



NEWS RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF NEW CITY BANK, ORANGE, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of New City Bank, Orange, California, by Colonial Bank, National Association, Orange, California, a newly-chartered national bank.

The failed bank's two offices will reopen on Monday, March 23, 1987, as Colonial Bank, National Association, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

New City Bank, with total assets of \$20.9 million, was closed on Friday, March 20, 1987, by the California Banking Department, and the FDIC was named receiver.

Colonial Bank, National Association will assume about \$20.3 million in 2,300 deposit accounts and has agreed to pay the FDIC a purchase premium of \$355,000. It also will purchase certain of the failed bank's loans and other assets for \$10.6 million. To facilitate the transaction, the FDIC will advance about \$9.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$10.3 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 Board made such a finding in this case because of the premium paid by Colonial Bank, National Association.

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 nondepositor creditors and shareholders of the closed bank. ###