



Congressional Oversight Panel

December 14,
2010

Accounting for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight
Panel's December 2010 report, "A Review of
Treasury's Foreclosure Prevention Programs."

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 October 31, 2010; and (2) an updated accounting of the full federal resource commitment as of November 26, 2010.

1. The TARP

a. Program Updates⁴⁸¹

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.⁴⁸² Of the total amount disbursed, \$223.0 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 \$166.7 billion in TARP funds currently outstanding relates to Treasury's investments in AIG and assistance provided to the automotive industry.

CPP Repayments

As of November 26, 2010, 114 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 November, Treasury received an \$11.3 million full repayment from Central Jersey Bancorp, a \$5.83 million full repayment from Leader Bancorp, Inc. and a \$6.25 million partial repayment from Horizon

⁴⁸¹ 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 "Cumulative Dividends, Interest and Distributions Report"); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010* (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf) (hereinafter "Treasury Transactions Report").

⁴⁸² 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 § 202(b) (2009) (online at financialservices.house.gov/FinancialSvcsDemMedia/file/public%20laws/111-22.pdf). 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).

Bancorp. A total of \$152.9 billion has been repaid under the program, leaving \$49.4 billion in funds currently outstanding.

b. Income: Dividends, Interest, and Warrant Sales

In conjunction with its preferred stock investments under the CPP and the TIP, Treasury generally received warrants to purchase common equity.⁴⁸³ As of November 26, 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 totals \$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.⁴⁸⁴ For preferred shares issued under the TIP, Treasury received a dividend of 8 percent per annum.⁴⁸⁵ In total, Treasury has received approximately \$25.8 billion in net income from warrant repurchases, dividends, interest payments, and other proceeds deriving from TARP investments (after deducting losses).⁴⁸⁶ For further information on TARP profit and loss, see Figure 46.

⁴⁸³ 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 481, at 14.

⁴⁸⁴ U.S. Department of the Treasury, *Capital Purchase Program* (Oct. 3, 2010) (online at www.financialstability.gov/roadtostability/capitalpurchaseprogram.html).

⁴⁸⁵ U.S. Department of the Treasury, *Targeted Investment Program* (Oct. 3, 2010) (online at www.financialstability.gov/roadtostability/targetedinvestmentprogram.html).

⁴⁸⁶ Cumulative Dividends, Interest and Distributions Report, *supra* note 481; Treasury Transactions Report, *supra* note 481. 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 46: TARP Accounting (as of November 26, 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	(24.3)	^{vii} (3.5)	^{viii} 53.6	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} 14.9	^{xiv} (0.4)	0	14.4	7.5
SBA 7(a) Securities Purchase	0.4	^{xv} 0.4	0	0	0.4	^{xvi} 0
Home Affordable Modification Program (HAMP)	29.9	0.7	0	0	0.7	29.2
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	\$395.9	\$(223.0)	\$(6.0)	\$167.0	\$78.8

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 November 26, 2010* (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

ⁱⁱ As of October 29, 2010, Treasury had sold 4.1 billion Citigroup common shares for \$16.4 billion in gross proceeds. Amount repaid under CPP includes \$13.4 billion Treasury received as part of its sales of Citigroup common stock. The difference between these two numbers represents the \$3.0 billion in net profit Treasury has received 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.

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 issued by South Financial Group, Inc. and TIB Financial Corp and warrants. See U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 2, 13-15 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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); U.S. Department of the Treasury, *Treasury Commences Plan to Sell Citigroup Common Stock* (Apr. 26, 2010) (online at ustreas.tpaq.treasury.gov/press/releases/tg660.htm).

