Congressional Oversight Panel

July 14, 2010

Accounting for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight Panel's July 2010 report, "Small Banks in the Capital Purchase Program."

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 May 31, 2010; and (2) an updated accounting of the full federal resource commitment as of June 23, 2010.

1. The TARP

a. Costs: Expenditures and Commitments

Treasury has committed or is currently committed to spend $520.3 billion of TARP funds through an array of programs used to purchase preferred shares in financial institutions, provide loans to small businesses and automotive companies, and leverage Federal Reserve loans for facilities designed to restart secondary securitization markets.[310] Of this total, $196.61 billion is currently outstanding under the $698.7 billion limit for TARP expenditures set by EESA, leaving $497.69 billion available for fulfillment of anticipated funding levels of existing programs and for funding new programs and initiatives.[311] The $196.61 billion includes purchases of preferred and common shares, warrants and/or debt obligations under the CPP, AIGIP/SSFI Program, PPIP, and AIFP.[312] Additionally, Treasury has spent $247.5 million under the Home Affordable Modification Program (HAMP). Originally, $50 billion of TARP funds were designated for foreclosure mitigation, primarily under HAMP; however, $2.1 billion was redirected to the HFA Hardest Hit Fund, a fund created by the Administration to assist states that have experienced the largest declines in home prices as a result of the foreclosure crisis.

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

As of June 30, 2010, a total of 76 institutions have completely repurchased their CPP preferred shares. During the month of June, Treasury received $1.1 billion in total repayments

[310] 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. 12 U.S.C. § 5225 (a), (b); Helping Families Save Their Homes Act of 2009, Pub. L. No. 111-22 § 402(f) (reducing by $1.23 billion the authority for the TARP originally set under EESA at $700 billion).

[311] On June 30, 2010, the House & Senate Conference Committee agreed to reduce the amount authorized under the TARP from $700 billion to $475 billion as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The revision to the TARP also prohibits allocating available funds to new programs and initiatives. *See* Dodd-Frank Wall Street Reform and Consumer Protection Act, *supra* note 92, at 770. The House of Representatives passed the Dodd-Frank Wall Street Reform and Consumer Protection Act in a 237-192 vote on June 30, 2010, but as of July 13, 2010, the Senate has not taken action yet. With the official passage of the bill still pending, the Panel will continue to report the total funding authorized through the TARP under EESA to be $698.7 billion.

[312] Treasury Transactions Report for the Period Ending June 30, 2010, *supra* note 2.

from five institutions, including FPB Financial Corp. and Boston Private Financial Holdings, Inc., which redeemed the $104 million balance on their CPP investments. The largest repayment this month was $950 million from Lincoln National Corporation.

Of these institutions that have fully repaid Treasury, 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 14 other institutions at auction.[313] Warrants for common shares of First Financial Bancorp and Sterling Bancshares, Inc. were sold at auction on June 2 and June 9, 2010, respectively, for $6.1 million in total proceeds. On June 16, 2010, First Southern Bancorp repurchased its warrants for preferred stock from Treasury for $545,000.

In addition, Treasury receives dividend payments on the preferred shares that it holds, usually 5 percent per annum for the first five years and 9 percent per annum thereafter.[314] To date, Treasury has received approximately $22.4 billion in net income from warrant repurchases, dividends, interest payments, and other considerations deriving from TARP investments,[315] and another $1.2 billion in participation fees from its Guarantee Program for Money Market Funds.[316]

---

[313] *Id.*

[314] Securities Purchase Agreement: Standard Terms, *supra* note 75, at 7.

[315] Treasury Cumulative Dividends and Interest Report, *supra* note 51.

[316] 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 43: TARP Accounting (as of June 30, 2010) *(billions of dollars)*[i]

TARP Initiative	Anticipated Funding	Actual Funding	Total Repayments/ Reduced Exposure	Funding Outstanding	Losses	Funding Available
Capital Purchase Program (CPP)[ii]	$204.90	$204.90	$137.45	[iii]$67.45	[iv]$2.33	$0
Targeted Investment Program (TIP)[v]	40.00	40.00	40.00	0	–	0
AIG Investment Program (AIGIP)/ Systemically Significant Failing Institutions Program (SSFI)	69.80	[vi]49.10	0	49.10	–	20.70
Automobile Industry Financing Program (AIFP)	81.30	81.30	[vii]10.80	67.10	[viii]3.50	0
Asset Guarantee Program (AGP)[ix]	5.00	5.00	[x]5.00	0	–	0
Capital Assistance Program (CAP)[xi]	–	–	–	–	–	–
Term Asset-Backed Securities Lending Facility (TALF)	20.00	[xii]0.10	0	0.10	–	19.90
Public-Private Investment Program (PPIP)[xiii]	30.00	12.00	0	11.00	–	18.00
Auto Supplier Support Program (ASSP)[xiv]	[xv]3.50	3.50	3.50	0	–	0
Unlocking SBA Lending	[xvi]15.00	[xvii]0.11	0	0.11	–	14.89
Home Affordable Modification Program (HAMP)	[xviii]47.90	[xix]0.25	0	0.25	–	47.65
Hardest Hit Funds (HHF) Program	[xx]2.10	[xxi]1.50	0	1.50	–	0.60
Community Development Capital Initiative (CDCI)	[xxii]0.78	0	0	0	–	0.78
Total Committed	520.28	397.76	–	196.61	–	122.52
Total Uncommitted	178.42	–	196.75	–	–	[xxiii]375.17
Total	**$698.70**	**$397.76**	**$196.75**	**$196.61**	**$5.83**	**$497.69**

[i] U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[ii] 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).

