



NEWS RELEASE

FOR IMMEDIATE RELEASE
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FDIC APPROVES ASSUMPTION OF DEPOSITS OF
POWDER MILL BANK, MORRIS PLAINS, NEW JERSEY

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits of Powder Mill Bank, Morris Plains, New Jersey, by Valley National Bank, Passaic, New Jersey.

The failed bank's two offices will reopen on Tuesday, May 26, 1992, as branches of Valley National Bank, and its depositors automatically will become depositors of the assuming bank.

Powder Mill Bank, with total assets of \$44.1 million, was closed on Friday, May 22, 1992, by Jeff Connor, New Jersey Commissioner of Banks, and the FDIC was named receiver.

Valley National Bank will assume about \$43.0 million in about 4,600 deposit accounts. It will pay a premium of \$329,000 for the right to receive the failed bank's deposits and will purchase \$5.2 million of the failed bank's assets. To facilitate the transaction, the FDIC will advance about \$37.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$38.9 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. Non-depositor creditors will share proportionately with the FDIC in the proceeds realized from liquidation of the failed bank's assets.

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