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, at respective losses of \$217 million and \$25 million. Therefore, Treasury's net current CPP investment is \$49.5 billion due to the \$2.6 billion in losses thus far. See U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 13-14 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

^{iv} The \$5.0 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); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 20 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

^v Although this \$5.0 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 46. See U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 20 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

^{vi} AIG has completely utilized the \$40 billion that was made available on November 25, 2008, in exchange for the company's preferred stock. See U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 21 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf). It has also drawn down \$7.5 billion of the \$29.8 billion made available on April 17, 2009. 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). 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. See U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 21 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf). AIG expects to draw down up to \$22.3 billion in unutilized 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., *AIG Announces Plan to Repay U.S. Government* (Sept. 30, 2010) (online at www.aigcorporate.com/newsroom/2010_September/AIGAnnouncesPlantoRepay30Sept2010.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. See U.S. Department of the Treasury, *Chrysler Financial Parent Company Repays \$1.9 Billion in Settlement of Original Chrysler Loan* (May 17, 2010) (online at www.financialstability.gov/latest/pr_05172010c.html); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 18-19 (Nov. 30, 2010) (online at www.financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf). 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. Although Treasury does not expect a significant recovery from the liquidation proceeds, Treasury is not yet reporting this loan as a loss in the Transaction Report. To date, Treasury has collected \$40.2 million in proceeds from the sale of collateral. 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](http://financialstability.gov/docs/105CongressionalReports/September%20105(a)%20report_FINAL.pdf)); Treasury conversations with Panel staff (Aug. 19, 2010 and Nov. 29, 2010); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 18 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 November 26, 2010*, at 18 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf). See endnote 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 November 26, 2010*, at 19 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

^x For the TALF program, \$1 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 December 1, 2010, Treasury had provided \$106 million to TALF LLC. This total is net of accrued interest payable to Treasury. Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (Dec. 2, 2010) (online at www.federalreserve.gov/releases/h41/20101202/).

^{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; Commercial Mortgage-Backed Securities 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-%202009-10%20vFinal.pdf).

^{xiii} U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – October 2010*, at 4 (Nov. 10, 2010) (online at [www.financialstability.gov/docs/October 105\(a\) Report.pdf](http://www.financialstability.gov/docs/October%20105(a)%20Report.pdf)).

^{xiv} As of November 26, 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 November 26, 2010*, at 23 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

^{xv} As of November 26, 2010, Treasury's purchases under the SBA 7(a) Securities Purchase Program totaled \$364.2 million. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 22 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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} On June 23, 2010, \$1.5 billion was allocated to mortgage assistance through the Hardest Hit Fund (HHF). Another \$600 million was approved on August 3, 2010. U.S. Department of the Treasury, *Obama Administration Approves State Plans for \$600 million of 'Hardest Hit Fund' Foreclosure Prevention Assistance* (Aug. 3, 2010) (online at www.financialstability.gov/latest/pr_08042010.html). 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 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.financialstability.gov/latest/pr_08112010.html). 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 December 1, 2010, a total of \$103.6 million has been disbursed to 12 state Housing Finance Agencies (HFAs). Data provided by Treasury (Dec. 2, 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. The \$53.3 million in the FHA Short Refinance program is broken down as follows: \$50 million for a deposit into an advance purchase account as collateral to the initial \$50 million Letter of Credit, \$2.9 million for the closing and funding of the Letter of Credit, \$115,000 in trustee fees, \$175,000 in claims processor fees, and \$156,000 for an unused commitment fee for the Letter of Credit. Data provided by Treasury (Dec. 2, 2010).

^{xx} U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 1-13, 16-17 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 47: TARP Profit and Loss (millions of dollars)

TARP Initiative ^{xxi}	Dividends ^{xxii} (as of 10/31/2010)	Interest ^{xxiii} (as of 10/31/2010)	Warrant Disposition Proceeds ^{xxiv} (as of 11/26/2010)	Other Proceeds (as of 10/31/2010)	Losses ^{xxv} (as of 11/26/2010)	Total
Total	\$16,725	\$1,061	\$8,160	\$5,852	(\$6,034)	\$25,764
CPP	9,860	49	6,905	^{xxvi} 3,015	(2,576)	17,252
TIP	3,004	–	1,256	–	–	4,260
AIFP	^{xxvii} 3,418	931	–	^{xxviii} 15	(3,458)	906
ASSP	–	15	–	^{xxix} 101	–	116
AGP	443	–	–	^{xxx} 2,246	–	2,689
PPIP	–	66	–	^{xxxi} 199	–	264
SBA 7(a)	–	1	–	–	–	1
Bank of America Guarantee	–	–	–	^{xxxii} 276	–	276

^{xxi} AIG is not listed in 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.

