



Congressional Oversight Panel

August 12,
2010

Accounting for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight
Panel's August 2010 report, "The Global Context
and International Effects of the TARP."

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 June 30, 2010; and (2) an updated accounting of the full federal resource commitment as of July 28, 2010.

1. The TARP

a. Program Snapshot⁵¹³

As of July 30, 2010, Treasury was committed to spend up to \$475 billion of TARP funds through an assortment of programs. Of this amount, \$393.8 billion had been spent under the \$475 billion⁵¹⁴ ceiling and \$203.9 billion in TARP funds have been repaid. There have also been \$5.8 billion in losses, leaving \$184.1 billion in TARP funds currently outstanding.

During the month of July, Treasury received \$377.1 million in full repayments from Fulton Financial Corporation and Green City Bancshares for its CPP investments. To date, a total of 78 institutions have fully repurchased their CPP preferred shares. Of the institutions that have fully repaid, 39 repurchased their warrants for common shares that Treasury received in conjunction with its preferred stock investments. Treasury sold the warrants for common shares for 13 other institutions at auction.

In total, \$22.9 billion in income has been earned by the TARP through warrant repurchases, additional notes, dividends and interest paid on investments. For further information on TARP profit and loss, please see Figure 37.

⁵¹³ Treasury Transactions Report, *supra* note 313; U.S. Department of the Treasury, *Cumulative Dividends and Interest Report as of June 30, 2010* (July 15, 2010) (online at financialstability.gov/docs/dividends-interest-reports/June%202010%20Dividends%20and%20Interest%20Report.pdf) (hereinafter “Treasury Cumulative Dividends and Interest Report”).

⁵¹⁴ The original \$700 billion TARP ceiling was reduced by \$1.3 billion as part of the “Helping Families Save Their Homes Act of 2009.” The authorized total commitment level was later reduced to \$475 billion as part of the Frank-Dodd Financial Reform Bill that was signed into law on July 21, 2010. 12 U.S.C. §5225(a)-(b); *Helping Families Save Their Homes Act of 2009*, Pub. L. No. 111-22, § 402(f) (reducing by \$1.26 billion the authority for the TARP originally set under EESA at \$700 billion). 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. See Dodd-Frank Wall Street Reform and Consumer Protection Act, *supra* note 162, at §1302. On July 21, 2010, President Obama signed the *Dodd-Frank Wall Street Reform and Consumer Protection Act* into law. White House, *Remarks by the President at Signing of Dodd-Frank Wall Street Reform and Consumer Protection Act* (online at www.whitehouse.gov/the-press-office/remarks-president-signing-dodd-frank-wall-street-reform-and-consumer-protection-act).

b. Program Updates

Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law. As part of this legislation, the ceiling on the amount of TARP funds that can be allocated to programs was reduced from \$698.7 billion to \$475 billion. While a large portion of the savings can be taken from unallocated funds, there were several notable program changes. The Small Business Lending Fund (SBLF), a proposed \$30 billion TARP program that was never launched, was eliminated. The Term Asset-Backed Securities Loan Facility (TALF) program was reduced \$15.7 billion from the \$20 billion committed, leaving \$4.3 billion in TARP funds committed to the TALF.⁵¹⁵ The ceiling for the Public-Private Investment Program (PPIP) was reduced by \$8 billion, leaving \$22.4 billion in TARP funds committed to the program. Treasury also reduced the \$48.8 billion in TARP funds dedicated to foreclosure mitigation efforts by \$3.2 billion. For further detail on TARP reductions, please see Figure 36 below.

