



Office of Thrift Supervision

FACT SHEET

1700 G Street, NW, Washington, DC 20552 • Telephone (202) 906-6677 • www.ots.treas.gov

FOR RELEASE:
Friday, February 19, 2010
OTS 10-006A

CONTACT:
William Ruberry
202-906-6677

La Jolla Bank, FSB

Institution Profile (December 31, 2009)

- Total assets: \$3.6 billion
- Headquarters: La Jolla, Calif.
- Branches: 10 full service branches, nine in Southern California and one in Dallas, Texas.
- Employees: 124
- La Jolla Bank was a federally chartered stock savings bank

Financial Details (December 31, 2009)

- Retail deposits: \$2.8 billion or 76.7 percent of total liabilities and capital
- Brokered deposits: None
- FHLB advances: \$758.0 million or 20.8 percent of total liabilities and capital
- Loan portfolio: Multi-family loans (\$1.0 billion or 27.8 percent of total assets), non-residential property loans (\$816.5 million or 22.4 percent of total assets), one- to four-family permanent residential mortgages (\$680.9 million or 18.7 percent of total assets), construction loans (\$376.3 million or 10.3 percent of total assets), land loans (\$250.5 million or 6.9 percent of total assets), and commercial and consumer loans (\$141.3 million or 3.6 percent of total assets)
- Nonaccrual loans: \$726.5 million or 19.9 percent of total assets
- Nonperforming assets: \$786.3 million or 21.6 percent of total assets

Institution History

- La Jolla was organized as La Jolla Village Savings Bank in 1985.
- La Jolla is a Subchapter C corporation subsidiary of La Jolla Bancorp, Inc, a non-diversified, unitary thrift holding company. Prior to June 1, 2009, La Jolla was a Subchapter S corporation. Stock in the holding company is 100 percent owned by five Warren Family trusts.

- Through expansion, the bank’s total assets grew from \$1.6 billion in 2004 to \$3.3 billion in 2007. The growth was concentrated in commercial and residential construction, land acquisition and development, and multi-family and commercial real estate lending.
- The holding company issued \$65 million in trust preferred securities from 2003 to 2005 to fund the growth.
- La Jolla had significant loan loss provisions in 2008 and 2009 that depleted capital and resulted in the bank becoming critically undercapitalized.

Key Facts and Events

- *Asset Quality* – La Jolla’s non-performing assets increased from \$71 million at year-end 2008, to \$777 million at year-end 2009. Loan loss provisions equaled \$323 million in 2009.
- *Capital and Earnings* – La Jolla reported Tier 1 Core capital of 0.67 percent and Total Risk Based capital of 1.79 percent on its December 31, 2009 Thrift Financial Report, which is critically undercapitalized by Prompt Corrective Action standards. Capital declined rapidly in the second half of 2009 due to the substantial loan loss provisions. Earnings were negative due to loan loss reserves and deteriorating asset quality. The bank reported a net loss of \$13.2 million in the third quarter of 2009, and an additional \$289.6 million in the fourth quarter of 2009.
- *Receivership* –With a critically deficient level of capital and no reasonable prospects for recapitalization, and deficient corporate oversight by the Board and management, La Jolla was in an unsafe and unsound condition to transact business. OTS closed La Jolla and appointed the FDIC as receiver on February 19, 2010.

OTS Formal Enforcement Actions

- September 9, 2009 – Order to Cease and Desist
- February 16, 2010 – Prompt Corrective Action Directive

=====

OTS Profile

- Established - 1989
- Thrift institutions supervised as of December 31, 2009 - 765
- Thrift industry assets supervised as of December 31, 2009 - \$942 billion