HAMP is not listed in this table because HAMP is a 100% subsidy program and there is no profit expected.

^{xxii} U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of October 31, 2010* (Nov. 11, 2010) (online at financialstability.gov/docs/dividends-interest-reports/October%202010%20Dividends%20&%20Interest%20Report.pdf).

^{xxiii} U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of October 31, 2010* (Nov. 11, 2010) (online at financialstability.gov/docs/dividends-interest-reports/October%202010%20Dividends%20&%20Interest%20Report.pdf).

^{xxiv} U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010* (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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. As of November 26, three TARP recipients, Pierce County Bancorp, Sonoma Valley Bancorp, and Tifton Banking Company, had entered receivership. Cumulatively, they had received \$19.3 million in TARP funding. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010* (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

^{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 endnote ii, *supra*. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 15 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 Ally 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. U.S. Department of the Treasury, *Cumulative Dividends, Interest and Distributions Report as of October 31, 2010* (Nov. 11, 2010) (online at financialstability.gov/docs/dividends-interest-reports/October%202010%20Dividends%20&%20Interest%20Report.pdf); Data provided by Treasury (May 7, 2010).

^{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 November 26, 2010*, at 18 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 November 26, 2010*, at 19 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 November 26, 2010*, at 20 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 October 31, 2010, Treasury has earned \$264.2 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 October 31, 2010*, at 14 (Nov. 11, 2010) (online at financialstability.gov/docs/dividends-interest-reports/October%202010%20Dividends%20&%20Interest%20Report.pdf); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 23 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 Payments⁴⁸⁷

As of October 31, 2010, 123 institutions have missed at least one dividend payment on preferred stock issued under CPP outstanding.⁴⁸⁸ Among these institutions, 97 are not current on cumulative dividends, amounting to \$110.8 million in missed payments. Another 26 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 \$3.8 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 22 institutions that no longer have outstanding unpaid dividends, after previously deferring their quarterly payments.⁴⁸⁹

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.⁴⁹⁰ Figure 48 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.

⁴⁸⁷ U.S. Department of the Treasury, *Cumulative Dividends, Interest, and Distributions Report as of October 31, 2010*, at 20 (Nov. 10, 2010) (online at www.financialstability.gov/docs/dividends-interest-reports/October%202010%20Dividends%20&%20Interest%20Report.pdf) (hereinafter "Cumulative Dividends, Interest, and Distributions Report as of October 31, 2010").

⁴⁸⁸ Does not include banks with missed dividend payments that have either repaid all delinquent dividends, exited TARP, gone into receivership, or filed for bankruptcy.

⁴⁸⁹ 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. Cumulative Dividends, Interest, and Distributions Report as of October 31, 2010, *supra* note 487, at 20.

⁴⁹⁰ 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/PPP/PPP%20Directors%20FAQs.pdf) (accessed Dec. 10, 2010).

Figure 48: CPP Missed Dividend Payments (as of October 31, 2010)⁴⁹¹

Number of Missed Payments	1	2	3	4	5	6	7	Total
Cumulative Dividends								
Number of Banks, by asset size	30	20	18	16	10	3	0	97
Under \$1B	22	17	14	11	7	1	0	72
\$1B-\$10B	6	3	3	5	3	2	0	22
Over \$10B	2	0	1	0	0	0	0	3
Non-Cumulative Dividends								
Number of Banks, by asset size	2	5	7	3	5	3	1	26
Under \$1B	1	5	6	3	5	3	1	24
\$1B-\$10B	1	0	1	0	0	0	0	2
Over \$10B	0	0	0	0	0	0	0	0
Total Missed Payments								123

e. CPP Losses

As of November 26, 2010, Treasury has realized a total of \$2.6 billion in losses from investments in four CPP participants. CIT Group Inc. and Pacific Coast National Bancorp have both completed bankruptcy proceedings, and the preferred stock and warrants issued by the South Financial Group and TIB Financial Corp. were sold to third-party institutions at a discount. Excluded from Treasury's total losses are investments in institutions that have pending receivership or bankruptcy proceedings, as well as an institution that is currently the target of an acquisition.⁴⁹² Settlement of these transactions and proceedings would increase total losses in the CPP to \$3.0 billion. Figure 49 below details settled and unsettled investment losses from CPP participants that have declared bankruptcy, been placed into receivership, or renegotiated the terms of their CPP contracts.

