PRESS RELEASE
Federal Deposit Insurance Corporation

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FDIC RECEIVES $9.75 MILLION FROM FIRST COASTAL CORPORATION OF MAINE TO SETTLE CROSS-GUARANTY ASSESSMENT

FOR IMMEDIATE RELEASE

First Coastal Corporation, Westbrook, Maine, paid the FDIC $9.75 million today to settle a cross-guaranty assessment that had been levied against its subsidiary, Coastal Savings Bank, Portland, Maine, in 1993.

A cross-guaranty assessment is a claim made against the affiliate of a failed institution to offset losses incurred by the insurance fund. The FDIC was granted authority to impose such assessments with the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

In 1991, Suffield Bank, Suffield, Connecticut, was declared insolvent at a cost of $90 million to the FDIC's Bank Insurance Fund. To offset the loss, the FDIC exercised its right to levy a cross-guaranty assessment against Suffield's affiliate, Coastal Savings Bank. Both Suffield and Coastal Savings were owned by First Coastal Corporation.

At the time, Coastal Savings had $178.7 million in assets and $10.6 million in shareholders' equity. After extensive negotiations with Coastal Savings, the FDIC agreed to release its claim in exchange for a $9 million interest-bearing note from First Coastal Corporation. The note, issued on January 31, 1995, has accrued $753,000 in interest since that date.

"Today's payment represents an instance in which the FDIC used its cross-guaranty authority to minimize the loss from a failed institution without impairing the health of the affiliate institution," said Gail Patelunas, Acting Director of Resolutions. "Much of the credit for settling this claim goes to Coastal Savings Bank and First Coastal for their concerted efforts to raise the capital for this payment. Thanks to the strong efforts of all sides, Coastal Savings Bank remains open for business and continues to serve its community."