TREASURY DEPARTMENT MONTHLY LENDING AND INTERMEDIATION SNAPSHOT

Summary Analysis for October 2009

Summary Analysis

Economic Environment

Treasury's eleventh survey of banks' activities was conducted as economic and financial conditions continued to improve, though from very low levels. After declining for four straight quarters, the economy began to grow again in the third quarter, with real GDP rising by 2.8 percent at an annual rate. Early data on the fourth quarter suggest the recovery remains on track. Consumer spending rose in October and the housing sector showed additional signs of improvement as home sales rose and the stock of homes for sale continued to shrink. Just one year ago, consumers were curtailing their spending and housing activity was declining sharply. Labor market conditions – though still weak – have also improved notably recently, but remain below year-earlier levels. Job losses have moderated significantly and the November employment decline was the smallest since the recession began in December 2007. The economy lost 4.8 million jobs over the year ending in November, and, though the unemployment rate eased to 10 percent in November, it was up more than 3 percentage points from November 2008. Measures of financial risk have declined substantially, short-term credit spreads have narrowed, and the extreme volatility that characterized financial markets a year ago has subsided. The LIBOR-OIS spread narrowed from a peak of 365 basis points on October 10, 2008 to around 14 basis points in October 2009. The spread between Baa corporate bonds and the 10-year Treasury note was around 290 basis points in October 2009, nearly half its level of a year earlier. The VIX, which hit an all-time high in October 2008, has returned to pre-crisis norms. Private forecasters expect moderate economic growth going forward, although the unemployment rate will likely remain elevated well into 2010.

October Survey Results

Beginning with this month's analysis, year over year changes will be presented in addition to month over month changes.

Annual Results[1]
The total average outstanding balance of all loans increased 5 percent from October 2008 to October 2009 and total originations decreased 9 percent from October 2008.

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[1] Year over year changes will be calculated only for the original Top 21 CPP recipients and will exclude data from Hartford Financial Services Group as data begin in June 2009. Year over year increases may in part be reflective of acquisition activity (namely Bank of America's acquisition of Merrill Lynch, PNC Financial Services Group's acquisition of National City Corporation and Wells Fargo & Company's acquisition of Wachovia Corporation) as data are not merger adjusted.

Compared to October 2008, the total outstanding mortgage balance increased 22 percent. Total mortgage originations increased 32 percent from October 2008 to October 2009. Refinancing originations drove the increase, rising 75 percent over the year, while new home purchases rose 36 percent. Low interest rates over the past year contributed to the dramatic increases. The total outstanding balance of home equity lines of credit (HELOCs) increased 9 percent from October 2008 to October 2009. Respondents noted however that through 2009 demand for new HELOC lines and loans was below 2008 levels. Accordingly, HELOC originations declined 46 percent from October 2008 to October 2009. Since October 2008, the total outstanding balance of credit card loans decreased 8 percent and total originations of credit card loans decreased 41 percent. In other consumer lending products, the total outstanding balance increased 15 percent from October 2008 to October 2009, and total originations increased 7 percent.

Respondents consistently indicated that demand in the commercial sector was muted during the past year. The total outstanding balance of commercial and industrial (C&I) loans fell 6 percent from October 2008 to October 2009, while renewals decreased 13 percent and new commitments decreased 26 percent. The total outstanding balance of commercial real estate (CRE) loans increased 17 percent from October 2008 to October 2009. Total renewals of CRE loans increased 20 percent from October 2008 to October 2009, while new CRE commitments decreased 64 percent.

Monthly Results
The overall outstanding loan balance (of all respondents) decreased 1 percent from September to October at the top 22 participants in the Capital Purchase Program (CPP), while total originations of new loans were flat from September to October. In October, the 22 surveyed institutions originated approximately $240 billion in new loans. Total originations of loans by all respondents rose in 2 categories (mortgages and C&I new commitments) and fell in 6 loan categories (HELOCs, credit cards, other consumer lending products, C&I renewals of existing accounts, commercial real estate (CRE) renewals of existing accounts and CRE new commitments).