⁴⁹¹ Cumulative Dividends, Interest, and Distributions Report as of October 31, 2010, *supra* note 487, at 17-20. Data on total bank assets compiled using SNL Financial data service (accessed Nov. 3, 2010).

⁴⁹² Treasury Transactions Report, *supra* note 481, at 13.

Figure 49: CPP Settled and Unsettled Losses⁴⁹³

Institution	Investment Amount	Investment Disposition Amount	Warrant Disposition Amount	Dividends & Interest	Possible Losses/ Reduced Exposure	Action
Cadence Financial Corporation	\$44,000,000	\$38,000,000	–	\$2,970,000	\$(6,000,000)	10/29/2010: Treasury agreed to sell preferred stock and warrants issued by Cadence Financial to Community Bancorp LLC for \$38 million plus accrued and unpaid dividends. Completion of the sale subject to fulfillment of certain closing conditions.
Capital Bank Corporation ⁴⁹⁴	41,279,000	–	–	3,457,117	(20,639,500)	11/9/2010: Capital Bank Corp. is seeking to enter an agreement with Treasury pursuant to which the company will repurchase outstanding TARP preferred shares at 50 percent of liquidation value, plus accrued unpaid dividends. The company will use cash proceeds from its acquisition by North American Financial Holdings Inc. As of Nov. 30, 2010, no agreement has been reached between Capital Bank Corp. and Treasury.
CIT Group Inc.*	2,330,000,000	–	–	43,687,500	(2,330,000,000)	12/10/2009: Bankruptcy reorganization plan for CIT Group Inc. became effective. CPP preferred shares and warrants were extinguished and replaced with contingent value rights (CVR). On Feb. 8, 2010, the CVRs expired without value.

⁴⁹³ Treasury Transactions Report, *supra* note 481, at 14. The asterisk (“*”) denotes recognized losses on Treasury’s Transactions Report.

⁴⁹⁴ Capital Bank Corporation, *Schedule 14A*, at 5 (Nov. 19, 2010) (online at www.sec.gov/Archives/edgar/data/1071992/000095012310107474/g25191ddef14a.htm).

Midwest Banc Holdings, Inc.	89,388,000	—	—	824,289	(89,388,000)	5/14/2010: Midwest Banc Holdings, Inc. subsidiary, Midwest Bank and Trust, Co., placed into receivership. Midwest Banc Holdings is currently in bankruptcy proceedings.
Pacific Coast National Bancorp*	4,120,000	—	—	18,088	(4,120,000)	2/11/2010: Pacific Coast National Bancorp dismissed its bankruptcy proceedings without recovery to creditors or investors. Investments, including Treasury's CPP investments, were extinguished.
Pierce County Bancorp	6,800,000	—	—	207,948	(6,800,000)	11/5/2010: Pierce County Bancorp subsidiary, Pierce Commercial Bank, placed into receivership.
Sonoma Valley Bancorp	8,653,000	—	—	347,164	(8,653,000)	8/20/2010: Sonoma Valley Bancorp subsidiary, Sonoma Valley Bank, placed into receivership.
South Financial Group*	347,000,000	130,179,219	\$400,000	16,386,111	(216,820,781)	9/30/2010: Preferred stock and warrants sold to Toronto-Dominion Bank.
The Bank of Currituck	4,021,000	1,752,850	—	169,834	(2,268,150)	11/5/2010: Treasury agreed to sell all preferred stock (including preferred stock received upon exercise of warrants) to the Bank of Currituck.
TIB Financial Corp.*	37,000,000	12,119,637	40,000	1,284,722	(24,880,363)	9/30/2010: Preferred stock and warrants sold to North American Financial Holdings.
Tifton Banking Company	3,800,000	—	—	223,208	(3,800,000)	11/12/2010: Tifton Banking Company placed into receivership.
UCBH Holdings, Inc.	298,737,000	—	—	7,509,920	(298,737,000)	11/6/2009: United Commercial Bank, a wholly-owned subsidiary of UCBH Holdings, Inc., was placed into receivership. UCBH Holdings is currently in bankruptcy proceedings.
Total	\$3,214,798,000	\$182,051,706	440,000	77,085,901	\$(3,012,106,794)	

f. Rate of Return

As of December 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) remained at 8.4 percent, as no institutions exited the program in November.⁴⁹⁵ The internal rate of return is the annualized effective compounded return rate that can be earned on invested capital.

