## TREASURY DEPARTMENT MONTHLY LENDING AND INTERMEDIATION SNAPSHOT

*Summary Analysis for January 2010*

**Summary Analysis**

**Economic Environment**

Economic, financial, and credit market conditions continued to show solid improvement as Treasury's fourteenth survey of banks' activities was conducted. Early indicators about activity in the first quarter of 2010 suggest that the economy continued to grow following the 5.9 percent jump in real GDP posted in the fourth quarter of 2009. Real consumer spending rose in January and retail sales excluding motor vehicle sales – which have weakened in recent months – were up solidly in February. Consumer sentiment rose from the lows recorded in late 2008 and early 2009. Housing activity was mixed in January. Housing starts picked up and permits for future construction rose, exceeding starts for a fourth straight month. Home sales slowed, but the expected expiration of the first-time home buyer tax credit (which was recently expanded and extended through April) appears to have boosted sales in the fall and therefore may be responsible for the recent slowdown. Indicators of manufacturing and nonmanufacturing activity suggest both sectors expanded in early 2010. Labor market conditions remained weak, but the pace of job loss slowed further in January and February. The average monthly decline in nonfarm payrolls fell to 31,000 in the first two months of the year from 90,000 in the fourth quarter and 753,000 in the first quarter of 2009. The unemployment rate remained high, though it eased by 0.3 percentage point to 9.7 percent in January and was unchanged at that level in February. Wage and price pressures were limited. Financial and credit markets were generally stable at the start of 2010. Financial market volatility (as measured by the VIX) and some measures of credit market risk returned to pre-crisis levels. Equity markets posted gains in early 2010. Credit flows picked up considerably compared to a year earlier, though demand for bank loans from households and businesses remained weak early in the first quarter. Private forecasters expect real GDP to grow at about a 3 percent annual rate in the first quarter.

**January Survey Results**

This Monthly Lending and Intermediation Snapshot includes data from 9 institutions.[1] While institutions that have outstanding CPP investments will continue to submit Snapshot data, Treasury will not publish a summary analysis moving forward, as aggregate month to month

[1] CIT did not submit January 2010 data as a result of ongoing bankruptcy proceedings.

changes are no longer meaningful with the changing reporting universe.[2] Treasury will continue to publish the individual bank submissions and the underlying data.

*Monthly Results*

The overall outstanding loan balance (of all respondents) rose 2 percent from December to January at the 9 institutions that submitted January 2010 Monthly Lending and Intermediation Snapshots, while total originations of new loans decreased 35 percent from December to January. These large decreases may be partially explained by large increases in originations from November to December 2009. In January, the 9 surveyed institutions originated approximately $36 billion in new loans. Total originations of loans by all respondents rose in 1 category (other consumer lending products) and fell in 7 loan categories (mortgages, HELOCs, credit card loans, C&I renewals of existing accounts, C&I new commitments, CRE renewals of existing accounts and CRE new commitments).

New home purchases and refinancing originations fell in January. HELOCs saw a decrease in total originations, and institutions indicated that demand remains below 2008 levels. Outstanding credit card balances held by the surveyed institutions fell in January. Originations of other consumer loans increased in January due to student loan disbursements for the new semester. Renewals and new commitments fell in January for both C&I and CRE loans. Small business loan originations also decreased in January.

- The total average outstanding balance of all loans rose 2 percent from December to January. The median change in total average outstanding balances was flat. Total originations of all loans decreased 35 percent from December to January. Across all institutions, the median change in total originations was a decrease of 39 percent.

- The total outstanding mortgage balance of all respondents fell 2 percent. Total mortgage originations by all respondents decreased by 22 percent. The median change in total mortgage originations was a decrease of 22 percent. Refinancing mortgage originations fell 17 percent from December to January, and new home purchase originations fell 41 percent.

