



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF FIRST MUTUAL BANK FOR SAVINGS, BOSTON, MASSACHUSETTS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits of First Mutual Bank for Savings, Boston, Massachusetts, by The First National Bank of Boston, Boston, Massachusetts (Bank of Boston).

First Mutual Bank for Savings, with total assets of \$1.1 billion, was closed on Friday, June 28, 1991, by Michael C. Hanson, Massachusetts Commissioner of Banks, and the FDIC was named liquidating agent. Immediately upon closing, the FDIC, pursuant to federal law, appointed itself receiver.

The failed bank's 17 offices will reopen on Monday, July 1, 1991, as branches of Bank of Boston, and its depositors automatically will become depositors of the assuming bank.

Bank of Boston will assume about \$1.1 billion in 129,600 deposit accounts, including approximately \$46.4 million in 926 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 \$10,231,100 to facilitate the assumption of the \$46.4 million in uninsured deposits.

The assuming bank has agreed to pay the FDIC a purchase premium of \$10,110,000 for the right to receive the deposits of First Mutual Savings Bank and to purchase approximately \$250 million of the failed bank's assets,

(more)

including cash, cash equivalents and investment securities at market value. In addition, the acquiring bank has committed to purchase no less than \$426 million of consumer and residential mortgage loans within 60 days.

To facilitate the transaction, the FDIC initially will advance about \$800 million to the assuming bank and will retain assets of the failed bank with a book value of about \$875 million. In addition, the FDIC as receiver will repay \$100 million in secured borrowings. The FDIC will recover a portion of its outlay through the sale of \$426 million of loans within 60 days to Bank of Boston, and through the liquidation of other assets not transferred to the assuming bank.

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. Non-deposit creditors of the failed bank will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

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