Congressional Oversight Panel

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Accounting for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight Panel's September 2010 report, "Assessing the TARP on the Eve of Its Expiration."

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

1. The TARP

a. Program Updates[415]

Since the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Treasury's commitments for TARP programs totaled $475 billion.[416] Of this amount, $394.8 billion had been spent under the $475 billion ceiling and $204.1 billion in TARP funds have been repaid. There have also been $5.8 billion in losses, leaving $185 billion in TARP funds currently outstanding.

During the month of August, Citizens & Northern Corporation and Columbia Banking System, Inc. fully repaid their CPP investments. Treasury received $26.4 million and $76.9 million, respectively, in repayments from these two institutions. To date, a total of 91 institutions have redeemed their CPP preferred shares.

Among those institutions that have repaid CPP funds, nine banks exchanged their CPP investments for an equivalent investment amount under the Community Development Capital Initiative (CDCI) in August. After qualifying banks complete the exchange, Treasury records its CPP investment in these banks as repaid. Since the first exchanges took place in July, 11 banks have exchanged $110.2 million in CPP investments. Of the $780 million Treasury committed to spend under the CDCI program, $143.2 million has been invested, which includes additional investments in University Financial Corp, Inc. ($10.2 million) and Southern Bancorp, Inc. ($22.8 million).

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[415] Sept. 3 TARP Transactions Report, *supra* note 26.

[416] 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, *supra* note 2, § 40 (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 15, § 335. On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law. The White House, *Remarks by the President at Signing of Dodd-Frank Wall Street Reform and Consumer Protection Act* (July 21, 2010) (online at www.whitehouse.gov/the-press-office/remarks-president-signing-dodd-frank-wall-street-reform-and-consumer-protection-act).

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

As of September 1, 2010, 41 institutions 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. On September 1, 2010, Citizens & Northern Corporation and Columbia Banking System, Inc. repurchased their warrants for $400,000 and $3.3 million, respectively.

On September 7, 2010, Treasury announced its plans to sell its warrants for The Hartford Financial Services Group, Inc. and Lincoln National Corporation through public auctions. Details regarding the pricing of the warrants and dates of the offering have yet to be announced. Deutsche Bank Securities Inc. will act as the auction agent and sole bookrunning manager for both warrant auctions.[417]

Treasury also 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.[418] In total, Treasury has received approximately $23 billion in net income from warrant repurchases, dividends, interest payments and other considerations deriving from TARP investments.[419] For further information on TARP profit and loss, see Figure 35.

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[417] U.S. Department of the Treasury, *Treasury Announces Intent To Sell Warrant Positions In Public Dutch Auctions* (Sept. 7, 2010) (online at financialstability.gov/latest/pr_09072010.html).

[418] U.S. Department of the Treasury, *Securities Purchase Agreement for Public Institutions* (online atwww.financialstability.gov/docs/CPP/spa.pdf) (accessed Sept. 14, 2010).

[419] U.S. Department of the Treasury, *Cumulative Dividends and Interest Report as of July 31, 2010* (Aug. 17, 2010) (online at www.financialstability.gov/docs/dividends-interest-reports/July%202010%20Dividends%20and%20Interest%20Report.pdf) (hereinafter "Cumulative Dividends and Interest Report"); Sept. 3 TARP Transactions Report, *supra* note 26. Treasury also received an additional $1.2 billion in participation fees from its Guarantee Program for Money Market Funds. U.S. Department of the Treasury, *Treasury Announces Expiration of Guarantee Program for Money Market Funds* (Sept. 18, 2009) (online at www.ustreas.gov/press/releases/tg293.htm).

c. TARP Accounting

Figure 35: TARP Accounting (as of September 1, 2010) *(billions of dollars)*[xxxii]

