FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

NBB BANCORP INC

CIK:**829732**| IRS No.: **042997971** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10396** | Film No.: **94528334**
SIC: **6036** Savings institutions, not federally chartered

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NEW BEDFORD MA 02740
5089965000

May 13, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sir or Madam:

Re: NBB Bancorp, Inc. - File No. 1-10396
Report on Form 10-Q for Quarter Ended March 31, 1994

Attached to this transmittal letter is the Report on Form 10-Q of NBB Bancorp, Inc. for the quarter ended March 31, 1994. As required by EDGAR rules, one paper copy of this report and exhibits will be forwarded to you.

Please note that disclosure of a recent development, the signing of an Agreement and Plan of Merger Dated May 9, 1994 By and Between Fleet Financial Group, Inc. and NBB Bancorp, Inc. is included in Part II, Item 5 of the Form 10-Q. The full agreement is included as Exhibit 2 and the Press Release for the announcement of that agreement is included as Exhibit 99.

Sincerely yours,

NBB Bancorp, Inc.

George J. Charette III

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) of THE SECURITIES EXCHANGE ACT OF 1934

FOR the quarter ended March 31, 1994
or
[ ] TRANSITIONAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-10396

NBB BANCORP,INC.
(Exact name of registrant as specified in its charter)

Delaware	04-2997971
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
174 Union Street, New Bedford, Massachusetts (Address of principal executive offices)	02740 (Zip Code)

Registrant's telephone number, including area code (508) 996-5000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

At May 1, 1994, there were 8,662,394 shares of common stock, par value $.10, issued and outstanding.

NBB Bancorp, Inc. and Subsidiary

INDEX

<TABLE>
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NBB Bancorp, Inc. and Subsidiary
Consolidated Balance Sheets
(In Thousands, Except Share Data, Unaudited)

<TABLE>
<CAPTION>

	March 31,	December 31,

	1994	1993
<S>	<C>	<C>
ASSETS:		
Cash and due from banks	$ 52,520	$ 65,876
Federal funds sold and overnight deposits	17,000	11,000
Total cash and cash equivalents	69,520	76,876
Securities available-for-sale: at fair value 3/31/94 and 12/31/93 (cost of $562,129 and $576,790)	556,868	588,442
Securities held-to-maturity: market value of $405,631 and $409,713	405,068	399,453
Loans	1,333,137	1,319,287
Allowance for loan losses	(29,238)	(29,596)
Loans, net	1,303,899	1,289,691
Banking premises and equipment, net	22,747	22,794
Accrued interest receivable	19,376	18,949
Other real estate owned	19,883	21,236
Goodwill, core deposit and other intangibles	14,798	15,451
Segregated assets	9,735	8,922
Other assets	18,672	8,922
Total assets	$2,440,566	$2,450,736
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits	$2,168,192	$2,169,256
Mortgagors' escrow payments	6,941	5,621
Accrued interest payable	5,719	5,946
Accrued income taxes payable	994	7,202
Accrued expenses and other liabilities	8,301	7,761
Total liabilities	2,190,147	2,195,786
Stockholders' equity:		
Serial preferred stock, $0.10 par value, 10,000,000 shares authorized; none issued	--	--
Common stock, $0.10 par value, 40,000,000 shares authorized; 9,533,827 and 9,529,430 shares issued and outstanding	953	953
Additional paid-in capital	134,303	134,240
Retained earnings	128,155	122,926
Treasury stock, at cost, 873,433 shares	(9,941)	(9,941)
	253,470	248,178
Net unrealized gain/(loss) on securities available-for-sale	(3,051)	6,772
Unearned compensation - ESOP	--	--
Total stockholders' equity	250,419	254,950
Total liabilities and stockholders' equity	$2,440,566	$2,450,736

</TABLE>

See accompanying notes to consolidated financial statements.

NBB BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Share Data, Unaudited)

<TABLE>
<CAPTION>

Three Months Ended March 31,	1994	1993
<S>	<C>	<C>
Interest and dividend income:		
Interest and fees on loans	$26,538	$29,531
Interest and dividends on securities	14,643	13,299
Other interest	108	125
Total interest and dividend income	41,289	42,955
Interest expense:		
Interest on deposits	16,784	19,260
Total interest expense	16,784	19,260

Net interest income	24,505	23,695
Provision for loan losses	200	1,300
Net interest income after provision for loan losses	24,305	22,395
Non-interest income:		
Deposit and other banking fees	1,392	1,367
Gain on sales of securities, net	452	830
Other income	225	190
Total non-interest income	2,069	2,387
Operating expenses:		
Salaries and employee benefits	5,464	5,028
Temporary help	41	257
Occupancy and equipment	1,279	1,659
Deposit insurance	1,250	1,205
Data processing	890	776
Amortization of goodwill, core deposit and other intangibles	654	793
Professional fees	752	693
Office supplies, postage and telephone	618	674
Customer account servicing	253	279
Marketing	225	171
Insurance	165	218
Other	357	403
Total operating expenses	11,948	12,156
Other expenses:		
OREO expense	825	1,017
Equity in loss (income) of unconsolidated subsidiary	(22)	16
Total other expenses	803	1,033
Total expenses	12,751	13,189
Income before income taxes	13,623	11,593
Provision for income taxes	5,798	5,195
Net income	$ 7,825	$ 6,398
Earnings per share	$0.90	$0.74
Dividends per common share	0.30	0.24
Weighted average common shares outstanding	8,657,119	8,600,995

</TABLE>

See accompanying notes to consolidated financial statements.

NBB BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1994 AND 1993
(In Thousands, Except Per Share Data)
(UNAUDITED)

<TABLE>
<CAPTION>

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unearned Compensation-ESOP	Unrealized Appreciation/ (Depreciation) on Securities Available for Sale	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1993	$953	$134,240	$122,926	($9,941)	$ --	$6,772	$254,950
Net income	--	--	7,825	--	--	--	7,825
Issuance of common stock under stock option plan							

(4,397 shares)	--	63	--	--	--	--	63
Cash dividends paid ($.30 per share)	--	--	(2,596)	--	--	--	(2,596)
Decrease in net unrealized appreciation on securities available-for-sale, net of income tax benefit of $7,088	--	--	--	--	--	(9,823)	(9,823)
Balance at March 31, 1994	$953	$134,303	$128,155	($9,941)	$ --	($3,051)	$250,419
Balance at December 31, 1992	$946	$133,274	$103,798	($9,941)	($283)	$ --	$227,794
Net income	--	--	6,398	--	--	--	6,398
Issuance of common stock under stock option plan (14,853 shares)	2	155	--	--	--	--	157
Cash dividends paid ($.24 per share)	--	--	(2,065)	--	--	--	(2,065)
Balance at March 31, 1993	$948	$133,429	$108,131	($9,941)	($283)	$ --	$232,284

</TABLE>

See accompanying notes to consolidated financial statements.

NBB Bancorp, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(Unaudited)

<TABLE>
<CAPTION>

(In Thousands) Three Months Ended March 31,	1994	1993
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	$ 7,825	$ 6,398
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	200	1,300
Provision for OREO losses	651	817
Gain on sales of securities, net	(452)	(830)
Net accretion of investments, loans and deposits	(119)	(230)
Accretion of deferred loan fees	(664)	(500)
Amortization of goodwill, core deposit and other intangibles	654	792
Depreciation expense	314	325
Increase in accrued interest receivable and other assets, net	(3,902)	(6,831)
Increase in mortgagors' escrow payments	1,320	1,624
Increase (decrease) in accrued expenses and other liabilities, net	(5,894)	6,619
Net cash provided by (used in) operating activities	(67)	9,484
Cash Flows from Investing Activities:		
Purchase of securities available-for-sale	(86,719)	(83,515)
Proceeds from sales of securities available-for-sale	99,564	67,497
Proceeds from maturities, calls and paydowns of securities available-for-sale	2,140	5,010
Purchase of securities held-to-maturity	(28,261)	(26,277)
Proceeds from sales of securities held-to-maturity	-	1,421
Proceeds from maturities, calls and paydowns of securities held-to-maturity	22,699	2,020
Decrease (increase) in loans, net	(13,800)	10,911
Proceeds from loans sold	14	440
Additions to banking premises and equipment	(267)	(4,560)
Decrease (increase) in other real estate owned	702	(2,215)
Net cash used in investing activities	(3,928)	(29,268)

Cash Flows from Financing Activities:		
Net increase (decrease) in deposits	(828)	13,984
Proceeds from issuance of common stock	63	157
Dividends paid on common stock	(2,596)	(2,065)
Net cash provided by financing activities	(3,361)	12,076
Net decrease (increase) in cash and cash equivalents	(7,356)	(7,708)
Cash and cash equivalents at beginning of year	76,876	73,635
Cash and cash equivalents at end of year	$ 69,520	$ 65,927
Supplementary Cash Flow Information:		
Interest paid on deposits	$17,247	$17,978
Income taxes paid, net	12,084	7,864
Non-cash Investing Activities:		
Foreclosures and in-substance foreclosures	1,893	2,294
Unrealized depreciation on securities available-for-sale	(9,823)	-

</TABLE>

See accompanying notes to consolidated financial statements

NBB BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of NBB Bancorp, Inc. (the Company) and Subsidiary presented herein should be read in conjunction with the consolidated financial statements of NBB Bancorp, Inc. and Subsidiary for the year ended December 31, 1993 filed on Form 10-K.

In the opinion of management, all of the adjustments (consisting of normal recurring accruals, unless otherwise indicated) necessary for a fair statement of the results of operations have been included in the accompanying consolidated financial statements.

2. SECURITIES AVAILABLE-FOR-SALE AND HELD-TO-MATURITY

Securities classified as available-for-sale are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity. Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost.

3. EARNINGS PER SHARE

The earnings per share calculation for the periods ended March 31, 1994 and 1993 is based on weighted average shares outstanding. Weighted average shares outstanding is computed based on common stock issued less treasury stock held. The effect of outstanding stock options granted is not material.

4. COMMITMENTS

At March 31, 1994, firm commitments to grant loans amounted to $28.1 million, commitments under standby letters of credit amounted to $116 thousand, unadvanced funds under construction loans amounted to $13.3 million, and unadvanced funds under commercial and home equity lines of credit amounted to $28.5 million. There were no commitments to sell loans at March 31, 1994.

5. DIVIDENDS

On April 14, 1994, NBB Bancorp, Inc. announced that a $.30 per share dividend would be paid on May 13, 1994 to stockholders of record on April 30, 1994.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of the consolidated results of operations and financial condition of NBB Bancorp, Inc. (the Company) should be read in conjunction with the consolidated financial statements and related notes included in the 1993 Annual Report to Stockholders.

Comparison of Results of Operations for the Three Months Ended March 31, 1994 and 1993

OVERVIEW

Net income for the first quarter of 1994 was $7.8 million or $0.90 per share, 22 percent greater than the $6.4 million or $0.74 per share earned from operations in the first quarter of 1993. Lower deposit costs combined with increased average earning assets due to deposit growth and a lower provision for loan losses had a positive impact on the results of operations.

Net interest margin was 4.19% for the current quarter compared to 4.22% for the same quarter last year. Average earning assets increased by $95 million reflecting deposit and equity growth during the twelve-month period ended March 31, 1994.

The provision for loan losses declined by $1.1 million from the first quarter of 1993 and $300 thousand from the fourth quarter of 1993 due to continued improvement in nonperforming assets. Nonperforming assets decreased by $23.1 million compared to March 31, 1993 and totaled $33.1 million at March 31, 1994.

Total operating expenses amounted to $11.9 million for the quarter ended March 31, 1994 compared to $12.2 million for the same quarter last year. This represents a decrease of 2% and is the result of the continued consolidation of operations from acquired banks and the closing of four branch offices during the past twelve months.

NET INTEREST INCOME

Net interest income is the difference between interest and fees earned on the Company's loan and investment portfolios and the interest paid on deposits and borrowed funds.

Net interest income increased $810 thousand from the same quarter last year, to $24.5 million, for the first quarter of 1994, due primarily to the increase in average earning assets. The decrease of 3 basis points in the net interest margin was not material and primarily reflects the fact that higher yielding assets, such as loans, were a smaller percentage of interest-earning assets due to the run-off of certain loans acquired as part of the Attleboro Pawtucket acquisition in August, 1992. That bank was acquired

under a loss-sharing agreement with the FDIC and the loan run-off has been in line with expectations.

The following table presents an analysis of average balances of interest-earning assets and interest-bearing liabilities, yields earned and rates paid:

CONSOLIDATED AVERAGE BALANCE SHEETS AND YIELDS EARNED AND RATES PAID
(Dollars in Thousands)

<TABLE>
<CAPTION>

Three Months Ended	March 31, 1994		December 31, 1993		March 31, 1993	
	Average Balance	Rate	Average Balance	Rate	Average Balance	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS:						
Interest-earning assets:						
Loans	$1,327,470	8.01%	$1,316,056	8.14%	$1,355,659	8.73%
Securities	917,503	5.92	914,485	5.95	818,103	6.16
Mortgage-backed securities	64,233	6.68	68,129	6.34	37,710	7.41
Federal funds sold and overnight deposits	13,927	3.13	11,402	3.01	16,841	2.74
Total interest-earning assets	2,323,133	7.12%	2,310,072	7.19%	2,228,313	7.72%
Allowance for loan losses	(29,660)	--	(30,043)	--	(34,831)	--
Noninterest-earning assets	161,370	--	158,257	--	156,251	--
Total assets	$2,454,843	--	$2,438,286	--	$2,349,733	--
LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing liabilities:						
Savings deposits	$1,051,195	2.43%	$1,055,915	2.54%	$1,040,784	3.10%
Time certificates of deposit	1,048,980	4.06	1,040,624	4.13	993,954	4.61
Long-term debt	--	--	94	--	283	--
Total interest-bearing liabilities	2,100,175	3.24%	2,096,633	3.33%	2,035,021	3.84%
Noninterest-bearing liabilities	99,675	--	97,968	--	86,033	--
Total liabilities	2,199,850	--	2,194,601	--	2,121,054	--
Stockholders' equity	254,993	--	243,685	--	228,679	--
Total liabilities and stockholders' equity	$2,454,843	--	$2,438,286	--	$2,349,733	--
Interest rate spread		3.88%		3.87%		3.88%
Net interest margin		4.19%		4.17%		4.22%

</TABLE>

RATE/VOLUME ANALYSIS

The following table shows the change in interest and dividend income, and interest expense, for each major category of interest-earning assets and interest-bearing liabilities. The

amount of the change due to volume and rate has been allocated proportionately to volume and rate for the periods indicated.

<TABLE>
<CAPTION>

Three Months Ended March 31, (In Thousands)	1994 Compared to 1993 Increase (Decrease) Due to Volume	Increase (Decrease) Due to Rate	Total
<S>	<C>	<C>	<C>
Interest, fees and dividend income:			
Loans	$ (557)	$(2,436)	$(2,993)
Securities	1,933	(589)	1,344
Other	(22)	5	(17)
Total interest and dividend income	1,354	(3,020)	(1,666)
Interest expense:			
Savings deposits	79	(1,747)	(1,668)
Time certificates of deposit	602	(1,410)	(808)
Total interest expense	681	(3,157)	(2,476)
Net interest income	$ 673	$ 137	$ 810

</TABLE>

PROVISION FOR LOAN LOSSES

The provision for loan losses for the first quarter of 1994 was $200 thousand, a $1.1 million decrease from the amount provided in the first quarter of 1993. In determining the amount to provide for loan losses, the key factor is the adequacy of the allowance for loan losses. In making its decision, management considers a number of factors, including prior experience relative to the loan portfolio mix, economic conditions, especially regional economic trends, internal analysis and the results of examinations conducted by bank regulatory authorities. During the past twelve months, the Company experienced a substantial decrease in nonperforming loans. This, coupled with the reduction in the total loans outstanding, particularly in the commercial loan portfolio, resulted in the Company's decision to reduce its provision for loan losses compared to prior periods. In spite of this reduction in the provision, the Company maintains strong asset-quality ratios, which reflect the risk inherent in a slow economic recovery. As of March 31, 1994, the allowance for loan losses was $29.2 million or 2.19% of total loans, compared to $34.1 million or 2.54% at March 31, 1993. Nonperforming loans represented .99% and 1.97% of the total loan portfolio at March 31, 1994 and 1993, respectively.

OTHER INCOME

The increase in other income from the first quarter of 1993 to the first quarter of 1994, excluding securities gains, was due primarily to deposit fees, the result of an increase in deposits and increased fees charged for services offered.

Gains on sales of securities decreased $378 thousand from the first quarter of 1993 reflecting a somewhat more stable rate environment.

OPERATING EXPENSES

Operating expenses totaled $11.9 million for the first quarter of 1994 compared to $12.2 million in the first quarter of 1993. This decrease came as a result of further consolidation of operations from the two prior acquisitions and a critical review of the branch network. Four branches were closed during the twelve month period ended March 31, 1994. The overhead ratio for the first quarter of 1994 was 1.97% compared to 2.10% for the first quarter of 1993. Certain nonrecurring expenses were incurred in the first quarter of 1993 as a result of the Attleboro Pawtucket acquisition in August, 1992.

The $220 thousand increase in compensation was primarily the

result of general salary increases. The reductions in occupancy and equipment, office supplies, postage and telephone and insurance expense are the result of branch closings during the preceding twelve months. Deposit insurance increased due to the increase in the overall deposit base during the last twelve-month period. Data processing and professional fees increased as a result of growth and increased efforts to reduce nonperforming assets. Amortization of goodwill, core deposit and other intangibles decreased as the core deposit intangibles created as a result of the two most recent acquisitions amortize on accelerated methods triggering more expense in the earlier years. Marketing increased as more resources were being expended to better promote the products offered throughout the Bank's market area and to take advantage of increased real estate loan demand created by the current rate environment.

OTHER EXPENSES

OREO consists of properties acquired through foreclosure or substantively foreclosed properties as well as an investment in a condominium project from a previous acquisition. OREO expense decreased $192 thousand from the first quarter of 1993 to $825 thousand in the first quarter of 1994. Provisions for OREO properties totaled $651 thousand, a decrease of $167 thousand compared to the same period last year. Operating expenses for OREO properties also decreased by $25 thousand for the first quarter of 1994 compared to the same period last year.

INCOME TAX EXPENSE

The effective income tax rate for the first quarter of 1994 was 42.6% compared to 44.8% for the same quarter in 1993. During the fourth quarter of 1993, the Bank formed two securities corporations to manage portions of the Bank's investment portfolio. These are Massachusetts securities corporations and receive favorable tax treatment under Massachusetts tax laws. The reduction in the effective tax rate for the current quarter is the result of the reduced tax rate on the income of these corporations.

