

THE LONG-RUN IMPACT OF GOVERNMENT ASSET GUARANTEES

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¹Views and opinions expressed in this presentation reflect those of the authors and do not necessarily reflect those of the FDIC or the United States.

BACKGROUND ON ASSET GUARANTEES

During the Great Financial Recession, bank undercapitalization was a problem worldwide:

- Many governments simply injected capital
- Effectively, taxpayers became investors in the banking system
- Taxpayers were critical of these decisions and argued that this encouraged excessive bank risk-taking.

In response, governments sought an alternative that:

- 1 Imposed losses on the shareholders of a failed institution
- 2 Maintained the stability of the financial system
- 3 Minimized taxpayer losses.

Globally, governments proposed **asset guarantees** as part of a potential solution for resolving complex institutions

ASSET GUARANTEES AS A POTENTIAL SOLUTION

The entity who purchases guaranteed assets only realizes a portion of the realized losses over a specified horizon

Asset guarantees are beneficial to many

- Governments: view them as an alternative to capital injections
- Taxpayers: not forced to be investors in the financial system
- Borrowers: troubled assets transferred to healthy institutions
- Acquirers: have the benefits of risk-sharing

Governments may view asset guarantees as:

- A viable alternative to capital injections
- A resolution tool that allows them to meet their objectives
- Attractive to potential acquirers

ASSET GUARANTEES AND FAILED BANKS

- Importance of such guarantees has been highlighted recently
 - Silicon Valley Bank
 - First Republic Bank
 - Credit Suisse

- Asset guarantees are an *incredibly* important tool the FDIC uses to resolve failed banks during crisis times

Motivating Question

How do asset guarantees affect acquirers?

Research Questions

[1] Does acquiring a failed bank with asset guarantee create long-run wealth for shareholders?

- What about failed bank acquisitions in the absence of asset guarantees?

[2] What are some possible mechanisms to explain any divergence in returns?

SHARED-LOSS AGREEMENTS IN FAILED BANK AUCTIONS

In a typical Shared-Loss Agreement (SLA), both losses and recoveries are split 80/20 between the FDIC and acquirer

- Commercial assets: Losses are split for the first 5 years and the FDIC collects recoveries on the final 3 years
- Single-family mortgages: agreements last for 10 years.

Benefits

- FDIC: lower cost resolution (possibly) and all losses not realized upfront
- Acquirer: limited downside losses

Costs

- Moral hazard introduced by the loss coverage.
- Acquirer must comply with demanding FDIC reporting and monitoring requirements

RESOLUTION PROCESS

The FDIC Improvement Act (FDICIA) mandates resolutions to occur within 90 days of a Prompt Corrective Action (equity < 2%)

- The assets and deposits are auctioned off in a first-price sealed-bid auction

1) Solicitation

- FDIC solicits eligible bidders that meet a long list of criteria based on both public and regulatory data
 - Total risk-based capital ratio of 10% or greater
 - Tier 1 risk-based capital ratio of 6% or greater
 - Tier 1 leverage capital ratio of 4% or greater
 - CAMELS composite rating of 1 or 2
 - CAMELS management rating of 1 or 2
 - Compliance rating of 1 or 2
 - Bank holding company composite (RFI/C) rating of 1 or 2
 - Community Reinvestment Act (CRA) rating that is at least satisfactory
 - Satisfactory anti-money laundering record
 - A size threshold, which increases in the distance from the failed bank
- Solicited banks can formally execute a confidentiality agreement to learn the bank's name and receive limited information from a secured website.

RESOLUTION PROCESS

2) Interest Designation

3) Due Diligence

- Interested bidders can arrange a brief period (usually two days) to perform due diligence on site with team of 3-5 people

4) Bidding

- Bidders can (and often do) place multiple bids, and bids can be “non-conforming”

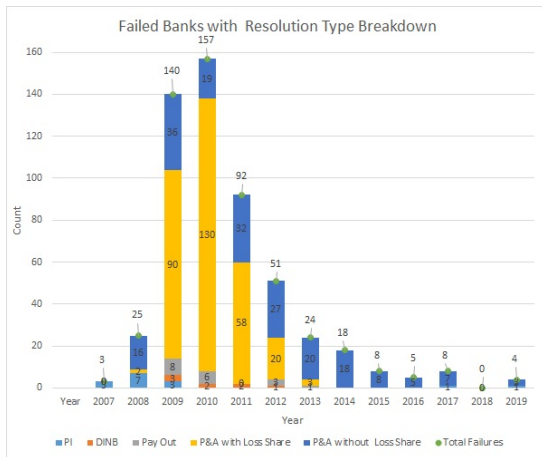
5) Winner Determined

- The bidder that submits the lowest cost bid to the FDIC (yet above the estimated value of liquidation) value wins

