



NEWS RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF THE BANK FOR SAVINGS, MALDEN, MASSACHUSETTS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits of The Bank for Savings, Malden, Massachusetts, by Medford Savings Bank, Medford, Massachusetts.

The Bank for Savings, with total assets of \$407.5 million, was closed on Friday, March 20, 1992, by Michael Hanson, Massachusetts Commissioner of Banks, and the FDIC was named receiver.

The failed bank's eight offices will reopen on Saturday, March 21, 1992, as branches of Medford Savings Bank. The failed bank's main office will reopen on Monday, March 23. Depositors of The Bank for Savings automatically will become depositors of Medford Savings.

Medford Savings will assume about \$387.6 million in 62,300 deposit accounts, including approximately \$15.1 million in 360 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 the FDIC \$477,000 to facilitate the assumption of the uninsured deposits.

The assuming bank will pay a premium of \$13.3 million for the right to receive the failed bank's deposits and will purchase \$231.5 million of the failed bank's assets. To facilitate the transaction, the FDIC will advance about \$126.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$176.0 million.

(more)

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 liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of nondepositor creditors and shareholders of the closed bank.

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