TREASURY DEPARTMENT MONTHLY LENDING AND INTERMEDIATION SNAPSHOT

Summary Analysis for April 2009

Summary Analysis

Economic Environment

The economy continued to weaken in April and May, although there were increasing signs that the pace of decline was easing and some sectors were stabilizing. Job losses in April and May averaged about 425,000, after averaging nearly 700,000 in the first quarter. Single-family housing starts and home sales have stabilized since January. Consumer optimism moved decidedly higher in April and May, and, according to the University of Michigan survey, rose to the highest level since September 2008, before the financial crisis intensified. Financial pressures eased further in April and May, short-term credit spreads have retreated and securitization continued to improve. Despite these signs of improvement, other indicators pointed to further worsening; home foreclosures and delinquencies set another record in the first quarter, with more than 9 percent of all mortgages at least 30 days delinquent.

April Survey Results

Overall outstanding loan balances fell 1 percent from March to April at the top 21 participants in the Capital Purchase Program (CPP), as many institutions indicated that borrowers paid down outstanding debt. Across nearly all categories, total originations of new loans decelerated. The 21 surveyed institutions reported a decrease in total new lending of 7 percent from March to April (about $22 billion). Total lending fell in all but two loan categories. The drivers of declines in originations varied by loan category. The major factors cited by lenders that contributed to the decreased volume in originations were seasonality and decreased levels of demand by borrowers.

Consumer originations, while lower than last month, were still at elevated levels (roughly $145 billion in April). Many respondents reported high mortgage application volume in April and strong pipelines, which were driven by attractive rates. Home equity lines of credit saw a decrease in total originations. Many homeowners are electing to refinance their first lien mortgages and not to take on any additional debt via home equity lines of credit. Declining home values also contributed to lower home equity demand. Households are facing growing pressures from a weakening labor market and further declines in their wealth. In this context, outstanding credit card balances held by major banks continued to fall, down 1 percent in April. In addition, total used and unused commitments for both credit cards and home equity lines of credit were flat in April, in contrast to the decline they had experienced for all previous months of this survey. Other consumer lending, primarily comprised of student and auto loans, was the only consumer category that experienced an increase in total originations.

Renewals of existing commercial and industrial (C&I) accounts was the only commercial lending category that experienced an increase in total originations. Banks again reported that demand in both the commercial real estate (CRE) market and commercial and industrial (C&I)

market is well below normal levels. As firms continue to downsize, cut costs, and reduce inventories, banks predict that lower demand will persist through the second quarter of 2009.

- Total originations (by all respondents) decreased by 7 percent from March to April. In some categories, seasonal patterns contributed to decreases in originations, while in other categories decreased appetite to take on additional debt was a contributing factor. Across all institutions, the median change in total originations was a decrease of 8 percent. Of the 21 respondents, six experienced increases in total originations from March to April, and 15 experienced decreases in total originations.

  Total average outstanding balances also decreased from March to April. The total average outstanding balances (of all respondents) decreased by 1 percent from March to April. The median change in total average outstanding balances was a decrease of 1 percent. Of the 21 respondents, two reported increases in total outstanding balances from March to April (the largest increase was 3 percent), while 19 respondents experienced decreases in total outstanding balances (the largest decrease was 6 percent).

- In general, mortgage lending decreased March to April, though the levels are still high and the decreases are coming off of elevated numbers in February and March. Total originations increased at five banks and decreased at 13 banks. The median change in total originations was a decrease of 7 percent. First mortgage originations fell from March to April, but many respondents indicated that demand remained at elevated levels. All respondents indicated that low interest rates were sustaining high levels in mortgage refinancing and new home purchases. The median percentage change in mortgage refinancing was a decrease of 8 percent between March and April. For new home purchases, the median percentage change from March to April was a decrease of 5 percent, although eight banks reported increases in new home purchases and 10 reported decreases in new home purchases.[1]

- Home equity lines of credit (HELOCs) decreased in volume, as respondents indicated that customers elected to refinance first lien mortgages instead of taking on additional debt via home equity loans. The median change in HELOC originations was a decrease of 8 percent from March to April. A number of respondents reported that they experienced run-offs in HELOCs during April, which contributed to decreases in outstanding HELOC balances. Depreciating home values and overall economic conditions also contributed to lower levels of HELOC lending in April.