6) Acquisition

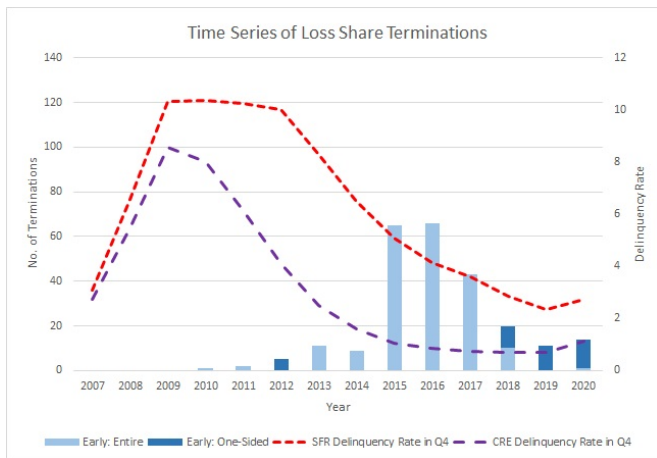
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BACKGROUND AND MOTIVATION



MOST SLAs ARE TERMINATED EARLY

Terminations are more common when delinquency rates are low.



Data Sources:

- 1 FDIC “AuctionData”
 - Observe *all* failed bank winners and losers linked to bids after 11/12/2009
- 2 NY Fed PERMCO-RSSD linking table
- 3 CRSP
- 4 Call Reports
- 5 Analyst data from IBES

Final Sample: SampleAuctions

- 254 failed bank auctions that had public bidders
- 485 public auction bidders
- 172 auctions with Loss Share coverage
- 373 banks solicited, 6 interested, 5 doing due diligence, 3 bidders, and 6.5 bids

Need to measure hypothetical performance of an acquirer in the absence of an acquisition with or without a SLA

1) Examine event-time portfolios

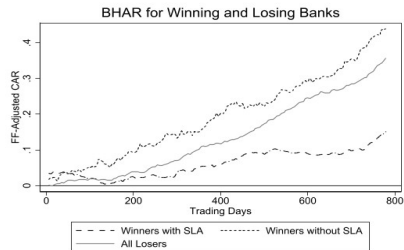
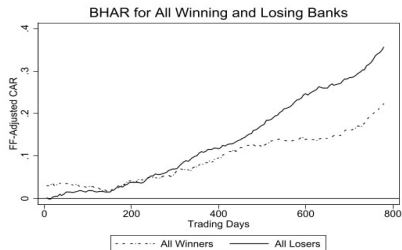
- Failures are clustered in time

2) Implement Buy-and-hold abnormal returns (BHAR)

3) I implement a Winner-Loser strategy

As a benchmark, I use the factors from Fama and French (1993)

POST-ACQUISITION BHAR



POST-ACQUISITION BHAR

	(1)	(2)	(3)	(4)	(5)
	AR _(-63,-1)	AR _(-2,2)	AR _(0,250)	AR _(0,500)	AR _(0,750)
Auction Winners (1)	0.0124 (1.16)	0.0310*** (5.98)	0.0490** (2.26)	0.120*** (4.40)	0.195*** (4.82)
Auction Winners With Loss Share (2)	0.0101 (0.79)	0.0350*** (5.38)	0.0284 (1.15)	0.0874*** (3.07)	0.122*** (2.89)
Auction Winners Without Loss Share (3)	0.0196 (0.99)	0.0186*** (2.88)	0.112** (2.50)	0.221*** (3.31)	0.416*** (4.55)
Auction Losers (4)	0.0203*** (3.37)	-0.000708 (-0.32)	0.0530*** (4.27)	0.173*** (9.96)	0.320*** (12.23)
(1) - (4)	-0.00789 (-0.67)	0.0317*** (6.61)	-0.00404 (-0.17)	-0.0530 (-1.61)	-0.125** (-2.55)
(2) - (4)	-0.0102 (-0.78)	0.0357*** (6.63)	-0.0246 (-0.92)	-0.0858** (-2.39)	-0.198*** (-3.68)
(3) - (4)	-0.000687 (-0.03)	0.0193*** (2.59)	0.0590 (1.38)	0.0477 (0.79)	0.0961 (1.07)

What could explain the divergence in returns between SLA acquirers and other auction participants

- 1 Over-payment (Winner's Curse)
- 2 Reduction in acquirer risk
- 3 Administrative Burden

It is not necessary for one mechanism to completely drive results

Do failed bank acquirers under-perform due to a winner's curse?

