Congressional Oversight Panel

January 13, 2010

Accounting for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight Panel's January 2010 report, "Exiting the TARP and Unwinding Its Impact on Financial Markets."

Submitted under Section 125(b)(1) of Title 1 of the Emergency Economic Stabilization Act of 2008, Pub. L. No. 110-343

TARP Accounting

Each month, the Panel summarizes the resources that the federal government has committed to economic stabilization. The following financial update provides: (1) an updated accounting of the TARP, including a tally of dividend income, repayments and warrant dispositions that the program has received as of November 30, 2009; and (2) an updated accounting of the full federal resource commitment as of December 30, 2009.

1. The TARP

a. Costs: Expenditures and Commitments

Treasury has committed or is currently committed to spend $532.6 billion of TARP funds through an array of programs used to purchase preferred shares in financial institutions, offer loans to small businesses and automotive companies, and leverage Federal Reserve loans for facilities designed to restart secondary securitization markets.[1] Of this total, $297 billion is currently outstanding under the $698.7 billion limit for TARP expenditures set by EESA, leaving $403.3 billion available for fulfillment of anticipated funding levels of existing programs and for funding new programs and initiatives. The $297 billion includes purchases of preferred and common shares, warrants and/or debt obligations under the CPP, AIGIP/SSFI Program, PPIP, and AIFP; and a $20 billion loan to TALF LLC, the special purpose vehicle (SPV) used to guarantee Federal Reserve TALF loans.[2] Additionally, Treasury has allocated $35.5 billion to the Home Affordable Modification Program, out of a projected total program level of $50 billion.

b. Income: Dividends, Interest Payments, and CPP Repayments

As of December 30, 2009, a total of 58 institutions have completely repurchased their CPP preferred shares. Of these institutions, 37 have repurchased their warrants for common shares that Treasury received in conjunction with its preferred stock investments; Treasury sold the warrants for common shares for three other institutions at auction.[3] Treasury received $50.9 million in repayments from 13 CPP participants during December.[4] The vast majority of this total was repaid by two institutions – Bank of America and Wells Fargo – that each repaid $25

[1] EESA, as amended by the Helping Families Save Their Homes Act of 2009, limits Treasury to $698.7 billion in purchasing authority outstanding at any one time as calculated by the sum of the purchases prices of all troubled assets held by Treasury. Pub. L. No. 110-343, § 115(a)-(b); Helping Families Save Their Homes Act of 2009, Pub. L. No. 111-22, § 402(f) (reducing by $1.26 billion the authority for the TARP originally set under EESA at $700 billion). For further discussion of pending legislation that may affect the total amount of TARP funds available, see Section F, *infra*.

[2] TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

[3] TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

[4] TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

billion received as part of the CPP.[5] Furthermore, Treasury closed its Targeted Investment Program (TIP) after Citigroup and Bank of America's program repayments of $20 billion each ended any of TIP's outstanding obligations. In addition, Treasury receives dividend payments on the preferred shares that it holds, usually five percent per annum for the first five years and nine percent per annum thereafter.[6] In total, Treasury has received approximately $186.5 billion in income from repayments, warrant repurchases, dividends, and interest payments deriving from TARP investments,[7] and another $1.2 billion in participation fees from its Guarantee Program for Money Market Funds.[8]

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[5] TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

[6] *See*, *e.g.*, U.S. Department of the Treasury, *Securities Purchase Agreement: Standard Terms* (online at www.financialstability.gov/docs/CPP/spa.pdf) (accessed Jan. 4, 2010).

[7] *See* Cumulative Dividends Report as of November 30, 2009, *supra* note 241; TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

[8] U.S. Department of the Treasury, *Treasury Announces Expiration of Guarantee Program for Money Market Funds* (Sept. 18, 2009) (online at www.treasury.gov/press/releases/tg293.htm).

c. TARP Accounting

Figure 22: TARP Accounting (as of December 30, 2009)[9]

TARP Initiative	Anticipated Funding *(billions of dollars)*	Actual Funding *(billions of dollars)*	Total Repayments *(billions of dollars)*	Funding Outstanding *(billions of dollars)*	Funding Available *(billions of dollars)*
Capital Purchase Program (CPP)[10]	$218.0	$204.9	$121.9	$83	$13.1
Targeted Investment Program (TIP) [11]	40.0	40.0	40	0	0
AIG Investment Program (AIGIP)/Systemically Significant Failing Institutions Program (SSFI)	69.8	[12]46.9	0	46.9	22.9
Automobile Industry Financing Program (AIFP)[13]	81.3	81.3	3.2	78.1	0
Asset Guarantee Program (AGP)[14]	5.0	5.0	[15]5.0	0	0

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[9] TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

[10] As of December 30, 2009, the CPP was closed. This figure reflects funds that were committed but unused. This information was provided by Treasury in response to Panel inquiry.