TARP Foreclosure Mitigation Efforts

Treasury has reduced its intended total allocation for the foreclosure mitigation programs by only \$3.2 billion, from \$48.8 billion to \$45.6 billion. The revised program total of \$45.6 billion is comprised of \$11 billion for the FHA Refinance Program, \$4.1 billion for the HFA Hardest Hit Fund and \$30.6 billion for the remaining Making Home Affordable (MHA) programs.⁵¹⁶

Citigroup Stock Sale

On July 23, 2010, the Treasury Department authorized Morgan Stanley, as its sales agent, to sell another block of up to 1.5 billion shares of Citigroup stock that Treasury received through its CPP investment in Citigroup. Treasury first sold 1.5 billion shares of Citigroup stock between April 26 and May 26, 2010 at a weighted price of \$4.12. During the second sale period, May 26 to June 30, 2010, only 1.1 billion of the 1.5 billion shares authorized for sale were sold at a weighted price of \$3.90. A third selling period opened on July 23, 2010. Treasury intends

⁵¹⁵ The TARP's commitment to the TALF program has been 1:10 ratio of the Federal Reserve obligation. The Treasury is responsible for reimbursing the Federal Reserve for loan-losses associated with the program. At the time of the TARP program reductions, \$43 billion in loans were outstanding under the TALF program. Therefore, as of August 10, 2010 the TARP commitment to the TALF program was \$4.3 billion.

⁵¹⁶ The \$4.4 billion reduction from the \$50 billion previously available to HAMP includes \$1.3 billion in funds allocated for the "Helping Families Save Their Homes Act of 2009" (a reduction taken in May 2009 which also reduced the TARP ceiling from \$700 billion to \$698.7 billion) and \$3.1 billion in HAMP taken in July 2010 in conjunction with the Dodd-Frank Wall Street Reform and Consumer Protection Act's imposition of a new \$475 billion TARP ceiling.

to sell another 1.5 billion shares by September 30, 2010. Thus far, Treasury has earned a 24 percent premium on the Citigroup shares it has sold at market.⁵¹⁷

c. Income: Dividends, Interest, Repayments, and Warrant Sales

As of July 30, 2010, a total of 78 institutions have completely repurchased their CPP preferred shares. Of these institutions, 39 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 13 other institutions at auction. Bar Harbor Bancshares and Discover Financial Services repurchased their warrants for \$250,000 and \$172 million, respectively. In addition, Treasury receives dividend payments on the preferred shares that it holds, usually five percent per annum for the first five years and nine percent per annum thereafter.⁵¹⁸ To date, Treasury has received approximately \$22.8 billion in net income from warrant repurchases, dividends, interest payments and other considerations deriving from TARP investments.⁵¹⁹

d. TARP Accounting

Figure 36: TARP Accounting (as of July 30, 2010) (billions of dollars)^{xi}

| Program | Original Program Commitment | Dodd-Frank Program Adjustments | Current Maximum Amount Available | Actual Funding | Total Repayments/Reduced Exposure | Total Losses | Funding Currently Outstanding | Funding Available |
|--|-----------------------------|--------------------------------|----------------------------------|--------------------|-----------------------------------|-------------------------|-------------------------------|-------------------|
| Capital Purchase Program (CPP) | \$204.9 | \$0 | \$204.9 | \$204.9 | ^{xii} (\$147.3) | ^{xiii} (\$2.3) | \$55.3 | \$0 |
| Targeted Investment Program (TIP) | 40.0 | 0 | 40.0 | 40.0 | (40.0) | 0 | 0 | 0 |
| Asset Guarantee Program (AGP) | 5.0 | 0 | 5.0 | 5.0 | ^{xiv} (5.0) | 0 | 0 | 0 |
| AIG Investment Program (AIGIP) | 69.8 | 0 | 69.8 | ^{xv} 49.1 | 0 | 0 | 49.1 | 20.7 |
| Auto Industry Financing Program (AIFP) | 81.3 | 0.1 | 81.4 | 81.3 | (10.8) | ^{xvi} (3.5) | 67 | 0 |

⁵¹⁷ As of July 30, 2010, 2.6 million shares of Treasury's Citigroup stock have been sold with net proceeds of \$2.03 billion as compared to the \$8.5 billion cost to Treasury for these shares. Treasury Transactions Report, *supra* note 313.