- Credit card lending balances were flat in April compared to March, as many customers focus on paying down debt. The economic slowdown, generally lower levels of consumer spending, and a higher savings rate contributed to decreases in outstanding credit card lending balances. The median change in new account originations was a decrease of 5 percent.

[1] Of the 21 respondents, only 18 are active in the residential mortgage business.

- Loan originations for other consumer lending products, including auto, student, and other consumer loans, decreased from March to April. The median percentage change in consumer loan originations was a decrease of 8 percent.

- Commercial and Industrial (C&I) balances continued to weaken: the median change in average outstanding C&I balances was a decrease of 2 percent. Economic uncertainty has caused borrowers to downsize, cut costs, reduce inventories, and delay capital expenditures. Lower overall merger and acquisition activity further contributed to the decreased demand for C&I credit. Nearly all respondents indicated that, throughout the recession, demand in C&I lending has remained well below pre-recession levels. Companies continued to focus on preserving liquidity, strengthening their balance sheets, and paying down existing debt rather than taking on new debt. Despite these conditions, some respondents indicated that the middle market sector showed signs of improvement in April.

  The median change in renewal of existing C&I loans, however, was an increase of 5 percent, and was the only loan category with a positive median change. The increases in renewals can be attributed to seasonal factors, as many business clients submit annual audit results in April. However the median change in new commitments was a decrease of 20 percent, with five banks reporting increases in new commitments and 15 banks reporting decreases. These decreases in new commitments can be attributed to an increased reliance by C&I customers on capital markets financing in place of traditional bank loans after a slight rally in the markets in April.

- In commercial real estate (CRE), new loan demand remains low due to the lack of new construction activity. Real estate developers are reluctant to begin new projects or purchase existing projects under current poor economic conditions, which include a rising supply of office space, as firms downsize and vacancies rise. Finally, nearly all respondents indicated that they are actively reducing their exposure to CRE loans, as banks expect CRE loan delinquencies to increase over the coming year.

  Both renewals of existing accounts and new commitments in CRE decreased from March to April. The median change in renewals of existing accounts was a decrease of 20 percent, and the median change in new commitments was a decrease of 10 percent.

- The April survey collected new memoranda information on small business lending.[2] Respondents reported that in April 2009, outstanding balances for small business loans totaled roughly $267 billion, while small business loan originations totaled roughly $8 billion.

- The chart on page 6 ("Growth in Loan Originations, April 2009 vs. March 2009") illustrates the range of changes in lending activity among the 21 institutions. The bar on

[2] Respondents were only required to submit small business lending information beginning with April 2009. Small business loans are already accounted for in either consumer lending, commercial lending, or a combination of both, but will be reported separately going forward.

the far right, for example, indicates that the median volume of loan originations of all types fell by 8 percent in from March to April, originations of all types fell by 13 percent for the institution at the 25th percentile, and originations of all types were flat for the institution at the 75th percentile. There was considerable variability in lending activity across banks, especially within C&I renewals and CRE commitments.

