



NEWS RELEASE

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FDIC APPROVES PURCHASE OF FOUR RHODE ISLAND CREDIT UNIONS BY NORTHEAST SAVINGS, F.A., HARTFORD, CONNECTICUT

The FDIC Board of Directors has approved an application of Northeast Savings, F.A., Hartford, Connecticut, to purchase four Rhode Island credit unions closed in early 1991 when a private deposit insurance fund became insolvent.

The FDIC's approval is subject to several conditions relating to agreements with the FDIC and other federal and state agencies involved in the transaction and the transfer of certain assets from the closed institutions to Northeast.

The four Rhode Island institutions are: Columbian Credit Union, Cranston; Greater Providence Deposit Corp., Providence; East Providence Credit Union, Providence; and Providence Teachers Credit Union, Providence.

In a related transaction, the Resolution Trust Corporation, acting as agent for the FDIC, has approved the redemption of 1.2 million shares of preferred stock of Northeast Federal Corp., parent of Northeast Savings, F.A. The preferred stock was held by the FSLIC Resolution Fund (FRF) as a result of certain earlier acquisitions of failed thrifts by Northeast.

The transaction involving the preferred stock has a total value of approximately \$32.5 million, consisting of \$28 million in cash to be paid to the FRF by Northeast and \$7 million in 9% 20-year debentures that Northeast will issue to the FRF. Other terms of the transaction include a six-month option for Northeast to repurchase the debentures and certain restrictions on Northeast's issuance of securities so long as the debentures are outstanding.

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