



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

May 6, 1994

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FDIC APPROVES ASSUMPTION OF ALL DEPOSITS OF COMMERCIAL BANK AND TRUST COMPANY, LOWELL, MASSACHUSETTS

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of all the deposits of Commercial Bank and Trust Company, Lowell, Massachusetts, by Medford Savings Bank, Medford, Massachusetts. Commercial Bank, with total assets of \$32.9 million, was closed today by the Massachusetts Commissioner of Banks, and the FDIC was named receiver.

The failed bank's four offices will reopen as branches of Medford Savings, and its depositors automatically will become depositors of the assuming bank. The former bank's main office, which did not have Saturday hours, will reopen on Monday, May 9. Commercial Bank's other offices will reopen Saturday, May 7.

Medford Savings will assume about \$31.6 million in about 6,800 deposit accounts, and will pay a premium of \$1,225,000 for the right to receive the failed bank's deposits.

Medford Savings also will purchase \$10.1 million of the failed bank's assets, and the FDIC will retain assets of Commercial Bank with a book value of \$21.2 million. To facilitate the transaction, the FDIC will advance about \$18.5 million to the assuming bank. At the time of the closing, the FDIC entered into an agreement with Stoneham Savings Bank, Stoneham, Massachusetts, to purchase \$1.6 million in home equity and other consumer loans from Commercial Bank for a \$95,000 premium.

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 notes that its claim on recoveries from the sale of the failed bank's assets will have priority over non-depositor creditors of the failed bank.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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