

Temporary Liquidity Guaranty Program (TLGP)

Sponsor: Federal Deposit Insurance Corp.

Summary:

- FDIC will guarantee newly-issued senior unsecured debt
- FDIC will guarantee total balance in non-interest bearing transactional deposit accounts
- Eligible institutions are currently and automatically IN the program – **must opt-out if desired**
- Can opt-out of either or both parts of the program
- Opt-out terminates all guarantees and fee obligations
- **Opt-out irrevocable (except in case of merger)**
- Must elect ability to issue long-term non-guaranteed debt before reaching issuance cap while in program
- **Guaranteed debt has 20% risk weighting and is backed by full faith and credit of U.S.**

Key Dates

Effective: October 14, 2008

**Opt-Out / Election Date:
December 5, 2008 (11:59 p.m.)**

Disclosure Compliance: December 19, 2008

Guarantee of New Instruments Issued Through:
June 30, 2009

Debt Will Be Covered Through: June 30, 2012

Deposit Coverage Through: December 31, 2009

Eligible Institutions

- FDIC insured depository institutions
- U.S. bank holding companies (BHCs)
- U.S. financial holding companies
- U.S. savings and loan holding companies (engaging in only permissible FHC activities or has an application pending under BHCA)
- Affiliates of insured depository institutions, upon application to, and acceptance by, the FDIC with consultation of the primary federal banking regulator
- **Entities eligible after Dec 5 may apply to FDIC to participate**
- All common controlled institutions must make the same decision (opt in/out)

Fees

- **New debt: (1) maturity 31-180 days, 50 bps per annum, (2) 181-364 days, 75bps per annum, (3) 365+ days, 100 bps per annum**
- Participation in non-guaranty program: 37.5 bps one time fee assessed on issuance cap
- **Breach of issuance cap: double applicable fee**
- **Holding companies whose depository institutions are <50% of assets, surcharge of 10 bps per annum**
- **Fees assessed on participating institutions beginning Nov. 13 for debt other than overnight debt issued on or after Oct. 14 and outstanding Nov 13, and all covered debt issued Dec 6 and after**
- Deposit accounts: 10 bps on quarter end balance (over \$250,000)
- Post program shortfall at termination: Special assessment on all banks based on liabilities

Supervision

- Primary federal banking regulator will coordinate with FDIC
- FDIC will have control over program and access to all participants

Senior Unsecured Debt Guaranty

Definition of Senior Debt:

- Newly issued senior unsecured debt issued on Oct 14, 2008 through June 30, 2009
- **Includes:** federal funds, promissory notes, CP, inter-bank funding, unsubordinated unsecured notes, bank-to-bank CDs, U.S. dollar international banking facility deposits, certain limited U.S. dollar bank-to-bank Eurodollar deposits; foreign currency denominated debt
- **Excludes:** unsecured portion of secured debt, guarantees or other contingent debt, derivatives and derivative-linked instruments, convertible debt, equity-linked and capital securities, **structured notes, retail debt securities, debt paired or bundled with other securities, revolving credit agreements, instruments for trade credit**, negotiable CDs, foreign currency deposits, Eurodollar sweep accounts, inter-company debt, debt proceeds of which used to pay down outstanding debt
- **Excludes: new debt maturing in 30 days or less (issued on or after December 6)**

Issuance Cap:

- Guaranteed amount will be 125% of senior unsecured debt outstanding on Sept 30, 2008 that was scheduled to mature before June 30, 2009 (including maturity 30-day or less)
- If above is zero (excluding overnight), 2% of consolidated total liabilities
- **Insured depository institutions can issue up to the aggregate of their cap and their parent holding company cap (if participating entity)**

Participants Issuing Long-Term Non-Guaranteed Debt

- Notify FDIC before opt-out date to issue long-term non-guaranteed debt while in program
- Non-guaranteed debt must mature after June 30, 2012
- Pay non-refundable 37.5 bps fee on maximum debt limit (will offset any future assessments under the Debt Guarantee Program)

Guarantee

- **Debt: Guarantee timely payment of interest and principal upon uncured failure to pay**
- Accounts: Under standard FDIC insurance process

Non-Interest Bearing Account Guarantees

Covered Accounts:

- Non-interest bearing deposit transaction accounts (e.g., business payroll accounts)
- Non-interest bearing savings accounts into which transaction accounts are swept
- Treatment of other sweep accounts will follow FDIC's rules for failed institutions and will depend on where the money is at the end of the banking day
- **Includes: IOLTA (lawyers trust accounts) and NOW accounts paying interest of 0.50% or less**
- **Excludes:** any interest bearing account; most NOW accounts
- Insurance is unlimited on eligible accounts
- **Must post notice in main lobby, all branches and internet whether or not in program**