[11] Both Bank of America and Citigroup repaid the $20 billion in assistance each institution received under the TIP on December 9 and December 23, 2009, respectively. Therefore the Panel accounts for these funds as repaid and as uncommitted. U.S. Department of the Treasury, *Treasury Receives $45 Billion in Repayments from Wells Fargo and Citigroup* (Dec. 22, 2009) (online at www.treas.gov/press/releases/20091229716198713.htm) (hereinafter "Treasury Receives $45 Billion from Wells Fargo and Citigroup").

[12] In information provided by Treasury in response to a Panel request, AIG has completely utilized the $40 billion made available on November 25, 2008 and drawn-down $5.3 billion of the $29.8 billion made available on April 17, 2009. This figure also reflects $1.6 billion in compounding of accumulated but unpaid dividends owed by AIG to Treasury due to the restructuring of Treasury's investment from cumulative preferred shares to non-cumulative shares. TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

[13] Treasury indicated that it would most likely not provide additional assistance to companies through the AIFP. Government Accountability Office, *Auto Industry: Continued Stewardship Needed as Treasury Develops Strategies for Monitoring and Divesting Financial Interests in Chrysler and GM*, at 28 (Nov. 2009) (GAO-10-151) (online at www.gao.gov/new.items/d10151.pdf) ("Although the immediate crisis of helping Chrysler and GM maintain solvency has passed for now and Treasury has no plans for further financial assistance to the companies, the significant sums of taxpayer dollars that are invested in these companies warrant continued oversight"). However, on January 5, 2010, Treasury announced a restructuring of its investment in GMAC, which resulted in $3.8 billion in additional funds being provided to the company through the AIFP.

[14] Treasury, the Federal Reserve, and the Federal Deposit Insurance Company terminated the asset guarantee with Citigroup on December 23, 2009. The agreement was terminated with no losses to Treasury's $5 billion second-loss portion of the guarantee. Citigroup did not repay any funds directly, but instead terminated Treasury's outstanding exposure on its $5 billion second-loss position. As a result, the $5 billion is now accounted for as available. Treasury Receives $45 Billion from Wells Fargo and Citigroup, *supra* note793.

[15] Although this $5 billion is no longer exposed as part of the AGP and is accounted for as available, Treasury did not receive a repayment in the same sense as with other investments. *See infra* notes 806-807.

Capital Assistance Program (CAP)[16]					
Term Asset-Backed Securities Lending Facility (TALF)	20.0	20.0	0	20.0	0
Public-Private Investment Partnership (PPIP)	30.0	30.0	0	30.0	0
Supplier Support Program (SSP)	[17]3.5	3.5	0	3.5	0
Unlocking SBA Lending	15.0	0	N/A	0	15.0
Home Affordable Modification Program (HAMP)	50.0	[18]35.5	0	35.5	14.5
Total Committed	532.6	467.1	–	297	65.5
Total Uncommitted	166.1	N/A	170.1	N/A	[19]336.2
Total	**$698.7**	**$467.1**	**$170.1**	**$297**	[20]**$401.7**

Treasury did receive other income as consideration for the guarantee, which is not a repayment and is accounted for in Figure 25. *See id.*

[16] On November 9, 2009, Treasury announced the closing of this program and that only one institution, GMAC, was in need of further capital from Treasury. Treasury Announcement Regard the CAP, *supra* note 486.

[17] On July 8, 2009, Treasury lowered the total commitment amount for the program from $5 billion to $3.5 billion. This action reduced GM's portion from $3.5 billion to $2.5 billion and Chrysler's portion from $1.5 billion to $1 billion. TARP Transactions Report for Period Ending December 30, 2009, *supra* note 166.

[18] This figure reflects the total of all the caps set on payments to each mortgage servicer and not the disbursed amount of funds for successful modifications. TARP Transactions Report for Period Ending December 30, 2009, *supra* note166.

[19] This figure is the sum of the uncommitted funds remaining under the $698.7 billion cap ($166.1 billion) and the repayments ($170.1 billion).

[20] This figure is the sum of the uncommitted funds remaining under the $698.7 billion cap ($166.1 billion) and the difference between the total anticipated funding and the net current investment ($297 billion).

Figure 23: TARP Repayments and Income

TARP Initiative	Repayments (as of 12/30/09) *(billions of dollars)*	Dividends[21] (as of 11/30/09) *(billions of dollars)*	Interest[22] (as of 11/30/09) *(billions of dollars)*	Warrant Repurchases (as of 12/30/09) *(billions of dollars)*	Other Proceeds (as of 12/30/09) *(billions of dollars)*	Total *(billions of dollars)*
Total	$165.1	$11.7	$0.36	$4.03	–	$183.7
CPP	121.9	8	0.02	4.03	–	134
TIP	40	2.7	N/A	0	–	42.7
AIFP	3.2	0.75	0.33	N/A	–	4.3
ASSP	N/A	N/A	0.01	N/A	–	0.01
AGP	[23]0	0.26	N/A	0	[24]$2.23	2.5
Bank of America Guarantee	–	–	–	–	[25]0.28	.28

Rate of Return

As of December 30, 2009, the average internal rate of return for all financial institutions that participated in the CPP and fully repaid the U.S. government (including preferred shares, dividends, and warrants) is 14.4 percent.[26] The internal rate of return is the annualized effective compounded return rate that can be earned on invested capital.