[iii] Treasury has classified the investments it made in two institutions, CIT Group ($2.3 billion) and Pacific Coast National Bancorp ($4.1 million), as losses on the Transactions Report. Therefore Treasury's net current CPP investment is $65.1 billion due to the $2.3 billion in losses thus far. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 4, 6* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[iv] This figure represents the TARP losses associated with CIT Group ($2.3 billion) and Pacific Coast National Bancorp ($4.1 million). This number does not include UCBH Holdings or Midwest Bank Holdings, Inc. UCBH Holdings, Inc. received $299 million in TARP funds and is currently in bankruptcy proceedings. As of May 26, 2010, the banking subsidiary of the TARP recipient Midwest Bank Holdings, Inc. ($89.4 million) was in receivership. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 15* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[v] 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. *See* U.S. Department of the Treasury, *Treasury Receives $45 Billion in Repayments from Wells Fargo and Citigroup* (Dec. 23, 2009) (online at www.treas.gov/press/releases/20091229716198713.htm); U.S. Department of the Treasury, *Treasury Receives $45 Billion Payment from Bank of America* (Dec. 9, 2009) (online at www.financialstability.gov/latest/pr_12092009c.html).

[vi] AIG has completely utilized the $40 billion made available on November 25, 2008 and drawn-down $7.54 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. American International Group, Inc., *Form 10-K for the Fiscal Year Ending December 31, 2009,* at 45 (Feb. 26, 2010) (online at www.sec.gov/Archives/edgar/data/5272/000104746910001465/a2196553z10-k.htm); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 20* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf); information provided by Treasury staff in response to Panel request.

[vii] On May 14, 2010, Treasury accepted a $1.9 billion settlement payment from Chrysler Holding to satisfy Chrysler Holdco's existing debt. In addition, Chrysler LLC, "Old Chrysler," repaid $30.5 million of its debt obligations to Treasury on May 10, 2010 from proceeds earned from collateral sales. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 17-18* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[viii] The $1.9 billion settlement payment represents a $1.6 billion loss on Treasury's Chrysler Holding Investment. This amount is in addition to losses connected to the $1.9 billion loss from the $4.1 billion debtor-in-possession credit facility, or Chrysler DIP Loan. U.S. Department of the Treasury, *Chrysler Financial Parent Company Repays $1.9 Billion in Settlement of Original Chrysler Loan* (May 17, 2010) (online at www.financialstability.gov/latest/pr_05172010c.html); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[ix] Treasury, the Federal Reserve, and the Federal Deposit Insurance Corporation 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 counted 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).

[x] 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. Treasury did receive other income as consideration for the guarantee, which is not a repayment and is accounted for in Figure 43.

[xi] 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 subsequently 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 Assistance Program* (Nov. 9, 2009) (online at www.financialstability.gov/latest/tg_11092009.html); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 17-18* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xii] Treasury has committed $20 billion in TARP funds to a loan funded through TALF LLC, a special purpose vehicle created by the Federal Reserve Bank of New York. The loan is incrementally funded and as of May 26, 2010, Treasury provided $104 million to TALF LLC. This total includes accrued payable interest. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 20* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf); Federal Reserve Bank of New York, *Factors Affecting Reserve Balances (H.4.1)* (May 27, 2010) (online at www.federalreserve.gov/releases/h41/). As of June 30, 2010, the TALF program is closed. Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility New Issue: Terms and Conditions* (online at www.newyorkfed.org/markets/talf_terms.html) (accessed July 6, 2010).

[xiii] On April 20, 2010, Treasury released its second quarterly report on the Legacy Securities Public-Private Investment Partnership. As of March 31, 2010, the total value of assets held by the PPIP managers was $10 billion. Of this total, 88 percent was non-agency Residential Mortgage-Backed Securities and the remaining 12 percent was Commercial Mortgage-Backed Securities. U.S. Department of the Treasury, *Legacy Securities Public-Private Investment Program, Program Update – Quarter Ended March 31, 2010* (Apr. 20, 2010) (online at www.financialstability.gov/docs/External%20Report%20-%2003-10%20Final.pdf). Information on PPIP disbursements and funds outstanding are from Treasury Secretary Geithner's written testimony for a hearing with the Congressional Oversight Panel on June 22, 2010. Congressional Oversight Panel, Written Testimony of Timothy F. Geithner, secretary, U.S. Department of the Treasury, *COP Hearing with Treasury Secretary Timothy Geithner*, at 6 (Jun. 22, 2010) (online at cop.senate.gov/documents/testimony-062210-geithner.pdf).

