



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF GOLDOME, BUFFALO, NEW YORK

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and secured liabilities of Goldome, Buffalo, New York, by Key Bank of Western New York, N.A., Buffalo, New York, a wholly owned subsidiary of KeyCorp, Albany, New York. Goldome was closed today by P. Vincent Conlon, Acting New York State Superintendent of Banks, and the FDIC was named receiver.

At the same time, KeyCorp and First Empire State Corporation (FESC), Buffalo, New York, have entered into separate purchase and assumption agreements involving the sale of certain of Goldome's branches and assets by Key Bank of Western New York, N.A., to subsidiaries of FESC. As a result of these agreements, the failed bank's offices will reopen for normal business hours beginning Saturday, June 1, 1991, as follows:

- o 21 branches in the Buffalo/Western New York area will reopen as branches of Key Bank of Western New York, N.A.;
- o 11 branches in the Buffalo area, including Goldome's main office, will reopen as branches of Manufacturers & Traders Trust Company (M&T), a wholly owned subsidiary of FESC;
- o Five branches in Syracuse, New York, and five branches in Rochester, New York, will reopen as branches of Key Bank of Central New York, N.A., Syracuse, New York, a wholly owned subsidiary of KeyCorp; and
- o Three remaining branches in New York City will reopen as branches of The East New York Savings Bank, New York, New York, another subsidiary of FESC. (The sale of ten other Goldome branches in New

York City to Manufacturers Hanover Trust Company of New York, New York, was completed on May 28, 1991.)

Depositors of Goldome automatically will become depositors of the assuming banks.

FDIC Chairman L. William Seidman said: "We are gratified to complete this innovative transaction, involving multiple acquirers, to resolve Goldome. The acquisition of Goldome branches by KeyCorp and First Empire subsidiaries resulted in a cost-effective transaction for the FDIC following extensive consideration of a variety of alternatives to resolving Goldome's problems."

Goldome had total deposits of approximately \$5.4 billion and total assets of \$11.4 billion, including the \$1.4 billion-asset, SAIF-insured Goldome Savings Bank, St. Petersburg, Florida, which today was placed by the Office of Thrift Supervision into conservatorship under the control of the Resolution Trust Corporation.

KeyCorp subsidiaries have agreed to purchase \$7.6 billion of the failed bank's loans and other assets, including Goldome Realty Credit Corporation, a mortgage banking subsidiary. In addition, the subsidiaries of KeyCorp and FESC will have the option to return to the FDIC any existing loans that become classified over the next three years.

It is estimated that the FDIC's initial outlay in facilitating the transaction is approximately \$2.3 billion, comprised of:

- o Approximately \$500 million representing the estimated market value difference between the failed bank's assets and liabilities plus the amount of Key Bank's bid for the Goldome franchise.
- o Approximately \$1.8 billion representing the book value of certain Goldome lending subsidiaries (\$1.4 billion) and approximately \$400

(more)

million of adversely classified loans that are not being purchased by Key Bank of Western New York, N.A.

Based on projected recoveries on the assets being retained and liquidated by the FDIC, the ultimate cost to the Bank Insurance Fund is expected to be approximately \$930 million, with a potential ten percent increase in cost for assets returned to the FDIC.

An estimate of the cost of this transaction to the FDIC's Bank Insurance Fund was reflected in the agency's 1990 financial statements.

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