

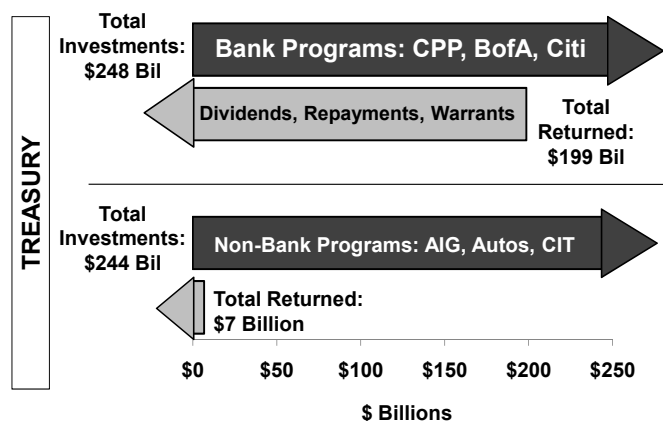
Taxpayers Will Make a Profit on Every Bank-TARP Program

“Treasury now expects to *make* – not lose – money on the \$245 billion of investments in banks made through TARP programs,” said Herb Allison, Assistant Secretary for Financial Stability, before Congress just last week. He continued: “This is in sharp contrast to the original 2010 President's Budget estimate that Treasury's investments in the banks would cost taxpayers \$79 billion. In fact, Treasury is being repaid at a very substantial rate.”¹ As the chart shows, the real costs have come from non-bank firms.

As the economic recession took hold, the use of TARP funds expanded well *beyond* providing capital to the banking industry. *It became a ready source of funds for dealing with the bankruptcies of non-banks, including General Motors, Chrysler, and AIG.* And yet, while the program was expanded to non-bank firms – and is where the losses are concentrated – the EESA requirement that losses be recouped from the financial industry remained.

Had the TARP been limited to the banking industry, there would be no losses on that program. In fact, President Obama said in a speech at the Brookings Institute last December said that “...assistance to banks, once thought to cost the taxpayers untold billions is on track to actually reap billions in profit for the taxpaying public.”² According to Herb Allison Jr., Assistant Secretary for Financial Stability, as of April 16, 2010, “TARP has received \$19 billion in dividends and warrant proceeds from banks.”³ Moreover, according to SNL Financial, the bank-TARP programs have earned an estimated 8.5 percent profit for taxpayers – a very good return by any measure.⁴

TARP Funding & Repayments



Source: US Treasury, SIGTARP.
Investment data through 4/8/2010 report. Dividends through 3/17/2010 report.

¹ Op. cit.

² Speech at the Brookings Institute, December 8, 2009, <http://www.whitehouse.gov/the-press-office/remarks-president-job-creation-and-economic-growth>

³ Testimony of Herbert M. Allison Jr., Assistant Secretary for Financial Stability, before the U.S. House of Representatives Committee on Appropriations Subcommittee on Financial Services and General Government. <http://www.treas.gov/press/releases/tg653.htm>

⁴ SNL Financial. “Treasury Reaps 8.5% from TARP.” April 1, 2010.