[xiv] On April 5, 2010 and April 7, 2010, Treasury's commitment to lend to the GM SPV and the Chrysler SPV respectively under the ASSP ended. In total, Treasury received $413 million in repayments from loans provided by this program ($290 million from the GM SPV and $123 million from the Chrysler SPV). Further, Treasury received $101 million in proceeds from additional notes associated with this program. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 18* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xv] 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. GM Supplier Receivables LLC, the special purpose vehicle (SPV) created to administer this program for GM suppliers has made $290 million in partial repayments and Chrysler Receivables SPV LLC, the SPV created to administer the program for Chrysler suppliers, has made $123 million in partial repayments. These were partial repayments of drawn-down funds and did not lessen Treasury's $3.5 billion in total exposure under the ASSP. Total proceeds from these Additional Notes total $101.1 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 18* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xvi] 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*").

[xvii] Treasury settled on the purchase of three floating rate Small Business Administration 7(a) securities on March 24, 2010, one on April 30, 2010, three on June 30, 2010, two on July 30, 2010, and two on August 30, 2010. Treasury anticipates a settlement on one floating rate SBA 7a security on May 28, 2010. As of June 23, 2010, the total amount of TARP funds invested in these securities was $184.09 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010, at 35* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xviii] On February 19, 2010, President Obama announced the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund). The proposal commits $1.5 billion of the $50 billion in TARP funds allocated to HAMP to assist the five states with the highest home price declines stemming from the foreclosure crisis: Nevada, California, Florida, Arizona, and Michigan. The White House, *President Obama Announces Help for Hardest Hit Housing Markets* (Feb. 19, 2010) (online at www.whitehouse.gov/the-press-office/president-obama-announces-help-hardest-hit-housing-markets). On March 29, 2010, Treasury announced $600 million in funding for a second HFA Hardest Hit Fund which includes North Carolina, Ohio, Oregon, Rhode Island, and South Carolina. U.S. Department of the Treasury, *Administration Announces Second Round of Assistance for Hardest-Hit Housing Markets* (Mar. 29, 2010) (online at www.financialstability.gov/latest/pr_03292010.html). For further discussion of the newly announced HAMP programs and the effect these initiatives may have on the $50 billion in committed TARP funds, see Section D.1 of the Panel's April report. Congressional Oversight Panel, *April Oversight Report: Evaluating Progress on TARP Foreclosure Mitigation Programs*, at 30 (Apr. 14, 2010) (online at cop.senate.gov/documents/cop-041410-report.pdf).

[xix] In response to a Panel inquiry, Treasury disclosed that, as of June 30, 2010, $247.5 million in funds had been disbursed under HAMP. As of June 30, 2010, the total of all the caps set on payments to each mortgage servicer was $39.8 billion. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xx] This figure represents the amount announced by the Administration and the Treasury for funding of the HFA Hardest Hit Fund. *See* footnote 594 of the Panel's April Oversight Report for details about proposed funding for the two HFA Hardest Hit Funds. Congressional Oversight Panel, *April Oversight Report: Evaluating Progress on TARP Foreclosure Mitigation Programs*, at 211 (Apr. 14, 2010) (online at cop.senate.gov/documents/cop-041410-report.pdf).

[xxi] On June 23, 2010, the Administration approved the use of $1.5 billion for Hardest Hit Fund foreclosure-prevention funding. This amount will be invested in housing finance agencies (HFAs) in Nevada, California, Florida, Arizona, and Michigan. Each investment will be incrementally funded up to each state's proposed investment amount. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf). Each HFA was required to submit a proposal detailing requested investment amount and individual programs designed to prevent foreclosure. For details on each HFA's programs and copies of their proposals, *see* U.S. Department of the Treasury, *Making Home Affordable: Hardest Hit Fund (June 22, 2010)* (online at www.financialstability.gov/roadtostability/hardesthitfund.html).

[xxii] On February 3, 2010, the Administration announced an initiative under the TARP to provide low-cost financing for Community Development Financial Institutions (CDFIs). Under this program, CDFIs are eligible for capital investments at a two percent dividend rate as compared to the five percent dividend rate under the CPP. In response to a Panel request, Treasury stated that it projects the CDFI program to utilize $780.2 million.

[xxiii] This figure is the sum of the uncommitted funds remaining under the $698.7 billion cap ($178.42 billion) and the repayments ($196.75 billion).

