



# NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-86-84 (7-24-84)

## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF COALMONT SAVINGS BANK, COALMONT, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Coalmont Savings Bank, Coalmont, Tennessee, have been assumed by First Bank of Marion County, South Pittsburg, Tennessee. The failed bank's four offices will reopen on Thursday, July 26, 1984 as branches of First Bank of Marion County and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Coalmont Savings Bank was closed on July 24, 1984, by William C. Adams, Tennessee Commissioner of Financial Institutions, and the FDIC was named receiver. Mr. Adams said: "Excessive loan losses attributable to prior management was the primary reason for the bank's insolvency."

In addition to assuming about \$23.5 million in 7,700 deposit accounts, First Bank of Marion County has agreed to pay the FDIC a purchase premium of \$350,000. The assuming bank will purchase the failed bank's securities and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$13.0 million and will retain assets of the failed bank with a book value of approximately \$14.8 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 Bank of Marion County.

- 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.

# # #