FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF TWO CONNECTICUT BANKS BY A NEW BANK SUBSIDIARY OF CHASE MANHATTAN CORPORATION

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and certain other liabilities of Citytrust, and Mechanics and Farmers Savings Bank, FSB, both located in Bridgeport, Connecticut, by Chase Manhattan Bank of Connecticut, National Association, Bridgeport, Connecticut, a newly chartered subsidiary of Chase Manhattan Corporation, New York, New York.

Citytrust, with total assets of about $2.0 billion and 44 offices, was closed by Ralph M. Shulansky, Connecticut Banking Commissioner. Mechanics and Farmers, with total assets of about $1.1 billion and 23 offices, was closed by the Office of Thrift Supervision. Both institutions were closed on Friday, August 9, 1991, and the FDIC was named receiver.

The failed banks' offices will reopen for normal business hours beginning Saturday, August 10, 1991, as Chase Manhattan Bank of Connecticut, National Association (Chase Manhattan Connecticut), and their depositors automatically will become depositors of Chase Manhattan Connecticut.

In the Citytrust transaction, Chase Manhattan Connecticut will assume about $1.7 billion in 146,000 deposit accounts. It will also purchase $1.4 billion of Citytrust's assets. The FDIC will retain $540 million of the failed bank's assets, including $496 million placed in a separate pool of problem assets to be administered and collected by Chase Manhattan Connecticut.

In the Mechanics and Farmers transaction, Chase Manhattan Connecticut will assume about $878 million in 105,000 deposit accounts. It will also

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purchase $785 million of Mechanics and Farmers' assets. The FDIC will retain $313 million of the failed bank's assets, including $305 million placed in a separate pool of problem assets to be administered and collected by Chase Manhattan Connecticut.

Chase Manhattan Connecticut has agreed to pay the FDIC a $13 million premium for the failed banks' deposits. To facilitate the transactions the FDIC will advance $821 million to Chase Manhattan Connecticut.

The service agreement under which Chase Manhattan Connecticut administers the two failed banks' problem assets removes any risk of loss to Chase Manhattan Connecticut for disposition of the assets in the pool. For up to two years Chase Manhattan Connecticut can "put" additional loans into the asset pool that it determines (with FDIC concurrence) meet the regulators' classification criteria. Only loans on the books of the failed banks as of their closing can be put.

Under the terms of the five-year servicing agreement, Chase Manhattan Connecticut will administer the asset pool through a wholly owned nonbank subsidiary. Essentially, the FDIC pays the expenses of servicing the asset pool. Chase Manhattan Connecticut receives an incentive fee based on a ratio of cumulative net collections to gross pool value.

The Board of Directors approved the deposit assumptions under its authority to do so whenever it determines that such transactions will reduce the potential loss to the FDIC. The FDIC will recover a portion of its outlay through the collection of assets under the service agreement and through the liquidation of assets not transferred to Chase Manhattan Connecticut.

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