Figure 44: TARP Profit and Loss *(millions of dollars)*

TARP Initiative	Dividends[xxiv] (as of 5/31/10)	Interest[xxv] (as of 5/31/10)	Warrant Repurchases[xxvi] (as of 6/30/10)	Other Proceeds (as of 5/31/10)	Losses[xxvii] (as of 6/30/10)	Total
Total	$15,700	$749	$7,045	$4,692	($5,822)	$22,364
CPP	9,317	38	5,774	[xxviii]2,015	(2,334)	14,810
TIP	3,004	–	1,256	–		4,260
AIFP	[xxix]3,013	675	15	–	(3,488)	215
ASSP	–	15	–	[xxx]101		116
AGP	366	–	0	[xxxi]2,234		2,600
PPIP	–	21	–	[xxxii]66		87
Bank of America Guarantee	–	–	–	[xxxiii]276		276

[xxiv] U.S. Department of the Treasury, *Cumulative Dividends and Interest Report as of May 31, 2010* (June 11, 2010) (online at financialstability.gov/docs/dividends-interest-reports/May%202010%20Dividends%20and%20Interest%20Report.pdf).

[xxv] *Id.*

[xxvi] U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xxvii] Treasury classified the investments it made in two institutions, CIT Group ($2.3 billion) and Pacific Coast National Bancorp ($4.1 million), as losses on the Transactions Report. A third institution, UCBH Holdings, Inc., received $299 million in TARP funds and is currently in bankruptcy proceedings. Finally, as of May 26, 2010, the banking subsidiary of the TARP recipient Midwest Banc Holdings, Inc. ($89.4 million) was in receivership. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xxviii] This figure represents net proceeds to Treasury from the sale of Citigroup common stock to date. The net proceeds account for Treasury's exchange in June 2009 of $25 billion in Citigroup preferred shares for 7.7 billion shares of the company's common stock at $3.25 per share. On May 26, 2010, Treasury completed the sale of 1.5 billion shares of Citigroup common stock at an average weighted price of $4.12 per share. On June 30, 2010, Treasury announced the sale of 1,108,971,857 additional shares of Citigroup stock at an average weighted price of $3.90 per share. As of June 30, 2010, Treasury has received $10.5 billion in gross proceeds from these sales. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xxix] This figure includes $815 million in dividends from GMAC preferred stock, trust preferred securities, and mandatory convertible preferred shares. The dividend total also includes a $748.6 million senior unsecured note from Treasury's investment in General Motors. Information provided by Treasury.

[xxx] This represents the total proceeds from additional notes. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending May 26, 2010* (May 28, 2010) (online at www.financialstability.gov/docs/transaction-reports/5-28-10%20Transactions%20Report%20as%20of%205-26-10.pdf).

[xxxi] 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 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. At the end of Citigroup's participation in the FDIC's TLGP, the FDIC may transfer $800 million of $3.02 billion in Citigroup Trust Preferred Securities it received in consideration for its role in the AGP to the Treasury. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xxxii] As of May 31, 2010, Treasury has earned $45 million in membership interest distributions from the PPIP. Additionally Treasury has earned $20.6 million in total proceeds following the termination of the TCW fund. U.S. Department of the Treasury, *Cumulative Dividends and Interest Report as of May 31, 2010 (June 11, 2010)* (online at financialstability.gov/docs/dividends-interest-reports/May%202010%20Dividends%20and%20Interest%20Report.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xxxiii] 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).

d. Rate of Return

As of July 7, 2010, 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) was 9.9 percent. The internal rate of return is the annualized effective compounded return rate that can be earned on invested capital.

e. Warrant Disposition

Figure 45: Warrant Repurchases/Auctions for Financial Institutions who have fully Repaid CPP Funds as of July 7, 2010

Institution	Investment Date	Warrant Repurchase Date	Warrant Repurchase/ Sale Amount	Panel's Best Valuation Estimate at Repurchase Date	Price/ Estimate Ratio	IRR
Old National Bancorp	12/12/2008	5/8/2009	$1,200,000	$2,150,000	0.558	9.3%
Iberiabank Corporation	12/5/2008	5/20/2009	1,200,000	2,010,000	0.597	9.4%
Firstmerit Corporation	1/9/2009	5/27/2009	5,025,000	4,260,000	1.180	20.3%
Sun Bancorp, Inc	1/9/2009	5/27/2009	2,100,000	5,580,000	0.376	15.3%
Independent Bank Corp.	1/9/2009	5/27/2009	2,200,000	3,870,000	0.568	15.6%
Alliance Financial Corporation	12/19/2008	6/17/2009	900,000	1,580,000	0.570	13.8%
First Niagara Financial Group	11/21/2008	6/24/2009	2,700,000	3,050,000	0.885	8.0%
Berkshire Hills Bancorp, Inc.	12/19/2008	6/24/2009	1,040,000	1,620,000	0.642	11.3%
Somerset Hills Bancorp	1/16/2009	6/24/2009	275,000	580,000	0.474	16.6%
SCBT Financial Corporation	1/16/2009	6/24/2009	1,400,000	2,290,000	0.611	11.7%
HF Financial Corp	11/21/2008	6/30/2009	650,000	1,240,000	0.524	10.1%
State Street	10/28/2008	7/8/2009	60,000,000	54,200,000	1.107	9.9%
U.S. Bancorp	11/14/2008	7/15/2009	139,000,000	135,100,000	1.029	8.7%
The Goldman Sachs Group, Inc.	10/28/2008	7/22/2009	1,100,000,000	1,128,400,000	0.975	22.8%
BB&T Corp.	11/14/2008	7/22/2009	67,010,402	68,200,000	0.983	8.7%
American Express Company	1/9/2009	7/29/2009	340,000,000	391,200,000	0.869	29.5%
Bank of New York Mellon Corp	10/28/2008	8/5/2009	136,000,000	155,700,000	0.873	12.3%
Morgan Stanley	10/28/2008	8/12/2009	950,000,000	1,039,800,000	0.914	20.2%