Loan Originations, April 2009

($ Millions)

Name	First Mortgage	HELOC (Lines and Increases)	US Card (Managed): Initial Line Amount	Other Consumer Lending	C & I: Renewal of Existing Accounts	C & I: New Commitments	CRE: Renewal of Existing Accounts	CRE: New Commitments	Small Business[1]	Total Originations[2]	*Change in Total Originations*[3]
American Express	N/A	N/A	$629	N/A	N/A	N/A	N/A	N/A	N/A	$629	*-52%*
Bank of America	$32,702	$1,347	$1,394	$2,155	$18,523	$8,796	$2,030	$1,183	$1,170	$68,131	*3%*
BB&T	$2,784	$70	$200	$354	$463	$1,460	$1,059	$247	$1,191	$6,637	*-8%*
Bank of New York Mellon	$64	$17	N/A	$9	$93	$41	$30	$61	N/A	$315	*-13%*
Capital One	$152	$26	$488	$522	$352	$366	$80	$79	$122	$2,064	*-12%*
CIT	N/A	N/A	N/A	$0	$2,705	$629	$0	$0	$11	$3,334	*-13%*
Citigroup	$8,882	$190	$6,536	$1,009	$532	$2,326	$116	$12	$103	$19,603	*3%*
Comerica	$33	$18	$19	$39	$1,997	$307	$360	$79	$269	$2,852	*13%*
Fifth Third	$2,255	$130	$211	$307	$1,953	$573	$617	$155	$445	$6,201	*-12%*
Goldman Sachs	$40	$0	$0	$28	$608	$288	$0	$0	$0	$964	*-73%*
JPMorgan Chase	$13,139	$214	$3,592	$2,670	$18,112	$11,591	$568	$432	$696	$50,317	*-23%*
KeyCorp	$157	$137	$0	$21	$1,009	$829	$587	$66	$41	$2,806	*12%*
Marshall & Ilsley	$416	$68	$7	$89	$261	$142	$181	$62	$28	$1,224	*38%*
Morgan Stanley	$25	$0	N/A	$464	$250	$766	$0	$0	$3	$1,505	*-63%*
Northern Trust	$82	$102	N/A	$86	$573	$509	$37	$56	$23	$1,446	*-12%*
PNC	$2,222	$503	$140	$213	$3,022	$1,906	$458	$179	$372	$8,643	*-12%*
Regions	$925	$117	N/A	$82	$1,712	$699	$1,541	$392	$620	$5,468	*-6%*
State Street	N/A	N/A	N/A	N/A	$1,205	$170	$32	$0	N/A	$1,407	*-3%*
SunTrust	$5,002	$143	$11	$312	$1,557	$1,017	$332	$202	$68	$8,576	*-3%*
U.S. Bancorp	$5,335	$560	$900	$838	$4,488	$1,981	$1,259	$444	$497	$15,805	*-3%*
Wells Fargo	$40,009	$666	$1,126	$1,859	$10,116	$7,678	$2,284	$1,380	$1,923	$65,118	*0%*
Total (All Institutions)	$114,224	$4,308	$15,253	$11,056	$69,531	$42,072	$11,571	$5,029	$0	$273,045	*-7%*
Change in Total (All Institutions)[3]	*-3%*	*-9%*	*-7%*	*2%*	*6%*	*-29%*	*-20%*	*-23%*	*n/a*	*-7%*	

[1] *These loans are already accounted for in either consumer lending, commercial lending, or a combination of both.*

