Congressional Oversight Panel

November 16, 2010

Accounting for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight Panel's November 2010 report, "Examining the Consequences of Mortgage Irregularities for Financial Stability and Foreclosure Mitigation."

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TARP Accounting

Each month, the Panel summarizes the resources that the federal government has committed to the rescue and recovery of the financial system. 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 September 30, 2010; and (2) an updated accounting of the full federal resource commitment as of October 27, 2010.

1. The TARP

a. Program Updates[339]

Treasury's spending authority under the TARP officially expired on October 3, 2010. Though it can no longer make new funding commitments, Treasury can continue to provide funding for programs for which it has existing contracts and previous commitments. To date, $395.1 billion has been spent under the TARP's $475 billion ceiling.[340] Of the total amount disbursed, $209.5 billion has been repaid. Treasury has also incurred $6.1 billion in losses associated with its CPP and Automotive Industry Financing Program (AIFP) investments. A significant portion of the $179.7 billion in TARP funds currently outstanding includes Treasury's investments in AIG and assistance provided to the automotive industry.

CPP Repayments

As of October 29, 2010, 112 of the 707 banks that participated in the CPP have fully redeemed their preferred shares either through capital repayment or exchanges for investments under the Community Development Capital Initiative (CDCI). During the month of October, Treasury received a $12 million full repayment from 1st Constitution Bancorp, and a $100 million partial repayment from Webster Financial Corporation. A total of $152.9 billion has been repaid under the program, leaving $49.5 billion in funds currently outstanding.

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[339] U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of September 30, 2010* (Oct. 11, 2010) (online at financialstability.gov/docs/dividends-interest-reports/September%202010%20Dividends%20&%20Interest%20Report.pdf) (hereinafter "Treasury Cumulative Dividends, Interest and Distributions Report); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010* (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/10-4-10%20Transactions%20Report%20as%20of%209-30-10.pdf) (hereinafter "Treasury Transactions Report").

[340] The original $700 billion TARP ceiling was reduced by $1.26 billion as part of the Helping Families Save Their Homes Act of 2009. 12 U.S.C. § 5225(a)-(b); *Helping Families Save Their Homes Act of 2009*, Pub. L. No. 111-22 § 40. 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 that was signed into law on July 21, 2010. *See Dodd-Frank Wall Street Reform and Consumer Protection Act*, Pub. L. No. 111-203 (2010); 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, and Warrant Sales

In conjunction with its preferred stock investments under the CPP and TIP, Treasury generally received warrants to purchase common equity.[341] As of October 29, 2010, 45 institutions have repurchased their warrants from Treasury at an agreed upon price. Treasury has also sold warrants for 15 other institutions at auction. To date, income from warrant dispositions have totaled $8.1 billion.

In addition to warrant proceeds, Treasury also receives dividend payments on the preferred shares that it holds under the CPP, 5 percent per annum for the first five years and 9 percent per annum thereafter.[342] For preferred shares issued under the TIP, Treasury received a dividend of 8 percent per annum.[343] In total, Treasury has received approximately $25.7 billion in net income from warrant repurchases, dividends, interest payments, and other proceeds deriving from TARP investments (after deducting losses).[344] For further information on TARP profit and loss, see Figure 26.

[341] For its CPP investments in privately held financial institutions, Treasury also received warrants to purchase additional shares of preferred stock, which it exercised immediately. Similarly, Treasury also received warrants to purchase additional subordinated debt that were also immediately exercised along with its CPP investments in subchapter S corporations. Treasury Transactions Report, *supra* note 339, at 14.

[342] U.S. Department of the Treasury, *Capital Purchase Program* (Oct. 3, 2010) (online at www.financialstability.gov/roadtostability/capitalpurchaseprogram.html).

[343] U.S. Department of the Treasury, *Targeted Investment Program* (Oct. 3, 2010) (online at www.financialstability.gov/roadtostability/targetedinvestmentprogram.html).

[344] Treasury Cumulative Dividends, Interest and Distributions Report, *supra* note 339; Treasury Transactions Report, *supra* note 339. 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 25: TARP Accounting (as of October 29, 2010) *(billions of dollars)*[i]