FINANCIAL CONDITION

Total assets decreased by $10.2 million from December 31, 1993 and increased $65.6 million from March 31, 1993. Deposits decreased by $1.1 million compared to December 31, 1993 and increased by $59.9 million from March 31, 1993. The increase in deposits in the past twelve-month period, lack of loan demand, the anticipated runoff of shared-loss assets and the substantial improvement in nonperforming assets contributed to a very strong, highly liquid balance sheet at March 31, 1994. Return on average assets has steadily increased since the fourth quarter of 1992 to 1.29% for the first quarter of 1994. Return on average equity has also steadily increased to 12.45% for the same period.

SECURITIES

Securities increased $78.7 million in the last twelve months but have decreased $26.0 million since December 31, 1993 as a result of an increase in residential loan demand and level deposit flows during the last three months. Securities comprised 41.6% of earning assets at March 31, 1994 compared to 42.6% at December 31, 1993. The Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as of December 31, 1993. In complying with SFAS No. 115, the Company classified $556.9 million, or 57.9% of its securities at March 31, 1994 as available-for-sale.

Securities available-for-sale provide liquidity, facilitate interest rate sensitivity management, and enhance the Company's ability to respond quickly to the customers' needs should loan demand increase and/or deposit growth slow. Securities held-to-maturity, which totaled $405.1 million or 42.1% of securities at March 31, 1994, are those securities which the Company has the

positive intent and ability to hold to maturity. Except in a limited number of specific circumstances, SFAS No. 115 does not allow for the transfer or sale of securities classified as held-to-maturity.

LOANS

Total loans, as well as loans as a percentage of earning assets, increased since December 31, 1993. The increase is the result of more demand in residential loans. Commercial loans continued to decrease. This decrease is driven by the dynamics of the loan portfolio acquired as part of the Attleboro Pawtucket Savings Bank (APSB) acquisition. Since the acquisition of APSB, there has been an inherent loss of loans outstanding which impacts the overall potential for loan growth. Former APSB loans which become nonperforming are reclassified as Segregated Assets until they are resolved, thus immediately reducing the appropriate loan category. In addition, APSB was lending to certain lines of business which the Company had chosen not to enter, or, in some cases, to reduce total exposure, which meant that certain segments of the portfolio were intentionally not being replaced. Commercial loan balances have declined but residential loan balances have increased since March 31, 1993.

ASSET QUALITY

Because of some of the unique elements of the agreement between NBIS and the FDIC in conjunction with the APSB transaction, the discussion of asset quality is divided into two sections. The first pertains to NBIS and includes, where applicable, performing loans from the APSB portfolio and related reserves. It excludes, however, any APSB nonperforming loans covered by the loss-sharing agreement. As a result of this, certain ratios related to nonperforming assets and loans have been favorably impacted. APSB nonperforming loans which fall under the loss-sharing agreement have been designated as Segregated Assets throughout the consolidated financial statements and are, along with the associated allowances, charge-offs and recoveries, discussed separately under that caption. Because of the structure of the agreement, there have been very few APSB nonperforming assets that are not covered by the agreement (nonperforming consumer loans totaling $131 thousand), so for discussion purposes, the term "shared-loss" will not be used when discussing APSB nonperforming loans or Segregated Assets.

Under the terms of the three-year loss-sharing agreement, the FDIC reimburses NBIS for 80% of any losses, net of recoveries, associated with all commercial, commercial real estate, residential mortgage and home equity loans that occur during the three years following the acquisition. Effectively, only consumer loans are excluded from the loss sharing. The agreement also provides for reimbursement of carrying costs on nonperforming assets at a previously agreed upon rate of interest, as well as 80% of direct collection costs for nonperforming assets.

During the fourth and fifth years following the acquisition, the Bank will pay to the FDIC an amount equal to 80% of the gross amount of recoveries during such period on charge-offs of commercial, commercial real estate, residential mortgage and home equity loans that occur during the three years following the acquisition. If, at the end of the five-year period, total net charge-offs exceed $49 million, the FDIC will pay the Bank an amount equal to 15% of the difference between total net charge-offs and $49 million. Net charge-offs on shared-loss assets since the acquisition total $7.9 million, of which the Company's share is 20%, or $1.6 million.

NONPERFORMING ASSETS

For the seventh consecutive quarter, the Company had a decrease in the level of nonperforming assets. The level at March 31, 1994 of $33.1 million decreased $23.7 million from December 31, 1992.

The following table shows the composition of nonperforming assets:

<TABLE>
<CAPTION>

(In thousands)	March 31, 1994	December 31, 1993
<S>	<C>	<C>
Nonperforming Loans:		
Residential real estate	$ 6,661	$ 6,307
Commercial	6,334	9,096
Consumer	207	67
Total nonperforming loans	13,202	15,470
Other Real Estate Owned:		
Real estate acquired by foreclosure	16,596	17,861
Real estate substantively foreclosed	2,375	2,375
Investment in condominium project	912	1,000
Total other real estate owned	19,883	21,236
Total nonperforming assets	$33,085	$36,706

</TABLE>

Total nonperforming assets as a percentage of total assets	1.4%	1.5%
Allowance for possible loan losses as a percentage of total non-performing loans	221%	191%
Restructured loans that are performing and not included above	$2,352	$6,182

Foregone interest on nonperforming and restructured loans totaled approximately $210 thousand for the three months ended March 31, 1994 compared to $511 thousand for the first quarter of 1993.

While real estate values appear to have stabilized, weakness of the regional economy leaves open the possibility of additional provisions for losses being required in the future.

ALLOWANCE FOR LOAN LOSSES

The Company's methodology for determining the adequacy of the allowance for loan losses is based on recurring evaluations of a number of factors, including the composition of the portfolio, historic loan loss experience for categories of loans, current and anticipated economic conditions, nonperforming loan levels and trends, specific credit reviews, and the results of regulatory examinations, as well as subjective factors. Since the allowance is established, in part, as a result of an analysis of the risk elements of the various parts of the portfolio, an allocation of the allowance to various loan categories results from the process. However, while that allocation represents management's best judgement as to risk, it should be understood that the allowance itself is available as a single unallocated allowance to address any problems that may occur in the portfolio.

The table below presents average loans, total loans and an analysis of the allowance for loans losses, including charge-offs and recoveries.

<TABLE>
<CAPTION>

Three Months Ended March 31,	1994	1993
<S>	<C>	<C>
(In thousands)		
Average loans outstanding during the period	$1,327,470	$1,355,659
Loans outstanding, end of period	1,333,137	1,342,298
Allowance for loan losses, beginning of period	29,596	34,588
Loans charged off:		
Commercial	(544)	(963)
Real estate-residential	(181)	(312)
Consumer	-	(80)
Total	(725)	(1,355)
Recoveries:		
Commercial	337	3
Real estate-residential	22	40
Consumer	5	2
Total	364	45
Net loans charged off	(361)	(1,310)
Transfer to segregated assets	(197)	(494)
Provision for loan losses	200	1,300
Allowance for loan losses end of period	29,238	34,084
Net loans charged off as a percentage of average loans outstanding	.03%	.10%

</TABLE>

The decline in nonperforming loans, coupled with the decline in commercial loans as a percentage of the loan portfolio, allowed the Company to decrease the total allowance from $34.1 million at March 31, 1993 to $29.2 million at March 31, 1994 while maintaining strong asset quality ratios. The allowance totaled 2.19% of total loans at March 31, 1994 compared to 2.54% on the same date last year, while the allowance equaled 221% of nonperforming loans compared to 129% for those same respective dates.

SEGREGATED ASSETS

Because of the loss-sharing agreement with the FDIC, APSB assets acquired that are covered by the loss-sharing agreement are disclosed separately on the Company's balance sheets under the caption, "Segregated Assets." Included in these amounts are nonperforming loans, OREO and in-substance foreclosures, net of an allowance for losses which is deemed adequate to cover Segregated Assets as indicated in the table below.

An analysis of Segregated Assets at March 31, follows:
(In thousands)

<TABLE>
<CAPTION>

	1994	1993
<S>	<C>	<C>
Nonperforming loans	$ 6,188	$ 7,656
In-substance foreclosures	2,014	4,073
Acquired by foreclosure	2,610	626
	10,812	12,355
Allowance for losses	(1,077)	(1,161)
Total	$ 9,735	$11,194

</TABLE>

At March 31, 1994, $10.8 million of Segregated Assets represented an exposure to the Company of $2.2 million. An allowance of $1.1 million or 50% of the exposure was considered adequate by management. During the quarter, $197 thousand of allowance was transferred to Segregated Assets and

$113 thousand of charge-offs were taken, representing the Company's 20% share of the losses for the quarter. The credit loss experience to date on the APSB portfolio has been satisfactory and it appears that the allowance established as part of the APSB transaction is adequate to cover both shared losses and the Company's exposure after the agreement expires.

OTHER ASSETS

Goodwill, core deposit and other intangibles decreased $3.0 million due to amortization of the components since March 31, 1993. The other asset category increased primarily due to the $7.1 million deferred income tax impact of the market value change in securities available-for-sale.

DEPOSITS

Deposits decreased slightly from December 31, 1993. However, deposit growth for the twelve-month period ended March 31, 1994 was $59.9 million or 2.8%. The increase in the twelve-month period was achieved through a combination of competitive pricing, increased marketing, and the convenience and service offered to our very loyal customer base. Increases have continued to be experienced in the Rhode Island market and its contiguous Massachusetts communities.

STOCKHOLDERS' EQUITY

As a result of complying with SFAS No. 115, as of March 31, 1994, stockholders' equity was decreased by approximately $3.1 million, representing the unrealized loss on securities available-for-sale, less applicable income taxes. As of December 31, 1993, stockholders' equity was increased by approximately $6.8 million, representing the unrealized gain on securities available-for-sale, less applicable income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity refers to a Bank's ability to meet funding needs for operations, deposit outflows, loan growth and other commitments on a timely and cost effective basis. The Bank's principal sources of liquidity are deposits, loan payments and income and investment maturities and sales. In addition, the Bank is a member of the Federal Home Loan Bank of Boston (FHLB), where it has access to a pre-approved line of credit as well as additional borrowing capacity. The Bank has had no borrowings from the FHLB since 1990. The marketability of certain assets, such as loans, that can be sold or securitized provides another potential source of liquidity. During the

last three years, through a combination of acquisitions, limited loan growth due to the recession, and the run-off of higher risk loans that were acquired, the Bank has become increasingly liquid. At March 31, 1994 and 1993 the ratio of loans to deposits were 61% and 64%, respectively. Average deposits and stockholders' equity were 90% and 11% of average earning assets, respectively, for the first quarter of 1994 compared to 91% and 10% for the first quarter of 1993. The Company's source of liquidity is dividends from the Bank.

Total capital was $250.4 million at March 31, 1994, compared to $232.3 million at March 31, 1993. All capital ratios at March 31, 1994, of both the Company and the Bank are well above the regulatory minimums and are presented below:

<TABLE>
<CAPTION>

<S>	Bancorp <C>	Bank <C>	Minimum Regulatory Requirement <C>
Tier 1 Capital ratio to risk-weighted assets	19.7%	19.6%	4.0%
Total Risk-based Capital ratio	20.7%	20.7%	8.0%
Leverage Capital ratio	9.7%	9.6%	3.0 to 5.0%

</TABLE>

ASSET AND LIABILITY MANAGEMENT

Financial institutions are subject to interest rate risk to the extent that their interest-bearing liabilities mature and reprice more or less frequently than their interest earning assets. The Bank's largest category of interest earning assets are fixed rate mortgage loans which are held in its own portfolio. Historically, these loans have had an actual life that was substantially less than contractual maturity. At March 31, 1994, the Bank's one year liability sensitive gap of $393.5 million represented 16.1% of total assets.

The following table sets forth maturity and repricing information relating to interest-sensitive assets and liabilities at March 31, 1994. Fixed-rate loans and pass-through certificates are shown in the table in the time periods corresponding to principal amortization which has been computed based on their respective weighted average maturities and weighted average rates. Adjustable-rate loans and securities are allocated to the period in which the rates would be next adjusted. The table does not reflect partial or full prepayment of loans and certain securities prior to final contractual maturity. Analysis of the Bank's non-certificate deposit accounts in 1993 shows that only a portion of savings, money market deposit and NOW accounts are rate sensitive. Deposit balances have been distributed accordingly in the 0 to 5-year time bands. In accordance with the proposed Federal Reserve guidelines for risk-based capital standards which account for interest rate risk, no amounts related to such deposit accounts are placed beyond five years. A deficiency of rate-sensitive assets over rate-sensitive liabilities will generally result in increased net interest income during a period of falling interest rates and in decreased net interest income during a period of rising interest rates.

<TABLE>
<CAPTION>

	UP TO YEAR	1-3 YEARS	3-5 YEARS	5-10 YEARS	THEREAFTER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest sensitive assets:						
Federal funds sold	$ 17,000	$ -	$ -	$ -	$ -	$ 17,000
U. S. Government, U. S. agency and other bond obligations	131,594	313,628	385,468	41,191	75	871,956
Mortgage-backed securities	5,085	7,249	8,050	19,748	21,796	61,928
Residential mortgage loans:						
Adjustable-rate loans	217,525	81,061	1,078	-	118	299,782
Fixed-rate loan amortization	19,800	39,773	43,985	134,087	468,919	706,564
Construction mortgage loans:						
Adjustable-rate loans	110	801	-	-	-	911
Fixed-rate loan amortization	169	377	434	1,399	11,155	13,534
Home equity loans	45,382	-	18	-	-	45,400
Second mortgage loans	2,925	2,493	1,974	3,966	1,033	12,391
Consumer loans	17,071	5,260	1,601	1,034	6	24,972
Commercial loans:						
Adjustable-rate loans	190,623	2,252	107	80	329	193,391
Fixed-rate loan amortization	18,788	10,423	4,081	1,915	803	36,010
Commercial construction loans:						
Adjustable-rate loans	2,028	-	-	-	-	2,028
Fixed-rate loan amortization	3,864	-	-	-	-	3,864

Total	$671,964	$463,317	$446,796	$203,420	$504,234	$2,289,731
Interest sensitive liabilities:						
Money market deposits	$ 121,099	$193,759	$169,539	$ -	$ -	$ 484,397
Time certificates	783,881	251,200	5,326	12	11	1,040,430
NOW	20,082	80,534	64,065	-	-	164,681
Other savings	140,355	100,254	160,406	-	-	401,015
Total	$1,065,417	$625,747	$399,336	$12	$11	$2,090,523

</TABLE>

<TABLE>
<CAPTION>

<S>	UP TO YEAR <C>	1-3 YEARS <C>	3-5 YEARS <C>	5-10 YEARS <C>	THEREAFTER <C>	TOTAL <C>
Excess (deficiency) of rate sensitive assets over rate sensitive liabilities	$(393,453)	$(162,430)	$47,460	$203,408	$504,223	$199,208
Cumulative excess (deficiency) of rate sensitive assets over rate sensitive liabilities	$(393,453)	$(555,883)	$(508,423)	$(305,015)	$199,208	
Cumulative excess (deficiency) as a percentage of total assets	(16.1)%	(22.8)%	(20.8)%	(12.5)%	8.2%	

</TABLE>

RECENT ACCOUNTING DEVELOPMENTS

In November 1992, the FASB issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits." This new accounting standard became effective for the Company on January 1, 1994 and requires accrual for postemployment benefits during either employees' service lives or at the time a liability is incurred. Postemployment benefits include salary continuation, supplemental unemployment benefits, severance benefits, disability-related benefits, job training and counseling, and continuation of benefits such as health care and life insurance. The implementation of SFAS No. 112 did not have a material effect on the Company's consolidated financial statements.

In May of 1993, the FASB issued Statement No. 114, "Accounting by Creditors for Impairment of a Loan," which is effective for the Company on January 1, 1995. Generally, the quantification of the impairment of a loan under this statement requires the discounting of expected future cash flows at the loan's original effective rate as opposed to the utilization of a market rate. In addition, the criteria for classifying a loan as an in-substance foreclosure was modified so that such classification applies only when a creditor has taken possession of the loan collateral. The effect of adopting this statement has not been fully determined but is not expected to have a material adverse effect on the Company's consolidated financial statements.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Bancorp and its subsidiary are not involved in any pending legal proceedings other than those in the ordinary course of their businesses. Management believes that the resolution of these matters will not materially affect their businesses or the consolidated financial condition of Bancorp and its subsidiary.

Item 2. Changes in Securities.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the reported period.

Item 5. Other Information.

DIVIDEND

A dividend of $.30 per common share was paid on February 11, 1994 to shareholders of record on January 30, 1994.

RECENT DEVELOPMENT

The Company entered into an Agreement and Plan of Merger (the "Agreement") with Fleet Financial Group, Inc. ("Fleet") dated as of May 9, 1994, pursuant to which the Company will be merged with and into Fleet in a transaction in which Fleet will be the surviving entity (the "Merger"). Following the Merger, Fleet intends to cause (a) the transfer of certain assets and liabilities of the Bank to Fleet National Bank, an indirect wholly-owned subsidiary of Fleet with its principal office in the State of Rhode Island and (b) the consummation of the merger (the "Bank Merger") of the Bank with and into Fleet Bank of Massachusetts, N.A., a wholly-owned indirect subsidiary of Fleet pursuant to a Bank Agreement and Plan of Merger.

In accordance with the terms of the Agreement, each outstanding share of the Company common stock, $0.10 par value per share (the "Company Common Stock") shall be converted into the right to receive a number of Warrants equal to the Warrant Amount (as defined below) and, at the election of the holder, subject to certain allocation provisions of the Agreement, either (i) the number of shares of Fleet common stock, $1.00 par value ("Fleet Common Stock") (together with the number of associated rights under Fleet's Shareholder Rights Agreement) rounded to the nearest thousandth of a share, determined by dividing the Merger Consideration (as defined below) by the Average Closing Price (as defined below) (the "Per Share Stock Consideration") or (ii) cash in the amount of the Merger Consideration (as defined below) (the "Per Share Cash Consideration"), provided, that the aggregate number of shares of Fleet Common Stock to be issued in the Merger shall not exceed the Aggregate Fleet Stock Amount (as defined below). Accordingly, cash consideration is available to holders of Company Common Stock only to the extent the stock consideration is not sufficient to pay the entire consideration due.

Notwithstanding the foregoing, if the Average Closing Price is equal to or less than $29.50, then the consideration payable shall consist solely of cash in the amount of the Per Share Cash Consideration,

provided that Fleet may, at its option, pay part of such consideration in the form of Fleet Common Stock valued at the Average Closing Price up to the number of shares of the Aggregate Fleet Stock Amount which consisted of shares of Fleet Common Stock previously repurchased by Fleet to be used in payment of the Merger Consideration.

