PRESS RELEASE

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

August 26, 2009

Media Contact:
Andrew Gray (202-898-7192)

FDIC Board Approves Final Statement of Policy on the Acquisition of Failed Depository Institutions

FOR IMMEDIATE RELEASE

The FDIC Board today adopted a final Statement of Policy on the Acquisition of Failed Insured Depository Institutions. This policy statement provides guidance to investors interested in acquiring or investing in the deposit liabilities of failed banks or thrifts about the standards they will be expected to meet in order to qualify to bid on a failed institution.

FDIC Chairman Sheila C. Bair said, "The Policy Statement strikes a thoughtful balance to attract non-traditional investors in insured depository institutions while maintaining the necessary safeguards to ensure that these investors approach banking in a way that is transparent, long term and prudent. Most importantly, the statement assures that acquired institutions will have adequate capital, that there will be stability in management, and there will be strong protections to ensure that lending decisions will be both objective and independent. It both protects the interests of taxpayers in a safe and sound banking system, and provides the guidance that investors need to evaluate investments in the deposit operations of failed institutions."

The FDIC wants all owners of banks or thrifts, whether they are individuals, partnerships, limited liability companies, or corporations, to have the experience, competence, and willingness to run the banks in a prudent manner, to support them when they face difficulties, and to protect them from abuses. At the same time, the FDIC has noted that the banking industry is in need of additional capital and that there is capital available that could fill that need. In order to facilitate private capital investments in the banking industry, the FDIC issued in July a Proposed Statement and sought public comment on the proposal.

The FDIC received a substantial number of comments on these standards, and they provided helpful insight regarding the issues related to private capital investments. After careful consideration of those comments, the FDIC has incorporated a number of significant changes into a final policy statement. Those changes include, for example, refining the description of the types of investors covered, changing the capital standard to one that is a better measure of the capital available to absorb losses, and clarifying the circumstances in which the cross support obligation would apply.

# # #