

SAN DIEGO BANK TO BUY 2 TROUBLED BRANCHES

Bank of Southern California, Palm Desert
expected to close deal by mid-October

Bank of Southern California — formerly First Business Bank — has agreed to buy two branches, loans and deposits from struggling Palm Desert National Bank, expanding its footprint outside of San Diego County.

The transaction is expected to be completed by mid-October, pending regulatory approval. The branches are in Palm Springs and La Quinta. The San Diego-based bank will retain the employees who work in those offices.

“We are excited about the economic opportunities in the Coachella Valley and believe the region has a bright future as the economy recovers,” said Nathan Rogge, chief executive of the Ramona bank.

Bank of Southern California, which has plenty of capital, has been looking to bulk up recently. It planned to take over troubled 1st Pacific Bank of San Diego. But the proposed transaction fell through. In May,

1st Pacific was shut down by federal regulators and sold to City National Bank of Los Angeles.

In July, Bank of Southern California opened a new branch in downtown San Diego, adding to existing branches in Del Mar, Carlsbad and Ramona.

In the Palm Desert bank deal, Rogge said the bank is only acquiring core deposits and healthy loans. He declined to disclose the amount the bank was acquiring. For now, the bank has \$127.3 million in assets. It posted a loss of \$80,000 through the first six months of this year, according to financial reports filed with federal banking regulators.

Palm Desert National Bank has lost \$4.9 million so far this year, and its capital reserves are below levels required to be considered “well capitalized” by federal regulators. It has \$237.5 million in assets and will retain one office, its largest, in Palm Desert.

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