New home purchases and refinancing originations rose in October. Respondents reported that favorable rates at the tail end of September and through October boosted application volumes. 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 decreased 1 percent in October, which is consistent with low consumer spending patterns and a higher savings rate. Other consumer lending declined in October as seasonal student loan disbursements fell again. Residual effects of the sunset of the government's "Cash for Clunkers" program accounted for a decline in originations of auto loans, which contributed to the decline in other consumer originations. Banks reported that demand in the CRE market and the C&I market continued to be well below normal levels, which was reflected in declines in C&I renewals, CRE new commitments, and CRE renewals. Small business loan originations, however, increased in October.

- The total average outstanding balance of all loans decreased 1 percent from September to October. The median change in total average outstanding balances was a decrease of 1 percent. Of the 22 respondents, 3 reported increases in total outstanding balances from September to October (the largest increase was 7 percent) while 19 respondents experienced decreases in total outstanding balances (the largest decrease was 3 percent). Total originations of all loans were flat from September to October. Across all institutions, the median change in total originations was a decrease of 7 percent. Of the 22 respondents, 7 experienced increases in total originations from September to October and 15 experienced decreases in total originations.

- The total outstanding mortgage balance of all respondents fell 1 percent. Total mortgage originations by all respondents increased by 4 percent, driven by increases in refinancing originations. The median change in total mortgage originations was an increase of 1 percent. Refinancing mortgage originations rose 5 percent from September to October. New home purchase originations increased to a lesser extent, rising 2 percent from September to October. Respondents reported that favorable rates at the end of September and throughout October increased demand for mortgages.

- The total outstanding balance of HELOCs fell by 1 percent from September to October. Total HELOC originations fell 3 percent in October. The median change in originations was a decrease of 8 percent from September to October. Respondents noted that the pool of qualified HELOC borrowers has declined as home values have depreciated. Of the 16 entities active in the HELOC market, 4 experienced increases in originations and 12 experienced declines in originations. Most respondents noted that demand remained below 2008 levels.

- The total credit card outstanding balance of all respondents fell 1 percent in October. Of the 14 respondents active in the credit card business, 6 experienced increases in outstanding balances, 7 experienced decreases in outstanding balances, and 1 experienced no change. Total credit card originations by all respondents decreased by 5 percent in October, though the median change in credit card originations was an increase of 2 percent.

- The total outstanding balance of other consumer lending products was flat in October. Of the 19 institutions active in other consumer lending, 6 institutions experienced increases in outstanding balances, while 13 institutions experienced decreases in outstanding balances. Total other consumer loan originations decreased by 8 percent from September to October. The median percentage change in other consumer loan originations was a decrease of 20 percent. Of the 18 respondents making other consumer loan originations, 4 experienced increases in originations and 14 experienced decreases in originations. The fall in seasonal student loan disbursements contributed to the decline in other consumer loan originations. Residual effects of the sunset of the government's "Cash for Clunkers" program factored into the decline in originations of auto loans, which also drove the decline in other consumer loan originations.

- The total outstanding balance of C&I loans[2] fell 1 percent; the median change in average outstanding C&I balances was a decrease of 2 percent. 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 11 percent in October, and the median change in renewals was a decrease of 16 percent. Total new C&I commitments increased 21 percent in October, with 10 banks reporting increases in new commitments, 10 banks reporting decreases, and 1 experiencing no change. The median change in new commitments was a decrease of 2 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. Finally, nearly all respondents indicated that they are actively reducing their exposure to CRE loans, as banks expect CRE loan delinquencies to persist and forecasters expect weakness in the CRE market to continue. The outstanding balance of CRE loans of all respondents decreased by 1 percent in October, and the median change in outstanding balances was a decrease of 1 percent.

  Total renewals of existing CRE accounts decreased 7 percent from September to October. The median change in CRE renewals from September to October was a decrease of 26 percent. Total new CRE commitments decreased 7 percent from September to October, and the median change in new commitments was a decrease of 16 percent.

- In October, total small business outstanding balances[3] were flat, and the median change in small business outstanding balances was a decrease of 1 percent. Total small business originations increased by 7 percent. The median change in small business originations was a decrease of 8 percent.

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[2] Bank of America restated their September 2009 C&I balance from approximately $235 billion to approximately $216 billion.

[3] Small business loan data was first reported in April 2009 data and are not included in the year over year reporting.