⁵¹⁸ See, e.g., Purchase Agreement for Public Institutions, *supra* note 306.

⁵¹⁹ Treasury Cumulative Dividends and Interest Report, *supra* note 513; Treasury Transactions Report, *supra* note 313. Treasury also received an additional \$1.2 billion in participation fees from its Guarantee Program for Money Market Funds.

| | | | | | | | | |
|--|------------------------------|------------------------|-----------------------|--------------------|----------------------|--------------|---------------|--------------|
| Auto Supplier Support Program (ASSP) ^{xvii} | 3.5 | (3.1) | 0.4 | 0.4 | (0.4) | 0 | 0 | 0 |
| Term Asset-Backed Securities Loan Facility (TALF) | 20.0 | (15.7) | ^{xviii} 4.3 | ^{xix} 0.1 | 0 | 0 | 0.1 | 4.2 |
| Public-Private Investment Program (PIIP) ^{xx} | 30.4 | (8.0) | 22.4 | 11.0 | ^{xxi} (0.4) | 0 | 10.6 | 11.8 |
| Small Business Lending Fund (SBLF) | 30.0 | ^{xxii} (30.0) | N/A | N/A | N/A | N/A | N/A | N/A |
| SBA 7(a) Securities Purchase | 1 | (0.6) | ^{xxiii} 0.4 | 0.23 | 0 | 0 | 0.23 | 0.17 |
| Home Affordable Modification Program (HAMP) | ^{xxiv} 46.7 | ^{xxv} (16.2) | 30.5 | 0.25 | 0 | 0 | 0.25 | 30.25 |
| Hardest Hit Fund (HHF) | 2.1 | 2.0 | ^{xxvi} 4.1 | 1.5 | 0 | 0 | 1.5 | 2.6 |
| FHA Refinance Program | 0 | ^{xxvii} 11.0 | 11.0 | 0 | 0 | 0 | 0 | 11 |
| Community Development Capital Initiative (CDCI) | 0.8 | 0 | ^{xxviii} 0.8 | 0.04 | 0 | 0 | 0.04 | 0.76 |
| Total | ^{xxix} 535.5 | (\$60.5) | \$475 | 393.82 | (203.9) | (5.8) | 184.12 | 81.48 |

^{xi} U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xii} Total amount repaid under CPP includes \$8.5 billion Treasury received as part of its sales of Citigroup common stock. As of July 30, 2010, Treasury has sold 2.6 billion Citigroup common shares for \$10.5 billion in gross proceeds. In June 2009, Treasury exchanged \$25 billion in Citigroup preferred stock for 7.7 billion shares of the company's common stock at \$3.25 per share. Therefore, Treasury received \$2 billion in net proceeds from the sale of Citigroup common stock. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf). Total CPP repayments also includes amounts repaid by institutions that exchanged their CPP investments for investments under the Community Development Capital Initiative. For more details on the companies who are now participating in the CDCI, see footnote xviii.

^{xiii} 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 \$55.3 billion due to the \$2.3 billion in losses thus far. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xiv} 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 36.

^{xv} 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 July 30, 2010*, at 20 (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xvi} 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).

^{xvii} 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 July 30, 2010*, at 19 (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xviii} The TARP's commitment to the TALF program has been 1:10 ratio of the Federal Reserve obligation. The program was originally intended to be a \$200 billion initiative, and the TARP was responsible for the first \$20 billion in loan-losses, if any were incurred. The loan is incrementally funded. At the time of the TARP program reductions, \$43 billion in loans was outstanding under the TALF program. Therefore, as of July 30, 2010, the TARP commitment to the TALF program was \$4.3 billion, representing 10 percent of the total program size. The Federal Reserve Board of Governors agreed that it was appropriate for Treasury to reduce TALF credit protection to \$4.3 billion. Board of Governors of the Federal Reserve System, *Federal Reserve announces agreement with the Treasury Department regarding a reduction of credit protection provided for the Term Asset-Backed Securities Loan Facility (TALF)* (July 20, 2010) (online at www.federalreserve.gov/newsevents/press/monetary/20100720a.htm).

