



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF CHEROKEE COUNTY BANK, CENTRE, ALABAMA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Cherokee County Bank, Centre, Alabama, have been assumed by First Alabama Bank, N.A., Anniston, Alabama. The failed bank's three offices will reopen on Thursday, June 7, 1984, as branches of First Alabama Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Cherokee County Bank was closed on June 5, 1984, by Kenneth R. McCartha, Alabama Superintendent of Banks, and the FDIC was named receiver. Mr. McCartha said: "The bank's capital account was depleted by substantial losses in its loan account."

In addition to assuming about \$36.7 million in 10,000 deposit accounts, First Alabama Bank, N.A. has agreed to pay the FDIC a purchase premium of \$1.6 million. 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 \$17.0 million and will retain assets of the failed bank with a book value of approximately \$20.2 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 First Alabama Bank, N.A.. 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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