



PRESS RELEASE

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

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FDIC Closes on the Sale of SFG Assets

The Federal Deposit Insurance Corporation (FDIC) closed on the sale of a 40 percent equity interest in a limited liability company (LLC) created to hold approximately \$421 million of assets from Silverton Bank, Atlanta, Georgia. The winning bidder, Square Mile Capital Management LLC (Square Mile), bid 81.03 percent of the unpaid principal balance.

As an equity participant, the FDIC will retain a 60 percent stake in the LLC and share in the returns on the assets. The FDIC offered 1:1 leverage financing and has agreed to guaranty Purchase Money Notes issued by the LLC in the original principal amount of \$175.9 million.

The sale was conducted on a competitive basis with the FDIC allowing bids on the entire portfolio as well as on individual assets. In total, 214 portfolio and individual asset bids were received from 37 separate bidding groups. Square Mile's bid was determined to be the offer that resulted in the greatest return to the Silverton receivership. As the LLC's managing equity owner, Square Mile will provide the asset management, servicing and ultimate disposition of the LLC's assets.

The loans consisted primarily of a portfolio of 62 complex construction and permanent hospitality loans originated by SFG, a subsidiary of Silverton Bank. Many of loans were subsequently divided and sold to a large network of community banks as loan participations, with SFG retaining the lead position in the participation.

Mitchell Glassman, FDIC Director of the Division of Resolutions and Receiverships praised the transaction: "The FDIC is pleased that we were able to conduct a sale which produced strong financial results, which protects both the interests of receivership stakeholders and existing participant bank partners."

The FDIC originally announced on May 4, 2010, that it had entered into a letter of intent to sell the 40 percent equity stake to Square Mile Capital Management, LLC.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-147-2010**