- The total outstanding balance of HELOCs fell by 1 percent from December to January. Total HELOC originations fell 22 percent in January. The median change in originations was a decrease of 24 percent from December to January. Respondents noted that the pool of qualified HELOC borrowers has declined as home values have depreciated and that demand remained below 2008 levels.

---

[2] The full reporting group of the Top 22 institutions represented roughly 61% of industry assets and 55% of industry net loans at year end 2009. By comparison, the 9 institutions that reported January 2010 data represented roughly 17% of industry assets and 16% of industry net loans at year end 2009.

- The total credit card outstanding balance of all respondents fell 2 percent in January. Total credit card originations by all respondents decreased by 55 percent in January, though the median change in credit card originations was a decrease of 22 percent.

- The total outstanding balance of other consumer lending products rose 18 percent in January. Total other consumer loan originations increased by 70 percent from December to January. The median percentage change in other consumer loan originations was an increase of 56 percent. The disbursement of student loans for the new semester contributed to the dramatic increase in originations in January.

- The total outstanding balance of C&I loans rose 5 percent in January; the median change in average outstanding C&I balances was flat. Economic uncertainty has caused businesses 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, building cash reserves and paying down existing debt rather than taking on new debt.

  Total renewals of existing C&I accounts decreased 47 percent in January, and the median change in renewals was a decrease of 52 percent. Total new C&I commitments decreased 20 percent in January, and the median change in new commitments was a decrease of 46 percent.

- Demand for new CRE loans 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 surplus of office space as firms downsize and vacancies rise. Many respondents noted that their focus in the CRE sector has been on renewing and restructuring existing loans as opposed to making new commitments. The outstanding balance of CRE loans of all respondents fell 1 percent in January, and the median change in outstanding balances was a decrease of 2 percent.

  Total renewals of existing CRE accounts decreased 56 percent from December to January. The median change in CRE renewals from December to January was an decrease of 56 percent. Total new CRE commitments decreased 61 percent from December to January, and the median change in new commitments was a decrease of 67 percent.

- In January, total small business outstanding balances fell 1 percent, and the median change in small business outstanding balances was a decrease of 1 percent. Total small business originations decreased by 28 percent. The median change in small business originations was a decrease of 28 percent.

- The chart on page 6 ("Change in Loan Originations, January 2010 vs. December 2009") illustrates the range of changes in loan originations among the 9 institutions. The bar on the far right, for example, indicates that the median change of loan originations of all types was a decrease of 39 percent in from December to January; originations of all types fell by 52 percent for the institution at the 25th percentile, and originations of all types fell by 34 percent for the institution at the 75th percentile.

## Loan Originations, January 2010

## Current Monthly Lending and Intermediation Snapshot Filers[1]

($ 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[2] | Total Originations[3] | *Monthly Change in Total Originations*[3] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **CIT** | | | | | | | | | | | |
| **Citigroup** | $3,441 | $74 | $4,033 | $2,002 | $373 | $477 | $194 | $47 | $95 | **$10,642** | ***-35%*** |
| **Comerica** | $29 | $6 | $19 | $33 | $1,014 | $175 | $150 | $98 | $133 | **$1,524** | ***-52%*** |
| **Fifth Third** | $1,247 | $99 | $88 | $303 | $1,109 | $664 | $228 | $106 | $213 | **$3,844** | ***-53%*** |
| **Hartford** | $0 | $0 | N/A | $0 | $0 | $0 | $0 | $0 | $0 | **$0** | -- |
| **KeyCorp** | $117 | $48 | $0 | $134 | $581 | $525 | $233 | $34 | $24 | **$1,672** | ***-45%*** |
| **Marshall & Ilsley** | $155 | $54 | $5 | $56 | $153 | $24 | $35 | $19 | $13 | **$501** | ***-34%*** |
| **PNC** | $617 | $214 | $110 | $823 | $3,447 | $3,891 | $556 | $84 | $257 | **$9,742** | ***-13%*** |
| **Regions** | $416 | $61 | N/A | $297 | $1,260 | $639 | $932 | $17 | $470 | **$3,622** | ***-33%*** |
| **SunTrust** | $1,913 | $85 | $13 | $649 | $723 | $702 | $150 | $157 | $36 | **$4,392** | ***-39%*** |
| **Total (All Institutions)** | **$7,936** | **$641** | **$4,268** | **$4,297** | **$8,660** | **$7,097** | **$2,478** | **$562** | **$1,241** | **$35,939** | ***-35%*** |
| ***Monthly change in Total***[4] | ***-22%*** | ***-22%*** | ***-55%*** | ***70%*** | ***-47%*** | ***-20%*** | ***-56%*** | ***-61%*** | ***-28%*** | ***-35%*** | |