I implement an empirical strategy that allows me to compare outcomes WITHIN a failed-bank auction

$$AR_{m,n}^b = \beta_1 WIN_{b,a} + \beta_2 WIN_{b,a} \times LOSSSHARE_{\alpha} + \beta_3 WIN_{b,a} \times COMPETITION_{\alpha} + \beta_4 \gamma_{\alpha} + \epsilon_{b,a}$$

γ_{α} is an auction-level fixed effect

- Accounts for all failed bank characteristics
- Finer than a day fixed effect

Competition measured at all stages

- Solicitation, Interest, Due Diligence, Bidders, Bids

WIN and LOSSSHARE are both dummy variables

WINNER'S CURSE RESULTS: ANNOUNCEMENT RETURNS

Panel B: Short-Run Windows							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RET _(-2,2)	RET _(-2,2)	RET _(-2,2)	RET _(-2,2)	RET _(-2,2)	RET _(-2,2)	RET _(-2,2)
WIN	0.0348*** (4.97)	0.0279** (2.57)	0.0387** (2.16)	0.0593** (2.47)	0.0590** (2.44)	0.0350* (1.74)	0.0594* (1.90)
WIN x LOSS SHARE		0.00988 (0.71)	0.00681 (0.46)	0.00389 (0.27)	0.00580 (0.41)	0.0103 (0.75)	0.00663 (0.52)
WIN x BIDS			-0.00120 (-0.93)				
WIN x BIDDERS				-0.00680 (-1.62)			
WIN x Due DILLIGENCE					-0.00501 (-1.59)		
WIN x INTERESTED						-0.00109 (-0.46)	
WIN x SOLICITATIONS							-0.0000837 (-1.00)
Auction FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	485	485	485	485	485	485	485
R-squared	0.638	0.639	0.641	0.644	0.644	0.640	0.643

RISK REDUCTION: EQUITY MEASURES

	(1)	(2)	(3)	(4)
	tVOL	iVOL	sVOL	MKTBETA
WIN	0.00166 (1.23)	0.00248* (1.94)	-0.000826 (-0.96)	-0.0881 (-1.28)
WIN x LOSS SHARE	0.00167 (1.02)	-0.00000773 (-0.01)	0.00168* (1.65)	0.120 (1.58)
POST	-0.00450*** (-9.85)	-0.00364*** (-9.98)	-0.000862*** (-3.22)	0.0245 (1.19)
POST x WIN	0.00109 (0.77)	0.00157 (1.18)	-0.000480 (-0.55)	0.0248 (0.36)
POST x WIN x LOSS SHARE	-0.00272* (-1.65)	-0.00363** (-2.52)	0.000910 (0.92)	-0.00899 (-0.13)
Auction FE	Yes	Yes	Yes	Yes
Observations	969	969	969	970
R-squared	0.552	0.595	0.424	0.407

How severe is administrative burden?

- Direct (realized) costs of managing SLA assets is high
 - FDIC requires monthly loan-level reporting and additional monitoring
 - Most acquirers form dedicated teams (Barba, 2011)
- Indirect (opportunity) costs
 - Some acquirers find it difficult to sell assets
 - Managing these troublesome loans may have spillover effects

Examine earnings announcement returns and earning surprises

SUBSEQUENT EARNINGS ANNOUNCEMENTS (FIVE-DAY CAR)

	(1)	(2)	(3)	(4)
	EAnext1	EAnext4	EAnext8	EAnext12
WIN	0.0115 (0.68)	0.0321 (1.13)	0.00309 (0.08)	0.00822 (0.16)
WIN x LOSS SHARE	-0.0283 (-1.45)	-0.0719** (-2.10)	-0.0588 (-1.17)	-0.0819 (-1.25)
Auction FE	Yes	Yes	Yes	Yes
Observations	484	484	477	469
R-squared	0.474	0.524	0.498	0.504