Northern Trust Corporation	11/14/2008	8/26/2009	87,000,000	89,800,000	0.969	14.5%
Old Line Bancshares Inc.	12/5/2008	9/2/2009	225,000	500,000	0.450	10.4%
Bancorp Rhode Island, Inc.	12/19/2008	9/30/2009	1,400,000	1,400,000	1.000	12.6%
Centerstate Banks of Florida Inc.	11/21/2008	10/28/2009	212,000	220,000	0.964	5.9%
Manhattan Bancorp	12/5/2008	10/14/2009	63,364	140,000	0.453	9.8%
Bank of the Ozarks	12/12/2008	11/24/2009	2,650,000	3,500,000	0.757	9.0%
Capital One Financial	11/14/2008	12/3/2009	148,731,030	232,000,000	0.641	12.0%
JPMorgan Chase & Co.	10/28/2008	12/10/2009	950,318,243	1,006,587,697	0.944	10.9%
TCF Financial Corp	1/16/2009	12/16/2009	9,599,964	11,825,830	0.812	11.0%
LSB Corporation	12/12/2008	12/16/2009	560,000	535,202	1.046	9.0%
Wainwright Bank & Trust Company	12/19/2008	12/16/2009	568,700	1,071,494	0.531	7.8%
Wesbanco Bank, Inc.	12/5/2008	12/23/2009	950,000	2,387,617	0.398	6.7%
Union First Market Bankshares Corporation (Union Bankshares Corporation)	12/19/2008	12/23/2009	450,000	1,130,418	0.398	5.8%
Trustmark Corporation	11/21/2008	12/30/2009	10,000,000	11,573,699	0.864	9.4%
Flushing Financial Corporation	12/19/2008	12/30/2009	900,000	2,861,919	0.314	6.5%
OceanFirst Finan-cial Corporation	1/16/2009	2/3/2010	430,797	279,359	1.542	6.2%
Monarch Financial Holdings, Inc.	12/19/2008	2/10/2010	260,000	623,434	0.417	6.7%
Bank of America	10/28/2008;[317] 1/9/2009;[318] 1/14/2009[319]	3/3/2010	1,566,210,714	1,006,416,684	1.533	6.5%
Washington Federal Inc./Washington Federal Savings & Loan Association	11/14/2008	3/9/2010	15,623,222	10,166,404	1.537	18.6%
Signature Bank	12/12/2008	3/10/2010	11,320,751	11,458,577	0.988	32.4%
Texas Capital Bancshares, Inc.	1/16/2009	3/11/2010	6,709,061	8,316,604	0.807	30.1%

[317] Investment date for Bank of America in the CPP.

[318] Investment date for Merrill Lynch in the CPP.

[319] Investment date for Bank of America in TIP.

Umpqua Holdings Corp.	11/14/2008	3/31/2010	4,500,000	5,162,400	0.872	6.6%
City National Corp.	11/21/2008	4/7/2010	18,500,000	24,376,448	0.759	8.5%
First Litchfield Financial Corporation	12/12/2008	4/7/2010	1,488,046	1,863,158	0.799	15.9%
PNC Financial Services Group Inc.	12/31/2008	4/29/2010	324,195,686	346,800,388	0.935	8.7%
Comerica Inc	11/14/2008	5/4/2010	183,673,472	276,426,071	0.664	10.8%
Valley National Bancorp	11/14/2008	5/18/2010	5,571,592	5,955,884	0.935	8.3%
Wells Fargo Bank	10/28/2008	5/20/2010	849,014,998	1,064,247,725	0.798	7.8%
First Financial Bancorp	12/23/2008	6/2/2010	3,116,284	3,051,431	1.021	8.2%
Sterling Bancshares, Inc./Sterling Bank	12/12/2008	6/9/2010	3,007,891	5,287,665	0.569	10.8%
SVB Financial Group	12/12/2008	6/16/2010	6,820,000	7,884,633	0.865	7.7%
Total			**$7,024,771,217**	**$7,144,680,741**	**0.983**	**9.90%**