⁴⁹⁵ 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 that 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* note 481.

g. Warrant Disposition

Figure 50: Warrant Repurchases/Auctions for Financial Institutions who have fully Repaid CPP Funds (as of December 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%
CIT Group Inc.	12/31/2008	–	–	–	–	(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 ⁴⁹⁶ 1/9/2009 ⁴⁹⁷ 1/14/2009 ⁴⁹⁸	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%

⁴⁹⁶ Investment date for Bank of America in CPP.

⁴⁹⁷ Investment date for Merrill Lynch in CPP.

⁴⁹⁸ Investment date for Bank of America in TIP.

Texas Capital Bancshares, Inc.	1/16/2009	3/11/2010	6,709,061	8,316,604	0.807	30.1%
Umpqua Holdings Corp.	11/14/2008	3/31/2010	4,500,000	5,162,400	0.872	6.6%
City National Corporation	11/21/2008	4/7/2010	18,500,000	24,376,448	0.759	8.5%
First Litchfield Financial Corporation	12/12/2008	4/7/2010	1,488,046	1,863,158	0.799	15.9%
PNC Financial Services Group Inc.	12/31/2008	4/29/2010	324,195,686	346,800,388	0.935	8.7%
Comerica Inc.	11/14/2008	5/4/2010	183,673,472	276,426,071	0.664	10.8%
Valley National Bancorp	11/14/2008	5/18/2010	5,571,592	5,955,884	0.935	8.3%
Wells Fargo Bank	10/28/2008	5/20/2010	849,014,998	1,064,247,725	0.798	7.8%
First Financial Bancorp	12/23/2008	6/2/2010	3,116,284	3,051,431	1.021	8.2%
Sterling Bancshares, Inc./ Sterling Bank	12/12/2008	6/9/2010	3,007,891	5,287,665	0.569	10.8%
SVB Financial Group	12/12/2008	6/16/2010	6,820,000	7,884,633	0.865	7.7%
Discover Financial Services	3/13/2009	7/7/2010	172,000,000	166,182,652	1.035	17.1%
Bar Harbor Bancshares	1/16/2009	7/28/2010	250,000	518,511	0.482	6.2%
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	\$7,999,280,713	1.019	8.4%

Figure 51: Valuation of Current Holdings of Warrants (as of December 2, 2010)

Financial Institutions with Warrants Outstanding	Warrant Valuation (millions of dollars)		
	Low Estimate	High Estimate	Best Estimate
Citigroup, Inc. ⁴⁹⁹	\$74.68	\$1,383.79	\$229.25
SunTrust Banks, Inc.	13.52	322.84	103.76
Regions Financial Corporation	4.61	157.75	87.58
Fifth Third Bancorp	92.59	373.07	177.87
KeyCorp	20.60	152.96	68.87
AIG	401.00	1,977.51	744.11
All Other Banks	555.16	1,868.68	1,102.97
Total	\$1,162.16	\$6,236.60	\$2,514.41

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. 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 such 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

⁴⁹⁹ Includes warrants issued under CPP, AGP, and TIP.

the taxpayer against such risk. As discussed in the Panel’s November 2009 report, the FDIC assesses a premium of up to 100 basis points on TLGP debt guarantees.⁵⁰⁰ 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. 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.⁵⁰¹ As of November 2010, there was approximately \$149.7 billion in MBS still outstanding under this program.⁵⁰²

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.⁵⁰³ The intended purchase amount for agency debt securities was subsequently decreased to \$175 billion.⁵⁰⁴ All purchasing activity was completed on March 31, 2010. As of December 1, 2010, the Federal Reserve held \$1.02 trillion of agency MBS and \$148 billion of agency debt.⁵⁰⁵

⁵⁰⁰ 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).

