Letter from the Director

Economic data suggest the U.S. economy is growing again, and there are signs that banking industry earnings may be on the point of resuming an upward trend. However, bankers and regulators continue to deal with the workload generated by the financial crisis. We are seeing additional bank failures, and the number of insured institutions on the FDIC's problem bank list is rising, although more slowly than in past quarters. This issue of ***Supervisory Insights*** looks at one resolution and supervisory strategy that has helped the Corporation lower resolution costs and strengthen its liquidity position.

The FDIC is making greater use of loss-sharing agreements which not only allow the Corporation to sell failed bank assets at the time of failure, but also provide the opportunity to recover prior asset losses when market conditions improve. From January 1, 2009, through May 14, 2010, the FDIC entered into these agreements for about three-fourths of the 212 bank failures.

These agreements affect not only the resolution of failing banks, but also the examination process for acquiring banks. "FDIC Loss-Sharing Agreements: A Primer" provides an overview of the loss-sharing process, addresses the regulatory treatment of assets subject to these agreements, and discusses the accounting rules and capital implications for the acquisition of failed bank assets.

The financial crisis has highlighted the need for greater transparency and strengthened consumer protections in the financial system. The Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit CARD Act) was enacted to ensure fair treatment of consumers and transparent practices for open-end consumer credit plans, including credit cards. This issue's "From the Examiner's Desk" feature explains how the provisions of the Credit CARD Act and amendments to Regulation Z—including new disclosure requirements and billing and payment practice restrictions—result in changes in bank compliance requirements. This article offers suggestions for how examiners may assess compliance with these changes.

We hope you take the time to read these articles, and we encourage our readers to continue to provide feedback on articles and suggest topics for future issues. Please e-mail your comments and questions to **SupervisoryJournal@fdic.gov.**

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