^{xix} As of July 28, 2010, Treasury provided \$105 million to TALF LLC. This total includes accrued payable interest. Federal Reserve Bank of New York, *Factors Affecting Reserve Balances (H.4.1)* (July 29, 2010) (online at www.federalreserve.gov/releases/h41/).

^{xx} On July 19, 2010, Treasury released its third quarterly report on the Legacy Securities Public-Private Investment Partnership. As of June 30, 2010, the total value of assets held by the PPIP managers was \$16 billion. Of this total, 85 percent was non-agency Residential Mortgage-Backed Securities and the remaining 15 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-%202003-10%20Final.pdf).

^{xxi} As of July 30, 2010, \$368 million in capital repayments had been made by PPIP participants. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxii} As part of the TARP commitment reductions detailed by Treasury, the full \$30 billion dedicated to the SBLF was eliminated and the program no longer exists under the TARP. Panel staff discussions with Treasury staff.

^{xxiii} In July, Treasury made \$41 million in additional purchases under the SBA 7(a) Securities Purchase Program. As of July 30, 2010, Treasury's purchases totaled \$206 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending July 30, 2010*, at 19 (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxiv} The original funding amount allotted for the Home Affordable Modification Program (HAMP) was \$50 billion. In May 2009, this amount was reduced by \$1.3 billion as part of the "Helping Families Save Their Homes Act of 2009." Panel staff discussions with Treasury staff.

^{xxv} The overall reduction in HAMP funding reflects \$11 billion in funds redirected towards the FHA refinance program, \$2 billion in funds that will be used as part of the Hardest Hit Fund (HHF) expansion for unemployed borrowers, \$1.3 billion in spending authority that was reallocated as part of the "Helping Families Save Their Homes Act of 2009," (see footnote xiv) and \$3.1 billion in general program reductions. Panel staff discussions with Treasury staff.

^{xxvi} As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, an additional \$2 billion in TARP funds was committed to mortgage assistance for unemployed borrowers. Panel staff discussions with Treasury staff.

^{xxvii} Panel staff discussions with Treasury staff.

^{xxviii} On July 30, 2010, Guaranty Capital Corporation and University Financial Corp, Inc. exchanged their subordinated debenture investments from the CPP for an equivalent investment amount under the Community Development Capital Initiative (CDCI). Treasury made an additional \$10.2 million investment in University Financial Corp, Inc. as part of the company's exchange. As of July 30, 2010, Treasury's total current investment under the CDCI is \$36.1 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending July 30, 2010*, at 19 (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxix} Last month, the Panel reported that committed funds under TARP were \$520.3 billion. Treasury's accounting for "total planned investments" as of June 30, 2010 was \$536.6 billion. These two totals differ because the Panel's accounting of Treasury commitments for Consumer and Business Lending Initiative programs included \$20 billion for TALF, \$15 billion for Unlocking SBA Lending, and \$780 million for the CDCI. Treasury recorded \$20 billion for TALF, \$30 billion for the Small Business Lending Fund, and \$1 billion each for the CDCI and the SBA 7(a) securities purchase program. U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – June 2010* (July 12, 2010) (online at [financialstability.gov/docs/105CongressionalReports/June%202010%20105\(a\)%20Report_Final.pdf](http://financialstability.gov/docs/105CongressionalReports/June%202010%20105(a)%20Report_Final.pdf)); Congressional Oversight Panel, *July Oversight Report: Small Banks in the Capital Purchase Program*, at 112 (July 14, 2010) (online at cop.senate.gov/documents/cop-071410-report.pdf).