[1] *CIT did not file January 2010 data as a result of ongoing bankruptcy proceedings. All calculated changes exclude CIT data. Hartford did submit data, but the figures rounded to $0 (millions).*

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

[3] *Total Originations does not include the "Small Business Originations" column.*

[4] *Monthly percentage changes are calculated versus December 2009 figures.*

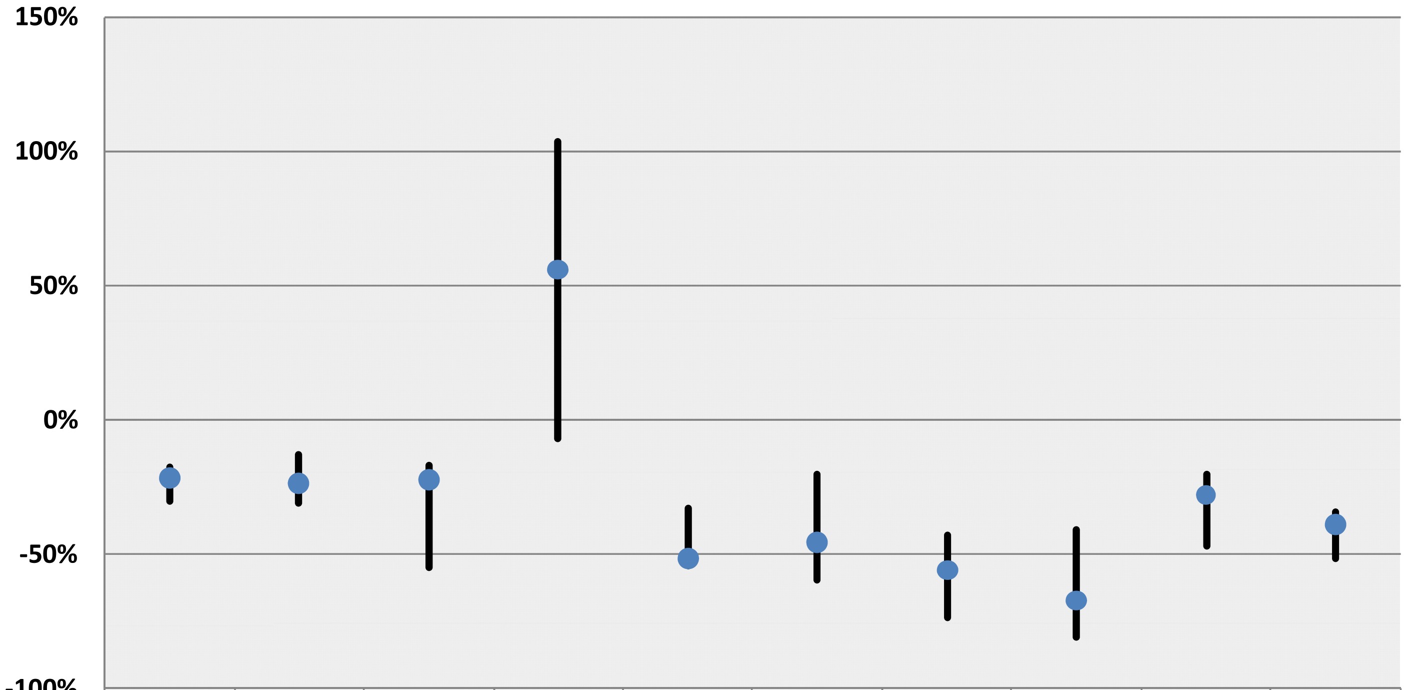
| Loan Category Key | |
|---|---|
| **First Mortgages** | Loans secured by first liens on residential real estate |
| **HELOC** | Home equity lines of credit |
| **US Card (Managed)** | US credit cards (managed) |
| **C & I** | Commercial and industrial |
| **CRE** | Commercial real estate |
| **Small 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.

