



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST CITY BANK, GLENDALE, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First City Bank, Glendale, California, by Sterling Bank, Los Angeles, California.

The failed bank's two offices will reopen on Monday, December 23, 1985, as branches of Sterling Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First City Bank was closed on Friday, December 20, 1985, by California Superintendent of Banks Louis Carter and the FDIC was named receiver.

Sterling Bank will assume about \$27.7 million in 3,700 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 \$19.7 million. To facilitate the transaction, the FDIC will advance \$7.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$8.6 million. Total assets of the failed bank amounted to \$28.3 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 Sterling 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.

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