

**Joint Release**  
**Federal Deposit Insurance Corporation**  
**Office of the Comptroller of the Currency**

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**CHINO VALLEY BANK, ONTARIO, CALIFORNIA, ASSUMES ALL DEPOSITS OF  
MID CITY BANK, NATIONAL ASSOCIATION, BREA, CALIFORNIA**

Chino Valley Bank, Ontario, California, has assumed all deposits of Mid City Bank, National Association, Brea, California, after Mid City Bank was closed today by the Office of the Comptroller of the Currency (OCC) and the FDIC was named receiver.

Mid City Bank, with assets of about \$105 million, was closed by the OCC because the bank was in an unsafe and unsound condition, the bank had incurred losses that depleted substantially all of its capital and the bank had failed to submit an acceptable capital restoration plan to the OCC within the time prescribed by statute.

Mid City Bank concentrated in real estate construction and development lending. As the real estate market in California declined, weaknesses in the bank's loan underwriting and loan administration resulted in excessive problem assets. Ineffective supervision by the board of directors and senior management impaired the bank's ability to respond as the portfolio continued to deteriorate. The bank entered into a Formal Agreement with the OCC to correct its problems on December 16, 1992, but did not achieve compliance with the document. Continuing loan losses eventually reduced the bank's capital to less than two percent. In light of these findings, the OCC determined that closing the bank and appointing the FDIC as receiver was necessary to protect the interests of the bank's insured depositors.

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Of the failed bank's two offices, only the Brea office will reopen on Friday, October 22, 1993, as offices of Chino Valley Bank. Customers can get access to their accounts at the failed bank's Brea office. The failed bank's depositors automatically will become depositors of the assuming bank.

Chino Valley will assume about \$96.4 million in about 2,400 deposit accounts. The assuming bank will pay a premium of \$695,000 for the right to receive the failed bank's deposits and will purchase \$35.5 million of the failed bank's assets. To facilitate the transaction, the FDIC will advance \$60.1 million to the assuming bank and will retain assets of the failed bank with a book value of about \$68.9 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 FDIC notes that its claim on recoveries from the sale of the failed bank's assets will have priority over non-depositor creditors of the failed bank.

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