⁵⁰¹ U.S. Department of the Treasury, *FY2011 Budget in Brief*, at 138 (Feb. 2010) (online at [www.treasury.gov/about/budget-performance/budget-in-brief/Documents/FY%202011%20BIB%20\(2\).pdf](http://www.treasury.gov/about/budget-performance/budget-in-brief/Documents/FY%202011%20BIB%20(2).pdf)).

⁵⁰² U.S. Department of the Treasury, *MBS Purchase Program: Portfolio by Month* (online at www.financialstability.gov/docs/November%202010%20Portfolio%20by%20month.pdf) (accessed Dec. 3, 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/November%202010%20MBS%20Principal%20and%20Interest%20Monthly%20Breakout.pdf) (accessed Dec. 3, 2010).

⁵⁰³ Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 5 (Nov. 2010) (online at federalreserve.gov/monetarypolicy/files/monthlyclbsreport201011.pdf).

⁵⁰⁴ *Id.* at 5.

⁵⁰⁵ Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)* (Dec. 2, 2010) (online at www.federalreserve.gov/releases/h41/20101202/) (hereinafter “Factors Affecting Reserve Balances (H.4.1)”).

d. Federal Reserve Treasury Securities Purchases⁵⁰⁶

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 \$300 billion in principal payments from agency debt and agency MBS in Treasury securities.⁵⁰⁷ The additional purchases and reinvestments will be conducted through the end of the second quarter of 2011, meaning the pace of purchases will be approximately \$110 billion per month. In order to facilitate these purchases, 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.⁵⁰⁸ As of December 1, 2010, the Federal Reserve held \$917 billion in Treasury securities.⁵⁰⁹

⁵⁰⁶ 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).

⁵⁰⁷ 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).

⁵⁰⁸ 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).

⁵⁰⁹ Factors Affecting Reserve Balances (H.4.1), *supra* note 505.

Figure 52: Federal Government Financial Stability Effort (as of December 1, 2010)^{xxxiii}

Program <i>(billions of dollars)</i>	Treasury (TARP)	Federal Reserve	FDIC	Total
Total	\$475	\$1,345.3	\$690.9	\$2,511.2
<i>Outlays</i> ^{xxxiv}	218.7	1,196.9	188.9	1,604.6
<i>Loans</i>	23.4	148.4	0	171.8
<i>Guarantees</i> ^{xxxv}	4.3	0	502	506.3
<i>Repaid and Unavailable TARP Funds</i>	228.6	0	0	228.6
AIG ^{xxxvi}	69.8	82.6	0	152.4
<i>Outlays</i>	^{xxxvii} 69.8	^{xxxviii} 26.1	0	95.9
<i>Loans</i>	0	^{xxxix} 56.5	0	56.5
<i>Guarantees</i>	0	0	0	0
Citigroup	11.6	0	0	11.6
<i>Outlays</i>	^{xl} 11.6	0	0	11.6
<i>Loans</i>	0	0	0	0
<i>Guarantees</i>	0	0	0	0
Capital Purchase Program (Other)	37.8	0	0	37.8
<i>Outlays</i>	^{xli} 37.8	0	0	37.8
<i>Loans</i>	0	0	0	0
<i>Guarantees</i>	0	0	0	0
Capital Assistance Program	N/A	0	0	^{xlii} N/A
TALF	4.3	38.7	0	43.0
<i>Outlays</i>	0	0	0	0
<i>Loans</i>	0	^{xliv} 38.7	0	38.7
<i>Guarantees</i>	^{xliii} 4.3	0	0	4.3
PPIP (Loans) ^{xlv}	0	0	0	0
<i>Outlays</i>	0	0	0	0
<i>Loans</i>	0	0	0	0
<i>Guarantees</i>	0	0	0	0
PPIP (Securities)	^{xlvi} 22.4	0	0	22.4
<i>Outlays</i>	7.5	0	0	7.5
<i>Loans</i>	14.9	0	0	14.9
<i>Guarantees</i>	0	0	0	0
Making Home Affordable Program/ Foreclosure Mitigation	45.6	0	0	45.6
<i>Outlays</i>	^{xlvii} 45.6	0	0	45.6
<i>Loans</i>	0	0	0	0
<i>Guarantees</i>	0	0	0	0
Automotive Industry Financing Program	^{xlviii} 53.6	0	0	53.6
<i>Outlays</i>	45.5	0	0	45.5
<i>Loans</i>	8.1	0	0	8.1
<i>Guarantees</i>	0	0	0	0
Automotive Supplier Support Program	0.4	0	0	0.4
<i>Outlays</i>	0	0	0	0
<i>Loans</i>	^{xlix} 0.4	0	0	0.4
<i>Guarantees</i>	0	0	0	0

