
Joint Release

**Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation**

For immediate release

December 14, 2000

**FDIC APPROVES THE ASSUMPTION OF THE INSURED DEPOSITS OF
NATIONAL STATE BANK, METROPOLIS, ILLINOIS**

National State Bank, Metropolis, Illinois, was closed by the Comptroller of the Currency (OCC) today at 1:00 p.m. (EST) and the Federal Deposit Insurance Corporation (FDIC) was appointed receiver. The FDIC entered into an agreement with Banterra Bank, Marion, Illinois, to assume the insured deposits of the failed bank.

The former office of National State Bank will reopen on Friday, December 15, 2000, as a branch of Banterra Bank. The failed bank received a national bank charter on February 8, 1900, from the OCC. As of September 30, 2000, it had total assets of approximately \$91.7 million and total deposits of about \$71 million.

The OCC used its authority under the FDIC Improvement Act of 1991 (FDICIA) to close the bank when it found that the bank was critically undercapitalized -- that is, it had less than 2 percent tangible equity capital. Inadequate control of the credit and transaction risks associated with its merchant processing activities involving the settlement of credit card sales transactions for merchants and inadequate supervision by the Board of Directors resulted in a high volume of losses. These losses and subsequent provisions to absorb additional losses depleted capital and threatened the bank's liquidity. In light of these findings, the OCC determined that closure and the appointment of the FDIC as receiver were necessary to protect the interests of the bank's insured depositors.

As part of the agreement entered into with the FDIC, Banterra Bank will pay the receiver a premium of \$2,050,000 for the right to purchase \$23.7 million of the failed bank's assets and to assume the insured deposits. It is estimated at the time of closing, National State Bank had insured deposits of approximately \$67 million in about 9,680 accounts. The FDIC as receiver will retain the remaining assets of \$68 million for later disposition.

The FDIC is in the process of valuing the assets of the failed bank and therefore is unable to estimate the loss to the Bank Insurance Fund (BIF) at this time. National State Bank is the sixth BIF-insured failure this year and the seventh failure of an institution insured by the FDIC in 2000.

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