



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-139-93 (12-21-93)

FDIC APPROVES SETTLEMENT IN PRINCIPLE OF CROSS GUARANTY ASSESSMENT

The Board of Directors of the FDIC has approved in principle the settlement of the cross guaranty claim against Coastal Savings Bank, Portland, Maine, the savings bank subsidiary of First Coastal Corporation.

The cross guaranty claim is the result of the 1991 failure of Suffield Bank, Suffield, Connecticut, a commonly controlled institution as defined under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Accordingly, the FDIC issued a notice of assessment against Coastal Savings Bank for the agency's anticipated losses due to Suffield's failure. The proposed settlement of the cross guaranty claim is the result of extensive discussions between Coastal Savings' management and FDIC staff.

The proposed settlement would involve the issuance to the FDIC of a new class of non-voting preferred stock of Coastal Savings, representing on conversion a 95 percent ownership position in the bank. The preferred stock will automatically convert to common stock upon its sale by the FDIC to any third party. First Coastal Corporation shareholders will retain a five percent ownership position in the bank, following the liquidation of both First Coastal Corp. and Coastal Bancorp, Inc., the bank's intermediate holding company. Coastal Savings Bank will remain independent and continue to be operated by its directors and officers, headed by Chairman and CEO James H. Whittaker.

(more)

The proposed settlement of the FDIC's cross guaranty claim is subject to the negotiation of a definitive agreement between the parties and other conditions, including necessary regulatory approvals and a vote of the shareholders of First Coastal Corporation. The transaction is expected to be finalized in the first quarter of 1994.

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