



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FIRST BANK AND TRUST, TRACY CITY, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of First Bank and Trust, Tracy City, Tennessee, have been assumed by First National Bank of Shelbyville, Shelbyville, Tennessee. The failed bank's two offices will reopen on Monday, July 1, 1985, as branches of First National Bank of Shelbyville and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First Bank and Trust was closed on Friday, June 28, 1985, by William C. Adams, Tennessee Commissioner of Financial Institutions, and the FDIC was named receiver. Commissioner Adams attributed the failure to excessive loan losses.

First National Bank of Shelbyville will assume about \$19.9 million in 5,400 deposit accounts and has agreed to pay the FDIC a purchase premium of \$104,312. It also will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$9.6 million. To facilitate the transaction, the FDIC will advance \$10.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$11.5 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. The Board made such a finding in this case because of the premium paid by First National Bank of Shelbyville.

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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 nondepositor creditors and shareholders of the closed bank.

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