FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE PR-17-91 (2-1-91)

FDIC APPROVES ASSUMPTION OF DEPOSITS OF MAINE SAVINGS BANK, PORTLAND, MAINE

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit and certain other liabilities of Maine Savings Bank, Portland, Maine, by Fleet Bank of Maine, Portland, Maine. The failed bank's 26 offices will reopen on Saturday, February 2, 1991, as branches of Fleet Bank, and its depositors automatically will become depositors of the assuming bank.

Maine Savings Bank, with total assets of about $1.3 billion, was closed on Friday, February 1, 1991, by H. Donald DeMatteis, Superintendent of the Maine Bureau of Banking, and the FDIC is receiver.

Fleet Bank will assume about $1.1 billion in 186,600 deposit accounts. It also will purchase approximately $1.3 billion of the failed bank's assets, including $319.6 million of the bank's small loans.

To facilitate the transaction the FDIC will advance $80.5 million to the assuming bank.

As part of the agreement, Fleet Bank will be responsible for administering and collecting the problem assets of Maine Savings Bank. The FDIC has identified an initial pool of problem assets, consisting of all classified loans, charged off loans, loans past due 60 days or more and owned real estate. The initial pool assets total $310.7 million. These assets will transfer to the pool at their book values. The agreement removes any risk of loss on asset disposition to the assuming bank for the assets in the pool. During two years the assuming bank can put additional loans into the asset pool that the assuming bank believes (with FDIC

(more)

concurrence) meet the regulators' classification criteria. Only loans on the books of the failed bank as of the bank's closing can be put. Small loans cannot be put.

The assuming bank will administer the asset pool for five years pursuant to the terms of a servicing agreement through a wholly owned bank subsidiary. Essentially, the FDIC pays the expenses of servicing, including the cost of funding the pool. The assuming bank receives an incentive fee based on a ratio of cumulative net collections to gross pool value. At the end of five years (or upon earlier termination by the FDIC under the service agreement), the FDIC purchases any remaining pool assets at their current market value.

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. The FDIC will recover a portion of its outlay through the collection of assets under the service agreement and through the liquidation of assets not transferred to the assuming bank.

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