FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-206-90 (10-19-90)

FDIC TRANSFERS DEPOSITS OF FIRST AMERICAN BANK FOR SAVINGS, BOSTON, MASSACHUSETTS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the transfer of deposits of First American Bank for Savings, Boston, Massachusetts, to The Boston Five Cents Savings Bank FSB, Boston, Massachusetts. The failed bank's eleven offices will reopen on Monday, October 22, 1990, as branches of The Boston Five Cents Savings Bank FSB.

The Board of Directors decided to arrange a deposit transfer because no purchase and assumption bids were received.

First American Bank for Savings, with total assets of about $528.0 million, was closed on Friday, October 19, 1990, by Thomas J. Curry, Commissioner of Banks, and the FDIC was named liquidating agent.

At the time the bank closed, its deposits totaled about $470.0 million in 70,000 deposit accounts, including approximately $21.6 million in 450 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 deposit insurance for the 450 accounts. These excess funds have been transferred to The Boston Five Cents Savings Bank FSB and, as currently structured, will be considered uninsured deposits.

All deposits in the failed bank will become deposits of The Boston Five Cents Savings Bank FSB and be available to their owners beginning Monday, October 22. In the interim, checks drawn on the failed bank's accounts will continue to be honored. Depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank.

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Nondepositor creditors of First American Bank for Savings will share proportionately with the FDIC in the proceeds realized from liquidation of the failed bank's assets.

Administration of the transferred deposits will be funded by an equivalent cash payment to The Boston Five Cents Savings Bank FSB from the FDIC and the Mutual Savings Central Fund. The acquiring bank is paying the FDIC a premium of $2.1 million for the right to receive the transferred deposits. It will purchase certain of the failed bank's assets and will have options to purchase other assets.

To facilitate the transaction, the FDIC advanced about $450.0 million to the acquiring bank and assumed secured borrowings of about $32.5 million. The FDIC will retain assets of the failed bank with a book value of about $510.0 million.

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