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[21] *See* Cumulative Dividends Report as of November 30, 2009, *supra* note 241.

[22] *See* Cumulative Dividends Report as of November 30, 2009, *supra* note 241.

[23] Although Treasury, the Federal Reserve, the FDIC, and Citigroup have terminated the AGP, and although Treasury's $5 billion second-loss position no longer counts against the $698.7 TARP ceiling, Treasury did not receive any repayment income. See *infra* notes 806-807. Treasury did receive other income as consideration for the guarantee, which is not a repayment and is accounted for in Figure 25. *See id.*

[24] As a fee for taking a second-loss position up to $5 billion on a $301 billion pool of ring-fenced Citigroup assets as part of the AGP, Treasury received $4.03 billion in Citigroup preferred stock and warrants; Treasury exchanged these preferred stocks and warrants for trust preferred securities in June 2009. Following the early termination of the guarantee, Treasury cancelled $1.8 billion of the trust preferred securities, leaving Treasury with a $2.23 billion investment in Citigroup trust preferred securities in exchange for the guarantee. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending December 30, 2009* (Jan. 4, 2010) (online at www.financialstability.gov/docs/transaction-reports/1-4-10%20Transactions%20Report%20as%20of%2012-30-09.pdf).

[25] Although Treasury, the Federal Reserve, and the FDIC negotiated with Bank of America regarding a similar guarantee, the parties never reached an agreement. In September 2009, Bank of America agreed to pay each of the prospective guarantors a fee as though the guarantee had been in place during the negotiations. This agreement resulted in payments of $276 million to Treasury, $57 million to the Federal Reserve, and $92 million to the FDIC. U.S. Department of the Treasury, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Bank of America Corporation, *Termination Agreement*, at 1-2 (Sept. 21, 2009) (online at www.financialstability.gov/docs/AGP/BofA%20-%20Termination%20Agreement%20-%20executed.pdf).

[26] Participating privately-held qualified financial institutions provided Treasury with warrants to purchase additional preferred stock, which Treasury exercised immediately. TARP Transactions Report for Period Ending

Figure 24: Warrant Repurchases for Financial Institutions Who Have Fully Repaid CPP Funds

Institution	Investment Date	QEO	Warrant Repurchase Date	Warrant Repurchase Amount	Panel Valuation (Best Est.)	Price/ Estimate	IRR
Old National Bancorp	12/12/2008	No	5/8/2009	1,200,000	2,150,000	0.5581	9.30%
Iberiabank Corporation	12/5/2008	Yes	5/20/2009	1,200,000	2,010,000	0.5970	9.40%
Firstmerit Corporation	1/9/2009	No	5/27/2009	5,025,000	4,260,000	1.1796	20.30%
Sun Bancorp, Inc	1/9/2009	No	5/27/2009	2,100,000	5,580,000	0.3763	15.30%
Independent Bank Corp.	1/9/2009	No	5/27/2009	2,200,000	3,870,000	0.5685	15.60%
Alliance Financial Corporation	12/19/2008	No	6/17/2009	900,000	1,580,000	0.5696	13.80%
First Niagara Financial Group	11/21/2008	Yes	6/24/2009	2,700,000	3,050,000	0.8852	8.00%
Berkshire Hills Bancorp, Inc.	12/19/2008	No	6/24/2009	1,040,000	1,620,000	0.6420	11.30%
Somerset Hills Bancorp	1/16/2009	No	6/24/2009	275,000	580,000	0.4741	16.60%
SCBT Financial Corporation	1/16/2009	No	6/24/2009	1,400,000	2,290,000	0.6114	11.70%
HF Financial Corp	11/21/2008	No	6/30/2009	650,000	1,240,000	0.5242	10.10%
State Street	10/28/2008	Yes	7/8/2009	60,000,000	54,200,000	1.1070	9.90%
U.S. Bancorp	11/14/2008	No	7/15/2009	139,000,000	135,100,000	1.0289	8.70%
The Goldman Sachs Group, Inc.	10/28/2008	No	7/22/2009	1,100,000,000	1,128,400,000	0.9748	22.80%
BB&T Corp.	11/14/2008	No	7/22/2009	67,000,000	68,200,000	0.9824	8.70%
American Express Company	1/9/2009	No	7/29/2009	340,000,000	391,200,000	0.8691	29.50%
Bank of New York Mellon Corp	10/28/2008	No	8/5/2009	136,000,000	155,700,000	0.8735	12.30%
Morgan Stanley	10/28/2008	No	8/12/2009	950,000,000	1,039,800,000	0.9136	20.20%
Northern Trust Corporation	11/14/2008	No	8/26/2009	87,000,000	89,800,000	0.9688	14.50%
Old Line Bancshares Inc.	12/5/2008	No	9/2/2009	225,000	500,000	0.4500	10.40%
Bancorp Rhode Island, Inc.	12/19/2008	No	9/30/2009	1,400,000	1,400,000	1.0000	12.60%
Centerstate Banks of Florida Inc.	11/21/2008	No	10/28/2009	212,000	440,000	0.4818	5.90%

December 30, 2009, *supra* note 166. The corresponding figure does not reflect the repayment of private institutions' preferred stock. The internal rate of return for repayments by these institutions is 16.7 percent.