SBA 7(a) Securities Purchase	ⁱ0.36	0	0	0.36
<i>Outlays</i>	0.36	0	0	0.36
<i>Loans</i>	0	0	0	0
<i>Guarantees</i>	0	0	0	0
Community Development Capital Initiative	ⁱⁱ0.57	0	0	0.57
<i>Outlays</i>	0	0	0	0
<i>Loans</i>	0.57	0	0	0.57
<i>Guarantees</i>	0	0	0	0
Temporary Liquidity Guarantee Program	0	0	502.0	502.0
<i>Outlays</i>	0	0	0	0
<i>Loans</i>	0	0	0	0
<i>Guarantees</i>	0	0	^{lii} 502.0	502.0
Deposit Insurance Fund	0	0	188.9	188.9
<i>Outlays</i>	0	0	^{liii} 188.9	188.9
<i>Loans</i>	0	0	0	0
<i>Guarantees</i>	0	0	0	0
Other Federal Reserve Credit Expansion	0	1,224.0	0	1,224.0
<i>Outlays</i>	0	^{liv} 1,170.8	0	1,170.8
<i>Loans</i>	0	^{lv} 53.2	0	53.2
<i>Guarantees</i>	0	0	0	0

^{xxxiii} Unless otherwise noted, all data in this figure are as of November 26, 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 November 26, 2010*, at 13 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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. Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 18 (Nov. 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201011.pdf). 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 December 1, 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)* (Dec. 2, 2010) (online at www.federalreserve.gov/releases/h41/20101202/).

^{xxxix} This number represents the full \$29.2 billion made available to AIG through its Revolving Credit Facility (RCF) with FRBNY (\$21.3 billion had been drawn down as of December 1, 2010) and the outstanding principal of the loans extended to the Maiden Lane II and III SPVs to buy AIG assets (as of December 1, 2010, \$13.3 billion and \$13.9 billion, respectively). Federal Reserve Bank of New York, *Factors Affecting Reserve Balances (H.4.1)* (Dec. 2, 2010) (online at www.federalreserve.gov/releases/h41/20101202/); Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet* (Nov. 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201011.pdf). 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. Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 15 (Nov. 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201011.pdf).

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 several subsidiaries. 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 balance on the AIG Revolving Credit Facility increased \$0.3 billion between September 29 and October 27, 2010, primarily due to recapitalized interest and fees as principal repayments. Board of Governors of the Federal Reserve System, *Federal Reserve System Monthly Report on Credit and Liquidity Programs and the Balance Sheet*, at 17, 19-20 (Nov. 2010) (online at www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201011.pdf).

^{xi} 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 endnote ii, *supra*, for 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 November 26, 2010*, at 1, 13 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 November 26, 2010*, at 13 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

^{xlii} On November 9, 2009, Treasury announced the closing of the CAP and that only one institution, GMAC (now Ally Financial), 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)* (Oct. 28, 2010) (online at

www.federalreserve.gov/releases/h41/20101028/); U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 21 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf). On June 30, 2010, the Federal Reserve ceased issuing loans collateralized by newly issued CMBS. As of this date, investors had requested a total of \$73.3 billion in TALF loans (\$13.2 billion in CMBS and \$60.1 billion in non-CMBS) and \$71 billion in TALF loans had been settled (\$12 billion in CMBS and \$59 billion in non-CMBS). Earlier, it ended its issues of loans collateralized by other TALF-eligible newly issued and legacy ABS (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 Dec. 10, 2010); Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: CMBS* (online at www.newyorkfed.org/markets/cmbs_operations.html) (accessed Dec. 10, 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 Dec. 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 Dec. 10, 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 Dec. 10, 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 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, *Federal Reserve Announces Agreement with Treasury Regarding 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); 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} No TARP resources were expended under the PPIP Legacy Loans Program, a TARP program that was announced in March 2009 but never launched. Since no TARP funds were allocated for the program by the time the TARP expired in October 2010, this or a similar program cannot be implemented unless another source of funding is available.