Program	Maximum Amount Allotted	Actual Funding	Total Repayments/ Reduced Exposure	Total Losses	Funding Currently Outstanding	Funding Available
Capital Purchase Program (CPP)	$204.9	$204.9	[ii]$(152.9)	[iii]$(2.6)	$49.5	$0
Targeted Investment Program (TIP)	40.0	40.0	(40.0)	0	0	0
Asset Guarantee Program (AGP)	5.0	[iv]5.0	[v](5.0)	0	0	0
AIG Investment Program (AIGIP)	69.8	[vi]47.5	0	0	47.5	22.3
Auto Industry Financing Program (AIFP)	81.3	81.3	(10.8)	[vii](3.5)	[viii]67.1	0
Auto Supplier Support Program (ASSP)[ix]	0.4	0.4	(0.4)	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	[x]4.3	[xi]0.1	0	0	0.1	4.2
Public-Private Investment Program (PPIP)[xii]	22.4	[xiii]14.2	[xiv](0.4)	0	13.8	8.2
SBA 7(a) Securities Purchase	0.4	[xv]0.4	0	0	0.4	[xvi]0
Home Affordable Modification Program (HAMP)	29.9	0.6	0	0	0.6	29.3
Hardest Hit Fund (HHF)	[xvii]7.6	[xviii]0.1	0	0	0.1	7.5
FHA Refinance Program	8.1	[xix]0.1	0	0	0.1	8.0
Community Development Capital Initiative (CDCI)	0.8	[xx]0.6	0	0	0.6	0
Total	**$475.0**	**$395.1**	**$(209.5)**	**$(6.1)**	**$179.7**	**$79.5**

[i] 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 October 29, 2010* (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[ii] Total amount repaid under CPP includes $13.4 billion Treasury received as part of its sales of Citigroup common stock. As of October 29, 2010, Treasury had sold 4.1 billion Citigroup common shares for $16.4 billion in gross proceeds. Treasury has received $3 billion in net profit from the sale of Citigroup common stock. 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. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 13-15 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program: Two-Year Retrospective*, at 25 (Oct. 2010) (online at www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective_10%2005%2010_transmittal%20letter.pdf).

Total CPP repayments also include amounts repaid by institutions that exchanged their CPP investments for investments under the CDCI, as well as proceeds earned from the sale of preferred stock and warrants issued by South Financial Group, Inc. and TIB Financial Corp.

[iii] On the TARP 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. In addition, Treasury sold its preferred ownership interests, along with warrants, in South Financial Group, Inc. and TIB Financial Corp. to non-TARP participating institutions. These shares were sold at prices below the value of the original CPP investment. Therefore, Treasury's net current CPP investment is $49.5 billion due to the $2.6 billion in losses thus far. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 13-14 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[iv] The $5 billion AGP guarantee for Citigroup was unused since Treasury was not required to make any guarantee payments during the life of the program. U.S. Department of the Treasury, *Troubled Asset Relief Program: Two-Year Retrospective*, at 31 (Oct. 2010) (online at www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective_10%2005%2010_transmittal%20letter.pdf).

[v] Although this $5 billion is no longer exposed as part of the AGP, 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 26.

[vi] AIG has completely utilized the $40 billion that was made available on November 25, 2008, in exchange for the company's preferred stock. It has also drawn down $7.5 billion of the $29.8 billion made available on April 17, 2009. This figure does not include $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. AIG expects to draw down up to $22 billion in outstanding funds from the TARP as part of its plan to repay the revolving credit facility provided by the Federal Reserve Bank of New York. American International Group, Inc., *Form 10-Q for the Fiscal Year Ended September 30, 2010*, at 119 (Nov. 5, 2010) (online at sec.gov/Archives/edgar/data/5272/000104746910009269/a2200724z10-q.htm); American International Group, Inc., *AIG Announces Plan to Repay U.S. Government* (Sept. 30, 2010) (online at www.aigcorporate.com/newsroom/2010_September/AIGAnnouncesPlantoRepay30Sept2010.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 21 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[vii] 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

provided to Old Chrysler, Treasury retained the right to recover the proceeds from the liquidation of specified collateral. To date, Treasury has collected $40.2 million in proceeds from the sale of collateral, and it 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 – September 2010* (Oct. 12, 2010) (online at financialstability.gov/docs/105CongressionalReports/September 105(a) report_FINAL.pdf); Treasury conversations with Panel staff (Aug. 19, 2010); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 18 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[viii] On the TARP Transactions Report, the $1.9 billion Chrysler debtor-in-possession loan, which was extinguished April 30, 2010, was deducted from Treasury's AIFP investment amount. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 18 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf). See note vii, *supra*, for details on losses from Treasury's investment in Chrysler.

[ix] 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 October 29, 2010*, at 19 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[x] For the TALF program, one dollar of TARP funds was committed for every $10 of funds obligated by the Federal Reserve. The program was 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 was incrementally funded. When the program closed in June 2010, a total of $43 billion in loans was outstanding under the TALF program, and the 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 from TARP 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).

[xi] As of October 27, 2010, Treasury had 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)* (Oct. 28, 2010) (online at www.federalreserve.gov/releases/h41/20101028/).