- The chart on page 7 ("Change in Loan Originations, October 2009 vs. September 2009") illustrates the range of changes in loan originations among the 22 institutions. The bar on the far right, for example, indicates that the median change of loan originations of all types was a decrease of 7 percent in from September to October; originations of all types fell by 16 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 most sectors, particularly in the commercial sector (C&I and CRE).

Loan Originations, October 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]	*Monthly Change in Total Originations*[3]
American Express	N/A	N/A	$1,187	N/A	N/A	N/A	N/A	N/A	N/A	**$1,187**	***13%***
Bank of America	$29,008	$1,064	$1,402	$3,821	$13,788	$4,696	$2,947	$144	$1,663	**$56,870**	***6%***
Bank of New York Mellon	$60	$3	N/A	$0	$218	$1	$19	$17	N/A	**$318**	***28%***
BB&T	$1,813	$44	$185	$271	$515	$1,138	$1,410	$356	$999	**$5,732**	***8%***
Capital One	$89	$15	$244	$367	$189	$302	$41	$261	$64	**$1,507**	***-8%***
CIT	N/A	N/A	N/A	$0	$2,589	$373	$0	$0	$9	**$2,962**	***10%***
Citigroup	$3,297	$93	$5,672	$822	$880	$1,171	$407	$158	$131	**$12,500**	***-18%***
Comerica	$30	$18	$23	$37	$2,032	$333	$225	$21	$189	**$2,719**	***-28%***
Fifth Third	$1,668	$94	$125	$304	$1,750	$830	$443	$153	$247	**$5,367**	***-10%***
Goldman Sachs	$33	$0	$0	$164	$319	$917	$0	$400	$9	**$1,833**	***-41%***
Hartford	$0	$0	N/A	$0	$1	$0	$0	$0	$0	**$1**	***-89%***
JPMorgan Chase	$10,980	$159	$2,995	$3,089	$13,897	$16,977	$410	$320	$820	**$48,827**	***-3%***
KeyCorp	$135	$71	$0	$34	$778	$366	$457	$56	$37	**$1,897**	***-32%***
Marshall & Ilsley	$192	$61	$5	$43	$151	$98	$51	$88	$19	**$689**	***-7%***
Morgan Stanley	$10	$0	N/A	$336	$2,084	$10,265	$0	$0	$154	**$12,695**	***77%***
Northern Trust	$89	$58	N/A	$61	$548	$414	$8	$48	$30	**$1,226**	***-7%***
PNC	$824	$301	$176	$265	$3,587	$1,903	$772	$182	$293	**$8,010**	***-8%***
Regions	$619	$87	N/A	$123	$1,502	$681	$1,612	$194	$563	**$4,817**	***-5%***
State Street	N/A	N/A	N/A	N/A	$589	$278	$0	$0	N/A	**$867**	***-51%***
SunTrust	$2,828	$100	$4	$381	$982	$945	$186	$202	$40	**$5,628**	***-8%***
U.S. Bancorp	$3,794	$358	$610	$791	$4,866	$2,038	$979	$559	$420	**$13,995**	***-7%***
Wells Fargo	$28,001	$529	$1,313	$2,006	$9,472	$5,393	$2,441	$1,422	$2,669	**$50,577**	***7%***
Total (All Institutions)	**$83,470**	**$3,056**	**$13,941**	**$12,915**	**$60,736**	**$49,120**	**$12,407**	**$4,581**	**$8,356**	**$240,226**	***0%***
Monthly change in Total (All Institutions)[3]	***4%***	***-3%***	***-5%***	***-8%***	***-11%***	***21%***	***-7%***	***-7%***	***7%***	***0%***	
Annual change in Total (All Institutions)[4]	***32%***	***-46%***	***-41%***	***7%***	***-13%***	***-26%***	***20%***	***-64%***	---	***-9%***	