SUBSEQUENT EARNINGS ANNOUNCEMENTS (FIVE-DAY CAR)

Panel C: Earnings Surprises

	SUE_{q+1}	SUE_{q+2}	SUE_{q+3}	SUE_{q+4}
WIN	-0.0000924 (-0.03)	0.00234 (1.07)	0.00157 (1.04)	0.000356 (0.23)
WIN × LOSS SHARE	0.000895 (0.28)	-0.00651* (-1.92)	-0.00497** (-1.99)	0.000333 (0.11)
Auction FE	Yes	Yes	Yes	Yes
Observations	457	452	453	448
R-squared	0.502	0.577	0.475	0.378

ADDITIONAL ANALYSIS AND ROBUSTNESS

- 1 Intensive margin analysis Intensive
 - Divergence between SLA acquirers and auction losers increases in the amount of SLA assets (but not failed bank assets)
- 2 Results are not driven by losers that become winners LosersThatWinPortfolio
LosersThatWinBHAR
- 3 Results hold when comparing acquirers with SLAs to auction losers that included SLA coverage in their bids SLALosersPortfolio SLALosersBHAR
- 4 Comparison to solicited banks SolicitedPortfolio SolicitedBHAR

Failed Bank acquirers with SLAs under-perform auction losers and winners without SLAs

The results are robust to:

- Using event-time portfolios or BHAR framework
- A framework incorporating an auction-level fixed effect

This **cannot** be explained by:

- A winner's curse story when examining competition at any stage of the auction process
- Auction losers that become subsequent winners.

However, there is some evidence acquirers realize a reduction in risk

- ...though subsequent negative earnings surprises for SLA acquirers suggest that risk reduction alone cannot explain main results

Thank You!



There has been a lot of interest in government guarantees post-crisis

- Viewed as a good alternative to capital injections

Findings in this paper are of considerable interest to many

- Potential Acquirers: effects are complicated
- FDIC: needs to understand impact asset guarantees have on acquirers to understand future bidding behavior in failed banks
- Governments around the world: want to understand how asset guarantees could be used in practice to resolve complex institutions

ADDITIONAL ANALYSIS: INTENSIVE MARGIN

	(1)	(2)	(3)	(4)	(5)	(6)
	$AR_{(-2,2)}$	$AR_{(-2,2)}$	$AR_{(-2,2)}$	$AR_{(3,750)}$	$AR_{(3,750)}$	$AR_{(3,750)}$
WIN	0.0196** (2.11)	0.0200** (2.21)	0.0173* (1.95)	-0.159* (-1.94)	-0.186** (-2.03)	-0.164* (-1.86)
WIN x ASSET RATIO	0.0889 (1.05)	0.0574 (0.44)	0.0712 (0.54)	0.128 (0.26)	1.896* (1.83)	1.734* (1.76)
WIN x LOSS SHARE RATIO		0.0495 (0.25)			-2.782** (-2.36)	
WIN x SFR RATIO			0.816 (1.45)			-8.905*** (-2.84)
WIN x NSF RATIO			-0.125 (-0.62)			-1.315 (-1.14)
Constant	-0.000617 (-0.25)	-0.000718 (-0.28)	-0.00104 (-0.41)	0.314*** (11.69)	0.320*** (12.05)	0.323*** (12.27)
Observations	485	485	485	485	485	485
R-squared	0.735	0.735	0.742	0.648	0.657	0.661

ADDITIONAL ANALYSIS: LOSERS THAT NEVER WIN (PORTFOLIOS)

Panel A: Post-Acquisition Weekly Event-Time Portfolios

	(1)	(2)	(3)	(4)	(5)
	Week 1	Two Weeks	One Year	Two Years	Three Years
Auction Winners (1)	0.00293 (1.14)	0.0204*** (4.92)	0.0761*** (4.53)	0.145*** (7.20)	0.226*** (7.09)
Auction Winners With Loss Share (2)	0.00463 (1.17)	0.0226*** (3.46)	0.0660*** (2.66)	0.129*** (4.75)	0.179*** (4.08)
Auction Winners Without Loss Share (3)	0.00164 (0.48)	0.0188*** (3.48)	0.0838*** (3.66)	0.158*** (5.44)	0.261*** (5.83)
Losers that Never Win (4)	0.00250 (0.97)	0.00284 (0.83)	0.0979*** (6.27)	0.249*** (10.98)	0.440*** (10.70)
(1) - (4)	0.000424 (0.12)	0.0176*** (3.27)	-0.0217 (-0.95)	-0.104*** (-3.41)	-0.214*** (-4.12)
(2) - (4)	0.00212 (0.45)	0.0198*** (2.68)	-0.0319 (-1.09)	-0.120*** (-3.40)	-0.261*** (-4.34)
(3) - (4)	-0.000860 (-0.20)	0.0159** (2.50)	-0.0140 (-0.51)	-0.0911** (-2.48)	-0.179*** (-2.94)

