



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF UNITED SOUTHERN
BANK OF CLARKSVILLE, CLARKSVILLE, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of United Southern Bank of Clarksville, Clarksville, Tennessee, have been assumed by First American Bank of Nashville, N.A., Nashville, Tennessee. United Southern's sole office will reopen Monday as a branch of First American and its depositors automatically will become depositors of First American. The appropriate court has approved the transaction.

United Southern was closed on August 26, 1983, by Tennessee Commissioner of Banking William C. Adams and the FDIC was named receiver. Commissioner Adams cited excessive loan losses as the cause of the bank's insolvency.

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the estimated 3,900 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 \$10.5 million in deposits and other liabilities, First American has agreed to pay the FDIC a purchase premium of \$255,000. 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 \$6.3 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$4.6 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 First American. 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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