[xii] As of September 30, 2010, the total value of securities held by the PPIP managers was $19.3 billion. Non-agency Residential Mortgage-Backed Securities represented 82 percent of the total; CMBS represented the balance. U.S. Department of the Treasury, *Legacy Securities Public-Private Investment Program, Program Update – Quarter Ended September 30, 2010*, at 4 (Oct. 20, 2010) (online at financialstability.gov/docs/External%20Report%20-%2009-10%20vFinal.pdf).

[xiii] U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – September 2010*, at 6 (Oct. 12, 2010) (online at financialstability.gov/docs/105CongressionalReports/September 105(a) report_FINAL.pdf).

[xiv] As of October 29, 2010, Treasury has received $428 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 October 29, 2010*, at 23 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xv] As of October 29, 2010, Treasury's purchases under the SBA 7(a) Securities Purchase Program totaled $324.9 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 22 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xvi] Treasury will not make additional purchases pursuant to the expiration of its purchasing authority under EESA. U.S. Department of the Treasury, *Troubled Asset Relief Program: Two-Year Retrospective*, at 43 (Oct. 2010) (online at www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective_10%2005%2010_transmittal%20letter.pdf).

[xvii] As part of its revisions to TARP allocations upon enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Treasury allocated an additional $2 billion in TARP funds to mortgage assistance for unemployed borrowers through the Hardest Hit Fund (HHF). 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). Another $3.5 billion was allocated among the 18 states and the District of Columbia currently participating in HHF. The amount each state received during this round of funding is proportional to its population. U.S. Department of the Treasury, *Troubled Asset Relief Program: Two Year Retrospective*, at 72 (Oct. 2010) (online at www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective_10%2005%2010_transmittal%20letter.pdf).

[xviii] As of November 10, 2010, a total of $63.6 million has been disbursed to seven state Housing Finance Agencies (HFAs). Data provided by Treasury staff (Nov. 10, 2010).

[xix] This figure represents the amount Treasury disbursed to fund the advance purchase account of the letter of credit issued under the FHA Short Refinance Program. Data provided by Treasury staff (Nov. 10, 2010).

[xx] Seventy-three Community Development Financial Institutions (CDFIs) entered the CDCI in September. Among these institutions, 17 banks exchanged their CPP investments for an equivalent investment amount under the CDCI. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 1-13, 16-17 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf). Treasury closed the program on September 30, 2010, after investing $570 million in 84 CDFIs. U.S. Department of the Treasury, *Treasury Announces Special Financial Stabilization Initiative Investments of $570 Million in 84 Community Development Financial Institutions in Underserved Areas* (Sept. 30, 2010) (online at financialstability.gov/latest/pr_09302010b.html).

Figure 26: TARP Profit and Loss *(millions of dollars)*

TARP Initiative[xxi]	Dividends[xxii] (as of 9/30/2010)	Interest[xxiii] (as of 9/30/2010)	Warrant Disposition Proceeds[xxiv] (as of 10/29/2010)	Other Proceeds (as of 9/30/2010)	Losses[xxv] (as of 10/29/2010)	Total
Total	**$16,721**	**$1,052**	**$8,160**	**$5,833**	**($6,034)**	**$25,732**
CPP	9,859	49	6,904	[xxvi]3,015	(2,576)	17,250
TIP	3,004	–	1,256	–	–	4,260
AIFP	[xxvii]3,418	931	–	[xxviii]15	(3,458)	906
ASSP	–	15	–	[xxix]101	–	116
AGP	440	–	–	[xxx]2,246	–	2,686
PPIP	–	56	–	[xxxi]180	–	236
SBA 7(a)	–	1	–	–	–	1
Bank of America Guarantee	–	–	–	[xxxii]276	–	276

[xxi] AIG is not listed on this table because no profit or loss has been recorded to date for AIG. Its missed dividends were capitalized as part of the issuance of Series E preferred shares and are not considered to be outstanding. Treasury currently holds non-cumulative preferred shares, meaning AIG is not penalized for non-payment. Therefore, no profit or loss has been realized on Treasury's AIG investment to date.

[xxii] U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of September 30, 2010* (Oct. 12, 2010) (online at financialstability.gov/docs/dividends-interest-reports/September%202010%20Dividends%20&%20Interest%20Report.pdf).

[xxiii] U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of September 30, 2010* (Oct. 12, 2010) (online at financialstability.gov/docs/dividends-interest-reports/September%202010%20Dividends%20&%20Interest%20Report.pdf).

[xxiv] U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010* (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xxv] In the TARP 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. Treasury has also sold its preferred ownership interests and warrants from South Financial Group, Inc. and TIB Financial Corp. This represents a $241.7 million loss on its CPP investments in these two banks. 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. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010* (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf). Finally, Sonoma Valley Bancorp, which received $8.7 million in CPP funding, was placed into receivership on August 20, 2010. 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).

