



Congressional Oversight Panel

February 11,
2010

Accounting for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight
Panel's February 2010 report, "Commercial Real
Estate Losses and the Risk to Financial Stability."

Financial Update

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 February 1, 2010; and (2) an updated accounting of the full federal resource commitment as of December 31, 2009.

1. The TARP

a. Costs: Expenditures and Commitments

Treasury has committed or is currently committed to spend \$519.5 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.⁵⁸⁷ Of this total, \$298.3 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 \$298.3 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 SPV used to guarantee Federal Reserve TALF loans.⁵⁸⁸ Additionally, Treasury has allocated \$36.9 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 February 1, 2009, a total of 59 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 (including six institutions for whom warrants were exercised at the time of the initial Treasury investment); Treasury sold the warrants for common shares for three other institutions at auction.⁵⁸⁹ For further discussion of Treasury's disposition of these warrants, see Section Two of this report. In January, Treasury received partial repayments from two institutions, totaling \$57.2 million.⁵⁹⁰ In addition, Treasury receives dividend payments on the preferred shares that it holds, usually five

⁵⁸⁷ 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 purchase 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).

⁵⁸⁸ Treasury Transactions Report, *supra* note 450.

⁵⁸⁹ Treasury Transactions Report, *supra* note 450.

⁵⁹⁰ Treasury Transactions Report, *supra* note 450.

percent per annum for the first five years and nine percent per annum thereafter.⁵⁹¹ In total, Treasury has received approximately \$189.5 billion in income from repayments, warrant repurchases, dividends, payments for terminated guarantees, and interest payments deriving from TARP investments,⁵⁹² and another \$1.2 billion in participation fees from its Guarantee Program for Money Market Funds.⁵⁹³

⁵⁹¹ See, e.g., U.S. Department of the Treasury, *Securities Purchase Agreement: Standard Terms* (online at www.financialstability.gov/docs/PPP/spa.pdf) (accessed Jan. 4, 2010).

⁵⁹² See U.S. Department of the Treasury, *Cumulative Dividends and Interest Report as of December 31, 2009* (Jan. 20, 2010) (online at www.financialstability.gov/docs/dividends-interest-reports/December%202009%20Dividends%20and%20Interest%20Report.pdf) (hereinafter “Treasury Dividends and Interest Report”); Treasury Transactions Report, *supra* note 450.

⁵⁹³ 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 55: TARP Accounting (as of February 1, 2010)⁵⁹⁴

| TARP Initiative | Anticipated Funding <i>(billions of dollars)</i> | Actual Funding <i>(billions of dollars)</i> | Total Repayments/ Reduced Exposure <i>(billions of dollars)</i> | Funding Outstanding <i>(billions of dollars)</i> | Funding Available <i>(billions of dollars)</i> |
|---|--|---|---|--|--|
| Capital Purchase Program (CPP) ⁵⁹⁵ | \$204.9 | \$204.9 | \$122 | \$82.9 | \$0 |
| Targeted Investment Program (TIP) ⁵⁹⁶ | 40.0 | 40.0 | 40 | 0 | 0 |
| AIG Investment Program (AIGIP)/Systemically Significant Failing Institutions Program (SSFI) | 69.8 | ⁵⁹⁷ 46.9 | 0 | 46.9 | 22.9 |
| Automobile Industry Financing Program (AIFP) | 81.3 | 81.3 | 3.2 | 78.1 | 0 |
| Asset Guarantee Program (AGP) ⁵⁹⁸ | 5.0 | 5.0 | ⁵⁹⁹ 5.0 | 0 | 0 |
| Capital Assistance Program (CAP) ⁶⁰⁰ | | | | | |

⁵⁹⁴ Treasury Transactions Report, *supra* note 450.

⁵⁹⁵ As of December 31, 2009, the CPP was closed. U.S. Department of the Treasury, *FAQ on Capital Purchase Program Deadline* (online at www.financialstability.gov/docs/FAQ%20on%20Capital%20Purchase%20Program%20Deadline.pdf).

