



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF AMERICAN CITY BANK, LOS ANGELES, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of American City Bank, Los Angeles, California, have been assumed by a consortium of five banks headed by Central Bank, Oakland, California. The seven offices of American City Bank will reopen at normal hours on Monday, February 28, as offices of the following banks: Century City Office, Orange County Office, and Los Angeles Office -- Central Bank Oakland; South Bay Office -- American Asian Bank, San Francisco, California; Long Beach Office -- Bank of San Pedro, San Pedro, California; San Fernando Valley Office -- Valley State Bank, Los Angeles, California; and Beverly Hills Office -- Bank of Los Angeles, Los Angeles, California.

All depositors of the closed bank automatically will become depositors of the assuming banks. The California Superior Court has approved the transaction.

American City Bank was closed on February 25, 1983, by California Acting Superintendent of Banks Harold D. Doyle and the FDIC was named receiver. Acting Superintendent Doyle said: "Substantial loan and operating losses exhausted the bank's capital and made it necessary to close the bank."

The purchase and assumption transaction was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 23,500 deposit accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

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In addition to assuming about \$266.7 million in deposits and other liabilities, the assuming banks have agreed to pay the FDIC a purchase premium of \$6.4 million.

The assuming banks will purchase the failed bank's securities, installment loans, and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$189.3 million to the assuming banks and will assume a loan of \$10 million from the Federal Reserve Bank of San Francisco. In addition, the FDIC will retain assets of the failed bank with a book value of \$208.5 million.

The FDIC approved the purchase and assumption transaction under its authority to do so whenever it determines that such assistance 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 the assuming banks. The FDIC expects to recover a substantial portion of its outlay through the liquidation of assets not transferred to the assuming banks. In this respect, the FDIC notes that its claim will have priority over the claims of the shareholders and subordinated note holders of the closed bank.

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