Figure 37: TARP Profit and Loss (millions of dollars)

| TARP Initiative | Dividends ^{xxx} (as of 6/30/10) | Interest ^{xxxii} (as of 6/30/10) | Warrant Repurchases ^{xxxii} (as of 7/30/10) | Other Proceeds (as of 6/30/10) | Losses ^{xxxiii} (as of 7/30/10) | Total |
|------------------------------|--|---|--|---|--|----------|
| Total | \$15,858 | \$884 | \$7,214 | \$4,719 | (\$5,822) | \$22,853 |
| CPP | 9,428 | 38 | 5,943 | ^{xxxiv} 2,026 | (2,334) | 15,101 |
| TIP | 3,004 | — | 1,256 | — | — | 4,260 |
| AIFP | ^{xxxv} 3,060 | 802 | 15 | — | (3,488) | 389 |
| ASSP | — | 15 | — | ^{xxxvi} 101 | — | 116 |
| AGP | 366 | — | 0 | ^{xxxvii} 2,234 | — | 2,600 |
| PPIP | — | 29 | — | ^{xxxviii} 82 | — | 110 |
| Bank of America Guarantee | — | — | — | ^{xxxix} 276 | — | 276 |

^{xxx} U.S. Department of the Treasury, *Cumulative Dividends and Interest Report as of June 30, 2010* (July 15, 2010) (online at financialstability.gov/docs/dividends-interest-reports/June%202010%20Dividends%20and%20Interest%20Report.pdf).

^{xxxii} *Id.*

^{xxxiii} U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxxiii} 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 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 the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxxiv} 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. Treasury opened a third selling period on July 23, 2010, with plans to sell another 1.5 billion shares by September 30, 2010. As of July 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 the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxxv} 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.

^{xxxvi} This represents the total proceeds from additional notes. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxxvii} 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 Treasury. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxxviii} As of June 30, 2010, Treasury has earned \$61.1 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 June 30, 2010* (July 15, 2010) (online at financialstability.gov/docs/dividends-interest-reports/June%202010%20Dividends%20and%20Interest%20Report.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xxxix} 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 period. 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 August 4, 2010, the average internal rate of return for all public 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 38: Warrant Repurchases/Auctions for Financial Institutions who have fully Repaid CPP Funds as of August 4, 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% |
| CVB Financial Corp | 12/5/2008 | 10/28/2009 | 1,307,000 | 3,522,198 | 0.371 | 6.4% |
| 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% |
| JP Morgan 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 Financial 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 ⁵²⁰ ; 1/9/2009 ⁵²¹ ; 1/14/2009 ⁵²² | 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% |

⁵²⁰ Investment date for Bank of America in CPP.

⁵²¹ Investment date for Merrill Lynch in CPP.

⁵²² Investment date for Bank of America in TIP.

| | | | | | | |
|---|------------|-----------|------------------------|------------------------|--------------|-------------|
| 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% |
| Umpqua Holdings Corp. | 11/14/2008 | 3/31/2010 | 4,500,000 | 5,162,400 | 0.872 | 6.6% |
| City National Corporation | 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% |
| Discover Financial Services | 3/13/2009 | 7/7/2010 | 172,000,000 | 166,182,652 | 1.035 | 17.1% |
| Bar Harbor Bancshares | 1/16/2009 | 7/28/2010 | 250,000 | 518,511 | 0.482 | 6.2% |
| Total | | | \$7,198,328,217 | \$7,314,904,102 | 0.984 | 9.9% |

