



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-11-85 (2-1-85)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF CITIZENS FIDELITY BANK, BRISTOL, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Citizens Fidelity Bank, Bristol, Tennessee, have been assumed by Energy Bank, Oak Ridge, Tennessee. The failed bank's two offices will reopen on Monday, February 4, 1985, as branches of Energy Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Citizens Fidelity Bank was closed on Friday, February 1, 1985, by William C. Adams, Tennessee Commissioner of Financial Institutions, and the FDIC was named receiver. Mr. Adams said: "The bank failed because of excessive loan losses."

In recent weeks the failed bank began acquiring fully-insured brokered deposits. At the time of closing the bank had \$294,000 in such deposits.

In addition to assuming about \$14.1 million in 3,800 deposit accounts, Energy Bank has agreed to pay the FDIC a purchase premium of \$125,000. The assuming bank will purchase the failed bank's installment and real estate loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$8.9 million, and will retain assets of the failed bank with a book value of about \$10.9 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 Energy Bank.

- more -

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.

#