



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF SADDLEBACK NATIONAL BANK, LAGUNA HILLS, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured or preferred deposits of Saddleback National Bank, Laguna Hills, California, to Landmark Bank, La Habra, California. The failed bank's only office will reopen on Friday, May 16, 1986, as a branch of Landmark Bank. The Board of Directors decided to arrange an insured deposit transfer because no acceptable bids were received for a merger with the failed bank.

Saddleback National Bank, which had total assets of \$13.7 million, was closed on Thursday, May 15, 1986, by Robert J. Herrmann, Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Herrmann said: "Since the bank's inception, serious operational difficulties have been experienced. Over the past two years the bank suffered substantial deterioration in the quality of its loan portfolio. The bank was unable to remedy these problems, and losses finally exhausted the bank's capital funds, resulting in its insolvency."

At the time the bank closed, its deposits amounted to about \$12.9 million in 1,100 deposit accounts, including \$140,000 in six accounts that exceeded the federal insurance limit of \$100,000. Uninsured depositors and nondepositor creditors will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

Deposits in the failed bank up to the statutory insurance limit of \$100,000 will be available to their owners immediately. Checks drawn on the failed bank's accounts will continue to be honored.

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Even though insured depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank for an 18-month period, they are encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationship with the new bank. From the standpoint of customer convenience and service, it would be preferable for these visits to be spread out over the next month or longer than to occur within the next week or so.

Administration of the insured deposits transferred to the new bank will be funded by an equivalent cash payment from the FDIC. The new bank is paying the FDIC a premium of \$15,000 for the right to receive the transferred deposits, and will purchase certain other assets of the failed bank for \$8.7 million.

The Board also voted to make a prompt advance payment to uninsured depositors, based on the estimated present value of assets to be liquidated, equal to 65 percent of the uninsured claims. If actual collections on the assets, on a present value basis, exceed this estimate, uninsured depositors ultimately will receive additional payments on their claims. The estimate for the advance is believed to be conservative, and it is hoped that actual collections will be higher. If, however, the present value of actual collections should be less than 65 percent, the FDIC insurance fund will absorb the shortfall.