Figure 39: Valuation of Current Holdings of Warrants as of August 4, 2010

| Stress Test Financial Institutions with Warrants Outstanding | Warrant Valuation (millions of dollars) | | |
|--|--|-------------------|-------------------|
| | Low Estimate | High Estimate | Best Estimate |
| Citigroup | \$18.37 | \$1,132.91 | \$121.87 |
| SunTrust Banks, Inc. | 18.17 | 357.33 | 133.59 |
| Regions Financial Corporation | 14.04 | 227.13 | 83.66 |
| Fifth Third Bancorp | 105.62 | 404.39 | 195.68 |
| Hartford Financial Services Group, Inc. | 418.43 | 768.39 | 514.10 |
| KeyCorp | 24.13 | 178.94 | 76.01 |
| AIG | 303.91 | 1,873.31 | 1,093.38 |
| All Other Banks | 738.31 | 1,860.14 | 1,158.34 |
| Total | \$1,640.98 | \$6,802.54 | \$3,376.62 |

2. Federal 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.

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. With the reductions in funding for certain TARP programs, the Panel calculates the total value of these resources to be over \$2.6 trillion. However, 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.⁵²³ 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 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.

⁵²³ November Oversight Report, *supra* note 68, at 36.

Figure 40: Federal Government Financial Stability Effort (as of July 28, 2010)^{xi}

| Program <i>(billions of dollars)</i> | Treasury (TARP) | Federal Reserve | FDIC | Total |
|--|-----------------------------|----------------------------|----------------|----------------------------|
| Total | \$475 | \$1,475.7 | \$702.9 | \$2,653.6 |
| <i>Outlays^{xli}</i> | 237.6 | 1,302.6 | 188.4 | 1,728.6 |
| <i>Loans</i> | 24.2 | 173.1 | 0 | 197.2 |
| <i>Guarantees^{xlii}</i> | 4.3 | 0 | 514.5 | 518.8 |
| <i>Repaid and Unavailable TARP Funds</i> | 208.9 | 0 | 0 | 208.9 |
| AIG^{xliii} | 69.8 | 89.3 | 0 | 159.1 |
| <i>Outlays</i> | ^{xliv} 69.8 | ^{xlv} 25.7 | 0 | 95.5 |
| <i>Loans</i> | 0 | ^{xlvi} 63.6 | 0 | 63.6 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Citigroup | 25 | 0 | 0 | 25 |
| <i>Outlays</i> | ^{xlvii} 25 | 0 | 0 | 25 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Capital Purchase Program (Other) | 30.3 | 0 | 0 | 30.3 |
| <i>Outlays</i> | ^{xlviii} 30.3 | 0 | 0 | 30.3 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Capital Assistance Program | N/A | 0 | 0 | ^{xlix} N/A |
| TALF | 4.3 | 38.7 | 0 | 43 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | 0 | ^{li} 38.7 | 0 | 38.7 |
| <i>Guarantees</i> | ^{li} 4.3 | 0 | 0 | 4.3 |
| PPIP (Loans)^{lii} | 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) | ^{liii} 22.4 | 0 | 0 | 22.4 |
| <i>Outlays</i> | 7.5 | 0 | 0 | 7.5 |
| <i>Loans</i> | 14.9 | 0 | 0 | 14.9 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Making Home Affordable Program/Foreclosure Mitigation | 45.6 | 0 | 0 | 45.6 |
| <i>Outlays</i> | ^{liiv} 45.6 | 0 | 0 | 45.6 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Automotive Industry Financing Program | ^{liv} 67.1 | 0 | 0 | 67.1 |
| <i>Outlays</i> | 59.0 | 0 | 0 | 59.0 |
| <i>Loans</i> | 8.1 | 0 | 0 | 8.1 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Auto Supplier Support Program | 0.4 | 0 | 0 | 0.4 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | ^{lvi} 0.4 | 0 | 0 | 0.4 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |

