



N C B A N K E R S

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Banking Industry Strengthens As Opportunities Emerge

RALEIGH, N.C. – The FDIC’s Deposit Insurance Fund is recapitalizing at a healthy pace because of the pronounced slowdown in bank failures amid the steady economy, said a prominent longtime observer of the state’s banking industry.

Thad Woodard, President and CEO of the North Carolina Bankers Association, said that the FDIC’s fund reserves are now too high because fewer banks than expected have actually failed. These excessive reserves mean the fund is even healthier than expected.

Banks are solely responsible for all of the FDIC’s expenses, paying about \$13.5 billion in premiums every year. According to analysis by the American Bankers Association, this means banks will provide more than \$65 billion in revenue over the next five years, more than five times what the FDIC expects in failure costs. As a result, the fund will recapitalize much faster than the FDIC had anticipated.

The pace of bank failures is expected to slow considerably this year as the industry continues to recover from the real estate bust. According to the FDIC, just 16 banks have failed this year. The agency expects between 50 and 60 failures in 2012 nationwide. Last year, the number of banks that shut their doors fell to 92, down from 157 in 2010. The number of problem banks on the FDIC’s “watch list” also continues to shrink.

In response to the recent banking crisis and real estate downturn, the NCBA has continued to develop tools and programs to assist the state’s banks. The most recent example of this is www.REOdeedwagon.com, the association’s website for the REO, or “real estate owned,” that many banks now possess due to the economic malaise. Banks can post their properties on the site, and investors, including potential homebuyers, can

use the website as a resource for purchase opportunities of residential property, commercial property and undeveloped land.

“REOdeedwagon.com is just one of many efforts underway to help our banks do what they were meant to do, which is get money circulating in our state’s economy,” Woodard said. “We think it’s a great resource for everybody.”

The NCBA brings together all categories of banking institutions that best represent the interests of our rapidly changing state. The state’s banks have provided support to their communities since 1804. Look for a current listing at www.ncba.com.

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