PRESS RELEASE

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

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FDIC Closes on Two Note Offerings Backed by Loans and Real Estate from Corus Bank and Franklin Bank, S.S.B

The Federal Deposit Insurance Corporation (FDIC) closed on two note offerings backed by performing and non-performing construction loans, residential loans and real estate owned (REO) assets formerly held by the FDIC as receiver for Corus Bank, N.A., Chicago, and Franklin Bank, S.S.B, Houston. The sales were conducted through private offerings to qualified purchasers.

The $1.38 billion of Corus notes are backed by performing and non-performing construction loans and REO assets with a related aggregate unpaid balance of approximately $4.5 billion. The notes were originally issued in October 2009 to the Corus Bank receivership in connection with the creation of an LLC to hold the aforementioned assets, and are guaranteed by the FDIC in its corporate capacity. The FDIC still retains its 60% equity interest issued by the LLC, and ST Residential, formed by a consortium of investors led by Starwood Capital Group, still owns the 40% equity interest sold to it by the FDIC in October 2009.

The sale of the Corus notes sale features three classes of notes with maturities of approximately 1.5 years, 2.5 years, and 3.5 years from the closing date. The notes do not accrue interest or make payment prior to maturity, but rather are sold at a discount to their principal balance and allow investors to earn the difference between the sale price and the principal balance paid at maturity. The timely payment of principal due on the notes is guaranteed by the FDIC, and that guaranty is backed by the full faith and credit of the United States.

The $653 million of Franklin notes are backed by performing and non-performing residential loans and REO assets with a related aggregate unpaid balance of approximately $1.22 billion. The notes, which were restructured for the current transaction, were originally issued in September 2009 to the Franklin Bank receivership in connection with the creation of an LLC to hold the aforementioned assets, and are guaranteed by the FDIC in its corporate capacity and that guaranty is backed by the full faith and credit of the United States. This original transaction was the pilot sale of receivership assets to test the funding mechanism of the Legacy Loans Program. The FDIC still retains its 50% equity interest issued by the LLC, and RCS Franklin Venture still owns the 50% equity interest sold to it by the FDIC in September 2009.

Proceeds in the amount of $1.31 billion generated from the notes sale will go to the Corus Bank receivership, and proceeds in the amount of $652 million (including accrued interest) generated from the notes sale will go to Franklin Bank receivership.

Thus, the note sales will increase recoveries for the two receiverships and recover substantial funds for the FDIC's Deposit Insurance Fund (DIF).

Barclays Capital Inc., New York, New York served as the sole bookrunner, structuring agent, and financial advisor to the FDIC on the sale of both notes, and also as structuring agent and financial advisor to the FDIC for the October 2009 structured sale of an equity interest in the Corus Bank receivership assets to ST Residential.

These offerings mark the second and third sales of structured sale notes by the FDIC since the early 1990s, and the second and third sale of FDIC guaranteed debt backed by the full faith and credit of the United States.

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Attachments:

L1 Transaction Summary
L1 Deal Diagram - PDF (PDF Help)
L2 Transaction Summary
L2 Deal Diagram - PDF (PDF Help)