



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC PROGRAM ENCOURAGES BANKS TO MAKE LOANS TO THOSE AFFECTED BY THE SEPTEMBER 11 ATTACKS

To support rebuilding in New York and Washington after the terrorist attacks of September 11, the Federal Deposit Insurance Corporation will give the banks it supervises credit under a federal law designed to promote community development when they lend for reconstruction, the agency announced today.

"Banks are well positioned to be engines of recovery," said FDIC Chairman Don Powell in making the announcement. "The FDIC is taking this step to support the people of New York and Washington."

The law - the Community Reinvestment Act (CRA) - encourages banks to lend and to provide other services to the entire community in which they do business, including low- and moderate-income neighborhoods. Banks are examined periodically and given grades on their community reinvestment record. The FDIC is telling its examiners to count loans, investments and services toward rebuilding efforts as community development under the law. Like all community development activities, the FDIC will consider these activities whether they occur in the bank's assessment area, or the statewide or regional area that includes the bank's assessment area.

"We believe financial institutions will assist in rebuilding and redeveloping the communities affected by terrorist attacks on the World Trade Center and the Pentagon because it is the right thing to do. But we wanted to make absolutely clear that banks that lend and otherwise support this rebuilding would get credit from us under the CRA," Chairman Powell said.



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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In addition to loans and investments, banks could get credit for providing financial advice or assistance to victims of the attacks and their families, as well as grants or services to individuals, businesses or other organizations, the FDIC said.

Economic development programs that help retain, improve, or create employment opportunities; reconstruction projects; and stabilization initiatives in commercial areas affected by the attacks would be recognized as community development, the agency added.

"We've got a job ahead of us," said FDIC Chairman Powell. "Banks played a critical role in building New York City. We'll do what we can to encourage banks to help heal the wounds there."