



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FARMERS BANK & TRUST COMPANY, WINCHESTER, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Farmers Bank & Trust Company of Winchester, Tennessee have been assumed by Mid-South Bank & Trust Company, Murfreesboro, Tennessee. The failed bank's four offices will reopen on Monday, January 9, as branches of Mid-South and its depositors automatically will become depositors of Mid-South.

Farmers Bank & Trust was closed today by Tennessee Commissioner of Banking William C. Adams, and the FDIC was named receiver. Mr. Adams said: "Heavy loan losses exhausted capital and reserves and rendered the bank insolvent."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 10,700 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 \$49 million in deposits and other liabilities, Mid-South has agreed to pay the FDIC a purchase premium of \$1,452,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$26.3 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$31.2 million.

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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 Mid-South. 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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