^{xlvi} This figure represents Treasury's final adjusted investment amount in the Legacy Securities Public-Private Investment Program (PPIP). As of November 26, 2010, Treasury reported commitments of \$14.9 billion in loans and \$7.5 billion in membership interest associated with PPIP. See U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 23 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf). 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." U.S. Department of the Treasury, *Winding Up and Liquidation Agreement Between the United States Department of the Treasury and UST/TCW Senior Mortgage Securities Fund, L.P.* (Jan. 4, 2010) (online at [financialstability.gov/docs/TCW%20Winding%20Up%20Agmt%20\(Execution%20Copy\)%20Redacted.pdf](http://financialstability.gov/docs/TCW%20Winding%20Up%20Agmt%20(Execution%20Copy)%20Redacted.pdf)). 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 November 26, 2010*, at 23 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 November 26, 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 December 2, 2010, only \$728.9 million in non-GSE payments have been disbursed under HAMP. U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 45 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf); U.S. Department of the Treasury, *Troubled Assets Relief Program Monthly 105(a) Report – October 2010*, at 4 (Nov. 10, 2010) (online at [financialstability.gov/docs/October%20105\(a\)%20Report.pdf](http://financialstability.gov/docs/October%20105(a)%20Report.pdf)); Data provided by Treasury (Dec. 3, 2010).

^{xlviii} A substantial portion of the total \$81.3 billion in debt instruments 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 (\$53.6 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 November 26, 2010*, at 18 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.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 November 26, 2010*, at 19 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

ⁱ 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).

ⁱⁱ U.S. Department of the Treasury, *Troubled Asset Relief Program Transactions Report for the Period Ending November 26, 2010*, at 17 (Nov. 30, 2010) (online at financialstability.gov/docs/transaction-reports/11-30-10%20Transactions%20Report%20as%20of%2011-26-10.pdf).

ⁱⁱⁱ 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 Related to the Temporary Liquidity Guarantee Program: Debt Issuance Under Guarantee Program* (Oct. 31, 2010) (online at www.fdic.gov/regulations/resources/tlgp/total_issuance10-10.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* (Oct. 31, 2010) (online at www.fdic.gov/regulations/resources/tlgp/fees.html).

ⁱⁱⁱⁱ 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* (Sept. 23, 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* (Sept. 23, 2010) (online at www.fdic.gov/about/strategic/corporate/index.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 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)* (Dec. 2, 2010) (online at www.federalreserve.gov/releases/h41/20101202/) (accessed Dec. 3, 2010). Although the Federal Reserve does not employ the outlays, loans, and guarantees classification, its accounting clearly separates its mortgage-related purchasing programs from its liquidity programs. See, e.g., Board of Governors of the Federal Reserve System, *Factors Affecting Reserve Balances (H.4.1)*, at 2 (Dec. 2, 2010) (online at www.federalreserve.gov/releases/h41/20101202) (accessed Dec. 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)* (Dec. 2, 2010) (online at www.federalreserve.gov/releases/h41/20101202/) (accessed Dec. 3, 2010). For further information, please see the data that the Federal Reserve recently disclosed on these programs pursuant to its obligations under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Board of Governors of the Federal Reserve System, *Credit and Liquidity Programs and the Balance Sheet: Overview* (May 11, 2010) (online at www.federalreserve.gov/monetarypolicy/bst.htm); Board of Governors of the Federal Reserve System, *Credit and Liquidity Programs and the Balance Sheet: Reports and Disclosures* (Aug. 24, 2010) (online at www.federalreserve.gov/monetarypolicy/bst_reports.htm); Board of Governors of the Federal Reserve System, *Usage of Federal Reserve Credit and Liquidity Facilities* (Dec. 3, 2010) (online at www.federalreserve.gov/newsevents/reform_transaction.htm).