## Change in Loan Originations

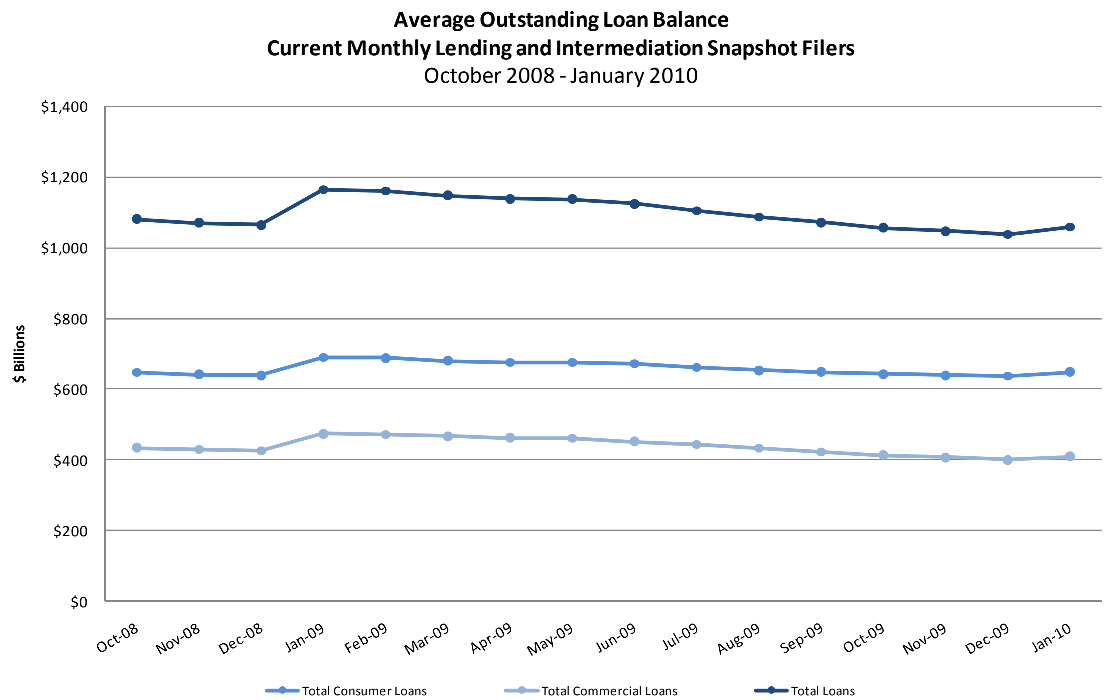
### Current Monthly Lending and Intermediation Snapshot Filers[1]

