



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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First Federal Savings and Loan Association of Charleston, Charleston, South Carolina, Acquires All of the Deposits of Cape Fear Bank, Wilmington, North Carolina

Cape Fear Bank, Wilmington, North Carolina, was closed today by the North Carolina Office of Commissioner of Banks, which then appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with First Federal Savings and Loan Association of Charleston (First Federal), Charleston, South Carolina, to assume all of the deposits of Cape Fear Bank.

Cape Fear Bank's eight offices will reopen on Monday as branches of First Federal. Depositors of Cape Fear Bank will automatically become depositors of First Federal. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship to retain their deposit insurance coverage. Customers of both banks should continue to use their existing branches until First Federal can fully integrate the deposit records of Cape Fear Bank.

Over the weekend, depositors of Cape Fear Bank can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of March 31, 2009, Cape Fear Bank had total assets of approximately \$492 million and total deposits of \$403 million. In addition to assuming all of the deposits of the failed bank, First Federal agreed to purchase approximately \$468 million in assets. The FDIC will retain the remaining assets for later disposition.

The FDIC and First Federal entered into a loss-share transaction on approximately \$395 million of Cape Fear Bank's assets. First Federal will share with the FDIC in the losses on the asset pools covered under the loss-share agreement. The loss-sharing



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-52-2009

arrangement is projected to maximize returns on the assets covered by keeping them in the private sector. The agreement also is expected to minimize disruptions for loan customers as they will maintain a banking relationship.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-866-806-6128. The phone number will be operational this evening until 9:00 p.m., EDT; on Saturday from 9:00 a.m. to 6:00 p.m., EDT; on Sunday from noon to 6:00 p.m., EDT; and thereafter from 8:00 a.m. to 8:00 p.m., EDT. Interested parties can also visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/capefear.html>.

The FDIC estimates that the cost to the Deposit Insurance Fund will be \$131 million. First Federal's acquisition of all deposits was the "least costly" resolution for the FDIC's Deposit Insurance Fund compared to alternatives. Cape Fear Bank is the twenty-second bank to fail in the nation this year. The last bank to fail in North Carolina was Crown National Bank, Charlotte, on May 20, 1993.