



NEWS RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF ATTLEBORO PAWTUCKET SAVINGS BANK, PAWTUCKET, RHODE ISLAND

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits of Attleboro Pawtucket Savings Bank, Pawtucket, Rhode Island, by New Bedford Institution for Savings, New Bedford, Massachusetts.

The failed bank's 19 offices in Massachusetts and Rhode Island will reopen on Monday, August 24, 1992, as branches of New Bedford Institution for Savings, and its depositors automatically will become depositors of the assuming bank.

Attleboro Pawtucket Savings Bank, with total assets of \$605.8 million, was closed on Friday, August 21, 1992, by Alan R. Morse, Jr., Massachusetts Bank Commissioner, and the FDIC was named receiver.

New Bedford Institution will assume about \$567.1 million in about 104,800 deposit accounts, including about \$8.8 million in 370 accounts that exceeded the FDIC insurance limit of \$100,000. The Mutual Savings Central Fund, Inc., a corporation established to provide financial assistance and deposit insurance to Massachusetts' savings banks, through its Deposit Insurance Fund provided the FDIC \$938,000 to facilitate the assumption of the \$8.8 million in uninsured deposits.

The assuming bank will purchase \$531.6 million of the failed bank's assets at a discount of \$12.3 million. To facilitate the transaction, the FDIC will advance about \$38.5 million to the assuming bank and will retain

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assets of the failed bank with a book value of about \$74.2 million. In addition, Firestone Financial Corporation, a commercial lending subsidiary of the failed bank, will be sold to Stonefire Financial Corporation, Newton Centre, Massachusetts, for \$5.25 million. The Pawtucket Trust Company, another subsidiary of the failed bank, will be operating as usual under FDIC management.

New Bedford Institution will be provided with a loss-sharing arrangement for three years on approximately \$396 million in non-consumer loans it has acquired. During this period, the FDIC will reimburse New Bedford Institution for 80 percent of net charge-offs on the assets. New Bedford will absorb the remaining 20 percent. During the three-year period and for two years thereafter, the FDIC will receive 80 percent of all recoveries from charged-off assets. If, at the end of the five-year period, net charge-offs exceed \$49,043,000, the FDIC will reimburse the institution an additional 15 percent of the excess.

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. 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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