Program	Current Maximum Amount Available	Actual Funding	Total Repayments/ Reduced Exposure	Total Losses	Funding Currently Outstanding	Funding Available
Capital Purchase Program (CPP)	$204.9	$204.9	[xxxiii]($147.5)	[xxxiv]($2.3)	$55.1	$0
Targeted Investment Program (TIP)	40.0	40.0	(40.0)	0	0	0
Asset Guarantee Program (AGP)	5.0	5.0	[xxxv](5.0)	0	0	0
AIG Investment Program (AIGIP)	69.8	[xxxvi]49.1	0	0	49.1	20.7
Auto Industry Financing Program (AIFP)	81.3	81.3	(10.8)	[xxxvii](3.5)	[xxxviii]67.1	0
Auto Supplier Support Program (ASSP)[xxxix]	0.4	0.4	(0.4)	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	[xl]4.3	[xli]0.1	0	0	0.1	4.2
Public-Private Investment Program (PPIP)[xlii]	22.4	[xliii]13.1	[xliv](0.4)	0	12.7	9.3
SBA 7(a) Securities Purchase	0.4	[xlv]0.29	0	0	0.29	0.11
Home Affordable Modification Program (HAMP)	30.5	0.4	0	0	0.4	30.1
Hardest Hit Fund (HHF)	[xlvi]4.1	[xlvii]0.04	0	0	0.04	4.06
FHA Refinance Program	11.0	0	0	0	0	11
Community Development Capital Initiative (CDCI)	[xlviii]0.8	0.14	0	0	0.14	0.66
Total	**$475**	**394.77**	**(204.1)**	**(5.8)**	**184.97**	**80.13**

[xxxii] Figures affected by rounding. Unless otherwise noted, data in this table are from the following source: U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[xxxiii] Total amount repaid under CPP includes $8.5 billion Treasury received as part of its sales of Citigroup common stock. As of September 1, 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 September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf). Total CPP repayments also include amounts repaid by institutions that exchanged their CPP investments for investments under the CDCI. For more details on the companies who are now participating in the CDCI, *see* footnote 229, *supra*.

[xxxiv] On the Transactions Report, 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. Therefore, Treasury's net current CPP investment is $55.1 billion due to the $2.3 billion in losses thus far. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[xxxv] 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.

[xxxvi] AIG has completely utilized the $40 billion made available on November 25, 2008. It has also drawn down $7.5 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 Ended 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).

[xxxvii] On May 14, 2010, Treasury accepted a $1.9 billion settlement payment for its $3.5 billion loan to Chrysler Holding. The payment represented a $1.6 billion loss from the termination of the debt obligation. 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). Also, following the bankruptcy proceedings for Old Chrysler, which extinguished the $1.9 billion debtor-in-possession (DIP) loan, Treasury retained the right to recover the proceeds from the liquidation of specified collateral. To date, Treasury has collected $30.5 million in proceeds from the sale of collateral, although it ultimately does not expect a significant recovery from the liquidation proceeds. Treasury includes these proceeds as part of the $10.8 billion repaid under the AIFP. U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – August 2010* (Sept. 10, 2010) (online at financialstability.gov/docs/105CongressionalReports/August%202010%20105(a)%20Report_final_9%2010%2010.pdf); Treasury conversations with Panel staff (Aug. 19, 2010).

[xxxviii] The $1.9 billion Chrysler debtor-in-possession loan, which was extinguished April 30, 2010, was deducted from Treasury's AIFP investment amount; however, it is not regarded as a loss since there is an opportunity for Treasury to recover a portion of the loan from the sale of collateral. *See* Endnote xxxvii *supra*, for details on losses from Treasury's investment in Chrysler.

[xxxix] On April 5, 2010, Treasury terminated its commitment to lend to the GM SPV under the ASSP. On April 7, 2010, it terminated its commitment to lend to the Chrysler SPV. 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 the Period*

Ending September 1, 2010 (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[xl] For the TALF program, one dollar of TARP funds was committed for every $10 of funds obligated by the Federal Reserve. 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. As of September 1, a total of $43 billion in loans was outstanding under the TALF program, and TARP's commitments constituted $4.3 billion. 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).

[xli] As of September 1, 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)* (Sept. 2, 2010) (online at www.federalreserve.gov/releases/h41/20100902/).

[xlii] On July 19, 2010, Treasury released its third quarterly report on the Legacy Securities Public-Private Investment Partnership (PPIP). As of June 30, 2010, the total value of assets held by the PPIP managers was $16 billion. Non-agency Residential Mortgage-Backed Securities represented 85 percent of the total, CMBS represented the balance. U.S. Department of the Treasury, *Legacy Securities Public-Private Investment Program, Program Update – Quarter Ended June 30, 2010* (July 19, 2010) (online at www.financialstability.gov/docs/111.pdf).

[xliii] U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – July 2010*, at 6 (Aug. 10, 2010) (online at www.financialstability.gov/docs/105CongressionalReports/July%202010%20105(a)%20Report_Final.pdf).

