
Joint Release

Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

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Media Contacts:
OCC: Dean DeBuck (202) 874-5770
FDIC: David Barr (202) 898-6992

**FDIC Approves the Assumption of the Insured Deposits of
The National State Bank, Metropolis, Illinois**

WASHINGTON, D.C. -- The National State Bank, Metropolis, Illinois, was closed by the Office of the Comptroller of the Currency (OCC) at 1 p.m. (EST) today and the Federal Deposit Insurance Corporation (FDIC) was appointed receiver. The FDIC entered into an agreement to have Banterra Bank, Marion, Illinois, 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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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's 10,101 banks and savings associations and it promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed.

FDIC press releases and other information are available on the Internet via the World Wide Web at www.fdic.gov and may also be obtained through the FDIC's Public Information Center (800-276-6003 or 202-416-6940).

The OCC charters, regulates and examines approximately 2,300 national banks and 56 federal branches of foreign banks in the U.S., accounting for more than 56 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.