ADDITIONAL ANALYSIS: LOSERS THAT NEVER WIN (BHAR)

Panel B: Buy-and-Hold Abnormal Returns

	(1)	(2)	(3)	(4)	(5)
	$AR_{(-63,-1)}$	$AR_{(-2,2)}$	$AR_{(0,250)}$	$AR_{(0,500)}$	$AR_{(0,750)}$
Auction Winners (1)	0.0124 (1.16)	0.0310*** (5.98)	0.0490** (2.26)	0.120*** (4.40)	0.195*** (4.82)
Auction Winners With Loss Share (2)	0.0101 (0.79)	0.0350*** (5.38)	0.0284 (1.15)	0.0874*** (3.07)	0.122*** (2.89)
Auction Winners Without Loss Share (3)	0.0196 (0.99)	0.0186*** (2.88)	0.112** (2.50)	0.221*** (3.31)	0.416*** (4.55)
Losers that Never Win (4)	0.0191** (2.42)	-0.000180 (-0.07)	0.0590*** (3.98)	0.171*** (8.39)	0.335*** (10.32)
(1) - (4)	-0.00666 (-0.51)	0.0312*** (6.00)	-0.0100 (-0.39)	-0.0502 (-1.49)	-0.140*** (-2.67)
(2) - (4)	-0.00901 (-0.62)	0.0352*** (6.08)	-0.0306 (-1.11)	-0.0831** (-2.32)	-0.212*** (-3.78)
(3) - (4)	0.000537 (0.02)	0.0188*** (2.64)	0.0530 (1.25)	0.0504 (0.86)	0.0818 (0.89)

ADDITIONAL ANALYSIS: SLA LOSERS (PORTFOLIOS)

Panel A: Post-Acquisition Weekly Event-Time Portfolios

	(1)	(2)	(3)	(4)	(5)
	Week 1	Two Weeks	One Year	Two Years	Three Years
Auction Winners (1)	0.00293 (0.90)	0.0196*** (3.66)	0.0807*** (3.64)	0.154*** (5.46)	0.254*** (5.77)
Auction Winners with Loss Share (2)	0.00463 (1.17)	0.0226*** (3.46)	0.0660*** (2.66)	0.129*** (4.75)	0.179*** (4.08)
Auction Winners without Loss Share (2)	-0.00408 (-0.58)	0.00831 (0.95)	0.129** (2.49)	0.235*** (2.86)	0.493*** (4.53)
Auction Losers with Loss Share Bids (4)	0.00324 (1.02)	0.00291 (0.66)	0.0905*** (5.28)	0.250*** (9.53)	0.467*** (9.88)
(1) - (4)	-0.000316 (-0.07)	0.0166** (2.40)	-0.00978 (-0.35)	-0.0965** (-2.51)	-0.213*** (-3.31)
(2) - (4)	0.00139 (0.27)	0.0197** (2.50)	-0.0245 (-0.81)	-0.121*** (-3.22)	-0.288*** (-4.46)
(3) - (4)	-0.00732 (-0.96)	0.00540 (0.56)	0.0385 (0.71)	-0.0153 (-0.18)	0.0263 (0.22)

robustness

ADDITIONAL ANALYSIS: SLA LOSERS (BHAR)