[xliv] As of September 1, 2010, Treasury has received $368 million in capital repayments from two PPIP fund managers. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[xlv] In July, Treasury made $48 million in additional purchases under the SBA 7(a) Securities Purchase Program. As of September 1, 2010, Treasury's purchases totaled $261.7 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[xlvi] As part of the Dodd-Frank Act, an additional $2 billion in TARP funds was committed to mortgage assistance for unemployed borrowers through the Hardest Hit Fund. U.S. Department of the Treasury, *Obama Administration Announces Additional Support for Targeted Foreclosure-Prevention Programs to Help Homeowners Struggling with Unemployment* (Aug. 11, 2010) (online at www.ustreas.gov/press/releases/tg823.htm).

[xlvii] This figure represents the total amount paid to date to state Housing Finance Agencies (HFAs). The Panel previously reported the actual funding amount for the Hardest Hit Fund as the total amount approved by the Administration. As of September 10, 2010, four state HFAs have drawn out funds from their total investment amount. Data provided by Treasury (Sept. 10, 2010).

[xlviii] During the month of August, nine institutions exchanged their CPP investments for an equivalent investment amount under the CDCI. On August 6, 2010, Treasury made an additional $22.8 million investment in Southern Bancorp, Inc. as part of the institution's exchange. As of September 1, 2010, Treasury's total current investment under the CDCI is $143.2 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

Figure 36: TARP Profit and Loss *(millions of dollars)*

TARP Initiative	Dividends[xlix] (as of 7/31/2010)	Interest[l] (as of 7/31/2010)	Warrant Disposition Proceeds[li] (as of 9/1/2010)	Other Proceeds (as of 7/31/2010)	Losses[lii] (as of 9/1/2010)	Total
Total	$15,906	$893	$7,217	$4,739	($5,792)	$22,963
CPP	9,431	39	5,946	[liii]2,026	(2,334)	15,108
TIP	3,004	–	1,256	–		4,260
AIFP	[liv]3,060	802	15	–	(3,458)	419
ASSP	–	15	–	[lv]101		116
AGP	411	–	0	[lvi]2,234		2,645
PPIP	–	38	–	[lvii]102		139
Bank of America Guarantee	–	–	–	[lviii]276		276

xlix U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of July 31, 2010* (Aug. 17, 2010) (online at www.financialstability.gov/docs/dividends-interest-reports/July%202010%20Dividends%20and%20Interest%20Report.pdf).

l U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of July 31, 2010* (Aug. 17, 2010) (online at www.financialstability.gov/docs/dividends-interest-reports/July%202010%20Dividends%20and%20Interest%20Report.pdf).

li U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

lii On the Transactions Report, Treasury classified the investments it made in two institutions, CIT Group ($2.3 billion) and Pacific Coast National Bancorp ($4.1 million), as losses. Two TARP recipients, UCBH Holdings, Inc. ($298.7 million) and a banking subsidiary of Midwest Banc Holdings, Inc. ($89.4 million), are currently in bankruptcy proceedings. Finally, Sonoma Valley Bancorp, which received $8.7 million in CPP funding, was placed into receivership on August 20, 2010. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf); Federal Deposit Insurance Corporation, *Westamerica Bank, San Rafael, California, Assumes All of the Deposits of Sonoma Valley Bank, Sonoma, California* (Aug. 20, 2010) (online at www.fdic.gov/news/news/press/2010/pr10196.html).

liii 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 approximately 1.1 billion of 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 September 1, 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 September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[liv] 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. Data provided by Treasury.

[lv] This represents the total proceeds from additional notes. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[lvi] As a fee for taking a second-loss position of 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 $2.2 billion investment in Citigroup trust preferred securities. 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 September 1, 2010*, at 20 (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf); U.S. Department of the Treasury, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Citigroup Inc., *Termination Agreement*, at 1 (Dec. 23, 2009) (online at www.financialstability.gov/docs/Citi%20AGP%20Termination%20Agreement%20-%20Fully%20Executed%20Version.pdf); Federal Deposit Insurance Corporation, *2009 Annual Report*, at 87 (June 30, 2010) (online at www.fdic.gov/about/strategic/report/2009annualreport/AR09final.pdf).

