



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC APPROVES THE ASSUMPTION OF ALL THE DEPOSITS OF OMNIBANK, RIVER ROUGE, MICHIGAN

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of all the deposits of Omnibank, River Rouge, Michigan, by ShoreBank, Detroit, Detroit, Michigan, a newly chartered bank subsidiary of Shorebank Detroit Corporation. Omnibank was closed today by the Michigan Commissioner of the Financial Institutions Bureau, and the FDIC was named receiver.

With the exception of the Eastern Market Branch, the failed bank's banking offices will reopen as offices of ShoreBank, Detroit, on Friday, April 10. The Eastern Market Branch will not reopen. Customers who normally use that facility should now conduct business at the former bank's main office in River Rouge. Omnibank's depositors will automatically become depositors of ShoreBank, Detroit. ShoreBank's parent, Shorebank Detroit Corporation, is a newly created subsidiary of Shorebank Corporation, Chicago, Illinois.

ShoreBank will assume \$39.9 million in about 5,100 deposit accounts and will pay the FDIC a premium of \$154,000 for the right to receive the failed bank's deposits and to purchase \$41.8 million in assets. Omnibank had total assets of \$42.2 million as of January 9, 1998. The remaining assets will be retained for later disposition by the receivership.

As part of the transaction, ShoreBank will participate in a five-year loss-sharing arrangement on approximately \$23.8 million of the assets that it purchased from the receivership. During the initial three-year period, the FDIC will reimburse ShoreBank for 80 percent of net charge-offs on these assets; ShoreBank will absorb the remaining 20 percent. During the initial three-year period, and for two years thereafter, the FDIC will



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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receive 80 percent of all recoveries on charged-off assets. At the end of the five-year period, if net charge-offs exceed \$2.4 million, the FDIC has agreed to increase its coverage to 95 percent of net charge-offs on these assets and ShoreBank will absorb the remaining five percent.

The loss-sharing arrangement is expected to maximize returns on the assets covered by the arrangement by keeping these assets in the private sector. The agreement also is expected to minimize disruption for loan customers as they will maintain a banking relationship rather than assume a liquidation relationship with the receiver.

The FDIC estimates the cost of this transaction to the Bank Insurance Fund (BIF) will be approximately \$3.1 million.

Omnibank is the first FDIC-insured failure in the U.S. since November 1997 and the first in Michigan since The First State Bank, White Cloud, was closed February 12, 1988.

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