[xxvi] This figure represents net proceeds to Treasury from the sale of Citigroup common stock to date. For details on Treasury's sales of Citigroup common stock, *see* note ii, *supra*. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 15 (Nov. 2, 2010)

(online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program: Two-Year Retrospective*, at 25 (Oct. 2010) (online at www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective_10%2005%2010_transmittal%20letter.pdf).

[xxvii] 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.

[xxviii] Treasury received proceeds from an additional note connected with the loan made to Chrysler Financial on January 16, 2009. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 18 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xxix] This represents the total proceeds from additional notes connected with Treasury's investments in GM Supplier Receivables LLC and Chrysler Receivables SPV LLC. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 19 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xxx] 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 in December 2009, Treasury cancelled $1.8 billion of the trust preferred securities, leaving Treasury with $2.23 billion in Citigroup trust preferred securities. On September 30, 2010, Treasury sold these securities for $2.25 billion in total proceeds. 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 October 29, 2010*, at 20 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.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); U.S. Department of the Treasury, *Treasury Announces Further Sales of Citigroup Securities and Cumulative Return to Taxpayers of $41.6 Billion* (Sept. 30, 2010) (online at financialstability.gov/latest/pr_09302010c.html); Federal Deposit Insurance Corporation, *2009 Annual Report*, at 87 (June 30, 2010) (online at www.fdic.gov/about/strategic/report/2009annualreport/AR09final.pdf).

[xxxi] As of September 30, 2010, Treasury has earned $159.1 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. *See* U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of September 30, 2010*, at 14 (Oct. 12, 2010) (online at financialstability.gov/docs/dividends-interest-reports/September%202010%20Dividends%20&%20Interest%20Report.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 23 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xxxii] 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[345]

As of September 30, 2010, 120 institutions have at least one dividend payment on preferred stock issued under CPP outstanding.[346] Among these institutions, 95 are not current on cumulative dividends, amounting to $114.8 million in missed payments. Another 25 banks have not paid $8 million in non-cumulative dividends. Of the $49.5 billion currently outstanding in CPP funding, Treasury's investments in banks with non-current dividend payments total $3.5 billion. A majority of the banks that remain delinquent on dividend payments have under $1 billion in total assets on their balance sheets. Also, there are 21 institutions that no longer have outstanding unpaid dividends, after previously deferring their quarterly payments.[347]

Six banks have failed to make six dividend payments, while one bank has missed all seven quarterly payments. These institutions have received a total of $207.1 million in CPP funding. Under the terms of the 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.[348] Figure 27 below provides further details on the distribution and the number of institutions that have missed dividend payments.

In addition, eight CPP participants have missed at least one interest payment, representing $3.6 million in cumulative unpaid interest payments. Treasury's total investments in these non-public institutions represent less than $1 billion in CPP funding.

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[345] Treasury Cumulative Dividends, Interest and Distributions Report, *supra* note 339, at 20.

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

[347] Includes institutions that have either (a) fully repaid their CPP investment and exited the program or (b) entered bankruptcy or its subsidiary was placed into receivership. Treasury Cumulative Dividends, Interest and Distributions Report, *supra* note 339, at 20.

[348] 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 Nov. 12, 2010).

Figure 27: CPP Missed Dividend Payments (as of September 30, 2010)[349]

Number of Missed Payments	1	2	3	4	5	6	7	Total
Cumulative Dividends								
Number of Banks, by asset size	29	19	17	17	10	3	0	95
Under $1B	20	15	12	11	5	1	0	64
$1B-$10B	8	4	4	6	5	2	0	29
Over $10B	1	0	1	0	0	0	0	2
Non-Cumulative Dividends								
Number of Banks, by asset size	2	5	6	3	5	3	1	25
Under $1B	1	5	5	3	5	3	1	23
$1B-$10B	1	0	1	0	0	0	0	2
Over $10B	0	0	0	0	0	0	0	0
Total Missed Payments								120

e. Rate of Return

As of November 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) remained at 8.4 percent, as no institutions exited the program in October.[350] The internal rate of return is the annualized effective compounded return rate that can be earned on invested capital.

[349] Treasury Cumulative Dividends, Interest and Distributions Report, *supra* note 339, at 17-20. Data on total bank assets compiled using SNL Financial data service. (accessed Nov. 3, 2010).