⁵⁹⁶ 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 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”).

⁵⁹⁷ 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 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. Treasury Transactions Report, *supra* note 450.

⁵⁹⁸ 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* note 596.

⁵⁹⁹ 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.

⁶⁰⁰ 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. GMAC received an additional \$3.8 billion in capital through the AIFP on December 30, 2009. U.S. Department of the Treasury, *Treasury Announcement Regarding the Capital*

| | | | | | |
|--|--------------------|---------------------|----------------|----------------|-----------------------------|
| Term Asset-Backed Securities Lending Facility (TALF) | 20.0 | 20.0 | 0 | 20.0 | 0 |
| Public-Private Investment Partnership (PPIP) ⁶⁰¹ | 30.0 | 30.0 | 0 | 30.0 | 0 |
| Supplier Support Program (SSP) | ⁶⁰² 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 | ⁶⁰³ 36.9 | 0 | 35.5 | 14.5 |
| Community Development Financial Institutions Initiative ⁶⁰⁴ | | | | | |
| Total Committed | 519.5 | 468.5 | – | 298.3 | 51 |
| Total Uncommitted | 179.2 | N/A | 170.2 | N/A | ⁶⁰⁵ 349.4 |
| Total | \$698.7 | \$468.5 | \$170.2 | \$298.3 | \$400.4 |

Assistance Program (Nov. 9, 2009) (online at www.financialstability.gov/latest/tg_11092009.html); Treasury Transactions Report, *supra* note 450.

⁶⁰¹ On January 29, 2010, Treasury released its first quarterly report on the Legacy Securities Public-Private Investment Program. As of that date, the total value of assets held by the PPIP managers was \$3.4 billion. Of this total, 87 percent as non-agency Residential Mortgage-Backed Securities and the remaining 13 percent was Commercial Mortgage-Backed Securities. U.S. Department of the Treasury, *Legacy Securities Public-Private Investment Program* (Jan. 29, 2010) (online at www.financialstability.gov/docs/External%20Report%20-%2012-09%20FINAL.pdf).

⁶⁰² 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. On November 11, 2009, there was a partial repayment of \$140 million made by GM Supplier Receivables LLC, the special purpose vehicle created to administer this program for GM suppliers. This was a partial repayment of funds that were drawn-down and did not lessen Treasury's \$3.5 billion in total exposure to the ASSP. Treasury Transactions Report, *supra* note 450.

⁶⁰³ 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. In response to a Panel inquiry, Treasury disclosed that, as of as of Jan. 10, 2010, \$32 million in funds had been disbursed under the HAMP. Treasury Transactions Report, *supra* note 450.

⁶⁰⁴ On February 3, 2010, the Administration announced a new initiative under TARP to provide low-cost financing for Community Development Financial Institutions (CDFIs). Under this program, CDFIs are eligible for capital investments at a 2 percent dividend rate as compared to the 5 percent dividend rate under the CPP. Currently, the total amount of funds Treasury plans on investing has not been announced.

⁶⁰⁵ This figure is the sum of the uncommitted funds remaining under the \$698.7 billion cap (\$179.2 billion) and the repayments (\$170.2 billion).

Figure 56: TARP Repayments and Income

| TARP Initiative | Repayments/ Reduced Exposure (as of 2/1/10) (billions of dollars) | Dividends⁶⁰⁶ (as of 12/31/09) (billions of dollars) | Interest⁶⁰⁷ (as of 12/31/09) (billions of dollars) | Warrant Repurchases (as of 2/1/10) (billions of dollars) | Other Proceeds (as of 2/1/10) (billions of dollars) | Total (billions of dollars) |
|------------------------------|--|---|--|---|--|--|
| Total | \$170.1 | \$12.5 | \$0.38 | \$4.03 | \$2.51 | \$189.5 |
| CPP | 121.9 | 8.3 | 0.02 | 4.03 | – | 134.3 |
| TIP | 40 | 3 | N/A | 0 | – | 43 |
| AIFP | 3.2 | 0.94 | 0.34 | N/A | – | 4.48 |
| ASSP | N/A | N/A | 0.01 | N/A | – | 0.01 |
| AGP | ⁶⁰⁸ 5 | 0.28 | N/A | 0 | ⁶⁰⁹ 2.23 | 7.5 |
| PPIP | N/A | N/A | .002 | N/A | – | 0.002 |
| Bank of America Guarantee | – | – | – | – | ⁶¹⁰ 0.28 | .28 |

2. Other Financial Stability Efforts

a. 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

⁶⁰⁶ Treasury Dividends and Interest Report, *supra* note 592.