Figure 46: Valuation of Current Holdings of Warrants as of July 7, 2010

Stress Test Financial Institutions with Warrants Outstanding	Warrant Valuation *(millions of dollars)*		
	Low Estimate	**High Estimate**	**Best Estimate**
Citigroup, Inc.	$14.12	$1,055.10	$182.50
SunTrust Banks, Inc.	12.84	330.47	157.33
Regions Financial Corporation	7.35	195.69	95.83
Fifth Third Bancorp	96.25	389.48	213.65
Hartford Financial Services Group, Inc.	378.15	724.40	520.45
KeyCorp	19.38	166.31	91.92
AIG	202.12	1,657.63	996.91
All Other Banks	898.09	2,122.20	1,531.06
Total	**$1,628.29**	**$6,641.28**	**$3,789.66**

2. Other Financial Stability Efforts

a. Federal Reserve and FDIC Programs

In addition to the direct expenditures Treasury has undertaken through the 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 the TARP.

Since the Panel's last report, the Federal Reserve ended the TALF program, which received a $20 billion debt obligation from Treasury. As of June 30, 2010, the program ended loan issues collateralized by newly issued commercial mortgage-backed securities. The SPV also ceased all loan issues collateralized by other types of TALF-eligible legacy and new issue Asset-Backed Securities on March 31, 2010.[320] By the program's end, investors had requested $73.3 billion in TALF loans, $13.2 billion for CMBS-related operations and $60.1 for non-CMBS operations. Of the total requested, $71.1 billion of the loans were settled at the closing of the March 2010 facility.[321]

b. Total Financial Stability Resources

Beginning in its April 2009 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 approximately $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.[322] 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

[320] Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility New Issue: Terms and Conditions* (online at www.newyorkfed.org/markets/talf_terms.html) (accessed July 6, 2010).

[321] Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: CMBS* (online at www.newyorkfed.org/markets/cmbs_operations.html) (accessed July 6, 2010); Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: non- CMBS* (online at www.newyorkfed.org/markets/talf_operations.html) (accessed July 6, 2010).

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

materializes if the borrower enters bankruptcy. The only loan currently "underwater" – where the outstanding principal loan 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.

Figure 47: Federal Government Financial Stability Effort (as of June 23, 2010)[xxxiv]

Program *(billions of dollars)*	**Treasury (TARP)**	**Federal Reserve**	**FDIC**	**Total**
Total	**$698.7**	**$1,637.1**	**$703.4**	**$3,039.2**
Outlays[xxxv]	271.2	1,319.7	188.4	1,779.3
Loans	32.4	317.4	0	349.8
Guarantees[xxxvi]	20	0	515	535.0
Uncommitted TARP Funds	375.1	0	0	375.1
AIG[xxxvii]	**69.8**	**89.5**	**0**	**159.3**
Outlays	[xxxviii]69.8	[xxxix]25.4	0	95.2
Loans	0	[xl]64.1	0	64.1
Guarantees	0	0	0	0
Citigroup	**25**	**0**	**0**	**25**
Outlays	[xli]25	0	0	25
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Purchase Program (Other)	**42.4**	**0**	**0**	**42.4**
Outlays	[xlii]42.4	0	0	42.4
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Assistance Program	**N/A**	**0**	**0**	[xliii]**N/A**
TALF	**20**	**180**	**0**	**200**
Outlays	0	0	0	0
Loans	0	[xlv]180	0	180
Guarantees	[xliv]20	0	0	20
PPIP (Loans)[xlvi]	**0**	**0**	**0**	**0**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	0	0
PPIP (Securities)	[xlvii]**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**	**50**
Outlays	[xlviii]50	0	0	50
Loans	0	0	0	0
Guarantees	0	0	0	0
Automotive Industry Financing Program	[xlix]**67.1**	**0**	**0**	**67.1**
Outlays	59.0	0	0	59.0
Loans	8.1	0	0	8.1
Guarantees	0	0	0	0

Auto Supplier Support Program	**3.5**	**0**	**0**	**3.5**
Outlays	0	0	0	0
Loans	[l]3.5	0	0	3.5
Guarantees	0	0	0	0
Unlocking SBA Lending	[li]**15**	**0**	**0**	**15**
Outlays	15	0	0	15
Loans	0	0	0	0
Guarantees	0	0	0	0
Community Development Capital Initiative	[lii]**0.78**	**0**	**0**	**0.78**
Outlays	0	0	0	0
Loans	0.78	0	0	0.78
Guarantees	0	0	0	0
Temporary Liquidity Guarantee Program	**0**	**0**	**515**	**515**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	[liii]515	515
Deposit Insurance Fund	**0**	**0**	**188.4**	**188.4**
Outlays	0	0	[liv]188.4	188.4
Loans	0	0	0	0
Guarantees	0	0	0	0
Other Federal Reserve Credit Expansion	**0**	**1,367.6**	**0**	**1,367.6**
Outlays	0	[lv]1,294.3	0	1,294.3
Loans	0	[lvi]73.3	0	73.3
Guarantees	0	0	0	0
Uncommitted TARP Funds	**375.1**	**0**	**0**	**375.1**

[xxxiv] All data in this exhibit is as of June 23, 2010, except for information regarding the FDIC's Temporary Liquidity Guarantee Program (TLGP). This data is as of May 31, 2010.