The "Merger Consideration" shall be equal to $48.50, provided, however, that in the event that the effective time of the Merger has not occurred on or prior to March 31, 1995, this amount shall be increased at the rate of $0.25 per share per month for each full month (prorated on a daily basis for each partial month) thereafter until the effective time. The "Average Closing Price" shall mean the average closing sale price per share of Fleet Common Stock on the New York Stock Exchange (as reported by the Wall Street Journal or, if not reported thereby, another authoritative source), for the 10 consecutive trading days ending on and including the fifth trading day immediately preceding (but not including) the Effective Time. The "Aggregate Fleet Stock Amount" shall equal such number of shares of Fleet Common Stock not less than 5,700,000 (or such lesser number of shares that would enable Fleet to pay the total consideration for the Merger) and not more than 6,300,000 as shall be determined by Fleet prior to the Effective Time, plus such additional number of shares of Fleet Common Stock as may be required so that the aggregate portion of the consideration for the Merger attributable to Fleet Common Stock is equal to at least 45% of the total consideration for the Merger. For purposes of calculating the total consideration for the Merger, dissenting shares will be deemed to have received the Per Share Cash Consideration and the receipt of the Warrants shall be deemed the receipt of cash.

At the effective time of the Merger, Fleet will issue and deliver a total of 2,500,000 warrants (the "Warrants"). Each Warrant shall entitle the holder thereof to purchase one share of Fleet Common Stock at a price of $43.875 per share at any time during the period beginning on the first anniversary of the effective time of the Merger and ending on the sixth anniversary of the effective time. The Warrant Amount means a fraction, the numerator of which is 2,500,000, and the denominator of which is the sum of the number of shares of Company Common Stock which are being converted plus the number of shares of Company Common Stock underlying the then outstanding company stock options under the Company's stock option plan which are being converted into options under Fleet's stock option plan.

In connection with the Merger, shareholders of the Company shall have dissenters' rights in accordance with Delaware General Corporation Law.

In connection with the Merger, the Company entered into an amendment dated as of May 9, 1994 (the "Rights Amendment") to its Shareholder Rights Agreement dated as of November 14, 1989, between the Company and The First National Bank of Boston, as Rights Agent (the "Company Rights Agreement"), which, among other things, provides that a Distribution Date, as such term is defined in the Company Rights Agreement, shall not have occurred, and, as a consequence of which the Company Rights, as defined in the Company Rights Agreement, shall not have become nonredeemable and the Company Rights shall not become exercisable for capital stock of Fleet upon consummation of the Merger.

The Board of Directors of the Company approved the Agreement and the transactions contemplated thereby at a meeting held on May 8, 1994.

The Merger is intended to be treated as a tax-free reorganization under the Internal Revenue Code of 1986, as amended, unless the Average Closing Price is equal to or less than $29.50 in which case the Merger is intended to be treated as a taxable transaction. If the Merger is a tax-free reorganization, then the receipt of the stock portion of the consideration will be tax-free to the Company's shareholders. In either case, the Merger is intended to be accounted for as a purchase transaction.

Completion of the Merger is subject to certain conditions, including (a) approval by the shareholders of the Company, (b) approval of the appropriate bank regulatory authorities and (c) other closing

conditions customary in transactions of this type.

The Agreement may be terminated (a) by mutual consent, (b) under certain conditions if a required regulatory approval has not been obtained, (c) if the Merger shall not have been consummated on or before May 31, 1995, (d) if the approval of the Company's shareholders is not obtained or (e) in the event of an uncured material breach of the Agreement. In addition, the Agreement may be terminated if the Company's Board of Directors fail to recommend approval of the Merger to the Company's shareholders, if the Board has concluded with the advice of counsel that such action is required to prevent such Board from breaching its fiduciary obligations to the shareholders of the Company. In certain circumstances, where the Agreement is terminated when there is another proposal to acquire the Company, the Company will pay to Fleet a termination fee of $8 million.

The Agreement also provides that in the event the Merger cannot be consummated due to the failure to obtain the required bank regulatory approvals, Fleet will reimburse the Company for its costs and expenses in connection with the Agreement and transactions contemplated thereby up to $1.5 million.

As a result of the Merger and upon the effectiveness of the Merger, all of the Company Common Stock will be delisted from the New York Stock Exchange, will not be listed on any national securities exchange or quoted in any inter-dealer quotation system and will be eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934 as amended.

The Agreement is attached as Exhibit 2 to this 10-Q, the Rights Amendment is attached as Exhibit 10(r) and the Press Release of the Company issued on May 9, 1994 is attached as Exhibit 99, each of which is incorporated herein by reference.

The foregoing summary of the Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Agreement.

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits- Exhibit 2 Agreement and Plan of Merger Dated as of May 9, 1994 by and Between Fleet Financial Group, Inc. and NBB Bancorp, Inc.
- Exhibit 10(r) Amendment to Shareholder Rights Agreement
- Exhibit 11 Computation of Per Share Earnings
- Exhibit 99 Company Press Release

b. Reports on Form 8-K - None

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NBB Bancorp, Inc.
(Registrant)

Date: May 12, 1994

By /s/ Robert McCarter
Robert McCarter
Chairman, President and CEO

Date: May 12, 1994

By /s/ Irving J. Goss
Irving J. Goss
Senior Vice President, Treasurer and CFO
(Principal Financial and Accounting Officer)

EXHIBIT 2

AGREEMENT AND PLAN OF MERGER

By and Between

FLEET FINANCIAL GROUP, INC.

and

NBB BANCORP, INC.

Dated as of May 9, 1994

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of May 9, 1994 by and between NBB BANCORP, INC., a Delaware corporation (the "Company") and FLEET FINANCIAL GROUP, INC., a Rhode Island corporation ("Parent"). (The Company and Parent are herein sometimes collectively referred to herein as the "Constituent Corporations.")

WHEREAS, the Boards of Directors of Parent and the Company have determined that it is in the best interests of their respective companies and their shareholders to consummate the business combination transaction provided for herein in which the Company will, subject to the terms and conditions set forth herein, merge with and into Parent (the "Merger"); and

WHEREAS, as soon as practicable after the execution and delivery of this Agreement, Fleet Bank of Massachusetts, N.A., a national banking association and an indirect wholly-owned subsidiary of Parent ("Massachusetts Bank," and sometimes referred to herein as the "Surviving Bank"), and New Bedford Institution for Savings, a Massachusetts savings bank and a wholly owned subsidiary of the Company (the "Bank"), will enter into a Bank Agreement and Plan of Merger (the "Bank Merger Agreement"), providing for the merger (the "Bank Merger") of the Bank with and into Massachusetts Bank; and

WHEREAS, promptly following the consummation of the Merger, Parent intends to cause (i) the transfer of certain assets and liabilities of the Bank to Fleet National Bank, an indirect wholly-owned subsidiary of Parent and (ii) the Bank Merger to be consummated; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

THE MERGER

1.01 The Merger. Subject to the terms and conditions of this Agreement, in accordance with the Delaware General Corporation Law (the "DGCL") and the Rhode Island Business Corporation Law (the "RIBCL"), at the Effective Time (as defined in Section 1.02 hereof), the Company shall merge with and into Parent. Parent shall be the surviving corporation (hereinafter sometimes called the "Surviving Corporation") in the Merger, and shall continue its corporate existence under the laws of the State of Rhode Island. The name of the Surviving Corporation shall continue to be Fleet Financial Group, Inc. Upon consummation of the Merger, the separate corporate existence of the Company shall terminate.

1.02 Effective Time. The Merger shall become effective as set forth in the certificate of merger (the "Certificate of Merger") which shall be filed with the Secretary of State of the State of Delaware (the "Delaware Secretary") and the articles of merger (the "Articles of Merger") which shall be filed with the Secretary of State of the State of Rhode Island (the "Rhode Island Secretary"), in each case on the Closing Date (as defined in Section 9.01 hereof). The term "Effective Time" shall be the date and time when the Merger becomes effective, as set forth in the Certificate of Merger and the Articles of Merger.

1.03 Effects of the Merger. At and after the Effective Time, the Merger shall have the effects set forth in Sections 259 and 261 of the DGCL and Section 7-1.1-69 of the RIBCL.

1.04 Conversion of Company Common Stock.

(a) At the Effective Time, subject to Sections 2.02(b) and (d) hereof, each share of the common stock, par value $0.10 per share, of the Company (the "Company Common Stock") issued and outstanding immediately prior to the Effective Time and all rights attached thereto (other than shares of Company Common Stock held (x) in the Company's treasury or (y) directly or indirectly by Parent or the Company or any of their respective Subsidiaries (as defined below) (except for Dissenting Shares (as such term is defined in Section 1.05 hereof) and Trust Account Shares and DPC Shares (as such terms are defined in Section 1.04(d) hereof)) shall, by virtue of this Agreement and without any action on the part of the holder thereof, be converted into and exchangeable for the right to receive at the election of the holder thereof as provided in Section 2.02, (i) the number of Warrants (as defined in Section 1.04(d)) determined in accordance with Section 1.04(d) and (ii) either:

(x) a number of shares of the common stock of Parent, par value $1.00 per share (the "Parent Common Stock") (together with the number of Parent Rights (as defined in Section 4.02(a) hereof) associated therewith), rounded to the nearest thousandth of a share, determined by dividing the Merger Consideration, as defined below, by the Average Closing Price, as defined below (the "Per Share Stock Consideration"), or

(y) cash in the amount of the Merger Consideration, as defined below (the "Per Share Cash Consideration"),

provided, that, the aggregate number of shares of Parent Common Stock that shall be issued in the Merger pursuant to Section 1.04(a)(ii)(x) shall be equal to the "Aggregate Parent Stock Amount" as defined below. Accordingly, consideration pursuant to Section 1.04(a)(ii)(y) shall be available to holders of Company Common Stock only to the extent the consideration pursuant to Section 1.04(a)(ii)(x) is not sufficient to pay the entire consideration due under Section 1.04(a)(ii).

Notwithstanding the foregoing, if the Average Closing Price is equal to or less than $29.50, then, notwithstanding anything to the contrary in this Agreement, it will not be a condition to the Company's obligations under this Agreement that the Merger constitute a reorganization as described in Section 1.12 and the consideration payable pursuant to Section 1.04(a)(ii) shall consist solely of cash in the amount of the Per Share Cash Consideration, provided that Parent may, at its option, pay part of such consideration in the form of Parent Common Stock valued at the Average Closing Price up to the number of shares of the Aggregate Parent Stock Amount which consisted of shares of Parent Common Stock previously repurchased by Parent to be used in payment of the Merger Consideration

under Section 1.04(a)(ii)(x). Upon occurrence of the circumstances described in the preceding sentence, which shall be referred to herein as a "Taxable Transaction," all of the obligations of Parent and the Company under this Agreement will continue in full force and effect except for those covenants, agreements and conditions relating to the tax treatment of the transaction with respect to the Company and its shareholders. In such event, if shares of Parent Common Stock are being delivered, then, for purposes of the election procedures in Section 2.02, the number of shares of Parent Common Stock actually delivered by Parent will be deemed to be the Aggregate Parent Stock Amount.

The "Merger Consideration" shall be equal to $48.50, provided, however, that in the event that the Effective Time has not occurred on or prior to March 31, 1995, this amount shall be increased at the rate of $0.25 per share per month for each full month (prorated on a daily basis for each partial month) thereafter until the Effective Time. The "Average Closing Price" shall mean the average closing sale price per share of Parent Common Stock on the New York Stock Exchange (the "Stock Exchange") (as reported by the Wall Street Journal or, if not reported thereby, another authoritative source), for the 10 consecutive Stock Exchange trading days ending on and including the fifth trading day immediately preceding (but not including) the Effective Time. The "Aggregate Parent Stock Amount" shall equal such number of shares of Parent Common Stock not less than 5,700,000 (or such lesser number of shares that would enable Parent to pay the total consideration for the Merger pursuant to Section 1.04(a)(ii)) and not more than 6,300,000 as shall be determined by Parent prior to the Effective Time, plus such additional number of shares of Parent Common Stock as may be required so that the aggregate portion of the consideration for the Merger attributable to Parent Common Stock is equal to at least 45% of the total consideration for the Merger, it being understood that for purposes of calculating the total consideration for the Merger, Dissenting Shares will be deemed to have received the Per Share Cash Consideration and the receipt of the Warrants shall be deemed the receipt of cash.

(b) The Per Share Stock Consideration, the Per Share Cash Consideration, the Aggregate Parent Stock Amount and the number of Warrants to be issued pursuant to Section 1.04(d) shall be subject to appropriate adjustments in the event that, subsequent to the date of this Agreement but prior to the Effective Time, the outstanding Parent Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities through reorganization, recapitalization, reclassification, stock dividend, stock split, or other like changes in Parent's capitalization.

(c) At the Effective Time, all shares of Company Common Stock that are owned by the Company as treasury stock and all shares of Company Common Stock that are owned directly or indirectly by Parent or the Company or any of their respective Subsidiaries (other than shares of Company Common Stock held directly or indirectly in trust accounts, managed accounts and the like or otherwise held in a fiduciary capacity

that are beneficially owned by third parties (any such shares, and shares of Parent Common Stock which are similarly held, whether held directly or indirectly by Parent or the Company, as the case may be, being referred to herein as "Trust Account Shares") and other than any shares of Company Common Stock held by Parent or the Company or any of their respective Subsidiaries in respect of a debt previously contracted (any such shares of Company Common Stock, and shares of Parent Common Stock which are similarly held, whether held directly or indirectly by Parent or the Company, being referred to herein as "DPC Shares")) shall be cancelled and shall cease to exist and no Parent Common Stock, cash, Warrants or other consideration shall be delivered in exchange therefor. All shares of Parent Common Stock and Parent Preferred Stock that are owned by the Company or any of its Subsidiaries (other than Trust Account Shares and DPC Shares) shall become treasury stock of Parent.

(d) At the Effective Time, Parent shall issue and deliver in accordance with the provisions of Article II a total of 2,500,000 warrants (the "Warrants") as follows:

(i) Each holder of a share of Company Common Stock which is being converted in accordance with Section 1.04(a) shall have the right to receive a number of Warrants equal to the Warrant Amount, and

(ii) Each holder of a stock option issued under the Company Stock Plan (as defined in Section 1.06) (a "Company Stock Option") which is converted into a stock option under the Parent Stock Plan pursuant to Section 1.06 shall have the right to receive a number of Warrants equal to the Warrant Amount multiplied by the number of shares of Company Common Stock underlying such Company Stock Option.

Each Warrant shall entitle the holder thereof to purchase one share of Parent Common Stock at a price of $43.875 per share at any time during the period beginning on the first anniversary of the Effective Time and ending on the sixth anniversary of the Effective Time. The Warrant Amount means a fraction, the numerator of which is 2,500,000, and the denominator of which is the sum of the number of shares of Company Common Stock which are being converted in accordance with Section 1.04(a) plus the number of shares of Company Common Stock underlying the Company Stock Options. For purposes of this Agreement, the "Warrant Shares" shall mean the shares of Parent Common Stock issuable upon exercise of the Warrants.

1.05 Dissenters' Rights. Notwithstanding anything in this Agreement to the contrary and unless otherwise provided by applicable law, shares of Company Common Stock which are issued and outstanding immediately prior to the Effective Time and which are owned by shareholders who, pursuant to applicable law, (a) deliver to the Company, before the taking of the vote of the Company's shareholders on the Merger, written demand for the appraisal of their shares, and (b) whose

shares are not voted in favor of the Merger, nor consented thereto in writing (the "Dissenting Shares"), shall not be converted into Parent Common Stock and/or cash and Warrants, unless and until such holders shall have failed to perfect or shall have effectively withdrawn or lost their right of appraisal and payment under applicable law. If any such holder shall have failed to perfect or shall have effectively withdrawn or lost such right of appraisal, the Company Common Stock of such holder shall thereupon be deemed to have been converted into the right to receive and become exchangeable for, at the Effective Time, that number of whole shares of Parent Common Stock and/or cash and Warrants determined pursuant to Section 1.04 and Section 2.02(c) hereof. Holders of Company Common Stock who become entitled pursuant to the provisions of Section 262 of the DGCL to payment for their shares of Company Common Stock under the provisions thereof shall receive payment therefor from the Surviving Corporation and such shares of Company Common Stock shall be cancelled.

1.06 Options. Commencing at least 15 days prior to the Effective Time, each holder of a then outstanding stock option to purchase shares of Company Common Stock pursuant to the NBB Bancorp, Inc. Stock Option Plan (the "Company Stock Plan") shall be entitled to exercise such option (whether or not such option would otherwise have been exercisable) at the exercise price therefor, and if such options are not so exercised prior to the Effective Time, at or immediately prior to the Effective Time each such holder shall be entitled, upon election, to receive from the Company in cancellation of such option a cash payment from the Company in an amount equal to the excess of the Per Share Cash Consideration over the per share exercise price of such option, multiplied by the number of shares covered by such option, subject to any required withholding of taxes. At the Effective Time, any option which has not been so exercised or cancelled shall be converted automatically into (a) the number of Warrants determined in accordance with Section 1.04(d) and (b) an option under the Fleet Financial Group, Inc. 1992 Employee Stock Option and Restricted Stock Plan (the "Parent Stock Plan") to purchase shares of Parent Common Stock in an amount and at an exercise price determined as provided below and otherwise subject to the terms of the Parent Stock Plan and the provisions of the Company Stock Plan providing for immediate vesting as a result of the Merger:

(a) The number of shares of Parent Common Stock to be subject to the new option shall be equal to the product of the number of shares of Company Common Stock subject to the original option and the Per Share Stock Consideration, provided, that any fractional shares of Parent Common Stock resulting from such multiplication shall be rounded to the nearest share; and

(b) The exercise price per share of Parent Common Stock under the new option shall be equal to the exercise price per share of Company Common Stock under the original option divided by the Per Share Stock Consideration, provided, that such exercise price shall be rounded up to the nearest cent.

The adjustment provided herein with respect to any options which are "incentive stock options" (as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code")) shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Code. The duration and other terms of the new option shall be the same as the original option, except that all references to the Company shall be deemed to be references to Parent.

1.07 Rights. The Board of Directors of the Company has approved, and shall enter into and keep in effect, an amendment to the Shareholder Rights Agreement dated as of November 14, 1989, between the Company and The First National Bank of Boston, as Rights Agent (the "Company Rights Agreement"), which, among other things, shall provide that a Distribution Date, as such term is defined in the Company Rights Agreement, shall not have occurred, and, as a consequence of which the Company Rights shall not have become nonredeemable and the Company Rights shall not become exercisable for capital stock of Parent upon consummation of the Merger (the "Rights Amendment").

1.08 ESOP. The parties hereto agree that, effective as of the Effective Time (or as soon thereafter as practicable), the New Bedford Institution for Savings Employee Stock Ownership Plan and Trust (the "Bank ESOP") will be terminated in accordance with applicable law and regulations.

1.09 Articles of Incorporation. At the Effective Time, the Articles of Incorporation of Parent, as in effect at the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation.

1.10 By-Laws. At the Effective Time, the By-Laws of Parent, as in effect immediately prior to the Effective Time, shall be the By-Laws of the Surviving Corporation until thereafter amended in accordance with applicable law.