[350] Calculation of the internal rate of return (IRR) also includes CPP investments in public institutions not repaid in full (for reasons such as acquisition by another institution) in the Transaction Report, e.g., The South Financial Group and TIB Financial Corporation. The Panel's total IRR calculation now includes CPP investments in public institutions recorded as a loss on the TARP Transaction Report due to bankruptcy, e.g., CIT Group Inc. Going forward, the Panel will continue to include losses due to bankruptcy when Treasury determines any associated contingent value rights have expired without value. When excluding CIT Group from the calculation, the resulting IRR is 10.4 percent. Treasury Transactions Report, *supra* note339.

f. Warrant Disposition

Figure 28: Warrant Repurchases/Auctions for Financial Institutions who have fully Repaid CPP Funds (as of November 4, 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%
CIT Group Inc.	12/31/2008	–	–	562,541	–	(97.2)%
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[351] 1/9/2009[352] 1/14/2009[353]	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%
City National Corporation	11/21/2008	4/7/2010	18,500,000	24,376,448	0.759	8.5%

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

[352] Investment date for Merrill Lynch in CPP.

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

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	3,291,329	1.003	7.3%
Hartford Financial Services Group, Inc.	6/26/2009	9/21/2010	713,687,430	472,221,996	1.511	30.3%
Lincoln National Corporation	7/10/2009	9/16/2010	216,620,887	181,431,183	1.194	27.1%
Fulton Financial Corporation	12/23/2008	9/8/2010	10,800,000	15,616,013	0.692	6.7%
The Bancorp, Inc./ The Bancorp Bank	12/12/2008	9/8/2010	4,753,985	9,947,683	0.478	12.8%
South Financial Group, Inc./ Carolina First Bank	12/5/2008	9/30/2010	400,000	1,164,486	0.343	(34.2)%
TIB Financial Corp/TIB Bank	12/5/2008	9/30/2010	40,000	235,757	0.170	(38.0)%
Total			**$8,148,332,166**	**$7,999,843,254**	**1.019**	**8.4%**

Figure 29: Valuation of Current Holdings of Warrants (as of November 4, 2010)

Financial Institutions with Warrants Outstanding	Warrant Valuation *(millions of dollars)* Low Estimate	High Estimate	Best Estimate
Citigroup, Inc.[354]	$71.57	$1,479.30	$206.88
SunTrust Banks, Inc.	17.34	356.98	123.78
Regions Financial Corporation	5.94	172.60	63.27
Fifth Third Bancorp	96.96	390.18	170.52
KeyCorp	20.90	158.08	64.62
AIG	419.89	2,062.45	909.42
All Other Banks	379.97	1,210.32	812.63
Total	**$1,012.57**	**$5,829.91**	**$2,351.12**

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 special purpose vehicles (SPVs) and the FDIC's Temporary Liquidity Guarantee Program (TLGP), 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 $2.5 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 2009 report, the FDIC

[354] Includes warrants issued under CPP, AGP, and TIP.

assesses a premium of up to 100 basis points on TLGP debt guarantees.[355] 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.

c. Credit Union Assistance

Apart from the assistance credit unions have received through the CDCI, the National Credit Union Administration (NCUA), the federal agency charged with regulating federal credit unions (FCUs), has also made efforts to stabilize the corporate credit union (CCU) system. Corporate credit unions provide correspondent services, as well as liquidity and investment services to retail (or consumer) credit unions.[356] Since March 2009, the NCUA has placed five CCUs into conservatorship due to their exposure to underperforming private-label MBS. The NCUA estimates that these five institutions, which have $72 billion in assets and provide services for 4,600 retail credit unions, hold more than 90 percent of the MBS in the corporate credit union system.[357]

To assist in the NCUA's stabilization efforts, the Temporary Corporate Credit Union Stabilization Fund ("Stabilization Fund") was created to help cover costs associated with CCU conservatorships and liquidations. The Stabilization Fund was established on May 20, 2009, as part of the Helping Families Save Their Homes Act of 2009, and allows the NCUA to borrow up to $6 billion from Treasury on a revolving basis.[358] The NCUA had drawn a total of $1.5 billion from the Stabilization Fund, and repaid the balance at the end of September.[359]

[355] Congressional Oversight Panel, *November Oversight Report: Guarantees and Contingent Payments in TARP and Related Programs*, at 36 (Nov. 6, 2009) (online at cop.senate.gov/documents/cop-110609-report.pdf).

[356] National Credit Union Administration, *Corporate System Resolution: Corporate Credit Unions Frequently Asked Questions (FAQs)*, at 1 (online at www.ncua.gov/Resources/CorporateCU/CSR/CSR-6.pdf).

[357] National Credit Union Administration, *Corporate System Resolution: National Credit Union Administration Virtual Town Hall*, at 14 (Sept. 27, 2010) (online at www.ncua.gov/Resources/CorporateCU/CSR/10-0927WebinarSlides.pdf); National Credit Union Administration, *Fact Sheet: Corporate Credit Union Conservatorships* (Sept. 14, 2010) (online at www.ncua.gov/Resources/CorporateCU/CSR/CSR-14.pdf).

