



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF SMITH COUNTY BANK, CARTHAGE, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Smith County Bank, Carthage, Tennessee, have been assumed by Murfreesboro Bank and Trust Company, Murfreesboro, Tennessee. The sole office of the closed bank will reopen Monday, May 9, 1983, and all depositors of the closed bank automatically will become depositors of the assuming bank. The appropriate court has approved the transaction.

Smith County Bank was closed on May 6, 1983, by Tennessee Commissioner of Banking William C. Adams and the FDIC was named receiver. Commissioner Adams said: "The bank suffered unusual losses from several sources -- loan losses, a poor local economy and inaccurate accounting entries that, when corrected, had a severe impact on capital."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 6,500 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 \$28.3 million in deposits and other liabilities, Murfreesboro Bank and Trust Company has agreed to pay the FDIC a purchase premium of \$756,000. The assuming bank will purchase the failed bank's securities, installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to

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\$16.6 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of \$20 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 Murfreesboro Bank and Trust Company. 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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