1.11 Directors and Officers. The directors and officers of Parent immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation, each to hold office in accordance with the Articles of Incorporation and By-Laws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

1.12 Tax Consequences. Unless the Merger becomes a Taxable Transaction pursuant to Section 1.04, it is intended that the Merger shall constitute a reorganization within the meaning of Section 368(a) of the Code, and that this Agreement shall constitute a "plan of reorganization" for the purposes of Section 368 of the Code.

ARTICLE II

EXCHANGE OF SHARES

2.01 Parent to Make Shares and Cash Available. At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with a bank or trust company selected by Parent (and reasonably acceptable to the Company) (the "Exchange Agent"), for the benefit of the holders of certificates of Company Common Stock (the "Certificates"), for exchange in accordance with this Article II, certificates representing the shares of Parent Common Stock and the Warrants and cash which together constitute the consideration for the Merger (such cash and certificates for shares of Parent Common Stock and Warrants, together with any dividends or distributions with respect thereto, being hereinafter referred to as the "Exchange Fund") to be issued and paid, respectively, pursuant to Section 1.04 and Section 2.02 in exchange for outstanding shares of Company Common Stock.

2.02 Election and Exchange Procedures.

(a) As soon as practicable after the Effective Time, and in no event later than three business days thereafter (which date shall be referred to as the "Mailing Date"), Parent shall cause the Exchange Agent to mail to each holder of record of a Certificate or Certificates at the Effective Time (1) a form letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent) containing instructions for use in effecting the surrender of the Certificates and (2) an election form (the "Election Form"). The Company shall have the right to approve the form of both the letter of transmittal and the Election Form.

(b) Each Election Form shall permit the holder (or in the case of nominee record holders, the beneficial owner through appropriate and customary documentation and instructions) to elect to receive Parent Common Stock with respect to each share of such holder's Company Common Stock ("Stock Election Shares"), to elect to receive cash with respect to each share of such holder's Company Common Stock ("Cash Election Shares") or to indicate that such holder makes no election ("No Election Shares"). Any shares of Company Common Stock with respect to which the holder (or the beneficial owner, as the case may be) shall not have submitted to the Exchange Agent, an effective, properly completed Election Form on or before 5:00 p.m., on the 20th day following the Mailing Date (or such other time and date as Parent and the Company may mutually agree) (the "Election Deadline") shall also be deemed to be "No Election Shares".

Any such election shall have been properly made only if the Exchange Agent shall have actually received a properly completed Election Form by the Election Deadline. An Election Form shall be deemed properly completed only if accompanied by one or more Certificates representing all shares of Company Common Stock covered by such Election Form, together with duly executed transmittal materials included

with the Election Form. Any Election Form may be revoked or changed by the person submitting such Election Form at or prior to the Election Deadline by written notice to the Exchange Agent, which notice must be received by the Exchange Agent at or prior to the Election Deadline. In the event an Election Form is revoked prior to the Election Deadline, the shares of Company Common Stock represented by such Election Form shall become No Election Shares. Subject to the terms of this Agreement and of the Election Form, Parent or the Exchange Agent shall have reasonable discretion to determine whether any election, revocation or change has been properly or timely made and to disregard immaterial defects in the Election Forms, and any good faith decisions of Parent or the Exchange Agent regarding such matters shall be binding and conclusive. Neither Parent nor the Exchange Agent shall be under any obligation to notify any person of any defect in an Election Form.

If the aggregate number of Stock Election Shares does not equal the Stock Conversion Number (as defined below), within five business days after the Election Deadline, Parent shall cause the Exchange Agent to allocate among holders of Company Common Stock the right to receive, with respect to each such share, Parent Common Stock or cash in the Merger as follows:

(i) if the number of Stock Election Shares is less than the Stock Conversion Number, then

(A) all Stock Election Shares shall be converted into the right to receive Parent Common Stock,

(B) the Exchange Agent will select, on a pro rata basis, first from among the holders of No-Election Shares and then (if necessary) from among the holders of Cash Election Shares, a sufficient number of such shares ("Stock Designee Shares") such that the number of Stock Designee Shares will, when added to the number of Stock Election Shares, equal as closely as practicable the Stock Conversion Number, and all Stock Designee Shares will be converted into the right to receive Parent Common Stock, and

(C) any Cash Election Shares and any No-Election Shares not so selected as Stock Designee Shares will be converted into the right to receive cash; or

(ii) if the aggregate number of Stock Election Shares is greater than the Stock Conversion Number, then

(A) all Cash Election Shares will be converted into the right to receive cash,

(B) the Exchange Agent will select, on a pro rata basis, first from among the holders of No-Election Shares and then (if necessary) from among the holders of Stock

Election Shares, a sufficient number of such shares ("Cash Designee Shares") such that the number of Cash Designee Shares will, when added to the number of Cash Election Shares, equal as closely as practicable the Cash Conversion Number (as defined below), and all Cash Designee Shares will be converted into the right to receive cash, and

(C) any Stock Election Shares and any No-Election Shares not so selected as Cash Designee Shares will be converted into the right to receive Parent Common Stock.

"Stock Conversion Number" means the Aggregate Parent Stock Amount divided by the Per Share Stock Consideration. "Cash Conversion Number" means the difference between the number of shares of Company Common Stock outstanding as of the Effective Time and the Stock Conversion Number.

The selection process to be used by the Exchange Agent shall consist of such processes as shall be mutually determined by the Company and Parent as shall be further described in the Election Form.

Upon surrender of a Certificate for exchange and cancellation to the Exchange Agent, together with the Election Form, duly executed, the holder of such Certificates shall be entitled to receive in exchange therefor (x) a certificate representing that number of whole shares of Parent Common Stock to which such holder of Company Common Stock shall have become entitled pursuant to the provisions of Articles I and II hereof, (y) a check representing the amount of cash, if any, which such holder has the right to receive in respect of the Certificate surrendered pursuant to the provisions of Articles I and II, and (z) a certificate representing the number of Warrants to which such holder is entitled pursuant to the provisions of Article I and the Certificate so surrendered shall forthwith be cancelled. No interest will be paid or accrued on the cash and unpaid dividends and distributions, if any, payable to holders of Certificates.

(c) After the Effective Time, there shall be no transfers on the stock transfer books of the Company of the shares of Company Common Stock which were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for certificates representing shares of Parent Common Stock and/or cash and certificates representing Warrants as provided in this Article II.

(d) Notwithstanding anything to the contrary contained herein, no certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, no dividend or distribution with respect to Parent Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of the Company. In lieu of the issuance

of any such fractional share, Parent shall pay to each former shareholder of the Company who otherwise would be entitled to receive a fractional share of Parent Common Stock, an amount in cash determined by multiplying (i) the Average Closing Price by (ii) the fraction of a share of Parent Common Stock to which such holder would otherwise be entitled to receive pursuant to Articles I and II hereof.

(e) Any portion of the Exchange Fund that remains unclaimed by the shareholders of the Company for twelve months after the Effective Time shall be paid to Parent. Any shareholders of the Company who have not theretofore complied with this Article II shall thereafter look only to Parent for payment of their Warrants, shares of Parent Common Stock, cash and unpaid dividends and distributions of the Parent Common Stock deliverable in respect of each share of Company Common Stock such shareholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of Parent, the Company, the Exchange Agent nor any other person shall be liable to any former holder of shares of Company Common Stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(f) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such person of a bond in such amount as Parent may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate, the Warrants, shares of Parent Common Stock and cash deliverable in respect thereof pursuant to this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent as follows:

3.01 Corporate Organization.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect (as defined below) on the Company and its Subsidiaries taken as a whole. As

used in this Agreement, the term "Material Adverse Effect" means, with respect to Parent or the Company, as the case may be, a material adverse change in or effect on the business, financial condition or results of operations of such party and its subsidiaries taken as a whole, other than any such effect attributable to or resulting from changes in interest rates or general economic conditions. As used in this Agreement, the word "Subsidiary" when used with respect to any party means any corporation, partnership or other organization, whether incorporated or unincorporated, which is consolidated with such party for financial purposes. The Company is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). The Certificate of Incorporation and By-laws of the Company, copies of which have previously been made available to Parent, are true and complete copies of such documents as in effect as of the date of this Agreement.

(b) The Bank is a savings bank duly organized, validly existing and in good standing under the laws of The Commonwealth of Massachusetts. The deposit accounts of the Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC") through the Bank Insurance Fund (the "BIF") or the Savings Association Insurance Fund (the "SAIF") and by the Mutual Savings Central Fund, Inc. (the "Central Fund"), through the Deposit Insurance Fund, to the fullest extent permitted by law, and all premiums and assessments required in connection therewith have been paid by the Bank. Each of the Company's other Subsidiaries that is a "Significant Subsidiary" (defined for purposes of this Agreement to mean subsidiaries other than those that are either inactive or have an immaterial amount of assets) is a corporation, partnership or business trust duly organized and, in the case of any such corporation, is validly existing and in good standing under the laws of its jurisdiction of incorporation. Each Significant Subsidiary of the Company has the power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or the location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. The Amended and Restated Charter and By-laws of the Bank and the Articles of Organization and By-laws of each other Significant Subsidiary of the Company, copies of which have previously been made available to Parent, are true and complete copies of such documents as in effect as of the date of this Agreement.

(c) The minute books of the Company and the Bank contain true and complete records in all material respects of all meetings since January 1, 1988 of their respective shareholders and Boards of Directors.

3.02 Capitalization.

(a) The authorized capital stock of the Company consists

of 40,000,000 shares of Company Common Stock and 10,000,000 shares of preferred stock, par value $0.10 per share (the "Company Preferred Stock"). As of the date of this Agreement, there are (x) 8,660,394 shares of Company Common Stock issued and outstanding and 873,433 shares of Company Common Stock held in the Company's treasury, (y) no shares of Company Common Stock reserved for issuance, except for 686,701 shares of Company Common Stock reserved for issuance upon exercise of stock options (368,701 with respect to outstanding stock options as of the date hereof) pursuant to the Company Stock Plan, and (z) no shares of Company Preferred Stock issued or outstanding, held in the Company's treasury or reserved for issuance, except for 150,000 shares of Company Series A Junior Participating Cumulative Preferred Stock reserved for issuance upon exercise of the rights (the "Company Rights") distributed to holders of Company Common Stock pursuant to the Company Rights Agreement. All of the issued and outstanding shares of Company Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. Except as referred to above or reflected in Section 3.02 of the Disclosure Schedule which is being delivered to Parent concurrently herewith (the "Company Disclosure Schedule"), and except for the Company Stock Plan and the Company Rights Agreement, the Company does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of Company Common Stock or Company Preferred Stock or any other equity security of the Company or any securities representing the right to purchase or otherwise receive any shares of Company Common Stock, Company Preferred Stock or any other equity security of the Company. The names of the optionees, the date of each option to purchase Company Common Stock granted, the number of shares subject to each such option, and the price at which each such option may be exercised under the Company Stock Plan are set forth in Section 3.02 of the Company Disclosure Schedule.

(b) The authorized capital stock of the Bank consists of 40,000,000 shares of common stock, par value $0.10 per share (the "Bank Common Stock") and 10,000,000 shares of preferred stock, par value $0.10 per share (the "Bank Preferred Stock"). As of the date of this Agreement, there are (x) 10,000 shares of Bank Common Stock issued and outstanding and no shares of Bank Common Stock held in the Bank's treasury, (y) no shares of Bank Common Stock reserved for issuance, and (z) no shares of Bank Preferred Stock issued or outstanding. Section 3.02 of the Company Disclosure Schedule sets forth a true and correct list of all of the Company Subsidiaries as of the date of this Agreement. Except as set forth in Section 3.02 of the Company Disclosure Schedule, the Company owns, directly or indirectly, all of the issued and outstanding shares of capital stock of each of the Company Subsidiaries (or, in the case of Company Subsidiaries that are not corporations, all of the outstanding partnership interests or beneficial interests, as the case may be), free and clear of all liens, charges, encumbrances and security interests whatsoever, and all of such shares of capital stock are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. No Company

Subsidiary has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary. Assuming compliance with Sections 1.06 and 1.07 hereof, at the Effective Time, there will not be any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character by which the Company or any of its Subsidiaries will be bound calling for the purchase or issuance of any shares of the capital stock of the Company or any of its Subsidiaries, other than shares reserved for issuance under the Company Rights.

3.03 Authority; No Violation.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of the Company. The Board of Directors of the Company has directed that this Agreement and the transactions contemplated hereby be submitted to the Company's shareholders for consideration at a meeting of such shareholders and, except for the adoption of this Agreement by the requisite vote of the Company's shareholders, no other corporate proceedings on the part of the Company are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and (assuming adoption of the Agreement by the requisite vote of the Company's shareholders and the due authorization, execution and delivery by Parent) constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

(b) The Bank has all necessary corporate power and authority to execute and deliver the Bank Merger Agreement and to consummate the transactions contemplated thereby. Upon the due and valid approval of the Bank Merger Agreement by the Board of Directors of the Bank and by the shareholders of the Bank, no other corporate proceedings on the part of the Bank will be necessary to consummate the transactions contemplated thereby. The Bank Merger Agreement, upon execution and delivery by the Bank, will be duly and validly executed and delivered by the Bank and will (assuming adoption of the Bank Merger Agreement by the requisite vote of the shareholders of the Bank and Massachusetts Bank and the due authorization, execution and delivery by Massachusetts Bank) constitute a valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, except as enforcement may be limited by general principles of equity whether

applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

(c) Except as set forth in Section 3.03 of the Company Disclosure Schedule, neither the execution and delivery of this Agreement by the Company or the Bank Merger Agreement by the Bank, nor the consummation by the Company or the Bank, as the case may be, of the transactions contemplated hereby or thereby, nor compliance by the Company or the Bank with any of the terms or provisions hereof or thereof, will (i) violate any provision of the Certificate of Incorporation or By-Laws of the Company or the Amended and Restated Charter or By-laws of the Bank, (ii) assuming that the consents and approvals referred to in Section 3.04 hereof are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to the Company or the Bank, or (y) violate, result in a breach of any provision of, constitute a default under, or result in the creation of any material lien, pledge, security interest, charge or other encumbrance upon any of the respective properties or assets of the Company or any of its Significant Subsidiaries under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Company or any of its Significant Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected, except with respect to clause ii(x) and (y) above, for such violations, breaches, defaults or creation of encumbrances which would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

3.04 Consents and Approvals. Except for (A) the filing of applications and notices with, and the consents and approvals of, as applicable, (i) the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), (ii) the Office of the Comptroller of the Currency (the "Comptroller"), (iii) the Board of Bank Incorporation of The Commonwealth of Massachusetts (the "Massachusetts Board" or the "State Banking Approval"), (iv) the Central Fund, (v) the Commissioner of Banks of The Commonwealth of Massachusetts (the "Commissioner"), and (vi) the Massachusetts Housing Partnership Fund (the "MHP Consent"), (B) the filing with the Securities and Exchange Commission (the "SEC") of a registration statement on Form S-4 (the "S-4") of which the proxy statement in definitive form relating to the meeting of the Company's shareholders to be held in connection with this Agreement and the transactions contemplated hereby (the "Proxy Statement") will be included as a prospectus, (C) the approval of this Agreement by the requisite vote of the shareholders of the Company, (D) the filing of the Certificate of Merger with the Delaware Secretary pursuant to the DGCL and the Articles of Merger with the Rhode Island Secretary pursuant to the RIBCL, and (E) the approval of the Bank Merger Agreement by the requisite vote of the Board of Directors and the shareholders of the Bank, and except for such filings, authorizations or approvals as may be set forth in Section 3.04 of the Company Disclosure Schedule, no consents or approvals of or filings or registrations with any court, administrative

agency or commission or other governmental authority or instrumentality (each a "Governmental Entity") or with any third party are necessary in connection with (1) the execution and delivery by the Company of this Agreement and the consummation by the Company of the Merger and the other transactions contemplated hereby, and (2) the execution and delivery by the Bank of the Bank Merger Agreement and the consummation by the Bank of the transactions contemplated thereby, except where the failure to obtain such consents or approvals, or to make such filings or registrations, would not prevent or significantly delay the Merger or the Bank Merger or otherwise prevent the Company or the Bank from performing their respective obligations under this Agreement, or would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

3.05 Loan Portfolio. Section 3.05 of the Company Disclosure Schedule sets forth all of the Loans in original principal amount in excess of $100,000 of the Company or any of its Subsidiaries that as of the date of this Agreement are classified by the Bank or any bank regulatory examiner as "Special Mention", "Substandard", "Doubtful", "Loss" or "Classified," together with the aggregate principal amount of and accrued and unpaid interest on such loans by category. Except for normal examinations conducted by (i) the Federal Reserve Board, (ii) the FDIC, and (iii) the Commissioner or any other state bank regulatory authority (collectively, "Regulatory Agencies"), in the regular course of the business of the Company and its Subsidiaries, no Regulatory Agency has initiated any proceeding into the business or operations of the Company or any of its Subsidiaries during the last two years.

3.06 Financial Statements. The Company has previously made available to Parent copies of the consolidated balance sheets of the Company and its Subsidiaries as of December 31 for the fiscal years 1992 and 1993, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the fiscal years 1991 through 1993, inclusive, as reported in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 filed with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The December 31, 1993 consolidated balance sheet of the Company (including the related notes, where applicable) fairly presents in all material respects the consolidated financial position of the Company and its Subsidiaries as of the date thereof, and the other financial statements referred to in this Section 3.06 (including the related notes, where applicable) fairly present in all material respects, and the financial statements referred to in Section 6.10 hereof will fairly present (subject, in the case of the unaudited statements, to recurring audit adjustments normal in nature and amount) in all material respects, the results of the consolidated operations and changes in shareholders' equity and consolidated financial position of the Company and its Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth and each of such statements (including the related notes, where applicable) has been, and the financial statements referred to in Section 6.10 hereof will be, prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied during the periods involved, except as indicated in the notes thereto or, in the case of

unaudited statements, as permitted by Form 10-Q.

3.07 Broker's Fees. Neither the Company nor any Company Subsidiary, nor any of their respective officers or directors, has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement or the Bank Merger Agreement, except that the Company has engaged, and will pay a fee or commission to Salomon Brothers Inc in accordance with the terms of a letter agreement between Salomon Brothers Inc and the Company.

3.08 Absence of Certain Changes or Events.

(a) Except as may be set forth in Section 3.08 of the Company Disclosure Schedule or otherwise disclosed herein or in the Company Reports, since December 31, 1993:

(i) there has not been any Material Adverse Effect on the Company and its Subsidiaries taken as a whole;

(ii) there has not been any incurrence by the Company of any liability that has had, or to the knowledge of the Company any liability that could reasonably be expected to have, a Material Adverse Effect on the Company and its Subsidiaries taken as a whole;

(iii) there has not been any agreement, contract or commitment entered into, or agreed to be entered into, except for those in the ordinary course of business, none of which has had a Material Adverse Effect on the Company and its Subsidiaries taken as a whole;

(iv) there has not been any change in any of the accounting methods or practices of the Company or any of its Subsidiaries other than changes required by applicable law or generally accepted accounting principles.