[358] National Credit Union Administration, *Board Action Memorandum* (June 15, 2010) (online at www.ncua.gov/GenInfo/BoardandAction/DraftBoardActions/2010/Jun/Item6aBAMSFAssessmentJune2010(1%20billion)FINAL.pdf).

[359] National Credit Union Administration, *Remarks as Prepared for Delivery by Board Member Gigi Hyland at Grand Hyatt Washington* (Sept. 20, 2010) (online at www.ncua.gov/GenInfo/Members/Hyland/Speeches/10-0920HylandNAFCUCongrCaucus.pdf).

d. Mortgage Purchase Programs

On September 7, 2008, Treasury announced the GSE Mortgage Backed Securities Purchase Program. The Housing and Economic Recovery Act of 2008 provided Treasury with the authority to purchase MBS guaranteed by GSEs through December 31, 2009. Treasury purchased approximately $225 billion in GSE MBS by the time its authority expired.[360] As of October 2010, there was approximately $154.6 billion in MBS still outstanding under this program.[361]

In March 2009, the Federal Reserve authorized purchases of $1.25 trillion MBS guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae, and $200 billion of agency debt securities from Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.[362] The intended purchase amount for agency debt securities was subsequently decreased to $175 billion.[363] All purchasing activity was completed on March 31, 2010. As of November 10, the Federal Reserve held $1.05 trillion of agency MBS and $150 billion of agency debt.[364]

e. Federal Reserve Treasury Securities Purchases[365]

On November 3, 2010, the Federal Open Market Committee (FOMC) announced that it has directed FRBNY to begin purchasing an additional $600 billion in longer-term Treasury securities. In addition, FRBNY will reinvest $250 billion to $350 billion in principal payments from agency debt and agency MBS in Treasury securities.[366] The additional purchases and reinvestments will be conducted through the end of the second quarter 2011, meaning the pace of purchases will be approximately $110 billion per month. In order to facilitate these purchases,

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[360] U.S. Department of the Treasury, *FY2011 Budget in Brief*, at 138 (Feb. 2010) (online at www.treas.gov/offices/management/budget/budgetinbrief/fy2011/FY%202011%20BIB%20(2).pdf).

[361] U.S. Department of the Treasury, *MBS Purchase Program: Portfolio by Month* (online at www.financialstability.gov/docs/October%202010%20Portfolio%20by%20month.pdf) (accessed Nov. 12, 2010). Treasury has received $65.7 billion in principal repayments and $14.3 billion in interest payments from these securities. *See* U.S. Department of the Treasury, *MBS Purchase Program Principal and Interest Received* (online at www.financialstability.gov/docs/October%202010%20MBS%20Principal%20and%20Interest%20Monthly%20Breakout.pdf) (accessed Nov. 12, 2010).

[362] Federal Reserve Report on Credit and Liquidity Programs and the Balance Sheet, *supra* note 251, at 5.

[363] Federal Reserve Report on Credit and Liquidity Programs and the Balance Sheet, *supra* note 251, at 5.

[364] Federal Reserve Statistical Release H.4.1, *supra* note 251.

[365] Board of Governors of the Federal Reserve System, *Press Release – FOMC Statement* (Nov. 3, 2010) (online at www.federalreserve.gov/newsevents/press/monetary/20101103a.htm); Federal Reserve Bank of New York, *Statement Regarding Purchases of Treasury Securities* (Nov. 3, 2010) (online at www.federalreserve.gov/newsevents/press/monetary/monetary20101103a1.pdf).

[366] On August 10, 2010, the Federal Reserve began reinvesting principal payments on agency debt and agency MBS holdings in longer-term Treasury securities in order to keep the amount of their securities holdings in their System Open Market Account portfolio at their then-current level. Board of Governors of the Federal Reserve System, *FOMC Statement* (Aug. 10, 2010) (online at www.federalreserve.gov/newsevents/press/monetary/20100810a.htm).

FRBNY will temporarily lift its System Open Market Account per-issue limit, which prohibits the Federal Reserve's holdings of an individual security from surpassing 35 percent of the outstanding amount.[367] As of November 10, 2010, the Federal Reserve held $853 billion in Treasury securities.[368]

[367] Federal Reserve Bank of New York, *FAQs: Purchases of Longer-term Treasury Securities* (Nov. 3, 2010) (online at www.newyorkfed.org/markets/lttreas_faq.html).

[368] Federal Reserve Statistical Release H.4.1, *supra* note 251.