Manhattan Bancorp	12/5/2008	No	10/14/2009	63,364	140,000	0.4526	9.80%
Bank of Ozarks	12/12/2008	No	11/24/2009	2,650,000	3,500,000	0.7571	9.00%
Capital One Financial	11/14/2008	No	12/3/2009	148,731,030	232,000,000	0.6411	12.00%
JP Morgan Chase & Co.	10/28/2008	No	12/10/2009	950,318,243	1,006,587,697	0.9441	10.90%
TCF Financial Corp	1/16/2009	No	12/16/2009	9,599,964	11,825,830	0.8118	11.00%
LSB Corporation	12/12/2008	No	12/16/2009	560,000	535,202	1.0463	9.00%
Wainwright Bank & Trust Company	12/19/2008	No	12/16/2009	568,700	1,071,494	0.5308	7.80%
Wesbanco Bank, Inc.	12/5/2008	No	12/23/2009	950,000	2,387,617	0.3979	6.70%
Union Bankshares Corporation	12/19/2008	Yes	12/23/2009	450,000	1,130,418	0.3981	5.80%
Trustmark Corporation	11/21/2008	No	12/30/2009	10,000,000	11,573,699	0.8640	9.40%
Flushing Financial Corporation	12/19/2008	No	12/30/2009	900,000	2,861,919	0.3145	6.50%
Total				**$4,023,718,318**	**$4,365,453,457**	**0.9217**	**14.40%**

2. Other Financial Stability Efforts

Federal Reserve, FDIC, and Other Programs

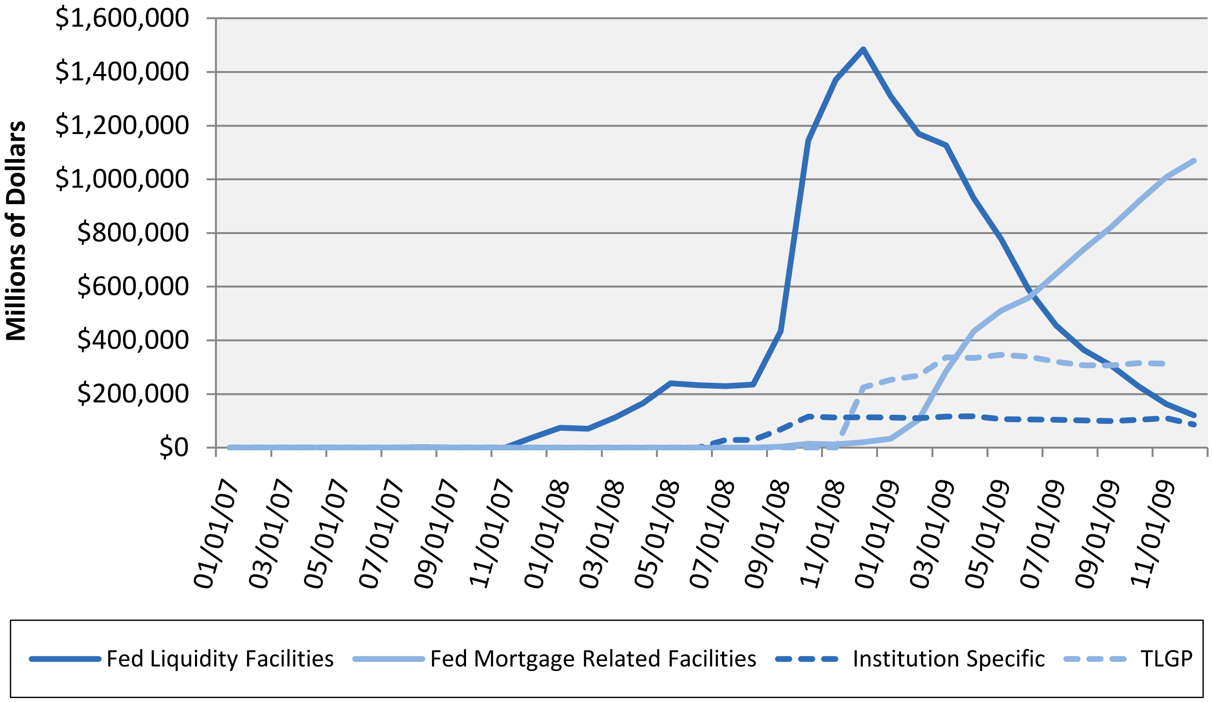
In addition to the direct expenditures Treasury has undertaken through TARP, the federal government has engaged in a much broader program directed at stabilizing the U.S. financial system. Many of these initiatives explicitly augment funds allocated by Treasury under specific TARP initiatives, such as FDIC and Federal Reserve asset guarantees for Citigroup, or operate in tandem with Treasury programs, such as the interaction between PPIP and TALF. Other programs, like the Federal Reserve's extension of credit through its section 13(3) facilities and SPVs and the FDIC's Temporary Liquidity Guarantee Program, operate independently of TARP.