(b) Except as set forth in Sections 3.08 or 5.01 of the Company Disclosure Schedule, or as consented to by Parent, and except for any increase, grant, payment or arrangement that, if effected after the date hereof, would be permitted pursuant to Section 5.01, since December 31, 1993, neither the Company nor any of its Subsidiaries has (i) increased the wages, salaries, compensation, pension, or other fringe benefits or perquisites payable to any executive officer, employee, or director from the amount thereof in effect as of December 31, 1993 (which amounts have been previously disclosed to Parent), granted any severance or termination pay, entered into or amended any contract to make or grant any employment, severance or termination pay, or paid any bonus or (ii) suffered any material strike, work stoppage, slow-down, or other labor disturbance.

3.09 Legal Proceedings. Except as set forth in Section 3.09 of the Company Disclosure Schedule, there are no pending or to the knowledge of the Company, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental investigations of any nature against the Company or any Significant Subsidiary of the Company, as to which there is a reasonable likelihood of adverse determination and which if adversely determined, would (i) have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, or (ii) as of the date hereof, prevent or materially and adversely affect the Company's ability to consummate the transactions contemplated hereby.

3.10 Taxes and Tax Returns. Each of the Company and its Subsidiaries has filed all Federal, state and, to the best of the Company's knowledge, material local, information returns and tax returns required to be filed by it on or prior to the date hereof (all such returns being true and complete in all material respects) and has paid or made provisions for the payment of all taxes and other governmental charges, except where the non-filing of which or the non-payment of which would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, and which have been incurred or are due or claimed to be due from it by Federal, state, county or local taxing authorities on or prior to the date hereof other than taxes or other charges which (i) are not yet delinquent or are being contested in good faith and (ii) have not been finally determined. The amounts set up as reserves for taxes on the consolidated balance sheet of the Company included in its Form 10-K for the period ended December 31, 1993 for the payment of all unpaid Federal, state, county and local taxes (including any interest or penalties thereon), whether or not disputed, accrued or applicable, for the period ended December 31, 1993 or for any year or period prior thereto, and for which the Company or any of its Subsidiaries may be liable in its own right or as transferee of the assets of, or successor to, any corporation, person, association, partnership, joint venture or other entity, are adequate under GAAP and are sufficient to cover all such taxes due, except where the failure to so accrue would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. The Company has not received any written notice of any pending tax examinations or audits, material disputes or claims asserted for taxes or assessments upon the Company or any of its Subsidiaries, nor has the Company or any of its Subsidiaries been requested to give any currently effective waivers extending the statutory period of limitation applicable to any Federal, state, county or local income tax return for any period.

3.11 Employees.

(a) Section 3.11 of the Company Disclosure Schedule sets forth a true and complete list of each employee benefit plan, arrangement or agreement that is maintained as of the date of this Agreement (the "Plans") by the Company, any of its Significant Subsidiaries or by any trade or business, whether or not incorporated (an "ERISA Affiliate"), all of which together with the Company would be deemed a "single employer" within the meaning of Section 4001 of the

Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(b) The Company has heretofore made available to Parent true and complete, in all material respects, copies of each of the Plans and all related documents, including but not limited to (i) the most recent actuarial report for such Plan (if applicable), and (ii) the most recent determination letter from the Internal Revenue Service (if applicable) for such Plan.

(c) Each of the Plans has been operated and administered in all material respects in accordance with applicable laws, including but not limited to ERISA and the Code, (ii) each of the Plans intended to be "qualified" within the meaning of Section 401(a) of the Code is so qualified, (iii) with respect to each Plan which is subject to Title IV of ERISA, the present value of accrued benefits under such Plan, based upon reasonable actuarial assumptions used for funding purposes, did not, as of its latest valuation date, exceed the then current value of the assets of such Plan allocable to such accrued benefits, (iv) no liability under Title IV of ERISA has been incurred by the Company, its Significant Subsidiaries or any ERISA Affiliate that has not been satisfied in full, (v) no Plan is a "multiemployer pension plan," as such term is defined in Section 3(37) of ERISA, (vi) all contributions or other amounts payable by the Company or its Significant Subsidiaries as of the Effective Time with respect to each Plan in respect of current or prior plan years have been paid or accrued in accordance with generally accepted accounting practices and Section 412 of the Code, and (vii) neither the Company, its Significant Subsidiaries nor any ERISA Affiliate has engaged in a transaction in connection with which the Company, its Significant Subsidiaries or any ERISA Affiliate could be subject to either a civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a tax imposed pursuant to Section 4975 or 4976 of the Code, except in each case above, where the failure to do so would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

3.12 SEC Reports. The Company has previously made available to Parent a true and complete, in all material respects, copy of each (a) final registration statement, prospectus, report, schedule and definitive proxy statement filed since January 1, 1990 by the Company with the SEC pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act (the "Company Reports"), and (b) communication mailed by the Company to its shareholders since January 1, 1990, and, as of their respective dates, no such Company Reports contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading.

3.13 Company Information. The information provided in writing by the Company for inclusion in the Proxy Statement and the S-4 will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the

circumstances in which they are made, not misleading.

3.14 Compliance with Applicable Law. The Company and each of its Subsidiaries hold, and have at all times held, all material licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to all, and have complied with and are not in default under any, applicable law, statute, order, rule or regulation of any Governmental Entity relating to the Company or any of its Subsidiaries, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, and neither the Company nor any of its Subsidiaries has received notice of any material violations of any of the above.

3.15 Certain Contracts.

(a) Except as set forth in Sections 6.07, 6.08, 6.09 of this Agreement or in Sections 3.15 or 5.01 of the Company Disclosure Schedule or in the Company Reports, neither the Company nor any of its Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (i) with respect to the employment of any directors, officers, employees or consultants, (ii) which, upon the consummation of the transactions contemplated by this Agreement or the Bank Merger Agreement will result in any payment becoming due from Parent, the Company, the Surviving Corporation, the Surviving Bank or any of their respective Subsidiaries to any officer or employee thereof, (iii) which is a material contract (as defined in Item 601(b)(10) of Regulation S-K of the SEC) to be performed after the date of this Agreement that has not been filed or incorporated by reference in the Company Reports, (iv) which is a consulting or other agreement (including agreements entered into in the ordinary course and data processing, software programming and licensing contracts) not terminable on 60 days or less notice involving the payment of more than $250,000 per annum, (v) which materially restricts the conduct of any line of business by the Company or any of its Significant Subsidiaries, or (vi) with or to a labor union or guild (including any collective bargaining agreement). Each contract, arrangement, commitment or understanding of the type described in this Section 3.15(a), whether or not set forth in Section 3.15 of the Company Disclosure Schedule, is referred to herein as a "Company Contract".

(b) Each of the Company and its Subsidiaries has performed in all material respects all obligations required to be performed by it to date under each Company Contract, except where such noncompliance would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, and no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a material default on the part of the Company or any of its Subsidiaries under any such Company Contract, except where such default would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

3.16 Agreements with Regulatory Agencies. Except as set forth in Section 3.16 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is subject to any cease-and-desist or other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding (each a "Regulatory Agreement"), with any Regulatory Agency or other Governmental Entity that restricts in any material respect the conduct of its business or that relates to its capital adequacy, its credit policies or its management, nor has the Company or any of its Subsidiaries been notified by any Regulatory Agency or other Governmental Entity that it is considering issuing or requesting any Regulatory Agreement.

3.17 Investment Securities. Section 3.17 of the Company Disclosure Schedule sets forth the book and market value as of April 30, 1994 of the investment securities, mortgage backed securities and securities held for sale of the Company and its Subsidiaries.

3.18 Environmental Matters. Except as set forth in Section 3.18 of the Company Disclosure Schedule:

(a) Each of the Company and its Subsidiaries is in compliance, and for the last three years has been in compliance, with all applicable laws, rules, regulations, standards and requirements adopted or enforced by the United States Environmental Protection Agency (the "EPA") and of state and local agencies with jurisdiction over pollution or protection of the environment, except where such noncompliance or violations would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; and

(b) There is no suit, claim, action or proceeding pending before any court or Governmental Entity in which the Company or any of its Subsidiaries has been named as a defendant (x) for alleged noncompliance with any environmental law, rule or regulation or (y) relating to the release into the environment of any Hazardous Material (as hereinafter defined) or oil at or on a site presently or formerly owned, leased or operated by the Company or any of its Subsidiaries or, to the knowledge of the senior officers of the Company, on a site with respect to which the Company has made a commercial real estate loan and has a mortgage or security interest in, except where such noncompliance or release would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. "Hazardous Material" means any pollutant, contaminant, or hazardous substance under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. [SECTION]9601 et seq., or any similar state law. With respect to the items described in Section 3.18 of the Company Disclosure Schedule, neither the Company nor any Subsidiary has taken any action which would result in any of them being deemed to be "owners" or "operators" under any environmental law, rule or regulation, except where any such action would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

3.19 Assistance Agreements. Except as set forth in Section 3.19 of the Company Disclosure Schedule or in the Company Reports, neither the Company nor any of its Subsidiaries is a party to any agreement or arrangement entered into in connection with the consummation of a federally assisted acquisition of a depository institution pursuant to which the Company or any of its Subsidiaries is entitled to receive financial assistance or indemnification from any governmental agency.

3.20 Properties. The Company and each Company Subsidiary has good and marketable title to all the real property and all other property owned by it and included in the December 31, 1993 consolidated balance sheet of the Company (the "Balance Sheet"), other than property disposed of in the ordinary course of business after December 31, 1993, except where the failure to so have title would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, and owns such property subject to no encumbrances, liens, mortgages, security interests or pledges, except (a) those items that secure liabilities that are reflected in the Balance Sheet or the notes thereto or incurred in the ordinary course of business after the date of the Balance Sheet, (b) statutory liens for amounts not yet delinquent or which are being contested in good faith, (c) those items that secure public or statutory obligations or any discount with, borrowing from, or other obligations to, any Federal Reserve Bank or Federal Home Loan Bank, inter-bank credit facilities, or any transaction by a subsidiary acting in a fiduciary capacity, and (d) such encumbrances, liens, mortgages, security interests, and pledges that do not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Neither the Company nor any Company Subsidiary has received any notice of violation of any applicable zoning regulation, ordinance or other law, order, regulation or requirement relating to its properties, except such violations which would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

3.21 Insurance. To the knowledge of the Company, all of the policies relating to insurance maintained by the Company or any Significant Subsidiary with respect to its property and the conduct of its business (or any comparable policies entered into as a replacement therefor) are in full force and effect and neither the Company nor any Significant Subsidiary has received any notice of cancellation with respect thereto.

3.22 Material Interests of Certain Persons. Except as disclosed in the Company's proxy statement for its 1994 annual meeting of shareholders, no officer or director of the Company, or any "associate" (as such term is defined in Rule 14a-1 under the Exchange Act) of any such officer or director, has any material interest in any material contract or property (real or personal), tangible or intangible, used in or pertaining to the business of the Company or any of the Company's Subsidiaries that would be required to be disclosed in a proxy statement to shareholders under Regulation 14A of the Exchange Act.

3.23 Regulatory Approvals. The Company is not, as of the date hereof, aware of any reason why the regulatory approvals required to be obtained by it or any of its Subsidiaries to consummate the Merger and the Bank Merger would not be satisfied within the time frame customary for transactions of the nature contemplated thereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT

Parent hereby represents and warrants to the Company as follows:

4.01 Corporate Organization.

(a) Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Rhode Island. Parent has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on Parent. Parent is duly registered as a bank holding company under the BHC Act. The Restated Articles of Incorporation and By-laws of Parent, copies of which have previously been made available to the Company, are true and complete copies of such documents as in effect as of the date of this Agreement.

(b) Massachusetts Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States. The deposit accounts of the Bank are insured by the FDIC through the BIF to the fullest extent permitted by law, and all premiums and assessments required in connection therewith have been paid by Massachusetts Bank. Massachusetts Bank has the power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or the location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on Massachusetts Bank. The Articles of Association and By-laws of Massachusetts Bank, copies of which have previously been made available to the Company, are true and complete copies of such documents as in effect as of the date of this Agreement.

4.02 Capitalization.

(a) The authorized capitalized stock of Parent consists of: (i) 300,000,000 shares of Parent Common Stock, of which at March

31, 1994, 137,617,952 shares were issued and outstanding, (ii) 16,000,000 shares of Preferred Stock, par value $1.00 per share, ("Parent Preferred Stock"), of which at March 31, 1994, (A) with respect to Cumulative and Adjustable Dividends, 1,000,000 shares were designated and no shares were issued and outstanding, (B) 12,553 shares were designated and 2,155 shares were issued and outstanding as Series I 12% Cumulative Convertible Preferred Stock, (C) 96,000 shares were designated and no shares were issued and outstanding as Series II 6 1/2% Cumulative Convertible Preferred Stock, (D) 1,100,000 shares were designated and 519,758 shares were issued and outstanding as Series III 10.12% Perpetual Preferred Stock, (E) 1,000,000 shares were designated and 478,838 shares were issued and outstanding as Series IV 9.375% Preferred Stock, (F) 1,500,000 shares were designated and no shares were issued and outstanding as Cumulative Participating Junior Preferred Stock pursuant to the Parent's Shareholder Rights Agreement ("Parent Rights"), and (G) 1,415,000 shares were designated and outstanding as Dual Convertible Preferred Stock and (iii) 1,500,000 shares of Preferred Stock, par value $20.00 (the "Parent $20 Par Value Preferred Stock"), with Cumulative and Adjustable Dividends, of which at such date, no shares were issued and outstanding. As of March 31, 1994, there were 32,522,975 shares reserved for issuance in connection with employee benefit, stock option, dividend reinvestment, and stock purchase plans, warrants, the 6 1/2 Cumulative Convertible Preferred Stock, the 12% Convertible Preferred Stock and the Dual Convertible Preferred Stock. All of the issued and outstanding shares of Parent Common Stock and Parent Preferred Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. As of the date of this Agreement, except as referred to above or reflected in Parent's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 filed with the SEC under the Exchange Act (the "Parent 1993 10-K"), Parent does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of Parent Common Stock, Parent Preferred Stock or Parent $20 Par Value Preferred Stock or any other equity security of Parent or any securities representing the right to purchase or otherwise receive any shares of Parent Common Stock, Parent Preferred Stock or Parent $20 Par Value Preferred Stock or any other equity security of Parent. The shares of Parent Common Stock to be issued pursuant to the Merger will be duly authorized and validly issued and, at the Effective Time, all such shares will be fully paid, nonassessable and free of preemptive rights. The Warrants and Warrant Shares have been duly authorized and when issued will be fully paid, nonassessable and free of preemptive rights. As of the Effective Time, Parent will have reserved 2,500,000 authorized but unissued shares of Parent Common Stock for issuance upon exercise of the Warrants.

(b) The authorized capital stock of Massachusetts Bank consists of 1,000,000 shares of common stock, par value $15.00 per share, 1,000,000 of which are issued and outstanding. Fleet Banking Group, Inc., a wholly-owned subsidiary of Parent, owns all of the issued and outstanding shares of capital stock of Massachusetts Bank, free and clear

of all liens, charges, encumbrances and security interests whatsoever, and all of such shares of capital stock are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. Massachusetts Bank does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character with any party that is not a direct or indirect Subsidiary of Parent calling for the purchase or issuance of any shares of capital stock or any other equity security of Massachusetts Bank or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of Massachusetts Bank.

4.03 Authority; No Violation.

(a) Parent has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Parent and the consummation by Parent of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of Parent, and no other corporate proceedings on the part of Parent are necessary to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Parent and (assuming adoption of the Agreement by the requisite vote of the Company's shareholders and the due authorization, execution and delivery by the Company) constitutes a valid and binding obligation of Parent, enforceable against Parent in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

(b) Massachusetts Bank has all necessary corporate power and authority to execute and deliver the Bank Merger Agreement and to consummate the transactions contemplated thereby. Upon the due and valid approval of the Bank Merger Agreement by Parent as the sole shareholder of Massachusetts Bank, and by the Board of Directors of Massachusetts Bank, no other corporate proceedings on the part of Massachusetts Bank will be necessary to consummate the transactions contemplated thereby. The Bank Merger Agreement, upon execution and delivery by Massachusetts Bank, will be duly and validly executed and delivered by Massachusetts Bank and will (assuming adoption of the Bank Merger Agreement by the requisite vote of the shareholders of the Bank and Massachusetts Bank and the due authorization, execution and delivery by the Bank) constitute a valid and binding obligation of Massachusetts Bank, enforceable against Massachusetts Bank in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

(c) Neither the execution and delivery of this Agreement by Parent or the Bank Merger Agreement by Massachusetts Bank, nor the

consummation by Parent or Massachusetts Bank, as the case may be, of the transactions contemplated hereby or thereby, nor compliance by Parent or Massachusetts Bank with any of the terms or provisions hereof or thereof, will (i) violate any provision of the Restated Articles of Incorporation or By-Laws of Parent or the Articles of Association or By-laws or similar governing documents of Massachusetts Bank, as the case may be, or (ii) assuming that the consents and approvals referred to in Section 4.04 are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Parent or Massachusetts Bank or any of Parent's Significant Subsidiaries, or (y) violate, result in a breach of any provision of, constitute a default under, or result in the creation of any material lien, pledge, security interest, charge or other encumbrance upon any of the respective properties or assets of Parent or Massachusetts Bank or any of Parent's Significant Subsidiaries under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Parent or Massachusetts Bank or any of Parent's Significant Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected, except with respect to clause ii(x) and (y) above, for such violations, breaches or defaults which would not have a Material Adverse Effect on Parent.

4.04 Consents and Approvals. Except for (A) the filing of applications and notices with, and the consents and approvals of, as applicable (i) the Federal Reserve Board, (ii) the Comptroller, (iii) the State Banking Approval, (iv) the Commissioner, (v) the Central Fund, (vi) the MHP Consent, (B) the filing with the SEC of the S-4 of which the Proxy Statement will be included as a prospectus, (C) the filing of the Certificate of Merger with the Delaware Secretary and the filing of Articles of Merger with the Rhode Island Secretary, (D) the approval of the Bank Merger Agreement by the requisite vote of the Board of Directors and sole shareholder of Massachusetts Bank, and except for such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Parent Common Stock, Warrants and Warrant Shares pursuant to this Agreement and such filings, authorizations or approvals as may be set forth in Section 4.04 of the Disclosure Schedule which is being delivered by Parent to the Company herewith (the "Parent Disclosure Schedule"), no consents or approvals of or filings or registrations with any Governmental Entity or with any third party are necessary in connection with (1) the execution and delivery by Parent of this Agreement and the consummation by Parent of the Merger and the other transactions contemplated hereby, and (2) the execution and delivery by Massachusetts Bank of the Bank Merger Agreement and the consummation by Massachusetts Bank of the transactions contemplated thereby, except where the failure to obtain such consents or approvals, or to make such filings or registrations, would not prevent or delay the Merger or the Bank Merger or otherwise prevent Parent or Massachusetts Bank from performing their respective obligations under this Agreement, or would not have a Material Adverse Effect on Parent. The vote of the holders of the outstanding shares of Parent Common Stock is not required

to approve this Agreement or the transactions contemplated hereby.