[xxxv] 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.

[xxxvi] 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.

[xxxvii] AIG received an $85 billion credit facility (reduced to $60 billion in November 2008 to $35 billion in December 2009, and then to $34 billion in May 2010) from the Federal Reserve Bank of New York. A Treasury trust received Series C preferred convertible stock in exchange for the facility and $0.5 million. The Series C shares amount to 79.9 percent ownership of common stock, minus the percentage common shares acquired through warrants. In November 2008, Treasury received a warrant to purchase shares amounting to 2 percent ownership of AIG common stock in connection with its Series D stock purchase (exchanged for Series E noncumulative preferred

shares on 4/17/2009). Treasury also received a warrant to purchase 3,000 Series F common shares in May 2009. Warrants for Series D and Series F shares represent 2 percent equity ownership, and would convert Series C shares into 77.9 percent of common stock. However, in May 2009, AIG carried out a 20:1 reverse stock split, which allows warrants held by Treasury to become convertible into 0.1 percent common equity. Therefore, the total benefit to the Treasury would be a 79.8 percent voting majority in AIG in connection with its ownership of Series C convertible shares. U.S. Government Accountability Office, *Troubled Asset Relief Program: Status of Government Assistance Provided to AIG* (Sept. 2009) (GAO-09-975) (online at www.gao.gov/new.items/d09975.pdf). Additional information was also provided by Treasury in response to Panel inquiry.

[xxxviii] 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 July 13, 2010, AIG had utilized $47.5 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.

[xxxix] As part of the restructuring of the U.S. government's investment in AIG announced on March 2, 2009, the amount available to AIG through the Revolving Credit Facility was reduced by $25 billion in exchange for preferred equity interests in two special purpose vehicles, AIA Aurora LLC and ALICO Holdings LLC. These SPVs were established to hold the common stock of two AIG subsidiaries: American International Assurance Company Ltd. (AIA) and American Life Insurance Company (ALICO). As of June 23, 2010, the book value of the Federal Reserve Bank of New York's holdings in AIA Aurora LLC and ALICO Holdings LLC was $16.27 billion and $9.15 billion in preferred equity respectively. Hence, the book value of these securities is $25.416 billion, which is reflected in the corresponding table. Federal Reserve Bank of New York, *Factors Affecting Reserve Balances (H.4.1)* (June 24, 2010) (online at www.federalreserve.gov/releases/h41/).

[xl] This number represents the full $34 billion that is available to AIG through its revolving credit facility with the Federal Reserve Bank of New York (FRBNY) ($25.1 billion had been drawn down as of June 23, 2010) and the outstanding principal of the loans extended to the Maiden Lane II and III SPVs to buy AIG assets (as of May 26, 2010, $14.3 billion and $15.8 billion, respectively). The amounts outstanding under the ML2 and ML3 facilities do not reflect the accrued interest payable to FRBNY. Income from the purchased assets is used to pay down the loans to the SPVs, reducing the taxpayers' exposure to losses over time. Federal Reserve Bank of New York, *Factors Affecting Reserve Balances (H.4.1)* (June 24, 2010) (online at www.federalreserve.gov/releases/h41/); 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 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, Inc., *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). The maximum available amount from the credit facility was reduced from $34.1 billion to $34 billion on May 6, 2010, as a result of the sale of HighStar Port Partners, L.P. Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 17 (May 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201005.pdf).

[xli] On May 26, 2010, Treasury completed sales of 1.5 billion shares of Citigroup common stock for $6.1 billion in gross proceeds and $1.3 billion in net proceeds. On June 30, 2010, Treasury completed another sale of 1,108,971,857 billion shares of Citigroup stock. To date, a total of 2.6 billion shares has been sold for a total of $10.5 billion in gross proceeds and $2 billion in net proceeds. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf); U.S. Department of the Treasury, *Treasury Announces the Completion of Its Current Trading Plan to Sell Citigroup Common Stock* (July 1, 2010) (online at www.financialstability.gov/latest/pr_07012010.html).

[xlii] This figure represents the $204.9 billion Treasury disbursed under the CPP, minus the $25 billion investment in Citigroup identified above, and the $137.5 billion in repayments that are reflected as available TARP funds. This figure does not account for future repayments of CPP investments, dividend payments from CPP

investments, or losses under the program. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xliii] 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).