[lvii] As of July 31, 2010, Treasury has earned $80.9 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, Interest and Distributions Report as of July 31, 2010* (Aug. 17, 2010) (online at financialstability.gov/docs/dividends-interest-reports/July%202010%20Dividends%20and%20Interest%20Report.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[lviii] 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. CPP Unpaid Dividend and Interest Payments[420]

As of July 31, 2010, 97 institutions have missed at least one dividend payment on preferred stock issued under CPP.[421] Among these institutions, 72 are not current on cumulative dividends, which amount to $137.1 million in missed payments, while another 25 banks have not paid $6.3 million in non-cumulative dividends. Of the $55.1 billion currently outstanding in CPP funding, Treasury's investments in banks with non-current dividend payments total $3.6 billion. A majority of the banks that remain delinquent on dividend payments have under $1 billion in total assets on their balance sheets.

To date, there are 15 institutions that previously deferred dividend payments, but have repaid all delinquent dividends. One bank, thus far, has failed to make six dividend payments. Under the terms of CPP, after a bank fails to pay dividends for six periods, Treasury has the right to elect two individuals to the company's board of directors.[422] Figure 37 below details the number of institutions that have missed dividend payments.

In addition, 6 CPP participants have missed at least one interest payment, totaling $2.4 million in non-current interest payments. Treasury's investments in these institutions represent less than $1 billion in CPP funding.

Figure 37: CPP Missed Dividend Payments (as of July 31, 2010)[423]

Number of Missed Payments	1	2	3	4	5	6	Total
Cumulative Dividends							
Number of Banks, by asset size	20	18	16	14	4	0	72
Under $1B	15	12	9	7	1	0	44
$1B-$10B	5	4	7	6	3	0	25
Over $10B	0	2	0	1	0	0	3
Non-Cumulative Dividends							
Number of Banks, by asset size	6	5	4	5	4	1	25
Under $1B	5	4	4	5	4	1	18
$1B-$10B	1	1	0	0	0	0	1
Over $10B	0	0	0	0	0	0	0

[420] Cumulative Dividends and Interest Report, *supra* note 419.

[421] Does not include banks with missed dividend payments that have either repaid all delinquent dividends, exited TARP, gone into receivership, or filed for bankruptcy.

[422] U.S. Department of the Treasury, *Frequently Asked Questions Capital Purchase Program (CPP): Related to Missed Dividend (or Interest) Payments and Director Nomination* (online at www.financialstability.gov/docs/CPP/CPP%20Directors%20FAQs.pdf) (accessed Sept. 14, 2010).

[423] Cumulative Dividends and Interest Report, *supra* note 419. Data on total bank assets compiled using SNL Financial data service (accessed Sept. 8, 2010).

e. Rate of Return

As of September 2, 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.

Since the Panel's last report, Citizens & Northern Corporation and Columbia Banking System repurchased their warrants for common shares for $400,000 and $3.3 million, respectively. These represent 85- and 50-percent, respectively, of the Panel's best valuation estimate at the disposition date. To date, Treasury has received $7.2 billion in proceeds from CPP and TIP warrant dispositions.

f. Warrant Disposition

Figure 38: Warrant Repurchases/Auctions for Financial Institutions who have fully Repaid CPP Funds (as of September 2, 2010)

Institution	Investment Date	Warrant Repurchase Date	Warrant Repurchase/ Sale Amount	Panel's Best Valuation Estimate at Disposition 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%
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[424] 1/9/2009[425] 1/14/2009[426]	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%
Umpqua Holdings Corp.	11/14/2008	3/31/2010	4,500,000	5,162,400	0.872	6.6%

[424] Investment date for Bank of America in CPP.

[425] Investment date for Merrill Lynch in CPP.

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

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%
Citizens & Northern Corporation	1/16/2009	8/4/2010	400,000	468,164	0.854	5.9%
Columbia Banking System, Inc.	11/21/2008	8/11/2010	3,301,647	6,582,658	0.502	7.3%
Total			**$7,202,029,864**	**$7,314,904,102**	**0.985**	**9.9%**

Figure 39: Valuation of Current Holdings of Warrants (as of September 1, 2010)

Stress Test Financial Institutions with Warrants Outstanding	**Warrant Valuation** *(millions of dollars)*		
	Low Estimate	**High Estimate**	**Best Estimate**
Citigroup, Inc.	$13.20	$1,076.60	$125.49
SunTrust Banks, Inc.	9.79	320.18	123.84
Regions Financial Corporation	7.85	203.49	79.27
Fifth Third Bancorp	71.42	357.19	173.27
Hartford Financial Services Group, Inc.	347.70	702.95	472.22
KeyCorp	17.29	165.54	72.07
AIG	196.52	1687.29	772.09
All Other Banks	607.55	1,694.33	1,108.93
Total	**$1,271.31**	**$6,207.56**	**$2,927.19**

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.[427] 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.