⁶⁰⁷ Treasury Dividends and Interest Report, *supra* note 592.

⁶⁰⁸ 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.

⁶⁰⁹ 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. Treasury Transactions Report, *supra* note 450.

⁶¹⁰ 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).

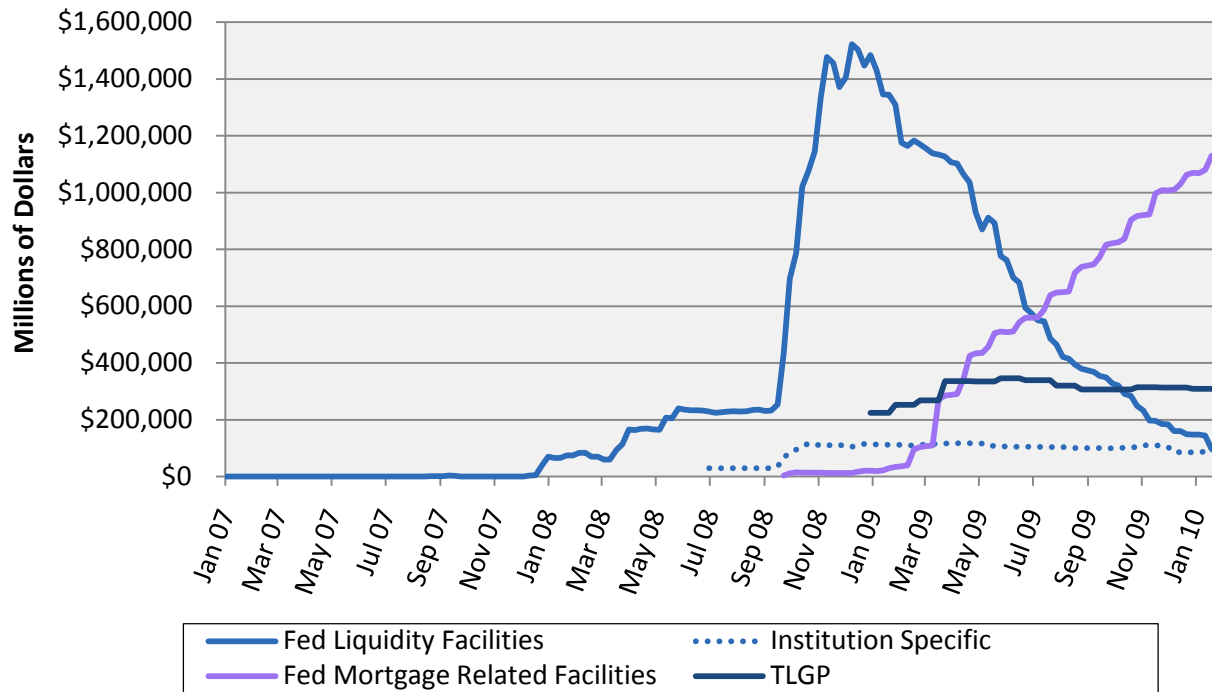
programs, like the Federal Reserve's extension of credit through its section 13(3) facilities and SPVs and the FDIC's Temporary Liquidity Guarantee Program, operate independently of TARP.

