TREASURY DEPARTMENT MONTHLY LENDING AND INTERMEDIATION SNAPSHOT

Summary Analysis for May 2009

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Economic Environment

The economic environment against which banks reported their lending and intermediation activities deteriorated further May; the economy continued to contract and unemployment continued to rise. The unemployment rate reached 9.5 percent June, the highest level since August 1983. Job losses increased in June, though during the second quarter job losses averaged less than 450,000 per month, down from nearly 700,000 in the first quarter of 2009. The housing market remains weak and while single-family housing starts increased for the fourth straight month in May, that level was still down nearly 80 percent from the peak in 2006. Consumer optimism in June moved higher according to the University of Michigan survey, although increase was small and preliminary data showed optimism retreating in early July. Financial market strains continued to ease in May and June as reflected by shrinking short-term credit spreads and improvements in the securitization market. In sum, the overall economy remains very weak despite modest improvement in a number of indicators. That weakness is feeding into the financial system and credit markets and weakening overall demand for credit by consumers and businesses.

May Survey Results

The overall outstanding loan balance (of all respondents) was flat from April to May at the top 21 participants in the Capital Purchase Program (CPP). Total origination of new loans at the 21 surveyed institutions increased 1 percent from April to May. In May, the 21 surveyed institutions originated approximately $277 billion in new loans. Total originations of loans by all respondents rose in four categories, specifically: mortgages, credit card loans, commercial real estate renewals and commercial real estate new commitments. Total originations fell in the following three loan categories: home equity lines of credit, other consumer lending products, and commercial and industrial renewals, and were flat in one loan category, commercial and industrial new commitments. Attractive rates continued to drive the growth in mortgages, a trend noted in prior surveys. However, low demand for loans from borrowers contributed to decreased volume in originations in home equity lines of credit (HELOC), other consumer lending products, and commercial and industrial (C&I) loans.

Many respondents reported high mortgage application volume through the month of May, but indicated that pipelines decreased as rates began to rise toward the end of May. 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, overall consumer spending fell and outstanding credit card balances held by the surveyed institutions continued to fall, down 1 percent in May. Total credit card originations by all of the respondents, however, saw an increase in May. Other consumer lending saw mixed growth in May; seasonal increases in student lending were generally offset by decreased auto lending.

Banks again reported in May that demand for credit in both the commercial real estate (CRE) market and the 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 end of the second quarter of 2009.

- The total average outstanding balance of all loans was flat from April to May. The median change in total average outstanding balances was also flat. Of the 21 respondents, 5 reported increases in total outstanding balances from April to May (the largest increase was 12 percent), while 16 respondents experienced decreases in total outstanding balances (the largest decrease was 2 percent).

  Total originations of all loans increased by 1 percent from April to May. Across all institutions, the median change in total originations was an increase of 3 percent. Of the 21 respondents, two thirds experienced increases in total originations from April to May, and one third experienced decreases in total originations.

- In general, mortgage lending increased April to May. The total outstanding mortgage balance was flat, while total mortgage originations (by all respondents) increased at 15 banks and decreased at 3 banks. Total mortgage originations by all respondents increased by 7 percent. The median change in total mortgage originations was an increase of 10 percent. All respondents indicated that low interest rates were sustaining high levels in mortgage refinancing and new home purchases, but that the rise in rates during the end of May contributed to lower pipelines for the coming months. Pipelines remained well above planned levels. The median percentage change in mortgage refinancing was an increase of 8 percent between April and May. For new home purchases, the median percentage change from April to May was an increase of 13 percent. Banks noted that increases in new home purchases are typical in May as the summer is the peak season for home buyers.

- 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. Depreciating home values and overall economic conditions also contributed to lower levels of lending in May. Banks noted that application volumes were at lower than expected levels. A number of respondents reported that they experienced run-offs in HELOCs during May, which contributed to decreases in outstanding HELOC balances. The total outstanding balance of HELOC loans (of all respondents) decreased 1 percent in May. Total HELOC originations by all respondents decreased by 12 percent. The median change in originations was a decrease of 14 percent from April to May. Only 2 of the 16 entities active in the HELOC market experienced increases in originations; 14 experienced declines in originations.

- The total credit card outstanding balance of all respondents decreased by 1 percent in May, as many customers focused on paying down debt. The economic slowdown and generally lower levels of consumer spending contributed to decreases in outstanding credit card lending balances. Of the 13 respondents actively engaged in the credit card business, 7 experienced increases in outstanding balances, while 6 experienced decreases. Similarly, origination activity was split across institutions: 7 of the respondents experienced increases in originations, while 6 of the respondents experienced decreases in originations. Total credit card originations by all respondents, however, increased by 13 percent in May. The uptick in total originations was largely driven by one institution's increase in originations. The median change in credit card originations was an increase of 2 percent.