Panel B: Buy-and-Hold Abnormal Returns

	(1)	(2)	(3)	(4)	(5)
	$AR_{(-63,-1)}$	$AR_{(-2,2)}$	$AR_{(0,250)}$	$AR_{(0,500)}$	$AR_{(0,750)}$
Auction Winners (1)	0.0124 (1.16)	0.0310*** (5.98)	0.0490** (2.26)	0.120*** (4.40)	0.195*** (4.82)
Auction Winners With Loss Share (2)	0.0101 (0.79)	0.0350*** (5.38)	0.0284 (1.15)	0.0874*** (3.07)	0.122*** (2.89)
Auction Winners Without Loss Share (3)	0.0196 (0.99)	0.0186*** (2.88)	0.112** (2.50)	0.221*** (3.31)	0.416*** (4.55)
Auction Losers with Loss Share Bids (4)	0.0194*** (2.68)	-0.000397 (-0.18)	0.0484*** (3.40)	0.176*** (8.43)	0.334*** (10.59)
(1) - (4)	-0.00693 (-0.55)	0.0324*** (7.02)	0.000535 (0.02)	-0.0561 (-1.60)	-0.140*** (-2.65)
(2) - (4)	-0.00928 (-0.66)	0.0366*** (7.15)	-0.0201 (-0.73)	-0.0890** (-2.35)	-0.212*** (-3.72)
(3) - (4)	0.000272 (0.01)	0.0197*** (3.01)	0.0635 (1.48)	0.0445 (0.71)	0.0822 (0.87)

ADDITIONAL ANALYSIS: SOLICITED BANKS (PORTFOLIO)

Post-Acquisition Weekly Event-Time Portfolios					
	(1)	(2)	(3)	(4)	(5)
	One Week	Two Weeks	One Year	Two Years	Three Years
Auction Winners (1)	0.00293 (1.14)	0.0204*** (4.92)	0.0761*** (4.53)	0.145*** (7.20)	0.226*** (7.09)
Auction Winners with LS (2)	0.00463 (1.17)	0.0226*** (3.46)	0.0660*** (2.66)	0.129*** (4.75)	0.179*** (4.08)
Auction Winners without LS (3)	0.00164 (0.48)	0.0188*** (3.48)	0.0838*** (3.66)	0.158*** (5.44)	0.261*** (5.83)
Auction Losers (4)	0.00480* (1.79)	0.00431 (1.25)	0.0891*** (6.05)	0.241*** (11.60)	0.429*** (11.73)
Solicited without Bidding (5)	0.00126 (1.27)	0.00206 (1.42)	0.0487*** (7.30)	0.118*** (14.37)	0.194*** (15.75)
(1) - (5)	0.00166 (0.60)	0.0184*** (4.17)	0.0275 (1.52)	0.0274 (1.26)	0.0319 (0.93)
(2) - (5)	0.00336 (0.83)	0.0205*** (3.08)	0.0173 (0.68)	0.0110 (0.39)	-0.0150 (-0.33)
(3) - (5)	0.000379 (0.11)	0.0167*** (3.00)	0.0352 (1.48)	0.0399 (1.33)	0.0674 (1.45)
(4) - (5)	0.00354 (1.24)	0.00224 (0.60)	0.0405** (2.50)	0.124*** (5.53)	0.235*** (6.09)

ADDITIONAL ANALYSIS: SOLICITED BANKS (BHAR)

Buy-and-Hold Abnormal Returns					
	$AR_{(-90,-1)}$	$AR_{(-2,2)}$	$AR_{(0,250)}$	$AR_{(0,500)}$	$AR_{(0,750)}$
Auction Winners (1)	0.0124 (1.16)	0.0310*** (5.98)	0.0490** (2.26)	0.120*** (4.40)	0.195*** (4.82)
Auction Winners With Loss Share (2)	0.0101 (0.79)	0.0350*** (5.38)	0.0284 (1.15)	0.0874*** (3.07)	0.122*** (2.89)
Auction Winners Without Loss Share (3)	0.0196 (0.99)	0.0186*** (2.88)	0.112** (2.50)	0.221*** (3.31)	0.416*** (4.55)
Auction Losers (4)	0.0203*** (3.37)	-0.000708 (-0.32)	0.0530*** (4.27)	0.173*** (9.96)	0.320*** (12.23)
Solicited without Bid (5)	0.0146*** (16.70)	0.00206*** (6.87)	0.0366*** (23.35)	0.0993*** (44.43)	0.168*** (58.64)
(1) - (5)	-0.00218 (-0.20)	0.0289*** (7.60)	0.0124 (0.62)	0.0210 (0.74)	0.0272 (0.75)
(2) - (5)	-0.00453 (-0.35)	0.0330*** (7.52)	-0.00819 (-0.36)	-0.0118 (-0.36)	-0.0452 (-1.08)
(3) - (5)	0.00502 (0.22)	0.0166** (2.17)	0.0754* (1.89)	0.122** (2.13)	0.249*** (3.41)
(4) - (5)	0.00571 (0.83)	-0.00276 (-1.17)	0.0164 (1.33)	0.0740*** (4.20)	0.153*** (6.77)

