

As a depositor in this bank, all your deposits and accrued interest are insured in full, without limit or exception.

Each depositor is insured by the FDIC to at least \$250,000. All deposits above the FDIC insurance amount are insured by the Depositors Insurance Fund (DIF).

The DIF is a private, industry-sponsored excess deposit insurance company. Created by a special act of the Massachusetts legislature in 1932, the DIF began operations as a primary insurer in 1934. Today, the DIF insures all deposits in its member banks that are in excess of the FDIC limits.

DIF insurance is available only on deposits in Massachusetts-chartered savings banks. By combining FDIC primary insurance and DIF excess deposit insurance, banks which are members of both organizations provide their depositors with full insurance.

We are pleased to provide answers to frequently asked questions about your full deposit insurance benefit available in this bank.

My bank displays both the FDIC and DIF logos. What does membership in these organizations mean?

As a member of both the Federal Deposit Insurance Corporation (FDIC) and the Depositors Insurance Fund (DIF), your bank provides full insurance for its customers' deposits and accrued interest without limit or exception. Each depositor is insured by the FDIC to at least \$250,000. All deposits above the FDIC insurance amount are insured by the Depositors Insurance Fund (DIF).

Are all types of deposit accounts fully insured in a bank providing both FDIC and DIF insurance?

Yes. All types and classes of deposit accounts are covered, including savings accounts, checking and NOW accounts, certificates of deposit (CDs), money market deposit accounts, and retirement deposit accounts.

I am a depositor at an out-of-state branch of a DIF member bank. Are my deposits covered by DIF insurance?

Yes. Several DIF member banks have branches in neighboring states. As a depositor in a DIF member bank, your deposits are fully insured. DIF coverage is not affected by where a depositor resides or where a member bank branch is located.

Are there any forms, applications, or special account titles required to receive full deposit insurance?

No. There are no forms, applications, or special account title requirements. Full deposit insurance protection works simply. You automatically receive this added insurance benefit when you make any deposit at a DIF member bank.

Does the DIF insure investments in bank mutual funds or annuities?

No. Both the FDIC and the DIF insure only bank deposits, and do not insure bank mutual funds or annuity products.

How do I know if my bank provides DIF insurance coverage?

Most member banks display DIF signs on doors and at teller stations, and note their membership in advertisements and marketing brochures. Look for "Member FDIC / Member DIF". If you are not sure, ask a customer service representative.

How financially strong is the DIF?

No depositor has ever lost a penny in a bank insured by both the FDIC and the DIF.

The DIF has over \$350 million in assets. During the recession of the early 1990s, the worst financial period in the history of the Massachusetts savings bank industry, the DIF paid out more than \$50 million to protect over 6,500 depositors in 19 failed member banks. Yet the DIF emerged from this period financially stronger than before the recession began.

Is the DIF a federal or state agency?

No. The DIF is a private, industry-sponsored insurance company and is not backed by the federal government or the Commonwealth of Massachusetts.

How are the assets of the DIF invested?

Massachusetts law and the DIF's investment policies restrict the DIF to investments suitable for an organization that insures the public's deposits, primarily U.S. Treasury and federal agency obligations, and obligations fully guaranteed by the U.S. government. DIF investments are regularly reviewed by its Board of Directors to assure conformity with both the law and DIF investment policies.

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Does the DIF monitor the financial condition of its member banks?

The DIF receives financial reports from its member banks on a quarterly basis. In addition, formal examinations are conducted regularly by the FDIC and the Massachusetts Division of Banks. The DIF meets regularly with officials of both agencies to review and evaluate the condition of its member banks.

Is the DIF subject to any form of regulatory scrutiny?

Yes. The DIF is examined annually by the Massachusetts Division of Banks and audited by an independent auditor.

For additional information, including a copy of the Depositors Insurance Fund's annual report, contact us at:

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www.difxs.com

DEPOSITORS INSURANCE FUND

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Deposit Insurance

Answers to frequently asked questions.

MEMBER BANK



DEPOSIT INSURANCE
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