



NEWS RELEASE

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FDIC APPROVES ASSUMPTION OF INSURED DEPOSITS OF MALDEN TRUST COMPANY, MALDEN, MASSACHUSETTS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the insured deposits of Malden Trust Company, Malden, Massachusetts, by Eastern Bank, Lynn, Massachusetts.

Of the failed bank's nine offices, the five offices with Saturday hours will reopen on Saturday, May 16, 1992, and three offices will reopen on Monday, May 18, 1992, as branches of Eastern Bank, and its depositors automatically will become depositors of the assuming bank. The Chelsea branch will not reopen, but customers of that branch can go to Eastern Bank's Saugus branch or to the failed bank's main office in Malden.

Malden Trust, with total assets of \$234.6 million, was closed on Friday, May 15, 1992, by Michael C. Hanson, Massachusetts Bank Commissioner, and the FDIC was named receiver.

Eastern Bank will assume about \$232.8 million in about 37,900 deposit accounts, and will pay a premium of \$9,256,000 for the right to receive the failed bank's deposits. It will purchase \$33.9 million of the failed bank's assets and has an option to purchase other loans. To facilitate the transaction, the FDIC will advance about \$189.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$222.9 million. At the time the bank closed, it had approximately \$1.6 million in 54 accounts that exceeded the federal insurance limit of \$100,000 and will not be assumed by Eastern Bank.

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The Board of Directors also voted to make a prompt advance payment to unsecured creditors, including uninsured depositors, equal to 75 percent of the uninsured claims. This payment is based on the estimated present value of assets to be liquidated. If actual collections on the assets exceed this estimate, on a present value basis, uninsured depositors ultimately will receive additional payments on their claim.

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. Uninsured depositors and non-depositor creditors will share proportionately with the FDIC in the proceeds realized from liquidation of the failed bank's assets.

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