| | | | | |
|---|-------------------------------|------------------------|----------------------|----------------|
| SBA 7(a) Securities Purchase | ^{lvii} 0.4 | 0 | 0 | 0.4 |
| <i>Outlays</i> | 0.4 | 0 | 0 | 0.4 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Community Development Capital Initiative | ^{lviii} 0.78 | 0 | 0 | 0.78 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | 0.78 | 0 | 0 | 0.78 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Temporary Liquidity Guarantee Program | 0 | 0 | 514.5 | 514.5 |
| <i>Outlays</i> | 0 | 0 | 0 | 0 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | ^{lix} 514.5 | 514.5 |
| Deposit Insurance Fund | 0 | 0 | 188.4 | 188.4 |
| <i>Outlays</i> | 0 | 0 | ^{lx} 188.4 | 188.4 |
| <i>Loans</i> | 0 | 0 | 0 | 0 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Other Federal Reserve Credit Expansion | 0 | 1,347.7 | 0 | 1,347.7 |
| <i>Outlays</i> | 0 | ^{lxi} 1,276.9 | 0 | 1,276.9 |
| <i>Loans</i> | 0 | ^{lxii} 70.8 | 0 | 70.8 |
| <i>Guarantees</i> | 0 | 0 | 0 | 0 |
| Repaid TARP Funds | ^{lxiii} 208.9 | 0 | 0 | 208.9 |

^{xi} All data in this figure is as of July 28, 2010, except for information regarding the FDIC's Temporary Liquidity Guarantee Program (TLGP). That data is as of June 30, 2010.

^{xii} 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.). These values were calculated using (1) Treasury's actual reported expenditures, and (2) Treasury's anticipated funding levels as estimated by a variety of sources, including Treasury statements 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 – as well as 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.

^{xiii} 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.

^{xiii} AIG received an \$85 billion credit facility from the Federal Reserve Bank of New York (FRBNY) (reduced to \$60 billion in November 2008, to \$35 billion in December 2009, and then to \$34 billion in May 2010). 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.

^{xliv} This number includes investments under the AIGIP/SSFI Program: a \$40 billion investment made on November 25, 2008, and a \$30 billion investment made on April 17, 2009 (less a reduction of \$165 million representing bonuses paid to AIG Financial Products employees). As of July 12, 2010, AIG had utilized \$47.5 billion of the available \$69.8 billion under the AIGIP/SSFI. U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – June 2010* (July 12, 2010) (online at [www.financialstability.gov/docs/105CongressionalReports/June%202010%20105\(a\)%20Report_Final.pdf](http://www.financialstability.gov/docs/105CongressionalReports/June%202010%20105(a)%20Report_Final.pdf)).

^{xlv} 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 July 28, 2010, the book value of the Federal Reserve Bank of New York's holdings in AIA Aurora LLC and ALICO Holdings LLC was \$16.5 billion and \$9.3 billion in preferred equity, respectively. Hence, the book value of these securities is \$25.7 billion, which is reflected in the corresponding table. Federal Reserve Bank of New York, *Factors Affecting Reserve Balances (H.4.1)* (July 29, 2010) (online at www.federalreserve.gov/releases/h41/).

^{xlvi} This number represents the full \$34 billion that is available to AIG through its revolving credit facility with the FRBNY (\$25.1 billion had been drawn down as of July 28, 2010) and the outstanding principal of the loans extended to the Maiden Lane II and III SPVs to buy AIG assets (as of July 28, 2010, \$14.1 billion and \$15.5 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)* (July 29, 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=UGFyZW50SUQ9MjE4ODI8Q2hpbGRJRjRD0tMXxUeXBIPtM=&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).

^{xlvii} Treasury is currently in the process of selling its 7.7 billion shares of Citigroup common shares. See Endnote xxiv, *supra* (discussing the details of the sales of Citigroup common stock to date). U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xlviii} This figure represents the \$204.9 billion Treasury disbursed under the CPP, minus the \$25 billion investment in Citigroup identified above, \$147.3 billion in repayments that are in "repaid and unavailable" TARP funds, and losses under the program. This figure does not account for future repayments of CPP investments and dividend payments from CPP investments. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{xlix} 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).

