



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-189-85 (11-23-85)

FDIC APPROVES DEPOSIT ASSUMPTION OF CALIFORNIA HERITAGE BANK, SAN DIEGO, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of California Heritage Bank, San Diego, California, by Grossmont Bank, La Mesa, California.

The failed bank's two offices will reopen on Monday, November 25, 1985, as branches of Grossmont Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

California Heritage Bank was closed on Friday, November 22, 1985, by California Superintendent of Banking Louis Carter and the FDIC was named receiver.

Grossmont Bank will assume about \$18.7 million in 3,500 deposit accounts and has agreed to pay the FDIC a purchase premium of \$400,000. It also will purchase certain of the failed bank's loans and other assets for \$12.5 million. To facilitate the transaction, the FDIC will advance \$9.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$10.2 million. Total assets of the failed bank amounted to \$22.7 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 Grossmont 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.

###