



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTIONS OF FIVE TENNESSEE BANKS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of five Tennessee banks by three institutions. The offices of the closed banks will reopen at normal hours on Tuesday, May 31, 1983, as offices of the assuming banks, and all depositors of the closed banks automatically will become depositors of the assuming banks.

The banks, with total assets of \$743 million and total deposits of approximately \$660 million, were closed today by Tennessee Commissioner of Banking William C. Adams, who appointed the FDIC receiver for the institutions. The closed banks and their acquirers are:

United Southern Bank of Nashville, acquired by Union Planters Corporation, Memphis;

City & County Bank of Anderson County, Lake City, acquired by a new national bank subsidiary of Third National Corporation, Nashville;

City & County Bank of Knox County, Knoxville, acquired by Bank of Knoxville, a subsidiary of Third National Corporation, Nashville;

City & County Bank of Roane County, Kingston, acquired by Bank of Oak Ridge, Oak Ridge; and

United American Bank in Hamilton County, Chattanooga, acquired by Union Planters Corporation, Memphis.

The deposit assumptions were made possible with assistance from the FDIC and avoid the necessity for payoffs of the failed banks' depositors. They also prevent possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

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The acquisitions were accomplished through a competitive bidding process involving banking institutions and individuals from within and outside of Tennessee. In addition to assuming deposits and other liabilities, each acquiring bank agreed to pay a purchase premium to the FDIC. Each assuming bank will purchase selected assets of the bank it acquires. To facilitate the transactions, the FDIC will advance cash to each assuming bank and will retain assets of each closed bank not purchased by the assuming bank.

The FDIC approved the deposit assumptions 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 these cases because of the premium paid by the acquiring banks. The FDIC expects to recover a substantial portion of its outlays through the liquidation of assets not transferred to the assuming banks. In this respect, the FDIC notes that its claims will have priority over the claims of the shareholders of the closed banks.

Information on each transaction is presented on the attached sheet.

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