Banco Popular and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Washington National Bank was closed on May 18 by Acting Comptroller of the Currency J. Joe Selby, and the FDIC was named receiver. Mr. Selby said: "Over the past six months the bank experienced substantial loan and operating losses. Washington National Bank of Chicago was unable to remedy its problems and losses finally exhausted the bank's capital funds, resulting in its insolvency."

In addition to assuming about \$14.2 million in 4,800 deposit accounts, Banco Popular has agreed to pay the FDIC a purchase premium of \$1,690,000. The assuming bank will purchase the failed bank's securities and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$7.6 million to the assuming bank and will retain assets of the failed bank with a book value of approximately \$10 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 FDIC. The Board of Directors made such a finding in this case because of the premium paid by Banco Popular. The FDIC expects to recover a

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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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