



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF BANK OF HACKLEBURG, HACKLEBURG, ALABAMA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of the Bank of Hackleburg, Hackleburg, Alabama, have been assumed by Southtrust Bank of Marion County, Hamilton, Alabama, a subsidiary of Southtrust Corporation, Birmingham, Alabama.

The Bank of Hackleburg's sole office will reopen on Thursday, December 15, 1983, as a branch of Southtrust and its depositors automatically will become depositors of Southtrust.

The Bank of Hackleburg was closed December 13, 1983, by Alabama Superintendent of Banks Kenneth R. McCartha. Mr. McCartha said: "The failure was caused by a serious depletion of capital, resulting in a capital impairment."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 2,000 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 \$6.8 million in deposits and other liabilities, Southtrust has agreed to pay the FDIC a purchase premium of \$306,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$3.4 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$5.2 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.

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The Board of Directors made such a finding in this case because of the premium paid by Southtrust. 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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