Figure 30: Federal Government Financial Stability Effort (as of October 27, 2010)[xxxiii]

Program *(billions of dollars)*	**Treasury (TARP)**	**Federal Reserve**	**FDIC**	**Total**
Total	**$475**	**$1,378.0**	**$690.9**	**$2,544.0**
Outlays[xxxiv]	232.2	1,226.8	188.9	1,648.0
Loans	23.4	151.2	0	174.6
Guarantees[xxxv]	4.3	0	502	506.3
Repaid and Unavailable TARP Funds	215.1	0	0	215.1
AIG[xxxvi]	**69.8**	**83.1**	**0**	**152.9**
Outlays	[xxxvii]69.8	[xxxviii]26.1	0	95.9
Loans	0	[xxxix]57.1	0	57.1
Guarantees	0	0	0	0
Citigroup	**11.6**	**0**	**0**	**11.6**
Outlays	[xl]11.6	0	0	11.6
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Purchase Program (Other)	**37.8**	**0**	**0**	**37.8**
Outlays	[xli]37.8	0	0	37.8
Loans	0	0	0	0
Guarantees	0	0	0	0
Capital Assistance Program	**N/A**	**0**	**0**	[xlii]**N/A**
TALF	**4.3**	**38.7**	**0**	**43.0**
Outlays	0	0	0	0
Loans	0	[xliv]38.7	0	38.7
Guarantees	[xliii]4.3	0	0	4.3
PPIP (Loans)[xlv]	**0**	**0**	**0**	**0**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	0	0
PPIP (Securities)	[xlvi]**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	[xlvii]45.6	0	0	45.6
Loans	0	0	0	0
Guarantees	0	0	0	0
Automotive Industry Financing Program	[xlviii]**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
Automotive Supplier Support Program	**0.4**	**0**	**0**	**0.4**
Outlays	0	0	0	0
Loans	[xlix]0.4	0	0	0.4
Guarantees	0	0	0	0

SBA 7(a) Securities Purchase	[l]**0.36**	**0**	**0**	**0.36**
Outlays	0.36	0	0	0.36
Loans	0	0	0	0
Guarantees	0	0	0	0
Community Development Capital Initiative	[li]**0.57**	**0**	**0**	**0.57**
Outlays	0	0	0	0
Loans	0.57	0	0	0.57
Guarantees	0	0	0	0
Temporary Liquidity Guarantee Program	**0**	**0**	**502.0**	**502.0**
Outlays	0	0	0	0
Loans	0	0	0	0
Guarantees	0	0	[lii]502.0	502.0
Deposit Insurance Fund	**0**	**0**	**188.9**	**188.9**
Outlays	0	0	[liii]188.9	188.9
Loans	0	0	0	0
Guarantees	0	0	0	0
Other Federal Reserve Credit Expansion	**0**	**1,256.1**	**0**	**1,256.1**
Outlays	0	[liv]1,200.7	0	1,200.7
Loans	0	[lv]55.4	0	55.4
Guarantees	0	0	0	0

[xxxiii] Unless otherwise noted, all data in this figure are as of October 27, 2010.

[xxxiv] 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.

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

[xxxvi] U.S. Department of the Treasury, *Treasury Update on AIG Investment Valuation* (Nov. 1, 2010) (online at financialstability.gov/latest/pr_11012010.html). AIG values exclude accrued dividends on preferred interests in the AIA and ALICO SPVs and accrued interest payable to FRBNY on the Maiden Lane LLCs.

[xxxvii] 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 November 1, 2010, AIG had utilized $47.5 billion of the available $69.8 billion under the AIGIP/SSFI. U.S. Department of the Treasury, *Treasury Update on AIG Investment Valuation* (Nov. 1, 2010) (online at www.financialstability.gov/latest/pr_11012010.html); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 13 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xxxviii] 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 October 27, 2010, the book value of the Federal Reserve Bank of New York's holdings in AIA Aurora LLC and ALICO Holdings LLC was $26.1 billion in preferred equity ($16.7 billion in AIA and $9.4 billion in ALICO). Federal Reserve Bank of New York, *Factors Affecting Reserve Balances (H.4.1)* (Oct. 28, 2010) (online at www.federalreserve.gov/releases/h41/20101028/).

[xxxix] This number represents the full $29.3 billion made available to AIG through its Revolving Credit Facility (RCF) with FRBNY ($18.9 billion had been drawn down as of October 27, 2010) and the outstanding principal of the loans extended to the Maiden Lane II and III SPVs to buy AIG assets (as of October 27, 2010, $13.5 billion and $14.3 billion, respectively). 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)* (Oct. 27, 2010) (online at www.federalreserve.gov/releases/h41/20101028/).

The maximum amount available through the RCF decreased from $34.4 billion to $29.3 billion between March and September 2010, 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. Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 18 (Oct. 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201010.pdf).