Figure 25 below reflects the changing mix of Federal Reserve investments. As the liquidity facilities established to face the crisis have been wound down, the Federal Reserve has expanded its facilities for purchasing mortgage related securities. The Federal Reserve has announced that it intends to purchase $175 billion of federal agency debt securities and $1.25 trillion of agency mortgage-backed-securities.[27] As of January 7, 2010, $160 billion of federal agency (government-sponsored enterprise) debt securities and $909 billion of agency mortgage-

[27] Board of Governors of the Federal Reserve System, *Minutes of the Federal Open Market Committee*, at 10 (Dec. 15-16, 2009) (online at www.federalreserve.gov/newsevents/press/monetary/fomcminutes20091216.pdf) (hereinafter "Minutes of the Federal Open Market Committee").

backed-securities have been purchased. The Federal Reserve has announced that these purchases will be completed by April 2010.[28]

Figure 25: Federal Reserve and FDIC Financial Stability Efforts[29]



[28] RealtyTrac Foreclosure Activity Data *supra* note 809, at 10 ("In order to promote a smooth transition in markets, the Committee is gradually slowing the pace of these purchases, and it anticipates that these transactions will be executed by the end of the first quarter of 2010"); Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances* (Jan. 7, 2010) (online at www.federalreserve.gov/Releases/H41/Current/).

[29] Federal Reserve Liquidity Facilities include: Primary credit, Secondary credit, Central Bank Liquidity Swaps, Primary dealer and other broker-dealer credit, Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, Net portfolio holdings of Commercial Paper Funding Facility LLC, Seasonal credit, Term auction credit, Net Portfolio Holdings of TALF LLC. Federal Reserve Mortgage Related Facilities Include: Federal agency debt securities and Mortgage-backed securities held by the Federal Reserve. Institution Specific Facilities include: Credit extended to American International Group, Inc., and the net portfolio holdings of Maiden Lanes I, II, and III. All Federal Reserve figures reflect the weekly average outstanding under the specific programs during the last week of the specified month. Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (online at www.federalreserve.gov/datadownload/Choose.aspx?rel=H41) (accessed Jan. 4, 2010). For related presentations of Federal Reserve data, *see* Board of Governors of the Federal Reserve System, *Credit and Liquidity Programs and the Balance Sheet*, at 2 (Nov. 2009) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport200911.pdf). The TLGP figure reflects the monthly amount of debt outstanding under the program. Federal Deposit Insurance Corporation, *Monthly Reports on Debt Issuance Under the Temporary Liquidity Guarantee Program* (Dec. 2008-Nov. 2009) (online at www.fdic.gov/regulations/resources/TLGP/reports.html).

3. Total Financial Stability Resources (as of November 30, 2009)

Beginning in its April report, the Panel broadly classified the resources that the federal government has devoted to stabilizing the economy through myriad new programs and initiatives as outlays, loans, or guarantees. Although the Panel calculates the total value of these resources at over $3 trillion, this would translate into the ultimate "cost" of the stabilization effort only if: (1) assets do not appreciate; (2) no dividends are received, no warrants are exercised, and no TARP funds are repaid; (3) all loans default and are written off; and (4) all guarantees are exercised and subsequently written off.

With respect to the FDIC and Federal Reserve programs, the risk of loss varies significantly across the programs considered here, as do the mechanisms providing protection for the taxpayer against such risk. As discussed in the Panel's November report, the FDIC assesses a premium of up to 100 basis points on TLGP debt guarantees.[30] In contrast, the Federal Reserve's liquidity programs are generally available only to borrowers with good credit, and the loans are over-collateralized and with recourse to other assets of the borrower. If the assets securing a Federal Reserve loan realize a decline in value greater than the "haircut," the Federal Reserve is able to demand more collateral from the borrower. Similarly, should a borrower default on a recourse loan, the Federal Reserve can turn to the borrower's other assets to make the Federal Reserve whole. In this way, the risk to the taxpayer on recourse loans only materializes if the borrower enters bankruptcy. The only loans currently "underwater" – where the outstanding principal amount exceeds the current market value of the collateral – are two of the three non-recourse loans to the Maiden Lane SPVs (used to purchase Bear Stearns and AIG assets).

[30] COP November Oversight Report, *supra* note 2, at 36.