4.05 Financial Statements. Parent has previously made available to the Company copies of the consolidated balance sheets of Parent and its Subsidiaries as of December 31 for the fiscal years 1992 and 1993 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the fiscal years 1991 through 1993, inclusive, as reported in the Parent 1993 10-K. The December 31, 1993 consolidated balance sheet of Parent (including the related notes, where applicable) fairly presents in all material respects the consolidated financial position of Parent and its Subsidiaries as of the date thereof, and the other financial statements referred to in this Section 4.05 (including the related notes where applicable) fairly present in all material respects, and the financial statements referred to in Section 6.10 hereof will fairly present (subject, in the case of the unaudited statements, to recurring audit adjustments normal in nature and amount) in all material respects, the results of the consolidated operations and changes in shareholders' equity and consolidated financial position of Parent and its Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth and each of such statements (including the related notes, where applicable) has been, and the financial statements referred to in Section 6.10 hereof will be, prepared in accordance with GAAP consistently applied during the periods involved, except as indicated in the notes thereto or, in the case of unaudited statements, as permitted by Form 10-Q.

4.06 Broker's Fees. Neither Parent, Massachusetts Bank or any Parent Subsidiary, nor any of their respective officers or directors, has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement or the Bank Merger Agreement.

4.07 Absence of Certain Changes or Events.

(a) Since December 31, 1993:

(i) there has not been any Material Adverse Effect on Parent and its Subsidiaries taken as a whole;

(ii) there has not been any incurrence by Parent of any liability that has had, or to the knowledge of Parent could reasonably be expected to have, a Material Adverse Effect on Parent and its Subsidiaries taken as a whole;

(iii) there has not been any agreement, contract or commitment entered into, or agreed to be entered into, except for those in the ordinary course of business none of which has had a Material Adverse Effect on Parent and its Subsidiaries taken as a whole;

(iv) there has not been any change in any of the

accounting methods or practices of Parent or any of its Subsidiaries other than changes required by applicable law or generally accepted accounting principles.

4.08 Legal Proceedings. There are no pending or to the knowledge of Parent, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental investigations of any nature against Parent or any Significant Subsidiary of Parent, as to which there is a reasonable likelihood of adverse determination and which if adversely determined, would (i) have a Material Adverse Effect on Parent and its Subsidiaries taken as a whole, or (ii) as of the date hereof, prevent or materially and adversely affect Parent's ability to consummate the transactions contemplated hereby.

4.09 SEC Reports. Parent has previously made available to the Company a true and complete, in all material respects, copy of each (a) final registration statement, prospectus, report, schedule and definitive proxy statement filed since January 1, 1990 by Parent with the SEC pursuant to the Securities Act or the Exchange Act (the "Parent Reports") and (b) communication mailed by Parent to its shareholders since January 1, 1990, and, as of their respective dates, no such Parent Reports contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading.

4.10 Parent Information. The information provided in writing by Parent for inclusion in the Proxy Statement and the S-4 will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

4.11 Compliance with Applicable Law. Parent and each of its Subsidiaries holds, and have at all times held, all material licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to all, and have complied with and are not in default under any, applicable law, statute, order, rule or regulation of any Governmental Entity relating to Parent or any of its Subsidiaries, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default would not have a Material Adverse Effect on Parent, and neither Parent nor any of its Subsidiaries has received notice of any material violations of any of the above.

4.12 Ownership of Company Common Stock; Affiliates and Associates. Neither Parent nor any of its affiliates or associates (as such terms are defined under the Exchange Act), (i) beneficially own, directly or indirectly, or (ii) is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, any shares of capital stock of the Company (other than Trust Account Shares and DPC Shares). Neither Parent nor any of its

Subsidiaries is an "affiliate" (as such term is defined in DGCL [SECTION] 202(c)(1)) or an "associate" (as such term is defined in DGCL [SECTION]203(C)(2)) of the Company.

4.13 Agreements with Regulatory Agencies. Except as set forth in Section 4.13 of the Parent Disclosure Schedule or as disclosed in Parent's Annual Report on Form 10-K for the year ended December 31, 1993, neither Parent nor any of its Subsidiaries is subject to any cease-and-desist or other order issued by, or is a party to any Regulatory Agreement with any Regulatory Agency or other Governmental Entity that restricts in any material respect the conduct of its business or that relates in any manner to its capital adequacy, its credit policies or its management, nor has Parent or any of its Subsidiaries been notified by any Regulatory Agency or other Governmental Entity that it is considering issuing or requesting any Regulatory Agreement.

4.14 Regulatory Approvals. Parent is not, as of the date hereof, aware of any reason why the regulatory approvals required to be obtained by it or any of its Subsidiaries to consummate the Merger and the Bank Merger would not be satisfied within the time frame customary for transactions of the nature contemplated thereby.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS

5.01 Covenants of the Company. During the period from the date of this Agreement and continuing until the Effective Time, except as expressly contemplated or permitted by this Agreement or the Bank Merger Agreement or with the prior written consent of Parent, the Company and its Subsidiaries shall carry on their respective businesses in the ordinary course consistent with past practice. The Company will use all reasonable efforts to (x) preserve its business organization and that of its Significant Subsidiaries intact, (y) keep available to itself and Parent the present services of the employees of the Company and its Significant Subsidiaries and (z) preserve for itself and Parent the goodwill of the customers of the Company and its Significant Subsidiaries and others with whom business relationships exist. Without limiting the generality of the foregoing, and except as set forth in Section 5.01 of the Company Disclosure Schedule or as otherwise contemplated by this Agreement or consented to in writing by Parent, the Company shall not, and shall not permit any of its Subsidiaries to:

(a) solely in the case of the Company, declare or pay any dividends on, or make other distributions in respect of, any of its capital stock, except (i) for the declaration and payment of regular quarterly cash dividends in an amount not to exceed $0.30 per share of Company Common Stock, provided, however, that the Company's regular quarterly cash dividend may be increased by up to ten percent per share beginning in the first quarter of 1995, and

(ii) that the parties agree (x) to consult with respect to the amount of the last Company quarterly dividend payable prior to the Effective Time with the objective of assuring that the shareholders of the Company do not experience a shortfall based on the record and payment dates of their last dividend prior to the Merger and (y) that the Company may pay a special dividend to holders of record of Company Common Stock immediately prior to the Effective Time consistent with the objective described in clause (x) above;

(b) (i) split, combine or reclassify any shares of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock except upon the exercise or fulfillment of rights or options issued or existing pursuant to employee benefit plans, programs or arrangements, all to the extent outstanding and in existence on the date of this Agreement, or (ii) repurchase, redeem or otherwise acquire (except for the acquisition of shares pursuant to the Bank ESOP or of Trust Account Shares and DPC Shares), any shares of the capital stock of the Company or any Company Subsidiary, or any securities convertible into or exercisable for any shares of the capital stock of the Company or any Company Subsidiary;

(c) issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of its capital stock or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such shares, or enter into any agreement with respect to any of the foregoing, other than (i) the issuance of Company Common Stock pursuant to stock options or similar rights to acquire Company Common Stock granted pursuant to the Company Stock Plan and outstanding prior to the date of this Agreement, or (ii) the sale of Company Common Stock under the Bank ESOP, in accordance with their present terms;

(d) amend its Certificate of Incorporation or By-laws;

(e) enter into any real property lease for a term longer than one year;

(f) make any capital expenditures in excess of $500,000 in the aggregate;

(g) enter into any new line of business;

(h) acquire or agree to acquire, by merging or consolidating with, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire any assets, other than in connection with foreclosures, settlements in

lieu of foreclosure or troubled loan or debt restructurings in the ordinary course of business, which would be material to the Company;

(i) take any action that is intended or would result in any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect, or in any of the conditions to the Merger set forth in Article VII not being satisfied, or in a violation of any provision of this Agreement or the Bank Merger Agreement, except, in every case, as may be required by applicable law;

(j) change its methods of accounting in effect at December 31, 1993, except as required by changes in GAAP or regulatory accounting principles as concurred to by the Company's independent auditors;

(k) except as required by applicable law or to maintain qualification pursuant to the Code, (i) adopt, amend, renew or terminate any Plan or any agreement, arrangement, plan or policy between the Company or any Company Subsidiary and one or more of its current or former directors, officers or employees or (ii) except for normal increases in the ordinary course of business consistent with past practice or as set forth in Section 5.01 of the Company Disclosure Schedule, increase in any manner the compensation or fringe benefits of any director, officer or employee or pay any benefit not required by any plan or agreement as in effect as of the date hereof (including, without limitation, the granting of stock options, stock appreciation rights, restricted stock, restricted stock units or performance units or shares);

(l) except in the case that the Merger becomes a Taxable Transaction pursuant to Section 1.04, knowingly take or cause to be taken any action which would disqualify the Merger as a tax free reorganization under Section 368 of the Code;

(m) other than activities in the ordinary course of business consistent with prior practice, sell, lease, encumber, assign or otherwise dispose of, or agree to sell, lease, encumber, assign or otherwise dispose of, any of its material assets, properties or other rights or agreements;

(n) other than in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money, assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity;

(o) file any application to open, relocate or terminate the operations of any banking office of the Bank;

(p) make any equity investment or commitment to make such an investment in real estate or in any real estate development project, other than in connection with foreclosures, settlements in lieu of foreclosure or troubled loan or debt restructurings in the ordinary course of business;

(q) purchase or sell loans in bulk;

(r) foreclose upon or take deed or title to any commercial real estate without first conducting a Phase I environmental assessment of the property; or foreclose upon such commercial real estate if such environmental assessment indicates the presence of hazardous material in amounts which, if such foreclosure were to occur, would be reasonably likely to result in a Material Adverse Effect on the Company and its Subsidiaries taken as a whole;

(s) subject to Section 6.14, change the Company's policies and practices with respect to asset liability management in any material respect; or

(t) agree to do any of the foregoing.

5.02 No Solicitation. Neither the Company nor any Company Subsidiary nor any of the directors, officers, employees, representatives or agents of the Company or other persons controlled by the Company shall, except to the extent required by applicable law relating to fiduciary obligations of directors, upon advice of counsel, solicit or hold discussions or negotiations with, or assist or provide any information to, any person, entity, or group (other than Parent) concerning any merger, disposition of a significant portion of its assets, or acquisition of a significant portion of its capital stock or similar transactions involving the Company or any Company Subsidiary. Nothing contained in this Section 5.02 shall prohibit the Company or its Board of Directors from taking and disclosing to the Company's shareholders a position with respect to a tender offer by a third party pursuant to Rules 14d-9 and 14e-2 promulgated under the Exchange Act or making such other disclosure to the Company's shareholders which, in the judgment of the Board of Directors, based upon the advice of counsel, may be required under applicable law. The Company will promptly communicate to Parent the terms of any proposal, discussion, negotiation, or inquiry relating to a merger or disposition of a significant portion of its capital stock or similar transaction involving the Company or any Company Subsidiary and the identity of the party making such proposal or inquiry, which it receives with respect to any such transaction.

5.03 Covenants of Parent. During the period from the date of this Agreement and continuing until the Effective Time, except as expressly contemplated or permitted by this Agreement or with the prior written consent of the Company, Parent and its Subsidiaries shall carry on their respective businesses in the ordinary course consistent with past practice and use all reasonable efforts to preserve intact their present

business organizations and relationships. Without limiting the generality of the foregoing and as otherwise contemplated by this Agreement or consented to in writing by the Company, Parent shall not, and shall not permit any of its Subsidiaries to:

(a) take any action that is intended or would result in any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect, or in any of the conditions to the Merger set forth in Article VII not being satisfied, or in a violation of any provision of this Agreement or the Bank Merger Agreement, except, in every case, as may be required by applicable law;

(b) change its methods of accounting in effect at December 31, 1993, except in accordance with changes in GAAP or regulatory accounting principles as concurred to by Parent's independent auditors;

(c) except in the case that the Merger becomes a Taxable Transaction pursuant to Section 1.04 knowingly take or cause to be taken any action which would disqualify the Merger as a tax free reorganization under Section 368 of the Code;

(d) take or cause to be taken any action which would, or may reasonably be expected to, significantly delay or otherwise adversely affect the regulatory approvals required to consummate the Merger; or

(e) agree to do any of the foregoing.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.01 Regulatory Matters.

(a) The Company shall promptly prepare the Proxy Statement and Parent shall promptly prepare and file with the SEC the S-4, in which the Proxy Statement will be included as a prospectus. The S-4 will constitute the Registration Statement registering the issuance of the Warrants and Parent Common Stock pursuant to this Agreement and the issuance of the Warrant Shares upon exercise of the Warrants. Each of the Parent and the Company shall use their best efforts to have the S-4 declared effective under the Securities Act as promptly as practicable after such filing, and the Company shall thereafter promptly mail the Proxy Statement to its shareholders. Parent shall also use its best efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Agreement and the Bank Merger Agreement, and the Company shall furnish all information concerning the Company and the holders of the

Company Common Stock as may be reasonably requested in connection with any such action.

(b) The parties hereto shall cooperate with each other and use their best efforts to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and Governmental Entities which are necessary or advisable to consummate the transactions contemplated by this Agreement (including without limitation the Merger and the Bank Merger). The Company and Parent shall have the right to review in advance, and to the extent practicable each will consult with the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to the Company or Parent, as the case may be, and any of their respective Subsidiaries, which appear in any filing made with or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable. The parties hereto agree that they will consult with each other with respect to the obtaining of all permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other apprised of the status of matters relating to completion of the transactions contemplated herein.

(c) Parent and the Company shall, upon request, furnish each other with all information concerning themselves, their respective Subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement, the S-4 or any other statement, filing, notice or application made by or on behalf of Parent, the Company or any of their respective Subsidiaries to any Governmental Entity in connection with the Merger and the other transactions contemplated hereby.

(d) Parent and the Company shall promptly furnish each other with copies of written communications received by Parent or the Company, as the case may be, or any of their respective Subsidiaries from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated hereby.

6.02 Access to Information.

(a) Upon reasonable notice and subject to applicable laws relating to the exchange of information, the Company shall, and shall cause each of its Subsidiaries to, afford to the officers, employees, accountants, counsel and other representatives of Parent, access, during normal business hours during the period prior to the Effective Time, to all its properties, books, contracts, commitments and records and, during such period, the Company shall, and shall cause its Subsidiaries to, make available to Parent (i) a copy of each report, schedule, registration

statement and other document filed or received by it during such period pursuant to the requirements of Federal securities laws or Federal or state banking laws (other than reports or documents which the Company is not permitted to disclose under applicable law) and (ii) all other information concerning its business, properties and personnel as Parent may reasonably request (other than information which the Company is not permitted to disclose under applicable law). Neither the Company nor any of its Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of the Company's customers, jeopardize the attorney-client privilege of the institution in possession or control of such information or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement. The parties hereto will make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply. Parent will hold all such information in confidence to the extent required by, and in accordance with, the provisions of the confidentiality agreement, dated April 11, 1994, between Parent and the Company (the "Confidentiality Agreement").

(b) Upon reasonable notice and subject to applicable laws relating to the exchange of information, Parent shall, and shall cause its Subsidiaries to, afford to the officers, employees, accountants, counsel and other representatives of the Company and the Bank, access, during normal business hours during the period prior to the Effective Time, to such information regarding Parent and its Subsidiaries as shall be reasonably necessary for the Company to fulfill its obligations pursuant to this Agreement to prepare the Proxy Statement or which may be reasonably necessary for the Company to confirm that the representations and warranties of Parent contained herein are true and correct and that the covenants of Parent contained herein have been performed in all material respects. Neither Parent nor any of its Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of Parent's customers, jeopardize the attorney-client privilege of the institution in possession or control of such information or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement. The parties hereto will make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply. During the period from the date of this Agreement to the Effective Time, Parent will cause one or more of its designated representatives to confer on a regular and frequent basis (not less than monthly) with representatives of the Company and the Bank and to report the general status of the ongoing operations of Parent and its Subsidiaries.

(c) All information furnished by Parent to the Company or its representatives pursuant hereto shall be treated as the sole property of Parent and, if the Merger shall not occur, the Company and its representatives shall return to Parent or destroy all of such written information and all documents, notes, summaries or other materials

containing, reflecting or referring to, or derived from, such information. The Company shall, and shall use its reasonable efforts to cause its representatives to, keep confidential all such information, and shall not directly or indirectly use such information for any competitive or other commercial purpose. The obligation to keep such information confidential shall continue from the date the proposed Merger is abandoned and shall not apply to (i) any information which (x) was already in the Company's possession prior to the disclosure thereof by Parent; (y) was then generally known to the public; or (z) was disclosed to the Company by a third party not bound by an obligation of confidentiality or (ii) disclosures made as required by law. It is further agreed that, if in the absence of a protective order or the receipt of a waiver hereunder the Company is nonetheless, in the opinion of its counsel, compelled to disclose information concerning Parent to any tribunal or governmental body or agency or else stand liable for contempt or suffer other censure or penalty, the Company may disclose such information to such tribunal or governmental body or agency without liability hereunder.

6.03 Shareholder Meeting. The Company shall take all steps necessary to duly call, give notice of, convene and hold a meeting of its shareholders to be held as soon as is reasonably practicable after the date on which the S-4 becomes effective for the purpose of voting upon the approval of this Agreement. The Company will, through its Board of Directors, recommend to its shareholders approval of this Agreement and the transactions contemplated hereby and such other matters as may be submitted to its shareholders in connection with this Agreement; provided, however, that nothing contained in this Section 6.03 or elsewhere in this Agreement shall prohibit the Company's Board of Directors from failing to make such recommendation or modifying or withdrawing its recommendation, if such Board shall have concluded in good faith with the advice of counsel that such action is required to prevent such Board from breaching its fiduciary duties to the shareholders of the Company, and no such action shall constitute a breach of this Agreement.

6.04 Legal Conditions to Merger. Each of Parent and the Company shall, and shall cause each of its Subsidiaries to, use its best efforts (a) to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal requirements which may be imposed on such party or its Subsidiaries with respect to the Merger or the Bank Merger and, subject to the conditions set forth in Article VII hereof, to consummate the transactions contemplated by this Agreement and (b) to obtain (and to cooperate with the other party to obtain) any consent, authorization, order or approval of, or any exemption by, any Governmental Entity and any other third party which is required to be obtained by the Company or Parent or any of their respective Subsidiaries in connection with the Merger and the Bank Merger and the other transactions contemplated by this Agreement. Parent also agrees to accept any conditions related to savings bank life insurance, the discontinuation of impermissible activities or the divestiture of the Company's or the Bank's direct or indirect interests in real estate or other investments which are required by any Regulatory Agency in connection with procuring the

regulatory approvals required to consummate the Merger and the Bank Merger.