[xliv] This figure represents a $20 billion allocation to the TALF SPV on March 3, 2009. However, as of June 23, 2010, TALF LLC had drawn only $104 million of the available $20 billion. Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (May 27, 2010) (online at www.federalreserve.gov/Releases/H41/Current/); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending May 26, 2010* (May 28, 2010) (online at www.financialstability.gov/docs/transaction-reports/5-28-10%20Transactions%20Report%20as%20of%205-26-10.pdf). On June 30, 2010, the Federal Reserve ceased issuing loans collateralized by newly issued CMBS. As of this date, investors had requested a total of $73.3 billion in TALF loans ($13.2 billion in CMBS and $60.1 billion in non-CMBS) and $71 billion in TALF loans had been settled ($12 billion in CMBS and $59 billion in non-CMBS). Earlier, it ended its issues of loans collateralized by other TALF-eligible newly issued and legacy ABS on March 31, 2010. Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility New Issue: Terms and Conditions* (online at www.newyorkfed.org/markets/talf_terms.html) (accessed July 6, 2010); *Term Asset-Backed Securities Loan Facility: CMBS* (online at www.newyorkfed.org/markets/cmbs_operations.html) (accessed July 6, 2010); Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: non-CMBS* (online at www.newyorkfed.org/markets/talf_operations.html) (accessed July 6, 2010).

[xlv] 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.

[xlvi] 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); 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.

[xlvii] As of June 30, 2010, Treasury reported commitments of $19.9 billion in loans and $9.9 billion in membership interest associated with the program. On January 4, 2010, Treasury and one of the nine fund managers, TCW Senior Management Securities Fund, L.P., entered into a "Winding-Up and Liquidation Agreement." U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[xlviii] Of the $50 billion in announced TARP funding for this program, $39.8 billion has been allocated as of June 29, 2010. However, as of June 30, 2010, only $247.5 million in non-GSE payments have been disbursed under HAMP. The total anticipated funding for HAMP was reduced to $47.9 billion when $2.1 billion was redirected to the HFA Hardest Hit Funds Program under the Housing Financing Agency Innovation Fund for the Hardest Hit Housing Markets. Disbursement information and amount of anticipated HAMP funding reduction provided by Treasury in response to Panel inquiry; U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at

www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf); U.S. Department of the Treasury, *Obama Administration Approves Plans for Use of $1.5 Billion in 'Hardest Hit Fund' Foreclosure-Prevention Funding* (online at www.financialstability.gov/latest/pr_06232010.html).

[xlix] A substantial portion of the total $81.3 billion in loans extended under the AIFP have since been converted to common equity and preferred shares in restructured companies. $8.1 billion has been retained as first lien debt (with $1 billion committed to old GM, and $7.1 billion to Chrysler). This figure ($67.1 billion) represents Treasury's current obligation under the AIFP after repayments. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[l] U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending June 30, 2010* (July 1, 2010) (online at www.financialstability.gov/docs/transaction-reports/7-1-10%20Transactions%20Report%20as%20of%206-30-10.pdf).

[li] 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*").

[lii] This information was provided by Treasury staff in response to Panel inquiry.

[liii] This figure represents the current maximum aggregate debt guarantees that could be made under the program, which is a function of the number and size of individual financial institutions participating. $305.4 billion of debt subject to the guarantee is currently outstanding, which represents approximately 59.2 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* (May 31, 2010) (online at www.fdic.gov/regulations/resources/TLGP/total_issuance05-10.html). The FDIC has collected $10.4 billion in fees and surcharges from this program since its inception in the fourth quarter of 2008. Federal Deposit Insurance Corporation, *Monthly Reports Related to the Temporary Liquidity Guarantee Program* (May 31, 2010) (online at www.fdic.gov/regulations/resources/tlgp/fees.html).

[liv] 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, the first, second, third, and fourth quarters of 2009, and the first quarter of 2010. 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); Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement (Fourth Quarter 2009)* (online at www.fdic.gov/about/strategic/corporate/cfo_report_4thqtr_09/income.html); Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement (First Quarter 2010)* (online at www.fdic.gov/about/strategic/corporate/cfo_report_1stqtr_10/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 five 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, e.g.*, 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.

[lv] 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 July 13, 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 (Nov. 2009) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport200911.pdf).

On September 7, 2008, Treasury announced the GSE Mortgage Backed Securities Purchase Program (Treasury MBS Purchase Program). The Housing and Economic Recovery Act of 2008 provided Treasury the authority to purchase Government Sponsored Enterprise (GSE) MBS. Under this program, Treasury purchased approximately $214.4 billion in GSE MBS before the program ended on December 31, 2009. As of May 2010, there was $174.7 billion still outstanding under this program. U.S. Department of the Treasury, *MBS Purchase Program: Portfolio by Month* (online at www.financialstability.gov/docs/May%202010%20Portfolio%20by%20month.pdf) (accessed July 9, 2010). Treasury has received $46.0 billion in principal repayments and $11.1 billion in interest payments from these securities. U.S. Department of the Treasury, *MBS Purchase Program Principal and Interest* (online at www.financialstability.gov/docs/May%202010%20MBS%20Principal%20and%20Interest%20Monthly%20Breakout.pdf) (accessed July 9, 2010).

[lvi] 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 July 9, 2010).