[427] November 2009 Oversight Report, *supra* note 6, at 13-27.

Figure 40: Federal Government Financial Stability Effort (as of September 1, 2010)[lix]

Program *(billions of dollars)*	Treasury (TARP)	Federal Reserve	FDIC	Total
Total	**$475**	**$1,445.4**	**$697.9**	**$2,618.3**
Outlays[lx]	231.2	1,285.4	188.4	1,705
Loans	24.2	160	0	184.2
Guarantees[lxi]	4.3	0	509.5	513.8
Repaid and Unavailable TARP Funds	215.3	0	0	215.3
AIG[lxii]	**69.8**	**84.7**	**0**	**154.5**
Outlays	[lxiii]69.8	[lxiv]25.7	0	95.5
Loans	0	[lxv]59	0	59
Guarantees	0	0	0	0
Citigroup	**16.5**	**0**	**0**	**16.5**
Outlays	[lxvi]16.5	0	0	16.5
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Purchase Program (Other)	**32.4**	**0**	**0**	**32.4**
Outlays	[lxvii]32.4	0	0	32.4
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Assistance Program	**N/A**	**0**	**0**	[lxviii]**N/A**
TALF	**4.3**	**38.7**	**0**	**43**
Outlays	0	0	0	0
Loans	0	[lxx]38.7	0	38.7
Guarantees	[lxix]4.3	0	0	4.3
PPIP (Loans)[lxxi]	**0**	**0**	**0**	**0**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	0	0
PPIP (Securities)	[lxxii]**22.4**	**0**	**0**	**22.4**
Outlays	7.5	0	0	7.5
Loans	14.9	0	0	14.9
Guarantees	0	0	0	0
Making Home Affordable Program/ Foreclosure Mitigation	**45.6**	**0**	**0**	**45.6**
Outlays	[lxxiii]45.6	0	0	45.6
Loans	0	0	0	0
Guarantees	0	0	0	0
Automotive Industry Financing Program	[lxxiv]**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	**0.4**	**0**	**0**	**0.4**
Outlays	0	0	0	0
Loans	[lxxv]0.4	0	0	0.4
Guarantees	0	0	0	0

SBA 7(a) Securities Purchase	[lxxvi]**0.4**	**0**	**0**	**0.4**
Outlays	0.4	0	0	0.4
Loans	0	0	0	0
Guarantees	0	0	0	0
Community Development Capital	[lxxvii]**0.78**	**0**	**0**	**0.78**
Initiative	0	0	0	0
Outlays	0.78	0	0	0.78
Loans	0	0	0	0
Guarantees				
Temporary Liquidity Guarantee Program	**0**	**0**	**509.5**	**509.5**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	[lxxviii]509.5	509.5
Deposit Insurance Fund	**0**	**0**	**188.4**	**188.4**
Outlays	0	0	[lxxix]188.4	188.4
Loans	0	0	0	0
Guarantees	0	0	0	0
Other Federal Reserve Credit Expansion	**0**	**1,322**	**0**	**1,322**
Outlays	0	[lxxx]1,259.7	0	1,259.7
Loans	0	[lxxxi]62.3	0	62.3
Guarantees	0	0	0	0
Repaid and Unavailable TARP Funds	[lxxxii]**215.3**	**0**	**0**	**215.3**

[lix] All data in this figure is as of September 1, 2010, except for information regarding the FDIC's Temporary Liquidity Guarantee Program (TLGP). That data is as of July 31, 2010.

[lx] 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.

[lxi] 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.

[lxii] 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.

[lxiii] 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 August 31, 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 – August 2010* (Sept. 10, 2010) (online at www.financialstability.gov/docs/105CongressionalReports/August%202010%20105(a)%20Report_final_9%2010%2010.pdf).

[lxiv] 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 September 1, 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)* (Sept. 1, 2010) (online at www.federalreserve.gov/releases/h41/).

[lxv] This number represents the full $30.0 billion that is available to AIG through its Revolving Credit Facility (RCF) with the FRBNY ($20.1 billion had been drawn down as of September 1, 2010) and the outstanding principal of the loans extended to the Maiden Lane II and III SPVs to buy AIG assets (as of September 1, 2010, $13.9 billion and $15.1 billion, respectively). The maximum amount available through the RCF decreased from $34 billion over the past two months, as a result of the sale of two AIG subsidiaries, as well as the company's sale of CME Group, Inc. common stock. The reduced ceiling also reflects a $3.95 billion repayment to the RCF from proceeds earned from a debt offering by the International Lease Finance Corporation (ILFC), an AIG subsidiary.

