



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF VALLEY STATE BANK, LOS ANGELES, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of Valley State Bank, Los Angeles, California, by Capital Bank of California, Los Angeles, California.

The failed bank's five offices will reopen on Tuesday, September 29, 1987, as branches of Capital Bank of California and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Valley State Bank, with total assets of about \$76.5 million, was closed on Monday, September 28, 1987, by Howard Gould, California Superintendent of Banks, and the FDIC was named receiver.

Capital Bank of California will assume about \$76.3 million in 8,800 deposit accounts and secured borrowings and has agreed to pay the FDIC a purchase premium of \$672,000. It also will purchase assets of the failed bank for \$46.7 million. The FDIC will retain assets of the failed bank with a book value of about \$29.8 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 was able to make such a determination in this case due to the premium paid by Capital Bank of California.

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