6.05 Restrictions on Resale. The Company shall use all reasonable efforts to cause each director, executive officer and other person of the Company who, at the time of the shareholder's meeting called by the Company to approve this Agreement, is an "affiliate" of the Company (for purposes of Rule 145 under the Securities Act) and who has indicated to the Company that such person intends to elect to receive Parent Common Stock pursuant to the Merger, to execute "affiliate letters" prior to the Effective Time providing that such person will not sell, pledge, transfer or otherwise dispose of any shares of Parent Common Stock received by such person in the Merger except in compliance with the applicable provisions of the Securities Act and the rules and regulations thereunder. Parent shall use all reasonable efforts to comply with Rule 144(c) under the Securities Act in order that all such persons may resell such Parent Common Stock pursuant to Rule 145(d) under the Securities Act.

6.06 Stock Exchange Listing. Parent shall cause the Warrants and the shares of Parent Common Stock to be issued in the Merger and the Warrant Shares to be approved for listing on the Stock Exchange, subject to official notice of insurance, prior to the Effective Time.

6.07 Employee Benefit Plans.

(a) From and after the Effective Time and subject to applicable law, the Surviving Corporation and the Surviving Bank shall provide the employees of the Company ("Company Employees") with the same benefits provided to its own employees; provided, that Parent shall not treat any such employee as a "new" employee for purposes of any exclusion for an existing condition under any health, dental or similar plan of Parent, the Surviving Corporation, or the Surviving Bank. Notwithstanding anything to the contrary herein, with respect to benefits payable to employees who shall have retired from the Company and its Subsidiaries, whether before or after the Effective Time, the Surviving Corporation and the Surviving Bank shall in no event take any action to reduce such benefits and shall take such action as it deems appropriate from time to time with respect to possible increases in the level of such benefits, taking into consideration among other factors any similar increases which Parent shall have effected with respect to its retired employees.

(b) With respect to the provision of benefits to the Company's employees pursuant to Section 6.07(a) hereof, to the extent that Company Employees become participants in any employee benefit plans maintained by the Surviving Corporation, the Surviving Bank, Parent or any of its Subsidiaries ("Parent Plans"), Company Employees shall be credited under the Parent Plans for all prior years of service with the Company and any Subsidiary of the Company (and any entities acquired by the Company or the Bank to the same extent as the Company or the

Bank recognize such service) for all purposes, including but not limited to eligibility and vesting, vacation time and 401(k) plans, but excluding benefit accrual under the qualified defined benefit pension plan of the Surviving Corporation, the Surviving Bank, Parent or any of its Subsidiaries, to the extent of any duplication in benefits, to the extent such service was recognized by the Company or any Subsidiary of the Company under any of its plans.

(c) The provisions of this Section 6.07 are expressly intended to be for the irrevocable benefit of, and shall be enforceable by, each officer and employee covered hereby and his or her heirs and representatives.

6.08 Employee Termination And Other Benefits.

(a) Following the Effective Time, Parent shall honor and shall cause the Company and the Bank, or any of their respective successors, including without limitation, the Surviving Corporation and the Surviving Bank, to honor in accordance with their terms all employment, severance and other compensation agreements and arrangements which are between the Company or the Bank and any director, officer or employee thereof and which have been disclosed in Section 5.01 of the Company Disclosure Schedule, and to assume all duties, liabilities and obligations under such agreements. Parent agrees for itself and its Subsidiaries that the consummation of the transactions contemplated hereby is a "Change in Control" as defined in the Special Termination Agreements between the Company and/or the Bank and certain officers as disclosed in the Company Disclosure Schedule.

(b) Parent agrees to offer, or cause the Surviving Bank to offer, continued comparable employment on and after the Effective Time to all employees of the Company or the Company Subsidiaries who were such immediately prior to the Effective Time. Employees of the Company or the Company Subsidiaries who are terminated on or within two years after the Effective Time shall be provided, in addition to all other applicable benefits, severance and other benefits set forth in Section 5.01 of the Company Disclosure Schedule, with the following:

(i) the greater or more favorable of the severance and other benefits set forth in (x) Fleet Financial Group, Inc.'s Severance Pay and Benefits Plan appended to Section 6.08 of the Parent Disclosure Schedule, or (y) Parent's severance pay and benefits plan policy existing on the date of termination; and

(ii) continuation of health benefits for one year after termination on the same terms and conditions as though they had remained active employees of Parent or the Surviving Corporation or the Surviving Bank (provided, that such employees shall not be treated as "new" employees for purposes of any exclusion for an existing condition under any health or similar plan), and thereafter shall be entitled to continuation benefits (such

as COBRA) for an additional eighteen month period determined as though their employment had terminated at the end of such one-year period.

(c) The provisions of this Section 6.08 are expressly intended to be for the irrevocable benefit of, and shall be enforceable by, each officer and employee covered hereby and his or her heirs and representatives.

6.09 Indemnification; Directors' and Officers' Insurance.

(a) In the event of any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal or administrative, including, without limitation, any such claim, action, suit, proceeding or investigation in which any person who is now, or has been at any time prior to the date of this Agreement, or who becomes prior to the Effective Time, a director or officer or employee of the Company or any of its Subsidiaries (the "Indemnified Parties") is, or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he is or was a director, officer or employee of the Company, any of the Company Subsidiaries or any of their respective predecessors or (ii) this Agreement or any of the transactions contemplated hereby, whether in any case asserted or arising before or after the Effective Time, the parties hereto agree to cooperate and use their best efforts to defend against and respond thereto. It is understood and agreed that the Company shall indemnify and hold harmless and that after the Effective Time, the Surviving Corporation and Parent shall indemnify and hold harmless, as and to the fullest extent permitted by applicable law, each such Indemnified Party against any losses, claims, damages, liabilities, costs, expenses (including reasonable attorney's fees and expenses), judgments, fines and amounts paid in settlement in connection with any such threatened or actual claim, action, suit, proceeding or investigation, and in the event of any such threatened or actual claim, action, suit, proceeding or investigation (whether asserted or arising before or after the Effective Time), (i) the Company, and the Surviving Corporation and Parent after the Effective Time, shall promptly pay expenses in advance of the final disposition of any claim, action, suit, proceeding or investigation to each Indemnified Party to the full extent permitted by law, (ii) the Indemnified Parties may retain counsel satisfactory to them, and the Company, and the Surviving Corporation and Parent after the Effective Time, shall pay all fees and expenses of such counsel for the Indemnified Parties within thirty days after statements therefor are received, and (iii) the Company, the Surviving Corporation and Parent will use their respective best efforts to assist in the vigorous defense of any such matter; provided, that none of the Company, the Surviving Corporation or Parent shall be liable for any settlement effected without its prior written consent (which consent shall not be unreasonably withheld); and provided further, that the Surviving Corporation and Parent shall have no obligation hereunder to any Indemnified Party when and if a court of competent jurisdiction shall ultimately determine, and such determination shall have become final and non-appealable, that

indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable law. Any Indemnified Party wishing to claim indemnification under this Section 6.09, upon learning of any such claim, action, suit, proceeding or investigation, shall notify the Company and, after the Effective Time, the Surviving Corporation and Parent, thereof, provided, that the failure to so notify shall not affect the obligations of the Company, the Surviving Corporation and Parent, except to the extent such failure to notify materially prejudices such party.

(b) Parent agrees that all rights to indemnification existing in favor, and all limitations on the personal liability, of the Indemnified Parties provided for in the Company's Certificate of Incorporation or By-laws or the Charter or By-laws or similar organizational documents of any of its Subsidiaries as in effect as of the date hereof with respect to matters occurring prior to the Effective Time shall survive the Merger and shall continue in full force and effect for a period of not less than six (6) years from the Effective Time; provided, however, that all rights to indemnification in respect of any claim (a "Claim") asserted or made within such period shall continue until the disposition of such Claim.

(c) Parent shall cause the persons serving as officers and directors of the Company immediately prior to the Effective Time to be covered for a period of three (3) years from the Effective Time by the directors' and officers' liability insurance policy maintained by the Company (provided, that Parent may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are not less advantageous than such policy) with respect to acts or omissions occurring at or prior to the Effective Time which were committed by such officers and directors in their capacity as such; provided, however, that in no event shall Parent be required to expend more than the amount (the "Insurance Amount") equal to 200% of the current amount expended by the Company and the Bank to maintain or procure insurance coverage pursuant hereto.

(d) In the event Parent or the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any person, then, and in each such case proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, assume the obligations set forth in this section.

(e) The provisions of this Section 6.09 are expressly intended to be for the irrevocable benefit of, and shall be enforceable by, each Indemnified Party and his or her heirs and representatives.

6.10 Subsequent Interim and Annual Financial Statements. As soon as reasonably available, but in no event more than 45 days after the end of each fiscal quarter ending after December 31, 1993, Parent will

deliver to the Company and the Company will deliver to Parent their respective Quarterly Reports on Form 10-Q, as filed with the SEC under the Exchange Act. As soon as reasonably available, but in no event later than April 1, 1995, Parent will deliver to the Company and the Company will deliver to Parent their respective Annual Reports on Form 10-K for the fiscal year ended December 31, 1994, as filed with the SEC under the Exchange Act.

6.11 Additional Agreements. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purpose of this Agreement, or the Bank Merger Agreement, or to vest the Surviving Corporation or the Surviving Bank with full title to all properties, assets, rights, approvals, immunities and franchises of any of the parties to the Merger or the Bank Merger, the proper officers and directors of each party to this Agreement and their respective Subsidiaries shall take all such necessary action as may be reasonably requested by, and at the sole expense of, Parent.

6.12 Disclosure Supplements. From time to time prior to the Effective Time, each party will promptly supplement or amend the Disclosure Schedules delivered in connection with the execution of this Agreement to reflect any matter which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in such Disclosure Schedules or which is necessary to correct any information in such Disclosure Schedules which has been rendered inaccurate thereby. No supplement or amendment to such Disclosure Schedules shall have any effect for the purposes of determining satisfaction of the conditions set forth in Sections 7.02(a) or 7.03(a) hereof, as the case may be, or the compliance by the Company or Parent, as the case may be, with the respective covenants set forth in Sections 5.01 and 5.03 hereof.

6.13 Current Information.

(a) During the period from the date of this Agreement to the Effective Time, the Company will cause one or more of its designated representatives to be available to confer on a regular and frequent basis (not less than monthly) with representatives of Parent and to report the general status of the ongoing operations of the Company and its Subsidiaries. The Company will promptly notify Parent of any material change in the normal course of business of the Company or any of its Subsidiaries and of any governmental complaints, investigations or hearings or the institution of significant litigation involving the Company or any of its Subsidiaries and will keep Parent reasonably informed of such events.

(b) Parent will promptly notify the Company of any material change in the normal course of business of Parent or any of its Subsidiaries and of any governmental complaints, investigations or hearings, or the institution of significant litigation involving Parent or any of its Subsidiaries, and will keep the Company reasonably informed of such events.

6.14 ALCO Management. The Company agrees that during the period from the date of this Agreement to the Effective Time, the Company will consult and cooperate with Parent in the development and implementation of a program to manage the Company's interest rate sensitive assets and liabilities.

6.15 Execution and Authorization of Bank Merger Agreement. As soon as reasonably practicable after the date of this Agreement, (a) Parent shall (i) cause the Board of Directors of Massachusetts Bank to approve the Bank Merger Agreement, (ii) cause Massachusetts Bank to execute and deliver the Bank Merger Agreement, and (iii) approve the Bank Merger Agreement as the sole shareholder of Massachusetts Bank, and (b) the Company shall (i) cause the Board of Directors of the Bank to approve the Bank Merger Agreement, and (ii) cause the Bank to execute and deliver the Bank Merger Agreement. The Bank Merger Agreement shall contain terms that are normal and customary in light of the transactions contemplated hereby and necessary to carry out the purposes of this Agreement.

ARTICLE VII

CONDITIONS PRECEDENT

7.01 Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Shareholder Approval. This Agreement shall have been approved and adopted by the affirmative vote of the holders of at least a majority of the outstanding shares of Company Common Stock entitled to vote thereon.

(b) Stock Exchange Listing. The Warrants, shares of Parent Common Stock which shall be issued to the shareholders of the Company upon consummation of the Merger and the Warrant Shares shall have been authorized for listing on the Stock Exchange, subject to official notice of issuance.

(c) Other Approvals. All regulatory approvals required to consummate the Merger and the Bank Merger shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired.

(d) S-4. The S-4 shall have become effective under the Securities Act and no stop order suspending the effectiveness of the S-4 shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC.

(e) No Injunctions or Restraints; Illegality. No order, injunction or decree issued by any court or agency of competent jurisdiction (an "Injunction") preventing the consummation of the Merger or the other transactions contemplated by this Agreement shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted or enforced by any Governmental Entity which prohibits or makes illegal consummation of the Merger.

7.02 Conditions to Obligations of Parent. The obligation of Parent to effect the Merger is also subject to the satisfaction or waiver by Parent at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date; provided, however, that, for purposes hereof, such representations and warranties shall be deemed to be true and correct in all material respects unless the failure or failures of such representations and warranties to be so true and correct represent, in the aggregate, a Material Adverse Effect (as defined in Section 3.01 hereof). Parent shall have received a certificate signed on behalf of the Company by the Chief Executive Officer and the Chief Financial Officer of the Company to the foregoing effect.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Parent shall have received a certificate signed on behalf of the Company by the Chief Executive Officer and the Chief Financial Officer of the Company to such effect.

(c) Consents Under Agreements. The consent, approval or waiver of each person (other than of the Governmental Entities with responsibility for the regulatory approvals referred to in Section 7.01(c)) whose consent or approval shall be required in order to permit the succession by the Surviving Corporation pursuant to the Merger to any obligation, right or interest of the Company or any Company Subsidiary of the Company under any loan or credit agreement, note, mortgage, indenture, lease, license or other agreement or instrument shall have been obtained, except where the failure to obtain such consent, approval or waiver would not have a Material Adverse Effect on the Company or its Subsidiaries taken as a whole.

(d) Legal Opinion. Parent shall have received the opinion of Goodwin, Procter & Hoar, counsel to the Company, dated the Closing Date, in a form that is customary for transactions of this type. As to any matter in such opinion which involves matters of fact or matters relating to laws other than Federal securities law, such counsel may rely upon the certificates of officers and directors of the Company and its

Subsidiaries and of public officials and opinions of local counsel, reasonably acceptable to Parent.

(e) Accountant's Letter. The Company shall have caused to be delivered to Parent letters from KPMG Peat Marwick, independent public accountants with respect to the Company, dated the date on which the Registration Statement or last amendment thereto shall become effective, and dated the date of the Closing, and addressed to Parent and the Company, with respect to the Company's consolidated financial position and results of operations, which letters shall be based upon agreed upon procedures to be specified by Parent, which procedures shall be consistent with applicable professional standards for letters delivered by independent accountants in connection with comparable transactions.

7.03 Conditions to Obligations of the Company. The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date; provided, however, that, for purposes hereof, such representations and warranties shall be deemed to be true and correct in all material respects unless the failure or failures of such representations and warranties to be so true and correct represent, in the aggregate, a Material Adverse Effect (as defined in Section 3.01 hereof). The Company shall have received a certificate signed on behalf of Parent by the Chief Executive Officer and the Chief Financial Officer of Parent to the foregoing effect.

(b) Performance of Obligations of Parent. Parent shall have each performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Parent by the Chief Executive Officer and the Chief Financial Officer of Parent to such effect.

(c) Consents Under Agreements. The consent or approval of each person (other than of the Governmental Entities with responsibility for the regulatory approvals referred to in Section 7.01(c)) whose consent or approval shall be required in connection with the transactions contemplated hereby under any loan or credit agreement, note, mortgage, indenture, lease, license or other agreement or instrument to which Parent or any of its Subsidiaries is a party or is otherwise bound, except those for which failure to obtain such consents and approvals would not have a Material Adverse Effect on Parent and its Subsidiaries taken as a whole (after giving effect to the transactions contemplated hereby).

(d) Federal Tax Opinion. Except in the case the Merger becomes a Taxable Transaction pursuant to Section 1.04, the Company shall have received from its counsel, an opinion dated as of the Effective Time, in form and substance reasonably satisfactory to the Company, rendered on the basis of facts, representations, and assumptions set forth in such opinion or in writing elsewhere and referred to therein, substantially to the effect that for federal income tax purposes (i) the Merger constitutes a reorganization within the meaning of Section 368(a) of the Code, and (ii) Parent and the Company each will be a party to the reorganization within the meaning of Section 368(b) of the Code (noting, however, that the nontaxability of the shareholders of the Company resulting from such reorganization does not extend to cash received as Per Share Cash Consideration, cash in lieu of a fractional shares interest in Parent Common Stock, cash received by the holders of Dissenting Shares or the Warrants, if any). In rendering any such opinion, such counsel may require and, to the extent they deem necessary or appropriate may rely upon, opinions of other counsel and upon representations made in certificates of officers of the Company, Parent, affiliates of the foregoing, and others.

(e) Legal Opinion. The Company shall have received the opinion of Edwards & Angell, counsel to Parent, dated the Closing Date, in a form that is customary for transactions of this type. As to any matter in such opinion which involves matters of fact or matters relating to laws other than Federal securities law, Rhode Island law or Delaware corporate law, such counsel may rely upon the certificates of officers and directors of Parent and of public officials and opinions of local counsel, reasonably acceptable to the Company.

(f) Opinion of Financial Advisor. The Company shall have received an opinion, dated as of the date of the Proxy Statement, from Salomon Brothers Inc to the effect that as of the date thereof the consideration to be received by the shareholders of the Company pursuant to the Merger is fair to such shareholders from a financial point of view.