Figure 26: Federal Government Financial Stability Effort (as of November 30, 2009)

Program *(billions of dollars)*	**Treasury (TARP)**	**Federal Reserve**	**FDIC**	**Total**
Total	**$698.7**	**$1,509.9**	**$678.4**	**$2,887**
Outlays[i]	299.8	1,069.5	69.4	1,438.7
Loans	42.7	440.4	0	483.1
Guarantees[ii]	20	0	609	629
Uncommitted TARP Funds	336.2	0	0	336.2
AIG	**69.8**	**68.7**	**0**	**138.5**
Outlays	[iii]69.8	0	0	69.8
Loans	0	[iv]68.7	0	68.7
Guarantees	0	0	0	0
Bank of America	**0**	**0**	**0**	**0**
Outlays	[v]0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	0	0
Citigroup	**25**	**0**	**0**	**25**
Outlays	[vi]25	0	0	25
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Purchase Program (Other)	**71.1**	**0**	**0**	**71.1**
Outlays	[vii]71.1	0	0	71.1
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Assistance Program	**N/A**	**0**	**0**	[viii]**N/A**
TALF	**20**	**180**	**0**	**200**
Outlays	0	0	0	0
Loans	0	[x]180	0	180
Guarantees	[ix]20	0	0	20
PPIP (Loans)[xi]	**0**	**0**	**0**	**0**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	0	0
PPIP (Securities)	[xii]**30**	**0**	**0**	**30**
Outlays	10	0	0	10
Loans	20	0	0	20
Guarantees	0	0	0	0
Home Affordable Modification Program	**50**	**0**	**0**	[xiv]**50**
Outlays	[xiii]50	0	0	50
Loans	0	0	0	0
Guarantees	0	0	0	0
Automotive Industry Financing Program	[xv]**78.2**	**0**	**0**	**75.4**
Outlays	59	0	0	59
Loans	19.2	0	0	19.2
Guarantees	0	0	0	0

Auto Supplier Support Program	**3.5**	**0**	**0**	**3.5**
Outlays	0	0	0	0
Loans	[xvi]3.5	0	0	3.5
Guarantees	0	0	0	0
Unlocking SBA Lending	[xvii]**15**	**0**	**0**	**15**
Outlays	15	0	0	15
Loans	0	0	0	0
Guarantees	0	0	0	0
Temporary Liquidity Guarantee Program	**0**	**0**	**609**	**609**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	[xviii]609	609
Deposit Insurance Fund	**0**	**0**	**69.4**	**69.4**
Outlays	0	0	[xix]69.4	69.4
Loans	0	0	0	0
Guarantees	0	0	0	0
Other Federal Reserve Credit Expansion	**0**	**1,261.2**	**0**	**1,261.2**
Outlays	0	[xx]1,069.5	0	1,069.5
Loans	0	[xxi]191.7	0	191.7
Guarantees	0	0	0	0
Uncommitted TARP Funds	**336.2**	**0**	**0**	**336.2**

[i] The term “outlays” is used here to describe the use of Treasury funds under the TARP, which are broadly classifiable as purchases of debt or equity securities (e.g., debentures, preferred stock, exercised warrants, etc.). The outlays figures are based on: (1) Treasury’s actual reported expenditures; and (2) Treasury’s anticipated funding levels as estimated by a variety of sources, including Treasury pronouncements and GAO estimates. Anticipated funding levels are set at Treasury’s discretion, have changed from initial announcements, and are subject to further change. Outlays used here represent investment and asset purchases and commitments to make investments and asset purchases and are not the same as budget outlays, which under section 123 of EESA are recorded on a “credit reform” basis.

[ii] Although many of the guarantees may never be exercised or exercised only partially, the guarantee figures included here represent the federal government’s greatest possible financial exposure.

[iii] This number includes investments under the AIGIP/SSFI Program: a $40 billion investment made on November 25, 2008, and a $30 billion investment committed on April 17, 2009 (less a reduction of $165 million representing bonuses paid to AIG Financial Products employees). As of January 5, 2010, AIG had utilized $45.3 billion of the available $69.8 billion under the AIGIP/SSFI. This information was provided by Treasury in response to a Panel inquiry.

[iv] This number represents the full $35 billion that is available to AIG through its revolving credit facility with the Federal Reserve ($22.2 billion had been drawn down as of December 31, 2009) and the outstanding principal of the loans extended to the Maiden Lane II and III SPVs to buy AIG assets (as of December 31, 2009, $15.7 billion and $18 billion respectively). Income from the purchased assets is used to pay down the loans to the SPVs, reducing the taxpayers’ exposure to losses over time. Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 17 (Oct. 2009) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport200910.pdf). On December 1, 2009, AIG entered into an agreement with FRBNY to reduce the debt AIG owes the FRBNY by $25 billion. In exchange,

FRBNY received preferred equity interests in two AIG subsidiaries. This also reduced the debt ceiling on the loan facility from $60 billion to $35 billion. American International Group, *AIG Closes Two Transactions That Reduce Debt AIG Owes Federal Reserve Bank of New York by $25 billion* (Dec. 1, 2009) (online at phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MjE4ODl8Q2hpbGRJRD0tMXxUeXBlPTM=&t=1).

[v] Bank of America repaid the $45 billion in assistance it had received through TARP programs on December 9, 2009. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending December 30, 2009* (Jan. 4, 2010) (online at www.financialstability.gov/docs/transaction-reports/1-4-10%20Transactions%20Report%20as%20of%2012-30-09.pdf) (hereinafter "TARP Transactions Report").

