

TARP Fact Sheet

➤ ***The TARP program went well beyond financial firms***

TARP was originally designed to help financial institutions by buying toxic assets. The program quickly evolved to provide *investments* in healthy banks and was later extended to cover losses of the auto companies and AIG. ***Thus, it is critical to separate out the bank from non-bank TARP programs.***

➤ ***Treasury: Every Bank TARP Program will be profitable***

“[E]very one of its programs aimed at stabilizing the banking system...will earn a profit thanks to dividends, interest, early repayments, and the sale of warrants.” – U.S. Treasury press release, Dec. 9, 2009. According to the Treasury, these bank programs: “that were initially projected to cost \$76 billion are now projected to bring a profit of \$19 billion.” Treasury also said that: “profits could be considerably higher as Treasury sells additional warrants in weeks ahead.” ***Taxpayers have already earned a significant return – averaging 14 percent – on the Bank TARP investments that have been repaid to Treasury.***

➤ ***Treasury has earned \$15 billion and Treasury expects profits of at least \$19 billion***

To date, over \$247 billion has been invested in over 700 banks of all sizes, earning Treasury \$10.9 billion in interest and dividends on this investment. Moreover, 38 banks have fully exited the CPP program, with the Treasury receiving an additional \$4 billion from warrant repurchases and auctions.

➤ ***\$162 billion of the \$247 billion has been repaid on Bank TARP investment programs***

When dividends, interest, and warrants sold are added to repayments, the total repayment so far totals \$181 billion. Returns from the Non-Bank TARP program have been only \$4 billion, and ***losses on TARP are expected from the Non-Bank TARP group, not banks.***

➤ ***Risk of loss remains, but is very small relative to the expected returns.***

There are 61 banks, roughly nine percent of participants, which have missed at least one dividend payment since the programs’ inception. Seventeen of the 61 are from California, a state that is enduring greater economic stress than other areas. Banking subsidiaries of one participants has failed and another is in bankruptcy. The exposure is \$302 million. CIT, which is not a bank, has failed and held \$2.33 billion in TARP capital.

