



NEWS RELEASE

FOR IMMEDIATE RELEASE
PR-101-92 (6-26-92)

Media Contact:
Andrew Porterfield (202) 898-6593

FDIC APPROVES ASSUMPTION OF INSURED DEPOSITS OF
VERNON BANK, VERNON, CONNECTICUT

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the insured deposits of Vernon Bank, Vernon, Connecticut, by Bank of South Windsor, South Windsor, Connecticut.

The failed bank's sole office will reopen on Saturday, June 27, 1992, as a branch of Bank of South Windsor, and its depositors automatically will become depositors of the assuming bank.

Vernon Bank, with total assets of \$39.6 million, was closed on Friday, June 26, 1992, by Ralph M. Shulansky, Connecticut Commissioner of Banks, and the FDIC was named receiver.

Bank of South Windsor will assume about \$36.0 million in 3,700 deposit accounts and will purchase approximately \$34.3 million of the failed bank's assets at a discount of \$1.9 million. At the time the bank closed, it had approximately \$77,000 in 16 accounts that exceeded the federal insurance limit of \$100,000 and will not be assumed by Bank of South Windsor.

The Board of Directors also voted to make a prompt advance payment to uninsured depositors equal to 84 percent of the uninsured claims. If actual collections on the assets of the failed bank exceed this initial payment, uninsured depositors ultimately will receive additional payments on their claim.

The Board of Directors approved the deposit assumption under its

(more)

authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. The transaction will result in a lower cost to the FDIC than if the assets were held and liquidated in receivership. Additionally, because the assets and deposits will be administered by Bank of South Windsor, the failed bank's customers will have the benefit of continuous uninterrupted service.

###