[vi] As of December 30, 2009, the U.S. Treasury held $25 billion of Citigroup common stock. *See* TARP Transactions Report, *supra* note v.

[vii] This figure represents the $218 billion Treasury has anticipated spending under the CPP, minus the $25 billion investment in Citigroup ($25 billion) identified above, and the $121.9 billion in repayments that are reflected as available TARP funds. This figure does not account for future repayments of CPP investments, nor does it account for dividend payments from CPP investments.

[viii] On November 9, 2009, Treasury announced the closing of the CAP and that only one institution, GMAC, was in need of further capital from Treasury. GMAC, however received further funding through the AIFP, therefore the Panel considers CAP unused and closed. U.S. Department of the Treasury, *Treasury Announcement Regarding the Capital Assistance Program* (Nov. 9, 2009) (online at www.financialstability.gov/latest/tg_11092009.html).

[ix] This figure represents a $20 billion allocation to the TALF SPV on March 3, 2009. *See* TARP Transactions Report, *supra* note vi. As of January 7, 2010, investors had requested a total of $64.3 billion in TALF loans ($9.2 billion in CMBS and $55 billion in non-CMBS). Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: CMBS* (accessed Jan. 7, 2009) (online at www.newyorkfed.org/markets/CMBS_recent_operations.html); Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: non- CMBS* (accessed Jan. 7, 2009) (online at www.newyorkfed.org/markets/talf_operations.html).

[x] This number is derived from the unofficial 1:10 ratio of the value of Treasury loan guarantees to the value of Federal Reserve loans under the TALF. U.S. Department of the Treasury, *Fact Sheet: Financial Stability Plan* (Feb.10, 2009) (online at www.financialstability.gov/docs/fact-sheet.pdf) (describing the initial $20 billion Treasury contribution tied to $200 billion in Federal Reserve loans and announcing potential expansion to a $100 billion Treasury contribution tied to $1 trillion in Federal Reserve loans). Because Treasury is responsible for reimbursing the Federal Reserve Board for $20 billion of losses on its $200 billion in loans, the Federal Reserve Board's maximum potential exposure under the TALF is $180 billion.

[xi] It is unlikely that resources will be expended under the PPIP Legacy Loans Program in its original design as a joint Treasury-FDIC program to purchase troubled assets from solvent banks. See also Federal Deposit Insurance Corporation, *FDIC Statement on the Status of the Legacy Loans Program* (June 3, 2009) (online at www.fdic.gov/news/news/press/2009/pr09084.html) and Federal Deposit Insurance Corporation, *Legacy Loans Program – Test of Funding Mechanism* (July 31, 2009) (online at www.fdic.gov/news/news/press/2009/pr09131.html). The sales described in these statements do not involve any Treasury participation, and FDIC activity is accounted for here as a component of the FDIC's Deposit Insurance Fund outlays.

[xii] U.S. Department of the Treasury, *Joint Statement By Secretary of the Treasury Timothy F. Geithner, Chairman of the Board of Governors of The Federal Reserve System Ben S. Bernanke, and Chairman of the Federal Deposit Insurance Corporation Sheila Bair: Legacy Asset Program* (July 8, 2009) (online at www.financialstability.gov/latest/tg_07082009.html) ("Treasury will invest up to $30 billion of equity and debt in PPIFs established with private sector fund managers and private investors for the purpose of purchasing legacy securities."); U.S. Department of the Treasury, *Fact Sheet: Public-Private Investment Program*, at 4-5 (Mar. 23, 2009) (online at www.treas.gov/press/releases/reports/ppip_fact_sheet.pdf) (outlining that, for each $1 of private investment into a fund created under the Legacy Securities Program, Treasury will provide a matching $1 in equity to the investment fund; a $1 loan to the fund; and, at Treasury's discretion, an additional loan up to $1). As of December 30, 2009, Treasury reported $19.9 billion in outstanding loans and $9.9 billion in membership interest

associated with the program, thus substantiating the Panel's assumption that Treasury may routinely exercise its discretion to provide $2 of financing for every $1 of equity 2:1 ratio. TARP Transactions Report, *supra* note v.

[xiii] U.S. Government Accountability Office, *Troubled Asset Relief Program: June 2009 Status of Efforts to Address Transparency and Accountability Issues*, at 2 (June 17, 2009) (GAO09/658) (online at www.gao.gov/new.items/d09658.pdf). Of the $50 billion in announced TARP funding for this program, $35.5 billion has been allocated as of December 30, 2009. *See* TARP Transactions Report, *supra* note v.

[xiv] Fannie Mae and Freddie Mac, government-sponsored entities (GSEs) that were placed in conservatorship of the Federal Housing Finance Housing Agency on September 7, 2009, will also contribute up to $25 billion to the Making Home Affordable Program, of which the HAMP is a key component. U.S. Department of the Treasury, *Making Home Affordable: Updated Detailed Program Description* (Mar. 4, 2009) (online at www.treas.gov/press/releases/reports/housing_fact_sheet.pdf).

