



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC TO SELL BANK OF NEW ENGLAND FRANCHISE TO FLEET/NORSTAR

The Board of Directors of the Federal Deposit Insurance Corporation today approved the acquisition of the three Bank of New England "bridge banks" by Fleet/Norstar Financial Group, Inc., Providence, Rhode Island.

Fleet will begin operating the banks under an interim management agreement effective Monday, April 29. The acquisition is expected to be consummated in approximately three months.

The bridge banks are: New Bank of New England, N.A., Boston, Massachusetts, which has assets of approximately \$8.0 billion; New Connecticut Bank & Trust Company, N.A., Hartford, Connecticut, which has assets of approximately \$6.4 billion; and New Maine National Bank, Portland, Maine, which has assets of approximately \$800 million. Their predecessors were closed by the Comptroller of the Currency on January 6, 1991. The FDIC, as receiver for the failed banks, established the bridge banks until a permanent solution could be found.

Each of the bidders proposed to acquire the net assets of the bridge banks at a premium. Based on an analysis of the proposals, the Board determined that selecting Fleet would have the lowest cost to the Bank Insurance Fund.

Under the terms of that proposal, Fleet will raise \$683 million of new capital, of which \$283 million will be provided by investors advised by Kohlberg Kravis Roberts & Co., New York, New York.

FDIC Chairman L. William Seidman said: "We are delighted to see this new money coming into the banking system."

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The FDIC will receive as a premium an issue of preferred stock worth approximately \$100 million. Fleet also will give the FDIC an additional cash premium of \$25 million.

The assistance package, which has been agreed to in principle, gives Fleet the right for three years to put to the FDIC any classified loans and repossessed assets now on the books of one of the bridge banks. Fleet will collect the loans for the FDIC under a service agreement. The initial put is estimated at \$5.5 billion.

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