LOSS SHARE TERMINATIONS

The majority of Loss Share agreements are terminated early

(1) Year	(2) All Early Terminations	(3) <u>Early Termination</u>		(5) <u>Pmt from Acquirer to FDIC</u>		(7) <u>Pmt from FDIC to Acquirer</u>		(9) No Pmt Count
		Entire	One Side	Count	Amount (\$ million)	Count	Amount (\$ million)	
2010	1	1				1	13.32	
2011	2	2				2	12.32	
2012								
2013	11	11		4	10.53	7	6.59	
2014	9	9		1	2.06	7	21.43	1
2015	66	66		32	25.62	31	28.62	3
2016	67	67		24	16.69	38	47.52	5
2017	46	43	3	14	21.81	30	31.64	2
2018	20	10	10	5	3.85	9	58.15	6
2019	13		13	6	36.69	3	37.07	4
2020	14	1	13	10	24.04	1	0.07	3
Total	249	210	39	96	141.27	129	256.73	24

SLTermination

Public Notification

- After business hours, the FDIC publishes notification of the bank failure
- The FDIC also publishes incomplete bidder and bid information

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Bid Summary

North Houston Bank, Houston, TX
Closing Date: October 30, 2009

Bidder	Type of Transaction	Deposit Premium/(Discount) %	Asset Premium/(Discount) \$(000) / %	\$F Loss Share Tranche 1	\$F Loss Share Tranche 2	\$F Loss Share Tranche 3	Commercial Loss Share Tranche 1	Commercial Loss Share Tranche 2	Commercial Loss Share Tranche 3	Value Appreciation Instrument	Conforming Bid	Linked
Winning bid and bidder: U.S. Bank, N.A., Minneapolis, MN	All deposit whole bank with loss share	0.00%	\$(25,000)	80%	95%	N/A	80%	95%	N/A	No	Yes	Yes
Cover (second place): Woodforest National Bank, Houston, TX	All deposit whole bank with loss share	1.00%	\$(41,911)	80%	95%	N/A	80%	95%	N/A	No	Yes	No
Other Bid	All deposit whole bank with loss share	1.00%	\$(41,911)	80%	95%	N/A	80%	95%	N/A	No	Yes	Yes
Other Bid	All deposit whole bank with loss share	1.00%	\$(41,911)	80%	95%	N/A	80%	95%	N/A	No	No (1)	Yes
Other Bid	All deposit whole bank with loss share	0.00%	\$(42,209)	80%	95%	N/A	80%	95%	N/A	No	No (2)	Yes
Other Bid	All deposit whole bank with loss share	0.00%	\$(42,209)	80%	95%	N/A	80%	95%	N/A	No	No (2)	Yes

(1) Non-conforming due to asset discount being combined for two banks instead of individuals stated asset discount for each bank
(2) Non-conforming due to exclusion of participation loans and other contingencies

Other Bidder Names:
MidSouth Bank, N.A., Lafayette, LA
Woodforest National Bank, Houston, TX

Notes:

- The winning bidder's acquisition of all the deposits was the least costly resolution compared to a liquidation alternative. The liquidation alternative was valued using valuation models to estimate the market value of the assets. Bids for loss share, if any, were valued using a discounted cash flow analysis for the loss share portfolio over the life of the loss share agreement. If any bids were received that would have been more costly than liquidation they have been excluded from this summary.
- There are more bids than bidders because one or more bidders submitted more than one bid.
- The Other Bidder Names and the Other Bids are in random order. There is no linkage between bidder names and bids, except in the case of the winning bid and cover bid.
- For more information on the bid disclosure policy, see <https://www.fdic.gov/resources/resolutions/bank-failures/failed-bank-list/biddiscos.htm>

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SAMPLE AUCTIONS

Year	All Failed Banks	All Resolutions with LS	Auctions in Sample	Auctions in Sample with LS
2000	2			
2001	4			
2002	11			
2003	3			
2004	4			
2005	0			
2006	0			
2007	3			
2008	25	4		
2009	140	90	13	11
2010	157	130	99	91
2011	92	57	69	50
2012	51	20	41	19
2013	24	3	15	1
2014	18		11	
2015	8		6	
2016	5			
2017	8			
2019	4			
2020	4			
Total	563	304	254	172