



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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FDIC Creates a Deposit Insurance National Bank of Eastern Shore to Protect Insured Depositors of Bank of the Eastern Shore, Cambridge, Maryland

FOR IMMEDIATE RELEASE

Bank of the Eastern Shore, Cambridge, Maryland was closed today by the Maryland Commissioner of Financial Regulation, which appointed Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC created the Deposit Insurance National Bank of Eastern Shore (DINB), which will remain open until May 25, 2012 to allow depositors access to their insured deposits and time to open accounts at other insured institutions.

At the time of closing, the receiver immediately transferred to the DINB all insured deposits of Bank of the Eastern Shore, except for brokered deposits, certificates of deposits (CDs) and individual retirement accounts (IRAs). The receiver also transferred to the DINB all secured deposits by public entities.

The FDIC will mail checks directly to customers with CDs and IRAs. For the brokered deposit customers, the FDIC will pay the brokers directly for the amount of their insured funds. Customers with brokered deposits should contact their brokers directly for information concerning their money.

The main office and all branches of Bank of the Eastern Shore will reopen on Monday, April 30, 2012. The DINB will maintain Bank of the Eastern Shore's normal business hours thereafter, until May 25, 2012. Banking activities, such as writing checks and using ATM and debit cards, can continue normally for former customers of Bank of the Eastern Shore until May 14, 2012. Direct Deposit, however, will end on May 18, 2012.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-46-2012

Bank of the Eastern Shore official checks will continue to clear and will be issued to customers closing accounts.

All insured depositors of Bank of the Eastern Shore are encouraged to transfer their insured funds to other banks during this transitional period. They may do so by asking their new bank to electronically transfer their deposits from the DINB or by writing checks for the amount in their accounts. For depositors who have not closed or transferred their accounts on or before May 25, 2012, the FDIC will mail checks to the address of record for the amount of the insured funds.

Under the FDI Act, the FDIC may create a deposit insurance national bank to ensure that depositors have continued access to their insured funds where no other bank has agreed to assume the insured deposits. This arrangement allows for uninterrupted direct deposits and automated payments from customers' accounts and allows them time to find another institution with which to do business.

As of December 31, 2011, Bank of the Eastern Shore had \$166.7 million in total assets and \$154.5 million in total deposits. At the time of closing, the amount of deposits exceeding the insurance limits were undetermined. Uninsured deposits were not transferred to the DINB. The amount of uninsured deposits will be determined once the FDIC obtains additional information from those customers.

Customers with accounts in excess of \$250,000 should contact the FDIC toll-free at 1-800-591-2817 to set up an appointment to discuss their deposits. The phone number will be operational this evening until 9:00 p.m., Eastern Daylight Time (EDT); on Saturday from 9:00 a.m. to 6:00 p.m., EDT; on Sunday from noon to 6:00 p.m., EDT; on Monday from 8:00 a.m. to 8:00 p.m., EDT; and thereafter from 9:00 a.m. to 5:00 p.m., EDT. Customers who would like more information on today's transaction should visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/easternshore.html>.

Beginning Monday, depositors of Bank of the Eastern Shore with more than \$250,000 at the bank may visit the FDIC's Web page "Is My Account Fully Insured?" at <http://www2.fdic.gov/dip/Index.asp> to determine their insurance coverage.

The FDIC as receiver will retain all the assets from Bank of the Eastern Shore for later disposition. Loan customers should continue to make their payments as usual.

The cost to the FDIC's Deposit Insurance Fund is estimated to be \$41.8 million. Bank of the Eastern Shore is the 18th FDIC-insured institution to fail in the nation this year, and the first in Maryland. The last FDIC-insured institution closed in the state was K Bank, Randallstown, on November 5, 2010.