[xv] *See* TARP Transactions Report, *supra* note v. A substantial portion of the total $81 billion in loans extended under the AIFP have since been converted to common equity and preferred shares in restructured companies. $19.2 billion has been retained as first lien debt (with $6.7 billion committed to GM, $12.5 billion to Chrysler). This figure ($78.2 billion) represents Treasury's current obligation under the AIFP after repayments.

[xvi] *See* TARP Transactions Report, *supra* note v.

[xvii] U.S. Department of Treasury, *Fact Sheet: Unlocking Credit for Small Businesses* (Oct. 19, 2009) (online at www.financialstability.gov/roadtostability/unlockingCreditforSmallBusinesses.html) ("*Jumpstart Credit Markets For Small Businesses By Purchasing Up to $15 Billion in Securities").*

[xviii] This figure represents the current maximum aggregate debt guarantees that could be made under the program, which, in turn, is a function of the number and size of individual financial institutions participating. $313 billion of debt subject to the guarantee has been issued to date, which represents about 51 percent of the current cap. Federal Deposit Insurance Corporation, *Monthly Reports on Debt Issuance Under the Temporary Liquidity Guarantee Program: Debt Issuance Under Guarantee Program* (Nov. 30, 2009) (online at www.fdic.gov/regulations/resources/TLGP/total_issuance11-09.html) (updated Jan. 4, 2010). The FDIC has collected $10.3 billion in fees and surcharges from this program since its inception in the fourth quarter of 2008. Federal Deposit Insurance Corporation, *Monthly Reports on Debt Issuance Under the Temporary Liquidity Guarantee Program* (Nov. 30, 2009) (online at www.fdic.gov/regulations/resources/TLGP/fees.html) (updated Jan. 4, 2010).

[xix] This figure represents the FDIC's provision for losses to its deposit insurance fund attributable to bank failures in the third and fourth quarters of 2008 and the first, second and third quarters of 2009. Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement (Fourth Quarter 2008)* (online at www.fdic.gov/about/strategic/corporate/cfo_report_4qtr_08/income.html); Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement (Third Quarter 2008)* (online at www.fdic.gov/about/strategic/corporate/cfo_report_3rdqtr_08/income.html); Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement (First Quarter 2009)* (online at www.fdic.gov/about/strategic/corporate/cfo_report_1stqtr_09/income.html); Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement (Second Quarter 2009)* (online at www.fdic.gov/about/strategic/corporate/cfo_report_2ndqtr_09/income.html); Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement (Third Quarter 2009)* (online at www.fdic.gov/about/strategic/corporate/cfo_report_3rdqtr_09/income.html). This figure includes the FDIC's estimates of its future losses under loss-sharing agreements that it has entered into with banks acquiring assets of insolvent banks during these four quarters. Under a loss-sharing agreement, as a condition of an acquiring bank's agreement to purchase the assets of an insolvent bank, the FDIC typically agrees to cover 80 percent of an acquiring bank's future losses on an initial portion of these assets and 95 percent of losses of another portion of assets. See, for example Federal Deposit Insurance Corporation, *Purchase and Assumption Agreement Among FDIC, Receiver of Guaranty Bank, Austin, Texas, FDIC and Compass Bank* at 65-66 (Aug. 21, 2009) (online at www.fdic.gov/bank/individual/failed/guaranty-tx_p_and_a_w_addendum.pdf). In information provided to Panel staff, the FDIC disclosed that there were approximately $132 billion in assets covered under loss-sharing agreements as of December 18, 2009. Furthermore, the FDIC estimates the total cost of a payout under these agreements to be

$59.3 billion. Since there is a published loss estimate for these agreements, the Panel continues to reflect them as outlays rather than as guarantees.

[xx] Outlays are comprised of the Federal Reserve Mortgage Related Facilities. The Federal Reserve balance sheet accounts for these facilities under Federal agency debt securities and mortgage-backed securities held by the Federal Reserve. Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (online at www.federalreserve.gov/datadownload/Choose.aspx?rel=H41) (accessed Jan. 4, 2010). Although the Federal Reserve does not employ the outlays, loans and guarantees classification, its accounting clearly separates its mortgage-related purchasing programs from its liquidity programs. *See* Board of Governors of the Federal Reserve, *Credit and Liquidity Programs and the Balance Sheet November 2009*, at 2 (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport200911.pdf) (accessed Dec. 7, 2009).

[xxi] Federal Reserve Liquidity Facilities classified in this table as loans include: Primary credit, Secondary credit, Central bank liquidity swaps, Primary dealer and other broker-dealer credit, Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, Net portfolio holdings of Commercial Paper Funding Facility LLC, Seasonal credit, Term auction credit, Net Portfolio Holdings of TALF LLC, and loans outstanding to Bear Stearns (Maiden Lane I LLC). Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (online at www.federalreserve.gov/datadownload/Choose.aspx?rel=H41) (accessed Jan. 4, 2010); *see id.*