- The total outstanding balance of other consumer lending products, including auto, student, and other consumer loans, decreased by 1 percent in May. Fourteen institutions experienced decreases in outstanding balances, while 4 institutions experience increases in outstanding balances. Total loan originations decreased by 4 percent from April to May. The median percentage change in consumer loan originations was a decrease of 8 percent. The changes in originations at the institution level, however, were split; 9 of the 18 respondents active in other consumer lending experienced increases in originations while the same number experienced decreases in originations. Some institutions noted that auto demand picked up in May (despite being below normal levels), while others indicated that auto loan demand was down. Nearly all respondents indicated that student loan originations picked up due to seasonality as funding for the summer term occurred in May.

- The total outstanding balance of C&I loans was flat: 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 May. Additionally some respondents noted that as market pricing has dropped, some firms in stronger capital positions have shown signs of interest in potential acquisitions, which may lead to an increase in the demand for acquisition financing demand.

  Total renewals of existing C&I accounts decreased by 9 percent in May, and the median change in renewals was a decrease of 11 percent. The decrease in renewals can be attributed to seasonal factors. Many business clients submit annual audit results in April, which contributed to elevated levels in April and a drop in renewals in May. Total new C&I commitments were flat in May, with 10 banks reporting increases in new commitments and 10 banks reporting decreases. The median change in new commitments was an increase of 5 percent.

- In commercial real estate (CRE), new loan demand remains low due to the lack of new construction activity. The survey results continue to convey similar sentiment reported in the past several months, notably that real estate developers are reluctant to begin new projects or purchase existing projects under the current deteriorating 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. The outstanding balance of CRE loans of all respondents decreased by 1 percent, and the median change in outstanding balances was flat.

  Both total renewals of existing accounts and total new commitments in CRE increased from April to May. The changes in renewals and new commitments on the institution level, however, were mixed; 10 of the 17 institutions active in the CRE renewals reported increases in renewals, while 7 reported decreases; 9 of the 16 institutions actively making new commitments market reported increases in new commitments, while 7 reported decreases in new commitments. The median change in renewals of existing accounts was an increase of 2 percent, and the median change in new commitments was an increase of 11 percent.

- The May survey collected the second month of memoranda information on small business lending. In May, total small business outstanding balances increased by 1 percent. Total small business originations increased by 7 percent. The median change in small business outstanding balances was a decrease of 1 percent and the median change in small business originations was an increase of 3 percent.

- Equity underwriting had a particularly strong month, with 10 of the 11 entities active in the equity underwriting market posting increases, and only 1 institution posting a decrease. The general increases indicate stability returning to the equity underwriting market. Debt issuances also increased modestly, as improving market conditions supported attractive debt pricing for issuers.

- The chart on page 6 ("Growth in Loan Originations, May 2009 vs. April 2009") illustrates the range of changes in lending activity among the 21 institutions. The bar on the far right, for example, indicates that the median change of loan originations of all types was an increase of 3 percent in from April to May; originations of all types fell by 2 percent for the institution at the 25th percentile, and originations of all types rose by 7 percent for the institution at the 75th percentile. There was considerable variability in lending activity across banks, especially within C&I new commitments, CRE renewals, and CRE new commitments.

Loan Originations, May 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	$979	N/A	N/A	N/A	N/A	N/A	N/A	$979	*56%*
Bank of America	$35,923	$1,239	$1,294	$2,134	$15,334	$10,162	$2,459	$523	$1,274	$69,067	*1%*
BB&T	$3,114	$66	$204	$348	$595	$1,193	$1,144	$429	$1,073	$7,092	*7%*
Bank of New York Mellon	$160	$3	N/A	$4	$54	$50	$196	$21	N/A	$488	*55%*
Capital One	$197	$29	$521	$424	$340	$334	$100	$83	$92	$2,028	*-2%*
CIT	N/A	N/A	N/A	$0	$2,683	$746	$0	$0	$7	$3,429	*3%*
Citigroup	$9,701	$147	$8,331	$1,237	$593	$444	$73	$102	$132	$20,628	*5%*
Comerica	$40	$10	$24	$74	$2,108	$287	$432	$95	$339	$3,070	*8%*
Fifth Third	$2,493	$105	$185	$309	$1,486	$993	$393	$113	$380	$6,077	*-2%*
Goldman Sachs	$19	$0	$0	$102	$250	$640	$13	$40	$0	$1,064	*10%*
JPMorgan Chase	$13,777	$183	$3,378	$2,183	$17,069	$9,972	$419	$531	$752	$47,512	*-6%*
KeyCorp	$159	$114	$0	$25	$802	$429	$593	$31	$36	$2,153	*-23%*
Marshall & Ilsley	$420	$65	$6	$95	$219	$124	$56	$33	$30	$1,018	*-17%*
Morgan Stanley	$81	$0	N/A	$444	$1,320	$2,066	$0	$0	$39	$3,911	*160%*
Northern Trust	$99	$74	N/A	$153	$630	$490	$3	$66	$31	$1,516	*5%*
PNC	$2,166	$432	$234	$203	$3,070	$1,740	$661	$266	$370	$8,772	*1%*
Regions	$1,037	$100	N/A	$98	$1,352	$1,189	$1,590	$327	$628	$5,693	*4%*
State Street	N/A	N/A	N/A	N/A	$672	$396	$0	$0	N/A	$1,068	*-24%*
SunTrust	$5,471	$144	$10	$345	$1,061	$1,147	$340	$251	$75	$8,769	*2%*
U.S. Bancorp	$5,102	$499	$851	$751	$3,513	$2,820	$874	$327	$500	$14,737	*-7%*
Wells Fargo	$42,091	$576	$1,221	$1,721	$10,292	$6,865	$2,592	$2,325	$2,372	$67,683	*4%*
Total (All Institutions)	$122,049	$3,787	$17,238	$10,648	$63,444	$42,087	$11,938	$5,562	$8,129	$276,753	*1%*
Change in Total (All Institutions) [3]	*7%*	*-12%*	*13%*	*-4%*	*-9%*	*0%*	*3%*	*11%*	*7%*	*1%*	

