



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF BANK OF IRVINE, IRVINE, CALIFORNIA

The Board of Director of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Bank of Irvine, Irvine, California, have been assumed by Security Pacific State Bank, a newly-formed subsidiary of Security Pacific Corporation. The failed bank's two offices at Culver and Laguna Hills will reopen on Monday, May 21, as offices of Security Pacific State Bank, and the failed bank's depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court. The failed bank's two offices in Tustin, and El Toro will not reopen.

Bank of Irvine was closed on May 18 by Louis Carter, California Superintendent of Banks, and the FDIC was named receiver. Mr. Carter said: "Bank of Irvine was closed today due to a history of loan and operating losses that reduced the capital of the bank to an unsafe level. I am pleased that, for the protection of all depositors, the FDIC arranged a clean bank purchase and assumption transaction. Their cooperative efforts in facilitating a smooth transition will ensure that normal banking business will be resumed for the public at regular hours on Monday."

In addition to assuming about \$28.4 million in 12,000 deposit accounts, Security Pacific State Bank has agreed to pay the FDIC a purchase premium of \$1,250,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$13 million to the assuming bank and will retain assets of the failed bank with a book value of approximately \$15.8 million.

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The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Security Pacific. 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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