



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF PAN AMERICAN NATIONAL BANK, UNION CITY, NEW JERSEY

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Pan American National Bank, Union City, New Jersey, have been assumed by Hudson United Bank, Union City, New Jersey. The single office of the closed bank will reopen Saturday, March 19, 1983, as a branch of Hudson United Bank and all depositors of the closed bank automatically will become depositors of the assuming bank. The appropriate court has approved the transaction.

Pan American was closed on March 18, 1983 by Comptroller of the Currency C. Todd Conover and the FDIC was named receiver. Comptroller Conover said: "During 1983, Pan American National Bank experienced serious loan losses and other earnings problems. The bank was unable to remedy these problems and its condition became critical. Losses finally exhausted the bank's capital funds, resulting in its insolvency."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 9,900 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$33.8 million in deposits and other liabilities, Hudson United Bank has agreed to pay the FDIC a purchase premium of \$2,520,000. The assuming bank will purchase the failed bank's securities, consumer mortgage loans and certain other assets. To facilitate

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the transaction, the FDIC will advance cash amounting to \$17.4 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of \$20.5 million.

The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Hudson United Bank. The FDIC expects to recover a substantial portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of the shareholders of the closed bank.

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