



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

FOR IMMEDIATE RELEASE  
May 22, 2009

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## **Midland States Bank, Effingham, Illinois, Assumes All of the Deposits of Strategic Capital Bank, Champaign, Illinois**

Strategic Capital Bank, Champaign, Illinois, was closed today by the Illinois Department of Financial and Professional Regulation, Division of Banking, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Midland States Bank, Effingham, Illinois, to assume all of the deposits of Strategic Capital Bank.

Due to the Memorial Day holiday weekend, the office of Strategic Capital Bank will reopen on Tuesday, May 26, 2009, as a branch of Midland States Bank. Depositors of Strategic Capital Bank will automatically become depositors of Midland States Bank. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship to retain their deposit insurance coverage. Customers of both banks should continue to use their existing branches until Midland States Bank can fully integrate the deposit records of Strategic Capital Bank.

Over the weekend, depositors of Strategic Capital Bank can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of May 13, 2009, Strategic Capital Bank had total assets of \$537 million and total deposits of approximately \$471 million. In addition to assuming all of the deposits of the failed bank, Midland States Bank agreed to purchase approximately \$536 million of assets. The FDIC will retain the remaining assets for later disposition.

The FDIC and Midland States Bank entered into a loss-share transaction on approximately \$420 million of Strategic Capital Bank's assets. Midland States Bank will share in the losses on the asset pools covered under the loss-share agreement. The loss-sharing arrangement is projected to maximize returns on the assets covered by



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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keeping them in the private sector. The agreement also is expected to minimize disruptions for loan customers.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-866-954-9527. The phone number will be operational this evening until 9:00 p.m., Central Time (CT); on Saturday from 9:00 a.m. to 6:00 p.m., CT; on Sunday from noon to 6:00 p.m., CT; and thereafter from 8:00 a.m. to 8:00 p.m., CT. Interested parties can also visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/strategiccapital.html>.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$173 million. Midland States Bank's acquisition of all the deposits was the "least costly" resolution for the FDIC's DIF compared to alternatives. Strategic Capital Bank is the 35th FDIC-insured institution to fail in the nation this year, and the fourth in Illinois. The last FDIC-insured institution to be closed in the state was Heritage Community Bank, Glenwood, on February 27, 2009.