



NEWS RELEASE

FOR IMMEDIATE RELEASE

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DEPOSIT ASSUMPTION OF FARMERS' BANK, TRIMBLE, TENNESSEE, APPROVED

The Board of Directors of the Federal Deposit Insurance Corporation today authorized the granting of assistance to facilitate the assumption of the deposit liabilities of Farmers' Bank, Trimble, Tennessee, by First Tennessee Bank, N.A., Memphis, Tennessee.

The failed bank's two offices will reopen on Monday, July 21, 1986, as branches of First Tennessee Bank, N.A. and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers' Bank, which had total assets of \$21.6 million, was closed on Friday, July 18, 1986, by William C. Adams, Tennessee Commissioner of Financial Institutions. Mr. Adams said: "The bank is insolvent because of excessive loan losses and possible insider abuse. A proposed recapitalization has not materialized, and liquidity and management problems added significantly to the necessity for closing the bank."

First Tennessee Bank, N.A. will assume about \$18.5 million in 4,300 deposit accounts and has agreed to pay a purchase premium of \$931,000. It also will purchase certain of the failed bank's loans and other assets for \$12.3 million. In addition, First Tennessee will receive a net cash advance of \$6.7 million. In its capacity as receiver, the FDIC will receive assets with a book value of about \$9.5 million.

The Board of Directors approved the granting of assistance under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by First Tennessee Bank, N.A.

The FDIC will recover a portion of its outlay through the liquidation of assets not acquired by the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of nondepositor creditors and shareholders of the closed bank.

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