PRESS RELEASE

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

FOR IMMEDIATE RELEASE
March 12, 2010

Media Contact:
David Barr (202) 898-6992
Email: dbarr@fdic.gov

FDIC Closes on Sale of $1.8 Billion of Notes Backed by Mortgage-Backed Securities

Transaction Adds Liquidity to DIF and Stimulates Investor Demand

The Federal Deposit Insurance Corporation (FDIC) today closed on a sale of notes backed by residential mortgage backed securities (RMBS) from seven failed bank receiverships. The sale was conducted through a private placement priced and allocated on March 5th. The transaction was met with robust investor demand, with over 70 investors participating across fixed and floating rate series. The investors included banks, investment funds, insurance funds and pension funds. All investors were qualified institutional buyers.

The $1.81 billion of notes is backed by 103 non-agency residential mortgage-backed securities. The aggregate unpaid balance of the 103 securities was approximately $3.6 billion at the time of the sale. The FDIC retained an equity interest in each series.

The transaction features two series of senior notes, each backed by a separate pool of RMBS. The larger series of approximately $1.3 billion, is based on option ARMS and has a floating rate tied to the one-month LIBOR. The smaller series of $480 million is based mostly on fixed-rate RMBS and pays a fixed rate. Both series priced at rates comparable to Ginnie Mae collateralized mortgage obligations.

The timely payment of principal and interest due on the notes are guaranteed by the FDIC, and that guaranty is backed by the full faith and credit of the United States.

The $1.8 billion in proceeds will go to the seven failed bank receiverships and eventually be used to pay creditors, including the FDIC's Deposit Insurance Fund (DIF). This will maximize recoveries for the receiverships and recover substantial funds for the DIF while also meeting strong investor demand. Underscoring this investor demand, the issuance was significantly oversubscribed allowing the transaction to price at lower spreads to benchmark rates.

Barclays Capital, New York, New York served as the sole bookrunner, structuring agent and financial advisor to the FDIC on the Structured Sale of Guaranteed Notes (SSGN 2010-S1).

This offering marks the first issuance of notes by the FDIC since the early 1990s and the first issuance by the FDIC of FDIC guaranteed debt backed by the full faith and credit of the U.S..

Attachments:

Transaction Summary
Deal Diagram - PDF (PDF Help)