



PRESS RELEASE

Federal Deposit Insurance Corporation

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HAWAII NATIONAL BANK, HONOLULU, HAWAII, ASSUMES INSURED DEPOSITS OF BANK USA, N.A., KIHEI (MAUI), HAWAII

FOR IMMEDIATE RELEASE

Hawaii National Bank, Honolulu, Hawaii, has assumed the insured deposits of Bank USA, N.A., Kihei (Maui), Hawaii, after Bank USA was closed today by the Office of the Comptroller of the Currency (OCC) and the FDIC was named receiver.

Bank USA, N.A., with assets of about \$9.5 million as of March 31, 1995, was closed because the OCC used its authority under the Federal Deposit Insurance Improvement Act of 1991 (FDICIA) when it found out that Bank USA was critically undercapitalized -- that is, it had less than two percent tangible equity capital. The bank suffered from poor asset quality, poor earnings, high overhead and ineffective board and management supervision. As a result, it never achieved an annual profit. Over time, the bank incurred losses that ultimately depleted substantially all of its capital. In light of these findings, the OCC determined that closure and appointment of a receiver were necessary to protect the interests of the bank's insured depositors.

Bank USA, N.A., received its national bank charter on March 10, 1982, as Aloha National Bank.

The two offices of the failed bank will reopen on Monday, May 22, 1995, as branches of Hawaii National. Customers of the failed bank automatically will become depositors of the assuming bank.

Hawaii National will assume about \$8.9 million in 1,000 deposit accounts. At the time Bank USA was closed, about \$248,000 in 12 accounts exceeded the federal insurance limit of \$100,000 and will not be assumed by Hawaii National.



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.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-35-95

The FDIC Board of Directors also voted to make a prompt 65 percent advance dividend payment to uninsured depositors. FDIC claims agents can be contacted to meet with uninsured depositors beginning on Monday, May 22, at (808) 879-8877.

The assuming bank will pay a premium of \$50,000 for the right to receive the failed bank's deposits and will purchase approximately \$4.1 million of the failed bank's assets.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. The FDIC notes that its claim on recoveries from the sale of the failed bank's assets will have priority over non-depositor creditors of the failed bank.