ⁱ This figure represents the \$4.3 billion adjusted allocation to the TALF SPV. However, as of July 28, 2010, TALF LLC had drawn only \$105 million of the available \$4.3 billion. Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (July 29, 2010) (online at www.federalreserve.gov/releases/h41/); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.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: Terms and Conditions* (online at www.newyorkfed.org/markets/talf_terms.html) (accessed Aug. 10, 2010); *Term Asset-Backed Securities Loan Facility: CMBS* (online at www.newyorkfed.org/markets/cmbs_operations.html) (accessed Aug. 10, 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 Aug. 10, 2010).

ⁱⁱ 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). Since there was only \$43 billion in TALF loans outstanding when the program closed, Treasury is currently responsible for reimbursing the Federal Reserve Board up to \$4.3 billion in losses from these loans. Thus, the Federal Reserve's maximum potential exposure under the TALF is \$38.7 billion.

ⁱⁱⁱ 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.

ⁱⁱⁱ This figure represents Treasury's final adjusted investment amount in PPIP. As of July 30, 2010, Treasury reported commitments of \$14.9 billion in loans and \$7.5 billion in membership interest associated with PPIP. On January 4, 2010, Treasury and one of the nine fund managers, TCW Senior Management Securities Fund, L.P. (TCW), entered into a "Winding-Up and Liquidation Agreement." Treasury's final investment amount in TCW totaled \$356 million. Following the liquidation of the fund, Treasury's initial \$3.33 billion obligation to TCW was reallocated among the eight remaining funds on March 22, 2010. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{iv} Of the \$30.5 billion in TARP funding for HAMP, \$28.8 billion has been allocated as of July 30, 2010. However, as of June 30, 2010, only \$247.5 million in non-GSE payments have been disbursed under HAMP. See Endnotes xiv and xv, *supra* (discussing the details of adjustments to TARP funding for HAMP). Disbursement information provided by Treasury staff in response to a Panel inquiry; U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{iv} 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 and losses. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{lvi} This figure represents Treasury's total adjusted investment amount in the ASSP. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending July 30, 2010* (Aug. 3, 2010) (online at www.financialstability.gov/docs/transaction-reports/8-3-10%20Transactions%20Report%20as%20of%207-30-10.pdf).

^{lvii} Treasury conversations with Panel staff (July 21, 2010).

^{lviii} This information was provided by Treasury staff in response to a Panel inquiry.

^{lix} 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. \$304.1 billion of debt subject to the guarantee is currently outstanding, which represents approximately 59.1 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* (June 30, 2010) (online at www.fdic.gov/regulations/resources/tlgp/total_issuance06-10.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: Fees Under TLGP Debt Program* (June 30, 2010) (online at www.fdic.gov/regulations/resources/tlgp/fees.html).

^{lx} 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 seven 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 – Whole Bank, All Deposits – Among FDIC, Receiver of Guaranty Bank, Austin, Texas, Federal Deposit Insurance Corporation 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.

^{lxi} 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/releases/h41/) (accessed Aug. 3, 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*, 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 June 2010, there was \$170.5 billion still outstanding under this program. U.S. Department of the Treasury, *MBS Purchase Program: Portfolio by Month* (online at www.financialstability.gov/docs/June%202010%20Portfolio%20by%20month.pdf) (accessed Aug. 3, 2010). Treasury has received \$50.1 billion in principal repayments and \$11.8 billion in interest payments from these securities. U.S. Department of the Treasury, *MBS Purchase Program Principal and Interest Received* (online at www.financialstability.gov/docs/June%202010%20MBS%20Principal%20and%20Interest%20Monthly%20Breakout.pdf) (accessed August 3, 2010).

^{lxii} 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, and the Term Asset-Backed Securities Loan Facility. Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (July 29, 2010) (online at www.federalreserve.gov/releases/h41/).

^{lxiii} Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, TARP resources cannot be allocated to programs that were not established prior to June 25, 2010. Also, any TARP funds that have been repaid may not be used to fund additional TARP commitments. *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Pub. L. No. 111-203, at § 1302 (2010).