[2] *Total Originations does not include Small Business Originations.*

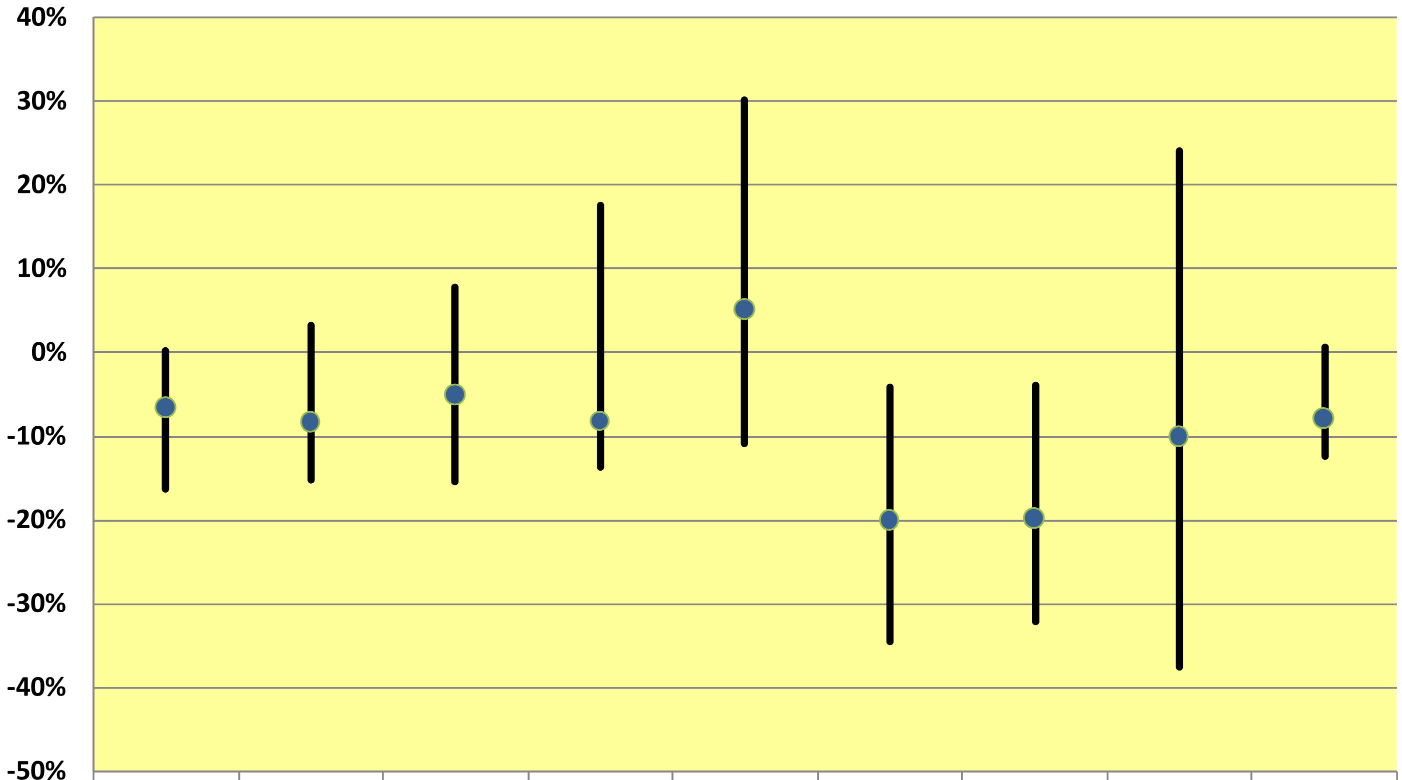
[3] *Percentage changes are calculated versus March 2009 figures.*

Loan Category Key	
First Mortgages	Loans secured by first liens on residential real estate
HELOC	Home equity lines of credit
US Card (Managed)	US credit cards (managed)
C & I	Commercial and industrial
CRE	Commercial real estate
Small Business	Loans to small businesses
N/A	Denotes recipient is not active in this category

NOTE: Reliance on internal reporting means that aggregation by loan category varies for each reporting bank. Because of the differences in loan category definitions, comparisons of origination levels across firms may be imperfect.

Growth in Loan Originations

April 2009 vs. March 2009



	First Mortgage	HELOC (Lines and Increases)	US Card (Managed): Initial Line Amount	Other Consumer Lending	C & I: Renewal of Existing Accounts	C & I: New Commitments	CRE: Renewal of Existing Accounts	CRE: New Commitments	Total
75th Percentile	0%	3%	8%	17%	30%	-4%	-4%	24%	0%
25th Percentile	-16%	-15%	-15%	-14%	-11%	-35%	-32%	-38%	-13%
Median	-7%	-8%	-5%	-8%	5%	-20%	-20%	-10%	-8%
Total (Across All Institutions)	-3%	-9%	-7%	2%	6%	-29%	-20%	-23%	-7%