



# NEWS RELEASE

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## FDIC APPROVES ASSUMPTION OF INSURED DEPOSITS OF SHORE BANK AND TRUST COMPANY, LYNN, MASSACHUSETTS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the insured deposits of Shore Bank and Trust Company, Lynn, Massachusetts, by Eastern Bank, Lynn, Massachusetts.

The failed bank's five offices will reopen on Saturday, April 25, 1992, as branches of Eastern Bank, and its depositors automatically will become depositors of the assuming bank.

Shore Bank and Trust, with total assets of \$189.4 million, was closed on Friday, April 24, 1992, by Michael C. Hanson, Massachusetts Banking Commissioner, and the FDIC was named receiver.

Eastern Bank will assume about \$167.6 million in about 14,379 deposit accounts. At the time the bank closed, approximately \$4.0 million in approximately 128 accounts exceeded the federal insurance limit of \$100,000, and will not be assumed by Eastern Bank.

The Board of Directors also voted to make a prompt advance payment to unsecured creditors, including uninsured depositors, equal to 59 percent of the uninsured claims. This payment is based on the estimated present value of assets to be liquidated. If actual collections on the assets exceed this estimate, on a present value basis, unsecured creditors and uninsured depositors ultimately will receive additional payments on their claims.

Customers with deposits in the failed bank up to the statutory insurance limit of \$100,000 will continue to have immediate access to their

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accounts. Insured depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank.

Eastern Bank will pay a premium of \$10,000 for the right to receive the failed bank's deposits and will purchase \$11.3 million of the failed bank's assets. To facilitate the transaction, the FDIC will advance about \$154.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$178.1 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. Uninsured depositors and non-depositor creditors will share proportionately with the FDIC in the proceeds realized from liquidation of the failed bank's assets.

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