



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF THE SHELBY NATIONAL BANK
OF SHELBYVILLE, SHELBYVILLE, INDIANA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The Shelby National Bank of Shelbyville, Shelbyville, Indiana, have been assumed by American Fletcher National Bank and Trust Co., Indianapolis, Indiana. The failed bank's six offices will reopen on Friday, April 20, as branches of American Fletcher National Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The Shelby National Bank was closed on April 19, 1984, by Acting Comptroller of the Currency H. Joe Selby and the FDIC was named receiver. Mr. Selby said: "For the past three years, Shelby National Bank experienced serious loan losses and other earnings problems. The bank was unable to remedy these problems and its condition became critical. Losses finally exhausted the bank's capital funds, resulting in its insolvency."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 18,500 accounts in the failed bank.

In addition to assuming about \$60 million in deposits and other liabilities, American Fletcher has agreed to pay the FDIC a purchase premium of \$4.5 million. 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 \$27.8 million to the assuming bank and will retain assets of the failed bank with a book value of approximately \$34 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 American Fletcher. 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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