



## NEWS RELEASE

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### FDIC APPROVES BID FOR SERVICING ASSETS OF SEVEN FAILED NEW HAMPSHIRE BANKS

The FDIC Board of Directors announced today that it has approved a proposal by a subsidiary of Banc One Corporation, Columbus, Ohio, to manage, administer and liquidate assets acquired by the FDIC as receiver of seven New Hampshire banks that failed on October 10, 1991. Of the four final offers received, the bid by Banc One Management & Consulting Corporation (BOMCC), also of Columbus, was determined to be the one most likely to result in the greatest overall economic benefit to the FDIC.

The FDIC contracts with private firms to manage large pools of assets acquired from failed institutions as a cost-effective alternative to opening new liquidation offices and hiring large numbers of additional personnel. While the agency agrees to absorb losses on these assets, the FDIC benefits by working with private sector specialists who can help maximize the financial return to the insurance fund.

When the FDIC approved the assumption of deposits of the seven failed banks by First NH Bank, Concord, and New Dartmouth Bank, Manchester, it established two separate asset pools for the failed banks' classified assets, repossessed real estate, subsidiaries and unwanted bank premises. First NH Bank and New Dartmouth Bank have been managing these pools separately for the FDIC on an interim basis since October. Classified assets are those designated by government examiners as having some degree of potential loss to the bank. The combined book value of these two pools currently amounts to approximately \$1 billion, although First NH Bank and New Dartmouth Bank have three years to put additional problem assets into the pool.

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Terms of the agreement with the Banc One subsidiary are similar to those of previous FDIC contracts with third-party servicers of separate asset pools. BOMOC will service the asset pool for five years. The FDIC will pay the expenses of managing and servicing the assets. BOMOC will receive an incentive fee tied to its ability to minimize expenses and maximize the recovery on the assets. The effective date of the agreement with BOMOC is March 10, 1992.

The seven failed banks had aggregate assets of \$4.9 billion and were among the largest depository institutions in New Hampshire. Four commercial banks -- Amoskeag Bank, Manchester; BankEast, Manchester; Nashua Trust Company, Nashua; and Bank Meridian, N.A., Hampton -- became branches of First NH Bank. Three savings banks -- New Hampshire Savings Bank, Concord; Dartmouth Bank, Manchester; and Numerica Savings Bank FSB, Manchester -- were assumed by New Dartmouth Bank.

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