



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF GARDEN GROVE
COMMUNITY BANK, GARDEN GROVE, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Garden Grove Community Bank, Garden Grove, California, have been assumed by Capital Bank, Downey, California. The failed bank's sole office will reopen on Monday, June 4, 1984, as a branch of Capital Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Garden Grove Community Bank was closed on June 1, 1984, by Louis Carter, California Superintendent of Banks, and the FDIC was named receiver. Mr. Carter said: "A history of loan losses reduced the capital to an unsafe level and necessitated the closure as a protection to the depositors."

In addition to assuming about \$37.0 million in 4,800 deposit accounts, including \$19.5 million (53 percent) in accounts placed by deposit brokers, Capital Bank has agreed to pay the FDIC a purchase premium of \$1.6 million. 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 \$25.7 million and will retain assets of the failed bank with a book value of approximately \$31.3 million.

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 Capital 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 the shareholders of the closed bank.

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