Figure 57 below reflects the changing mix of Federal Reserve investments. On February 1, 2010, four temporary Federal Reserve programs aimed at increasing liquidity in the financial system expired: the Primary Dealer Credit Facility (PDCF), the Term Securities Lending Facility (TSLF), the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF), and the Commercial Paper Funding Facility (CPFF). 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 announced that it intends to purchase \$175 billion of federal agency debt securities and \$1.25 trillion of agency mortgage-backed securities.⁶¹¹ As of January 28, 2010, \$162 billion of federal agency (government-sponsored enterprise) debt securities and \$973 billion of agency mortgage-backed securities have been purchased. The Federal Reserve has announced that these purchases will be completed by April 2010.⁶¹²

⁶¹¹ 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) (“[T]he Federal Reserve is in the process of purchasing \$1.25 trillion of agency mortgage-backed securities and about \$175 billion of agency debt”).

⁶¹² Board of Governors of the Federal Reserve System, *FOMC Statement* (Dec. 16, 2009) (online at www.federalreserve.gov/newsevents/press/monetary/20091216a.htm) (“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* (Feb. 4, 2010) (online at www.federalreserve.gov/Releases/H41/Current/).

Figure 57: Federal Reserve and FDIC Financial Stability Efforts⁶¹³



3. Total Financial Stability Resources (as of December 31, 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 nearly \$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.

⁶¹³ 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, Term Asset-Backed Securities Loan Facility. 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. 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 Feb. 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-Dec. 2009) (online at www.fdic.gov/regulations/resources/TLGP/reports.html).

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.⁶¹⁴ 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 loan currently “underwater” – where the outstanding principal amount exceeds the current market value of the collateral – is the loan to Maiden Lane LLC, which was formed to purchase certain Bear Stearns assets.

⁶¹⁴Congressional Oversight Panel, *Guarantees and Contingent Payments in TARP and Related Programs*, at 36 (Nov. 11, 2009) (online at cop.senate.gov/documents/cop-110609-report.pdf).

Figure 58: Federal Government Financial Stability Effort (as of December 31, 2009)

| Program <i>(billions of dollars)</i> | Treasury (TARP) | Federal Reserve | FDIC | Total |
|--|----------------------------|----------------------------|----------------|----------------------------|
| Total | \$698.7 | \$1,518.6 | \$646.4 | \$2,863.7 |
| <i>Outlaysⁱ</i> | 286.8 | 1,136.1 | 69.4 | 1,492.3 |
| <i>Loans</i> | 42.7 | 382.6 | 0 | 425.3 |
| <i>Guaranteesⁱⁱ</i> | 20 | 0 | 577 | 597 |
| <i>Uncommitted TARP Funds</i> | 349.2 | 0 | 0 | 349.2 |
| AIG | 69.8 | 68.2 | 0 | 138.5 |
| <i>Outlays</i> | ⁱⁱⁱ 69.8 | 0 | 0 | 69.8 |
| <i>Loans</i> | 0 | ^{iv} 68.2 | 0 | 68.7 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Bank of America | 0 | 0 | 0 | 0 |
| <i>Outlays</i> | ^v 0 | 0 | 0 | 0 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Citigroup | 25 | 0 | 0 | 25 |
| <i>Outlays</i> | ^{vi} 25 | 0 | 0 | 25 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Capital Purchase Program (Other) | 58 | 0 | 0 | 58 |
| <i>Outlays</i> | ^{vii} 58 | 0 | 0 | 58 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Capital Assistance Program | N/A | 0 | 0 | ^{viii} N/A |
| TALF | 20 | 180 | 0 | 200 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | 0 | ^x 180 | 0 | 180 |
| <i>Guarantees</i> | ^{ix} 20 | 0 | 0 | 20 |
| PPIP (Loans)^{xi} | 0 | 0 | 0 | 0 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| PPIP (Securities) | ^{xii} 30 | 0 | 0 | 30 |
| <i>Outlays</i> | 10 | 0 | 0 | 10 |
| <i>Loans</i> | 20 | 0 | 0 | 20 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Home Affordable Modification Program | 50 | 0 | 0 | ^{xiv} 50 |
| <i>Outlays</i> | ^{xiii} 50 | 0 | 0 | 50 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Automotive Industry Financing Program | ^{xv} 78.2 | 0 | 0 | 78.2 |
| <i>Outlays</i> | 59 | 0 | 0 | 59 |
| <i>Loans</i> | 19.2 | 0 | 0 | 19.2 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |

| | | | | |
|---|---------------------------|----------------------|----------------------|----------------|
| Auto Supplier Support Program | 3.5 | 0 | 0 | 3.5 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | ^{xvi} 3.5 | 0 | 0 | 3.5 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Unlocking SBA Lending | ^{xvii} 15 | 0 | 0 | 15 |
| <i>Outlays</i> | 15 | 0 | 0 | 15 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Temporary Liquidity Guarantee Program | 0 | 0 | 577 | 577 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | ^{xviii} 577 | 577 |
| Deposit Insurance Fund | 0 | 0 | 69.4 | 69.4 |
| <i>Outlays</i> | 0 | 0 | ^{xix} 69.4 | 69.4 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Other Federal Reserve Credit Expansion | 0 | 1,270.4 | 0 | 1,270.4 |
| <i>Outlays</i> | 0 | ^{xx} 1,136 | 0 | 1,136.1 |
| <i>Loans</i> | 0 | ^{xxi} 134.4 | 0 | 134.4 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Uncommitted TARP Funds | 349.2 | 0 | 0 | 349.2 |

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 and owed \$1.6 billion in unpaid dividends. 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 (\$24.4 billion had been drawn down as of January 28, 2010) 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, \$15.5 billion and \$17.7 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=UGFyZW50SUQ9MjE4OD18Q2hpbGRJRjRD0tMXxUeXBIPtM=&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 Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf).

^{vi} As of February 4, 2009, the U.S. Treasury held \$25 billion of Citigroup common stock. U.S. Department of the Treasury, *Troubled Asset Relief Program Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf).

^{vii} This figure represents the \$204.9 billion Treasury has disbursed 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. U.S. Department of the Treasury, *Troubled Asset Relief Program Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf).

^{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. However, as of January 28, 2010, TALF LLC had drawn only \$103 million of the available \$20 billion. Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (Jan. 28, 2010) (online at www.federalreserve.gov/Releases/H41/Current/); U.S. Department of the Treasury, *Troubled Asset Relief Program Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf). As of January 28, 2010, investors had requested a total of \$65.7 billion in TALF loans (\$10.7 billion in CMBS and \$55 billion in non-CMBS) and \$64 billion in TALF loans had been settled (\$10 billion in CMBS and \$54 billion in non-CMBS). Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: CMBS* (accessed Feb. 4, 2010) (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 Feb. 4, 2010) (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} As of February 4, 2010, Treasury reported commitments of \$19.9 billion in loans and \$9.9 billion in membership interest associated with the program. U.S. Department of the Treasury, *Troubled Asset Relief Program Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf).

^{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, \$36.9 billion has been allocated as of February 4, 2010. However, as of January 10, 2010, only \$32 million in non-GSE payments have been disbursed under HAMP. Disbursement information provided in response to Panel inquiry on February 4, 2010; U.S. Department of the Treasury, *Troubled Asset Relief Program Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf).

^{xiv} Fannie Mae and Freddie Mac, government-sponsored entities (GSEs) that were placed in conservatorship of the Federal Housing Finance 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 U.S. Department of the Treasury, *Troubled Asset Relief Program Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf). 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 U.S. Department of the Treasury, *Troubled Asset Relief Program Transaction Report for Period Ending February 1, 2010* (Feb. 2, 2010) (online at www.financialstability.gov/docs/transaction-reports/2-3-10%20Transactions%20Report%20as%20of%202-1-10.pdf).

^{xvii} U.S. Department of the 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. \$309 billion of debt subject to the guarantee has been issued to date, which represents about 54 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* (Dec. 31, 2009) (online at www.fdic.gov/regulations/resources/tlgp/total_issuance12-09.html) (updated Feb. 4, 2010). The FDIC has collected \$10.5 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 Feb. 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 Feb. 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, Term Asset-Backed Securities Loan Facility, 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 Feb. 4, 2010); *see id.*