FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF CONNECTICUT SAVINGS BANK, NEW HAVEN, CONNECTICUT

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of Connecticut Savings Bank, New Haven, Connecticut, by Centerbank, Waterbury, Connecticut, at an estimated cost to the Bank Insurance Fund of approximately $188.5 million.

The failed bank's 20 offices will reopen on Friday, November 15, 1991, as branches of Centerbank, and its depositors automatically will become depositors of the assuming bank.

Connecticut Savings Bank, with total assets of $1.07 billion, was closed on Thursday, November 14, 1991, by Ralph M. Shulansky, Connecticut Banking Commissioner, and the FDIC was named receiver.

Centerbank agreed to assume about $867.2 million in 146,400 deposit accounts. Centerbank also agreed to purchase $688.3 million of the failed bank's assets including $593.6 million in performing and unclassified loans. To facilitate the transaction, the FDIC will advance about $326.3 million to the assuming bank. The FDIC will also retain assets of the failed bank with a book value of about $386.8 million, including $373.7 million in problem assets in a separate asset pool.

The separate asset pool, as in certain previous transactions, includes the failed bank's classified assets, repossessed real estate, investments in subsidiaries and other assets. Initially, Centerbank will manage these assets

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for the FDIC until a third-party servicer is hired. While the FDIC agrees to absorb losses on the assets in the separate asset pool, the agency benefits by having fewer assets to liquidate and by working with private specialists who can help maximize the financial return to the Bank Insurance Fund.

CenterBank will be provided with a loss sharing arrangement for two years on the performing and unclassified loans it has acquired. During this period, the FDIC will reimburse Centerbank for 80% of net charge-offs on consumer loans and 1-4 family mortgages, and will reimburse the bank for 85% of net charge-offs on all other loans. Centerbank will absorb the remaining 20% of consumer and mortgage loan charge-offs, and will absorb the remaining 15% of other charge-offs.

The FDIC Board of Directors is authorized to protect all depositors of a failed bank through a deposit assumption instead of arranging a payout of insured deposits whenever the agency determines that the former will reduce the potential loss to the FDIC. The agency in this case has determined that a deposit assumption was the least costly approach.

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