



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
THE FIRST CENTRAL BANK OF SMITHVILLE,
SMITHVILLE, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The First Central Bank of Smithville, Smithville, Tennessee, have been assumed by The City Bank & Trust Company, McMinnville, Tennessee. The sole office of the closed bank will reopen on July 11, 1983, as a branch of The City Bank & Trust Company, and all depositors of the closed bank automatically will become depositors of the assuming bank. The appropriate court has approved the transaction.

The First Central Bank was closed on July 8, 1983, by Tennessee Commissioner of Banking William C. Adams, and the FDIC was named receiver. Commissioner Adams attributed the failure to excessive loan losses.

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 3,200 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 \$18.3 million in deposits and other liabilities, The City Bank & Trust Company has agreed to pay the FDIC a purchase premium of \$301,250. 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 \$11.2 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$12.3 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 The City Bank & 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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