[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.*

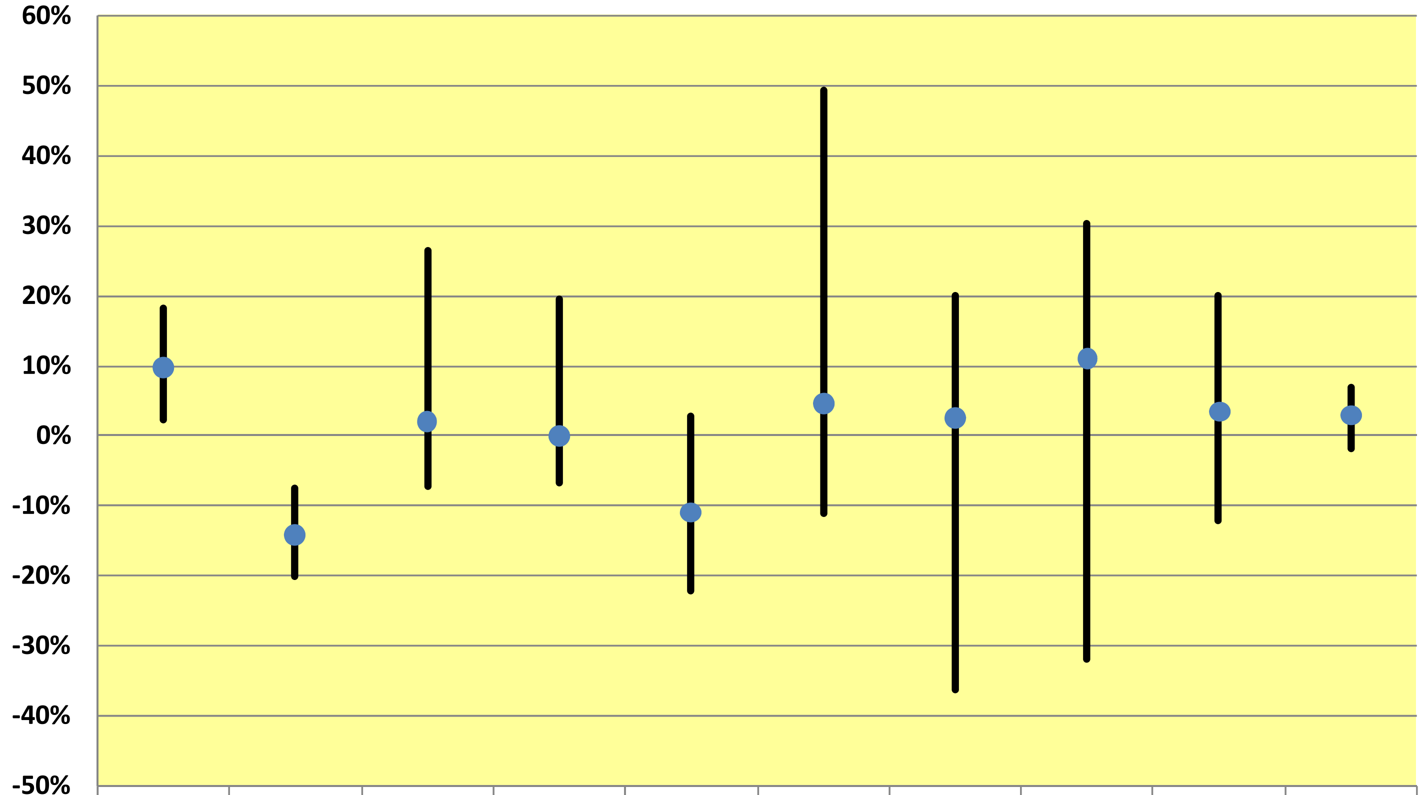
[3] *Percentage changes are calculated versus April 2009 figures.*

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

May 2009 vs. April 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%	-7%	26%	19%	3%	49%	20%	30%	20%	7%
25th Percentile	2%	-20%	-7%	-7%	-22%	-11%	-36%	-32%	-12%	-2%
Median	10%	-14%	2%	-0.2%	-11%	5%	2%	11%	3%	3%
Total (Across All Institutions)	7%	-12%	13%	-4%	-9%	0%	3%	11%	7%	1%