

First American Bank



With so much media coverage concerning the economy and financial institutions, many people have questions about the soundness of their bank, the health of the FDIC and the safety of their money.

Many banks, like ours, have been operating in their communities for decades. First American Bank, in fact, was founded in 1934, during the Great Depression, and has a proven history of being there for our customers and communities even during economic adversity.

Banks are still the safest place to put your money. Our regulators, as well as our own soundness principles, require we have significant capital and reserves to survive challenging economic times. These “rainy day funds” are a bank’s first line of defense to cover any losses.

The Federal Deposit Insurance Corporation (FDIC), an independent agency of the U.S. government, is the second line of defense. The FDIC provides additional security, protecting depositors against loss of their insured deposits should an FDIC-insured bank fail. *No depositor has ever lost a penny of insured funds since the creation of the FDIC in 1933.*

FDIC insurance covers many types of deposits including deposits in checking accounts, NOW accounts, savings accounts, money market deposit accounts and certificates of deposit (CDs). The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed by President Barack Obama on July 21, 2010, made permanent the current standard maximum deposit insurance amount of \$250,000.

Who pays for this FDIC Insurance? The FDIC is funded by the banks they insure.

Similar to car or health insurance, member banks pay quarterly premiums to the FDIC insurance fund. The FDIC uses the funds collected to cover expenses and pay depositors in the event a bank fails.

- **FDIC insurance is provided at no cost to the bank customer.**
- **The FDIC *does not* receive funds from federal taxes or any government entity.**

The FDIC determines the amount of the premium for each bank by the balance of insured deposits and by categorizing each member institution as “well capitalized”, “adequately capitalized” or “undercapitalized.” The greater the risk the institution poses for the FDIC, the higher the premium cost for that member. Currently, First American Bank is categorized as “well capitalized”.

We know how important insurance is to our depositors. First American Bank is committed to making sure the FDIC, which insures your deposits in our bank, succeeds and remains financially healthy and secure. First American Bank itself remains strong and will continue to serve as your trusted advisors, helping you succeed.

*To cover amounts in excess of \$250,000, ask us about CDARS®.