

Press Releases

March 23, 1998

OTS 98-21 - ADM Receives OTS Approval to Convert Bank to Thrift

Office of Thrift Supervision

NEWS

FOR RELEASE at 1:00 p.m. EST

For further information

Monday, March 23, 1998

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OTS 98-21

202/906-6913

ADM Receives OTS Approval to Convert Bank to Thrift

WASHINGTON, D.C., March 23, 1998 - Archer-Daniels-Midland Company today received approval of the Office of Thrift Supervision (OTS) to convert an Illinois state-chartered bank to a federally chartered thrift institution that will offer full banking and trust services to its customers.

The institution, located in Forsyth, Ill., will continue to operate under its existing name, Hickory Point Bank and Trust. ADM becomes a unitary thrift holding company.

OTS said that ADM's applications, which were filed Sept. 3, 1997, satisfy the applicable standards, although certain conditions must be met.

In assessing the applications, OTS took into account the agreements ADM and its affiliates made with the U.S. Departments of Justice and Agriculture and the Commodities Futures Trading Commission (CFTC) to settle price-fixing charges brought against the company in 1996. Hickory Point, however, had no involvement in the charges and/or settlement.

Among the conditions in its approval order, OTS specified that no individual implicated in the activities that are part of the ADM agreements with Justice, Agriculture and the CFTC can be involved in the operation of the thrift. The thrift's board of directors must add two outside

members who either are not presently or have not been associated with the holding company in any way over the past five years. The board also must be composed of a majority who are not directors or employees of any ADM broker-dealer affiliate.

With regard to intra-company relationships, the thrift must operate as a totally separate entity from all other ADM businesses and be publicly distinguishable from all others. The thrift cannot be subjugated to any other affiliate so that affiliate could usurp business opportunities that would benefit the thrift. Any transactions between the thrift and any broker-dealer affiliate of ADM have to abide by conflicts-of-interest regulations and avoid the appearance of conflict, and they must satisfy transactions-with-affiliates rules. The thrift and other ADM operations may share offices only with OTS approval.

Hickory Point also must refrain from engaging in any forward commitments, futures or options that are not specifically authorized by regulation or approved by OTS. The thrift cannot knowingly lend to any customer who engages in these transactions without OTS approval.

In addition, ADM and Hickory Point must adhere to regulations and the interagency policy statements of the federal banking agencies regarding sales of securities and other nondeposit investment products and the disclosure and advertising of these products. OTS said it is retaining the authority to have its examiners, without identifying themselves, periodically check how the thrift discloses to customers the differences between insured and noninsured products.

The thrift must adhere to current CRA standards and to any changes that may be made in the future. The existing bank has concentrated on residential mortgage and consumer lending in the Forsyth area. It has engaged in above-average lending to low- and moderate-income borrowers and to minorities, and, as a result, earned an "outstanding" rating on its latest CRA examination by the Federal Deposit Insurance Corporation (FDIC) in 1995.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.