January 2010 vs. December 2009



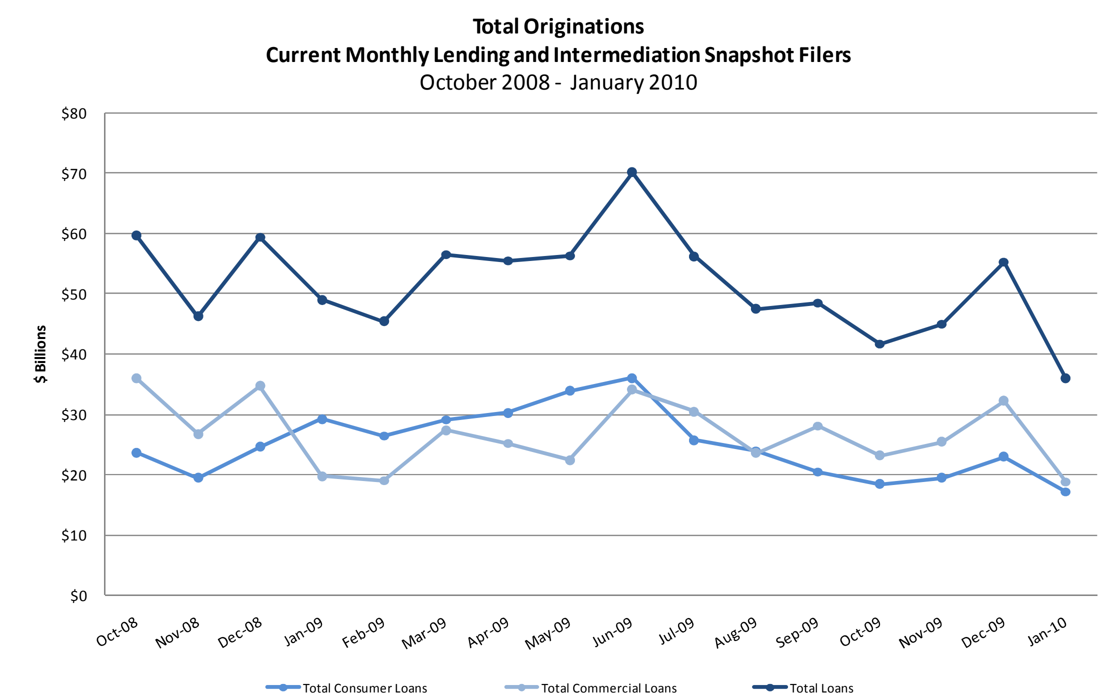

| | First Mortgage | HELOC (Lines and Increases) | US Card (Managed): Initial Line Amount | Other Consumer Lending | C & I: Renewal of Existing Accounts | C & I: New Commitments | CRE: Renewal of Existing Accounts | CRE: New Commitments | Small Business Originations | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 75th Percentile | -18% | -13% | -17% | 103% | -33% | -24% | -43% | -41% | -20% | -34% |
| 25th Percentile | -30% | -31% | -46% | -7% | -54% | -60% | -74% | -81% | -47% | -52% |
| Median | -22% | -24% | -22% | 56% | -52% | -46% | -56% | -67% | -28% | -39% |
| Total (Across All Institutions) | -22% | -22% | -55% | 70% | -47% | -20% | -56% | -61% | -28% | -35% |

[1] *CIT did not file January 2010 data as a result of ongoing bankruptcy proceedings. All calculated changes exclude CIT data.*




*Total consumer loans are defined as first mortgages, home equity lines of credit, credit card loans, and other consumer loans. Total commercial loans are defined as commercial & industrial loans and commercial real estate loans. Total loans are defined as the sum of total consumer loans and total commercial loans. All totals exclude data from Hartford Financial Services, which began reporting in June 2009. All totals also exclude data from CIT as they did not submit January 2010 data due to ongoing bankruptcy proceedings.*

*Data are not merger adjusted.*




*Total consumer loans are defined as first mortgages, home equity lines of credit, credit card loans, and other consumer loans. Total commercial loans are defined as commercial & industrial loans and commercial real estate loans. Total loans are defined as the sum of total consumer loans and total commercial loans. All totals exclude data from Hartford Financial Services, which began reporting in June 2009. All totals also exclude data from CIT as they did not submit January 2010 data due to ongoing bankruptcy proceedings.*

*Data are not merger adjusted.*