

**Opening Statement
Martin Gruenberg
Nominee for Chairman and Board Member
Federal Deposit Insurance Corporation
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Chairman, Johnson, Ranking Member Shelby, Members of the Committee, it is my honor to appear before you as the President's nominee to serve as Chairman and Member of the Board of the Federal Deposit Insurance Corporation.

I would like to thank President Obama for the honor of this nomination, and Chairman Johnson and Ranking Member Shelby for scheduling this confirmation hearing.

I have had the privilege of serving as Vice Chairman and Board Member of the FDIC since August 2005. From November 2005 to June 2006 I served as Acting Chairman following the departure of former Chairman Donald Powell. I am now again serving as Acting Chairman following the departure of former Chairman Sheila Bair.

Prior to joining the FDIC, as you know, I worked for Senator Sarbanes on the staff of the Senate Committee on Banking, Housing, and Urban Affairs from January 1987 to August 2005. During that period I had the opportunity to work on the major legislation acted on by the Committee including FIRREA, FDICIA, the Riegle-Neal Interstate Banking Act, the Gramm-Leach-Bliley Act, and the Sarbanes-Oxley Act.

In addition to working on some of the key pieces of legislation governing the operations of the FDIC, I have had the opportunity to serve on the Board of the FDIC as the FDIC responded to the most severe financial crisis in the United States since the 1930s. I think it is fair to say that the deposit insurance, resolution, and supervision functions of the FDIC proved critical to maintaining public confidence and financial stability during the crisis.

The experiences of serving on the staff of the Senate Banking Committee and on the Board of the FDIC have been good preparation to serve as Acting Chairman and, if confirmed, Chairman of the FDIC during what remains a challenging period ahead. There are positive signs. Although over 880 insured institutions remain on the FDIC's problem bank list, we believe that number may have peaked and may start heading down in the near future. Similarly, although the FDIC closed 157 failed banks last year, we are projecting a substantially smaller number of bank failures this year. 58 banks have failed thus far this year compared to 103 at this time last year. The FDIC's Deposit Insurance Fund, which had been in negative balance as a result of the costs of the bank failures, moved into positive territory at the end of June.

In terms of priorities, the FDIC will have significant new responsibilities under the Dodd-Frank Act for the resolution of systemically significant financial institutions to

implement. As the primary federal regulator of the majority of our country's community banks, the FDIC carries a particular responsibility for the future of this crucial segment of our financial industry. Finally, the FDIC will also continue to play a leading role in expanding access to insured financial institutions to all Americans as a means for economic opportunity and financial security.

Mr. Chairman, it has been a great privilege for me to serve on the Board of the FDIC for almost six years. I have come to have a deep respect for the professionalism and dedication of the staff of the FDIC who have performed with such distinction during this recent difficult period. I believe that the FDIC, which celebrated its 75th anniversary just three years ago, has proved itself to be one of our country's great public institutions. It is certainly the greatest honor of my career to have been nominated by the President to serve as Chairman of the FDIC, and to be considered by this Committee for confirmation.

Thank you very much. I would be pleased to respond to your questions.