



NEWS RELEASE

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FDIC APPROVES ASSUMPTION OF INSURED DEPOSITS OF
EASTLAND BANK, WOONSOCKET, RHODE ISLAND, AND
EASTLAND SAVINGS BANK, WOONSOCKET, RHODE ISLAND

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the insured deposits of Eastland Bank, Woonsocket, Rhode Island, and Eastland Savings Bank, Woonsocket, Rhode Island, by Fleet National Bank, Providence, Rhode Island.

Of the two failed banks' 13 offices, three will reopen on Saturday, December 12, 1992, and 10 will reopen on Monday, December 14, 1992, according to their normal opening times, as branches of Fleet National Bank. The failed banks' depositors automatically will become depositors of the assuming bank.

Eastland Savings Bank, with total assets of \$482.0 million and total deposits of \$445.2 million, was closed on Friday, December 11, 1992, by the Rhode Island Department of Business Regulation. Eastland Bank, with total assets of \$73.3 million and total deposits of \$64.9 million, was closed by the Rhode Island Department after the FDIC exercised its authority to assess the bank for losses on Eastland Savings Bank. The FDIC's use of this "cross-guarantee" provision rendered Eastland Bank insolvent. The FDIC was named receiver for both institutions.

Fleet National Bank will assume about \$490.4 million in about 102,000 deposit accounts.

The deposits in the two failed banks included approximately \$5.4 million in about 540 accounts that exceeded the the FDIC insurance limit of \$100,000. These funds will not be transferred to Fleet National Bank.

The Board of Directors also voted to make a prompt advance payment to

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unsecured creditors, including uninsured depositors, which will equal 71 percent of the uninsured claims at both banks. Uninsured depositors can submit their claim for advance payment at the bank's office on 25 Cummings Way, Woonsocket, beginning Monday, December 14, 1992.

Fleet National Bank will pay a premium of \$6.2 million for the right to receive the failed banks' deposits and will purchase \$444.8 million of the failed banks' assets. To facilitate the transaction, the FDIC will advance about \$40 million to the assuming bank and will retain assets of the failed banks with a book value of about \$110.5 million.

Fleet National Bank will be provided with a three-year loss-sharing arrangement on approximately \$247.3 million in commercial loans from both banks. The arrangement is expected to reduce losses to the Bank Insurance Fund while minimizing disruption to loan customers. During the three-year period, the FDIC will reimburse Fleet for 80 percent of net charge-offs on these assets. Fleet will absorb the remaining 20 percent. The FDIC has agreed that if net charge-offs on these assets exceed \$40 million, the FDIC will increase its coverage to 95 percent of additional net charge-offs on these assets and Fleet will absorb the remaining five percent. During this period and for two years thereafter, the FDIC will receive 80 percent of all recoveries of charged-off assets.

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 banks' assets.

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