

NEWS RELEASE

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COMMISSIONER OF BANKS

RELEASE: IMMEDIATE
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DATE: April 10, 2009
DISTRIBUTION: STATEWIDE

**First Federal Savings and Loan Association of Charleston, SC acquires deposits
of Cape Fear Bank in Wilmington**

Depositors can expect no disruptions to customer services

RALEIGH—First Federal Savings and Loan Association of Charleston (First Federal), Charleston, South Carolina, acquired the deposits of Cape Fear Bank (Cape Fear) in Wilmington after Cape Fear was closed today by the N.C. Office of the Commissioner of Banks (NCCOB).

NCCOB named the Federal Deposit Insurance Corporation (FDIC) as receiver of Cape Fear. The FDIC entered into a purchase and assumption agreement with First Federal to assume all of Cape Fear Bank's deposits.

"While I regret the loss of a North Carolina bank," said Commissioner of Banks Joseph A. Smith, Jr., "I am pleased that another financial institution will step in to provide uninterrupted banking services to the customers of Cape Fear, and that the depositors of Cape Fear will remain fully insured by the FDIC."

"Our state-chartered banks in general are in good financial standing and are operating in a safe and sound manner," Commissioner Smith said.

Since the FDIC was formed more than 70 years ago, no depositor has lost a dime of their insured deposits. Cape Fear Bank is the first North Carolina bank to close since First Hanover Bank closed in 1991. Prior to 1991, the last North Carolina bank to close was Bank of Black Mountain in 1943.

Deposits in Cape Fear will continue to be insured by the FDIC, so there is no need for customers to change their existing banking relationship to retain their deposit insurance coverage. All of Cape Fear branches: Wilmington (3), Surf City (1), Leland (1), Hampstead (1), Sunset Beach (1), and Southport (1), will reopen Monday as branches of First Federal with no disruption of customer services. Depositors of Cape Fear can continue to write checks and use current ATM and debit cards. Checks drawn on the bank will continue to be processed and loan customers should continue making payments as usual until notified by First Federal.

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 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 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 with questions regarding this transaction can contact the FDIC toll-free at 1-866-806-6128 or visit the FDIC website at <http://www.fdic.gov/bank/individual/failed/capefear.html>.

Customers should **not** provide personal, confidential information, such as account numbers and social security numbers by phone or email as the bank, NCCOB, and the FDIC will not be requesting this information. Such solicitations should be considered fraudulent.

NCCOB regulates state-chartered banks, thrifts, savings and loans, trust companies, mortgage lenders/brokers, loan officers, as well as numerous consumer finance companies, check-cashers, and other financial services.

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