ARTICLE VIII

TERMINATION AND AMENDMENT

8.01 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Merger by the shareholders of the Company:

(a) by mutual consent of Parent and the Company in a written instrument, if the Board of Directors of each so determines by a vote of a majority of the members of its entire Board;

(b) by either Parent or the Company upon written notice

to the other party (i) ninety days after the date on which any request or application for a regulatory approval required to consummate the Merger shall have been denied or withdrawn at the request or recommendation of the Governmental Entity which must grant such requisite regulatory approval, unless within the ninety day period following such denial or withdrawal a petition for rehearing or an amended application has been filed with the applicable Governmental Entity, provided, however, that no party shall have the right to terminate this Agreement pursuant to this Section 8.01(b)(i) if such denial or request or recommendation for withdrawal shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the covenants and agreements of such party set forth herein, or (ii) if any Governmental Entity of competent jurisdiction shall have issued a final nonappealable order enjoining or otherwise prohibiting the consummation of any of the transactions contemplated by this Agreement;

(c) by either Parent or the Company if the Merger shall not have been consummated on or before May 31, 1995, unless the failure of the Closing to occur by such date shall be due to the failure of the party seeking to terminate this Agreement to perform or observe in any material respect the covenants and agreements of such party set forth herein;

(d) by either Parent or the Company if (i) any approval of the shareholders of the Company required for the consummation of the Merger shall not have been obtained by reason of the failure to obtain the required vote at a duly held meeting of shareholders or at any adjournment or postponement thereof, or (ii) the Company's Board of Directors determines that it will not recommend to its shareholders approval, or modifies or withdraws its recommendation, of this Agreement and the transactions contemplated hereby and such other matters as may be submitted to its shareholders in connection with this Agreement, if such Board shall have concluded with the advice of counsel that such action is required to prevent such Board from breaching its fiduciary obligations to the shareholders of the Company;

(e) by either Parent or the Company (provided, that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a material breach of any of the representations or warranties set forth in this Agreement on the part of the other party, which breach shall not have been cured within forty-five days following receipt by the breaching party of written notice of such breach from the other party hereto, or which breach, by its nature, cannot be cured prior to the Closing; or

(f) by either Parent or the Company (provided, that the terminating party is not then in material breach of any

representation, warranty, covenant or other agreement contained herein) if there shall have been a material breach of any of the covenants or agreements set forth in this Agreement on the part of the other party, which breach shall not have been cured within forty-five days following receipt by the breaching party of written notice of such breach from the other party hereto.

8.02 Effect of Termination; Expenses.

(a) In the event of termination of this Agreement by either Parent or the Company as provided in Section 8.01, this Agreement shall forthwith become void and have no effect except (i) Sections 6.02(c), 8.02 and 9.03 and the last sentence of Section 6.02(a) (except as noted in Section 8.02(c)), shall survive any termination of this Agreement, and (ii) no party shall be relieved or released from any liabilities or damages arising out of its willful breach of any provision of this Agreement.

(b) If this Agreement is terminated, expenses of the parties hereto shall be determined as follows:

(i) Any termination of this Agreement pursuant to Section 8.01(a) or Section 8.01(d) hereof shall be without cost, expense or liability on the part of any party to the other. Any termination of this Agreement pursuant to Section 8.01(e) or Section 8.01(f) hereof shall also be without cost, liability or expense on the part of any party to the others, unless the breach of a representation or warranty or the breach of a covenant or agreement is caused by the willful conduct or gross negligence of a party in which event said party shall be liable to the other party for all out-of-pocket costs and expenses, including, without limitation, reasonable legal, accounting and investment banking fees and expenses, incurred by such other party in connection with the entering into of this Agreement and the carrying out of any and all acts contemplated hereunder ("Expenses").

(ii) If this Agreement is terminated pursuant to Section 8.01(b) or Section 8.01(c) or the transactions contemplated hereby otherwise fail to be consummated, in any such case because of the failure to receive any required regulatory approval, Parent shall reimburse the Company for all Expenses up to a maximum of $1,500,000.

(iii) The payment of Expenses is not an exclusive remedy, but is in addition to any other rights or remedies available to the parties hereto at law or in equity and no party shall be relieved or released from any liabilities or damages arising out of its willful breach of any provisions of this Agreement.

(c) In order to induce Parent to enter into this Agreement and to reimburse Parent for incurring the costs and expenses related to entering into this Agreement and consummating the transactions

contemplated by this Agreement, the Company will make a cash payment to Parent of $8,000,000 (the "Expense Fee") if and only if :

(i) (x) the Company has terminated this Agreement pursuant to Section 8.01(d) or (y) Parent has terminated this Agreement pursuant to Sections 8.01(e) or 8.01(f) and the breach of the representation, warranty, covenant or agreement was caused by the willful conduct or gross negligence of the Company, and

(ii) (x) within six (6) months of any such termination, (A) the Company shall have entered into an agreement to engage in an Acquisition Transaction with any person other than Parent or any subsidiary or affiliate of Parent or (B) the Board of Directors of the Company shall have approved an Acquisition Transaction or recommended that shareholders of the Company approve or accept any Acquisition Transaction with any person other than Parent or any subsidiary or affiliate of Parent, or (y) in the case of a termination pursuant to Section 8.01(d), at the time of such termination any person other than Parent or any subsidiary or affiliate of Parent, shall have made a bona fide proposal to the Company or its shareholders to engage in an Acquisition Transaction by public announcement or written communication that shall be or become the subject of public disclosure.

Any payment required by the previous sentence will be (i) payable by the Company to Parent (by wire transfer of immediately available funds to an account designated by Parent) within five business days after demand by Parent and (ii) net of any other payments made by the Company to Parent pursuant to the provisions of Section 8.02(b)(i). In the event of a termination under circumstances that would trigger a payment under this Section 8.02(c), the standstill provisions contained in the Confidentiality Agreement shall terminate.

Notwithstanding anything to the contrary set forth in this Agreement, if the Company pays Parent the Expense Fee, the Company will have no further obligations or liabilities to Parent with respect to this Agreement or the transactions contemplated by this Agreement.

For purposes of this Agreement, "Acquisition Transaction" shall mean (i) a merger, consolidation or other similar transaction with the Company, (ii) any sale, lease or other disposition of 25% or more of the assets of the Company and its subsidiaries, taken as a whole, in a single transaction or series of transaction, or (iii) any tender or exchange offer for 25% or more of the outstanding shares of Company Common Stock.

8.03 Amendment. Subject to compliance with applicable law, this Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after approval of the matters presented in connection with the Merger by the shareholders of the Company; provided, however, that after any

approval of the transactions contemplated by this Agreement by the Company's shareholders, there may not be, without further approval of such shareholders, any amendment of this Agreement which reduces the amount or changes the form of the consideration to be delivered to the Company's shareholders hereunder other than as contemplated by this Agreement. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

8.04 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Board of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein; provided, however, that after any approval of the transactions contemplated by this Agreement by the Company's shareholders, there may not be, without further approval of such shareholders, any extension or waiver of this Agreement or any portion thereof which reduces the amount or changes the form of the consideration to be delivered to the Company's shareholders hereunder other than as contemplated by this Agreement. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party, but such extension or waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

ARTICLE IX

GENERAL PROVISIONS

9.01 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "Closing") will take place at the offices of Goodwin, Procter & Hoar, One Exchange Place, Boston, Massachusetts 02109, at 10:00 a.m. on a date selected by Parent, which shall be not more than five business days after the satisfaction of the conditions set forth in Section 7.01 hereof or at such other date, time and place as is mutually agreed upon by the Company and Parent. The date on which such Closing takes place is referred to herein as the "Closing Date". Parent shall provide the Company written notice of the date selected by it as the Closing Date at least five business days prior to such date.

9.02 Non-Survival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time, except for those covenants and agreements contained herein and therein which by their terms apply in whole or in part after the Effective Time.

9.03 Expenses. Except as provided by Section 8.02(b) hereof, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expense, provided, however, that the costs and expenses of printing and mailing the Proxy Statement, and all filing and other fees paid to the SEC or any other Governmental Entity in connection with the Merger, the Bank Merger and the other transactions contemplated hereby, shall be borne by Parent, provided, however, that nothing contained herein shall limit either party's rights under Section 8.02 hereof, including, but not limited to, the right to recover any liabilities or damages arising out of the other party's willful breach of any provision of this Agreement.

9.04 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopies (with confirmation), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent, to:

Fleet Financial Group, Inc.
50 Kennedy Plaza
Providence, Rhode Island 02903-2305
Attn: William C. Mutterperl, General Counsel

with a copy to:

Edwards & Angell
2700 Hospital Trust Plaza
Providence, Rhode Island 02903-2305
Attn: Duncan Johnson, Esq.

(b) if to the Company, to:

NBB Bancorp, Inc.
174 Union Street
New Bedford, MA 02740
Attn: Robert McCarter, Chairman

with a copy to:

Goodwin, Procter & Hoar
Exchange Place
Boston, MA 02109
Attn: Paul W. Lee, P.C.
Regina M. Pisa, P.C.

9.05 Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to

a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The phrases "the date of this Agreement," "the date hereof" and terms of similar import, unless the context otherwise requires, shall be deemed to be May 9, 1994.

9.06 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

9.07 Entire Agreement. This Agreement (including the documents and the instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, other than the Confidentiality Agreement.

9.08 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without regard to any applicable conflicts of law.

9.09 Jurisdiction and Venue. The parties consent to the jurisdiction of all federal and state courts in Massachusetts, and agree that venue shall lie exclusively in Boston, Suffolk County, Massachusetts.

9.10 Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that the provisions contained in the last sentence of Section 6.02(a) and in Section 6.02(c) of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of the last sentence of Section 6.02(a) and Section 6.02(c) of this Agreement and to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

9.11 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

9.12 Publicity. Except as otherwise required by law or the rules of the Stock Exchange, so long as this Agreement is in effect, neither Parent nor the Company shall, or shall permit any of its Subsidiaries to, issue or cause the publication of any press release or other public announcement with respect to, or otherwise make any public statement concerning, the transactions contemplated by this Agreement without the consent of the other party, which consent shall not be unreasonably withheld.

9.13 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

IN WITNESS WHEREOF, the Company and Parent have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

NBB BANCORP, INC.

By: /s/ Robert McCarter
Title: Chairman and President

Attest:

By: /s/ Carol E. Correia
Title: Secretary

FLEET FINANCIAL GROUP, INC.

By: /s/ H. Jay Sarles

Attest: Title: Vice Chairman

By: /s/ Brian T. Moynihan
Title: Vice President

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DISCLOSURE SCHEDULES

In accordance with Item 601 of Regulation S-K, the Schedules to the Agreement identified below have been omitted but will be made available to the Securities and Exchange Commission upon request.

Company Disclosure Schedule

Section 3.02	Capitalization, Options and Subsidiaries
Section 3.03	No Violation
Section 3.04	Consents and Approvals
Section 3.05	Classified Loans and Regulatory Proceedings
Section 3.08	Certain Changes or Events
Section 3.09	Legal Proceedings
Section 3.11	Employee Benefit Plans
Section 3.15	Certain Contracts
Section 3.16	Agreements with Regulatory Agencies
Section 3.17	Investments
Section 3.18	Environmental Matters
Section 3.19	Assistance Agreements
Section 5.01	Conduct of Business By the Company Pending the Merger

Parent Disclosure Schedule

Section 4.04	Consents and Approvals
Section 6.08	Employee Termination and Other Benefits

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EXHIBIT 10(r)

AMENDMENT TO
SHAREHOLDER RIGHTS AGREEMENT

Amendment, dated as of May 9, 1994, to the Shareholder Rights Agreement, dated as of November 14, 1989 (the "Rights Agreement"), between NBB Bancorp, Inc., a Delaware corporation (the "Company"), and The First National Bank of Boston, a national banking association, as Rights Agent (the "Rights Agent").

W I T N E S S E T H

WHEREAS, in accordance with the terms of the Rights Agreement, the Company deems it desirable to make certain amendments to the Rights Agreement; and

WHEREAS, Section 27 of the Rights Agreement provides that prior to the Distribution Date (as defined therein), the Company and the Rights Agent shall, if the Company so directs, amend or supplement any provision of the Rights Agreement as the Company may deem necessary or desirable without the approval of holders of the Company's common stock, par value $.10 per share (the "Common Stock");

WHEREAS, the Company intends to enter into an Agreement and Plan of Merger (the "Merger Agreement") with Fleet Financial Group, Inc. (the "Purchaser") pursuant to which the Company will be merged with and into the Purchaser (the "Merger"), and each outstanding share of Common Stock, by virtue of the Merger, shall be cancelled and converted solely into the right to receive the consideration set forth in the Merger Agreement;

WHEREAS, prior to entering into the Merger Agreement, the Company desires to amend certain provisions of the Rights Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree that the Rights Agreement is hereby amended as follows:

1. Section 1(a) of the Rights Agreement is amended by adding the following new paragraph at the end of Section 1(a):

> Notwithstanding anything in this Agreement to the contrary, neither Fleet Financial Group, Inc. (the "Purchaser")

nor any of its Affiliates or Associates shall be deemed to be an "Acquiring Person," and no Stock Acquisition Date, Distribution Date, Section 11(a)(ii) Event or Section 13 Event shall occur, as a result of (i) the execution and delivery of the Agreement and Plan of Merger, dated as of May 9, 1994 by and between the Purchaser and the Company, as the same may be amended from time to time (the "Merger Agreement"); (ii) any action taken by the Purchaser or any of its Affiliates or Associates in accordance with the provisions of the Merger Agreement; or (iii) the consummation of the Merger in accordance with the provisions of the Merger Agreement.

2. Section 7(a) of the Rights Agreement is amended by deleting it in its entirety and substituting therefor the following:

(a) Subject to Section 7(e) hereof, the registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase and the certificate on the reverse side thereof duly executed, to the Rights Agent at the office or offices of the Rights Agent designated for such purpose, together with payment of the aggregate Exercise Price for the total number of one one-hundredths of a share of Preferred Stock (or other securities, cash or other assets, as the case may be) as to which such surrendered Rights are then being exercised, prior to the earlier of (i) the close of business on November 14, 1999 (the "Final Expiration Date"), (ii) the time at which the Rights are redeemed as provided in Section 23 hereof or (iii) the Effective Time (as such term is defined in the Merger Agreement) of the Merger (the earlier of (i), (ii) or (iii) being herein referred to as the "Expiration Date"). Except as set forth in Section 7(e) and Section 7(f) hereof and notwithstanding any other provision of this Agreement, any Person who prior to the Distribution Date becomes a record holder of shares of Common Stock may exercise all of the rights of a registered holder of a Right Certificate with respect to the Rights associated with such shares of Common Stock in accordance with the provisions of this Agreement, as of the date such Person becomes a record holder of shares of Common Stock.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written. This Amendment may be executed in one or more counterparts all of which shall be considered one and the same amendment and each of which shall be deemed to be an original.

NBB BANCORP, INC.

By: /s/ Robert McCarter

Name: Robert McCarter
Title: Chairman, President and Chief Executive Officer

THE FIRST NATIONAL BANK OF BOSTON
as Rights Agent

By: /s/ Darlene M. DioDato

Name: Darlene M. DioDato
Title: Vice President

Exhibit 11

COMPUTATION OF PRIMARY AND FULLY DILUTED EARNINGS PER SHARE
For the Quarter Ended March 31, 1994
(Dollars in thousands except per share amounts)

The information below is presented to comply with Regulation S-K Item 601. The computation is not used or required in the consolidated statements of income as its dilutive effect on simple earnings per share is less than 3%.

<TABLE>
<CAPTION>

	Primary EPS	Fully Diluted EPS
<S>	<C>	<C>
Weighted average shares	8,657,063	8,657,063
Common Stock Equivalents (CSE)		
Stock options	147,099	147,099
Primary weighted average shares	8,804,162	8,804,162
Additional CSE		18,066
Fully diluted weighted average shares		8,822,228
Net Income	$ 7,825	$ 7,825
Earnings Per Share	$ 0.89	$ 0.89

</TABLE>

Exhibit 99

Contact: Irving J. Goss
SVP, Treasurer, and CFO
(508) 996-5000

NBB Bancorp Inc., Parent of New Bedford Institution for Savings, Agrees to be Acquired by Fleet Financial Group

NEW BEDFORD, MASSACHUSETTS, May 9, 1994: NBB Bancorp (NYSE-NBB), parent company of New Bedford Institution for Savings (NBIS), today agreed to be acquired by Fleet Financial Group (NYSE-FLT), Providence, RI, for $420 million in cash and Fleet common stock, plus warrants to acquire 2.5 million shares of Fleet common stock.

Under the terms of the agreement, the NBB per share consideration is $48.50, plus approximately .277 warrants to purchase Fleet common stock at a strike price of $43.875 per share during the five-year period beginning one year after closing. The warrants have an estimated value of approximately $2.00 per NBB share on the date hereof, based upon the evaluation of NBB's financial advisor. The actual value on the closing date is subject to the price of Fleet common stock, among other things, on that date.

Based on the value of stock, cash and warrants offered in the transaction, the total consideration for the acquisition is estimated at $50.50 per share on the date hereof. The transaction is intended to be tax-free to those NBB shareholders who exchange their shares for Fleet stock. The stock portion is subject to a floating exchange ratio.

Fleet intends to repurchase approximately 6 million common shares prior to the closing for issuance to NBB shareholders. Funding for the repurchase of Fleet stock and the cash portion of consideration at the closing will be provided through the issuance of term debt.

The proposed acquisition, which is subject to approval by NBB's shareholders and various federal and state regulatory agencies, was announced by Robert McCarter, NBB's chairman and chief executive officer, and Terrence Murray, Fleet's chairman and chief executive officer. They said the transaction is expected to be closed early in 1995.

McCarter said, "I am very pleased that we have completed

negotiations with Fleet to become a part of their fine organization. We believe the terms of the transaction are very favorable to our stockholders. We view this merger as another positive accomplishment in our effort to provide our communities with a quality financial organization that can make a valuable contribution to the economy of the area."

"We are extremely pleased to add to our franchise the communities served by NBB Bancorp," Murray said. "Our franchise will be extended to our branch banking network east from Providence to Cape Cod, adding more than 200,000 households and small businesses to our customer base. This will make Fleet the banking leader in Bristol County, which includes the Greater New Bedford area, Fall River, Taunton, the Attleboros, and Seekonk. It also will augment our existing franchises in Rhode Island and on Cape Cod."

NBIS's consumer and small business banking franchise of 52 offices extends throughout Cape Cod, southeastern Massachusetts and into Rhode Island. NBIS is the largest savings bank in Massachusetts and the dominant bank in Bristol County with a 23% deposit share. NBIS is also a leading mortgage originator in southeastern Massachusetts. Following the acquisition, Fleet will be the market leader in Bristol County and will substantially expand its presence on Cape Cod.

"We look forward to providing Fleet's expanded consumer and small business products throughout these markets. Current New Bedford Institution for Savings customers, and prospective customers, will discover that Fleet offers an outstanding array of services, many of which they have not been able to access easily," Murray said.

"Consumers will benefit from Fleet's network of more than 800 branches and 850 ATMs throughout the Northeast, our Galaxy family of mutual funds, discount brokerage services, home equity credit, our debit card and proprietary credit card, and a broad range of other services that distinguish Fleet from our competitors," Murray said.

"Small businesses will find that Fleet has both the resources and the willingness to lend," Murray added. "We expect our new Easy Business Banking program to be particularly welcome and advantageous for entrepreneurs trying to grow their businesses. We also offer a complete line of business services ranging from cash management and deposit products to investment and trade services."

Fleet Financial Group is a $46 billion diversified financial services company listed on the New York Stock Exchange, with approximately 1,200 offices nationwide. Its lines of business include commercial and consumer banking, mortgage banking, consumer finance, asset-based lending, equipment leasing, investment management, and student loan processing.

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