The amounts outstanding under the Maiden Lane II and III 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)* (Sept. 2, 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 15 (July 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201007.pdf); Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 16 (Aug. 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201008.pdf); American International Group, Inc., *Press Release: AIG Reduces Principal Balance on Federal Reserve Bank of New York Revolving Credit Facility by Nearly $4 Billion* (Aug. 23, 2010) (online at ir.aigcorporate.com/External.File?t=2&item=g7rqBLVLuv81UAmrh20Mp2D/jbuMQX0JWf4oGazjlIxeJq2b5l2D3jdQlccQVaAZCaOmzP8Hukewe3TB4pawgQ==).

[lxvi] This figure represents Treasury's $25 billion investment in Citigroup, minus $8.5 billion applied as a repayment for CPP funding. The amount repaid comes from the $10.5 billion in gross proceeds Treasury received from the sale of 2.6 billion Citigroup common shares. Treasury is currently in the process of selling another 1.5 billion shares of Citigroup common equity. The selling period is expected to end on September 30, 2010. *See* Endnote lii, *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 September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[lxvii] This figure represents the $204.9 billion Treasury disbursed under the CPP, minus the $25 billion investment in Citigroup identified above, $147.5 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 September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[lxviii] 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).

[lxix] 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)* (Sept. 2, 2010) (online at www.federalreserve.gov/releases/h41/); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.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).

[lxx] 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.

[lxxi] 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.

[lxxii] This figure represents Treasury's final adjusted investment amount in PPIP. As of September 1, 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 the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[lxxiii] Of the $30.5 billion in TARP funding for HAMP, $28.8 billion has been allocated as of September 1, 2010. However, as of September 14, 2010, only $395.4 million in non-GSE payments has been disbursed under HAMP. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf). Disbursement information provided by Treasury staff in response to a Panel inquiry.

[lxxiv] A substantial portion of the total $81.3 billion in loans extended under the AIFP has 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 the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[lxxv] 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 the Period Ending September 1, 2010* (Sept. 3, 2010) (online at financialstability.gov/docs/transaction-reports/9-3-10%20Transactions%20Report%20as%20of%209-1-10.pdf).

[lxxvi] U.S. Department of the Treasury, *Troubled Assets Relief Program (TARP) Monthly 105(a) Report – August 2010* (Sept. 10, 2010) (online atwww.financialstability.gov/docs/105CongressionalReports/August%202010%20105(a)%20Report_final_9%2010%2010.pdf).

[lxxvii] U.S. Department of the Treasury, *Troubled Assets Relief Program (TARP) Monthly 105(a) Report – August 2010* (Sept. 10, 2010) (online at www.financialstability.gov/docs/105CongressionalReports/August%202010%20105(a)%20Report_final_9%2010%2010.pdf).

[lxxviii] 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. $292.6 billion of debt subject to the guarantee is currently outstanding, which represents approximately 57.4 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* (July 31, 2010) (online at www.fdic.gov/regulations/resources/TLGP/total_issuance07-10.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* (July 2010) (online at www.fdic.gov/regulations/resources/tlgp/fees.html).

[lxxix] 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.

[lxxx] 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)* (Sept. 2, 2010) (online at www.federalreserve.gov/releases/h41/) (accessed Sept. 8, 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 with 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 August 2010, there was $164.1 billion still outstanding under this program. U.S. Department of the Treasury, *MBS Purchase Program: Portfolio by Month* (online at www.financialstability.gov/docs/August%202010%20Portfolio%20by%20month.pdf) (accessed Sept. 8, 2010). Treasury has received $56.6 billion in principal repayments and $13.2 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/August%202010%20MBS%20Principal%20and%20Interest%20Monthly%20Breakout.pdf) (accessed Sept. 8, 2010).

[lxxxi] Federal Reserve Liquidity Facilities classified in this table as loans include primary credit, secondary credit, central bank liquidity swaps, Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, loans outstanding to Commercial Paper Funding Facility LLC, seasonal credit, term auction credit, the Term Asset-Backed Securities Loan Facility, and loans outstanding to Bear Stearns (Maiden Lane LLC). Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (Sept. 2, 2010) (online at www.federalreserve.gov/releases/h41/).

[lxxxii] 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).