[xl] This figure represents Treasury's $25 billion investment in Citigroup, minus $13.4 billion applied as a repayment for CPP funding. The amount repaid comes from the $16.4 billion in gross proceeds Treasury received from the sale of 4.1 billion Citigroup common shares. *See* note ii, *supra* for a further 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 October 29, 2010*, at 13 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xli] This figure represents the $204.9 billion Treasury disbursed under the CPP, minus the $25 billion investment in Citigroup identified above, $139.5 billion in repayments (excluding the amount repaid for the Citigroup investment) 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 October 29, 2010*, at 13 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xlii] 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. 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).

[xliii] This figure represents the $4.3 billion adjusted allocation to the TALF SPV. However, as of October 27, 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. 30, 2010) (online at www.federalreserve.gov/releases/h41/20100930/); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 21 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.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 (non-CMBS) 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 Nov. 12, 2010); Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: CMBS* (online at www.newyorkfed.org/markets/cmbs_operations.html) (accessed Nov. 12, 2010); Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: CMBS* (online at www.newyorkfed.org/markets/CMBS_recent_operations.html) (accessed Nov. 12, 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 Nov. 12, 2010); Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: non-CMBS* (online at www.newyorkfed.org/markets/TALF_recent_operations.html) (accessed Nov. 12, 2010).

[xliv] 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*, at 4 (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 only $43 billion in TALF loans remained outstanding when the program closed, Treasury is currently responsible for reimbursing the Federal Reserve Board only 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. *See* Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (Oct. 28, 2010) (online at www.federalreserve.gov/releases/h41/20101028/).

[xlv] 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. In several sales described in FDIC press releases, it appears that there is no Treasury participation, and FDIC activity is accounted for here as a component of the FDIC's Deposit Insurance Fund outlays. *See, e.g.*, 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).

[xlvi] This figure represents Treasury's final adjusted investment amount in the Legacy Securities Public-Private Investment Program (PPIP). As of October 29, 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, UST/TCW Senior Mortgage 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 $3.3 billion obligation to TCW was reallocated among the eight remaining funds on March 22, 2010. *See* U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010,* at 23 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

On October 20, 2010, Treasury released its fourth quarterly report on PPIP. The report indicates that as of September 30, 2010, all eight investment funds have realized an internal rate of return since inception (net of any management fees or expenses owed to Treasury) above 19 percent. The highest performing fund, thus far, is AG GECC PPIF Master Fund, L.P., which has a net internal rate of return of 52 percent. U.S. Department of the Treasury, *Legacy Securities Public-Private Investment Program*, at 7 (Oct. 20, 2010) (online at financialstability.gov/docs/External%20Report%20-%2009-10%20vFinal.pdf).

[xlvii] As of October 29, 2010, the total cap for HAMP was $29.9 billion. The total amount of TARP funds committed to HAMP is $29.9 billion. However, as of October 30, 2010, only $597.2 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 October 29, 2010,* at 43 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf); U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – September 2010,* at 6 (Oct. 1, 2010) (online at financialstability.gov/docs/105CongressionalReports/September%20105(a)%20report_FINAL.pdf). Data provided by Treasury staff (Nov. 10, 2010).

[xlviii] 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 October 29, 2010,* at 18 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[xlix] 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 October 29, 2010*, at 19 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[l] U.S. Department of the Treasury, *Troubled Asset Relief Program: Two Year Retrospective*, at 43 (Oct. 2010) (online at www.financialstability.gov/docs/TARP%20Two%20Year%20Retrospective_10%2005%2010_transmittal%20letter.pdf).

[li] U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending October 29, 2010*, at 17 (Nov. 2, 2010) (online at financialstability.gov/docs/transaction-reports/11-2-10%20Transactions%20Report%20as%20of%2010-29-10.pdf).

[lii] 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. $286.8 billion of debt subject to the guarantee is currently outstanding, which represents approximately 57.1 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* (Sept. 30, 2010) (online at www.fdic.gov/regulations/resources/tlgp/total_issuance09-10.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 Temporary Liquidity Guarantee Debt Program* (Sept. 30, 2010) (online at www.fdic.gov/regulations/resources/tlgp/fees.html).

[liii] 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 and second quarters of 2010. Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board: DIF Income Statement – Second Quarter 2010* (online at www.fdic.gov/about/strategic/corporate/cfo_report_2ndqtr_10/income.html). For earlier reports, *see* Federal Deposit Insurance Corporation, *Chief Financial Officer's (CFO) Report to the Board* (online at www.fdic.gov/about/strategic/corporate/index.html) (accessed Nov. 12, 2010). 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 eight 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 on 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).

[liv] 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)* (Oct. 27, 2010) (online at www.federalreserve.gov/releases/h41/20100930/). 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, e.g.*, Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)*, at 2 (Oct. 28, 2010) (online at www.federalreserve.gov/releases/h41/20101028) (accessed Nov. 3, 2010).

[lv] 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)* (Oct. 28, 2010) (online at www.federalreserve.gov/releases/h41/20101028/) (accessed Nov. 3, 2010).