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

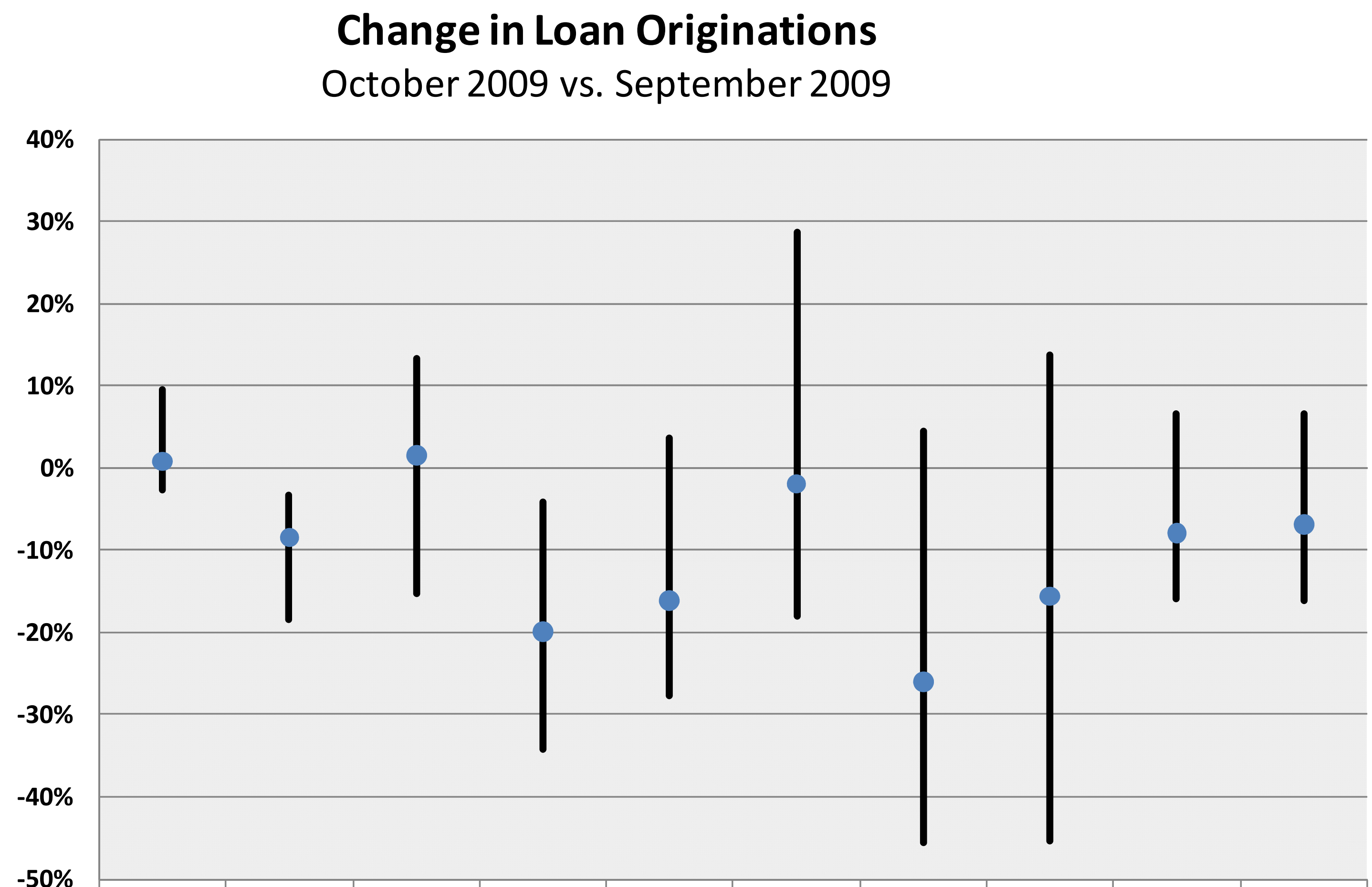
[2] *Total Originations does not include the "Small Business Originations" column.*

[3] *Monthly percentage changes are calculated versus September 2009 figures.*

[3] *Annual percentage changes are calculated versus October 2008 figures. Annual changes will be calculated only for the original Top 21 CPP recipients and will exclude data from Hartford Financial Services Group as data begin in June 2009.*

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.



	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	10%	-3%	13%	-4%	4%	29%	5%	14%	3%	7%
25th Percentile	-3%	-18%	-15%	-34%	-28%	-18%	-45%	-45%	-16%	-16%
● Median	1%	-8%	2%	-20%	-16%	-2%	-26%	-16%	-8%	-7%
Total (Across All Institutions)	4%	-3%	-5%	-8%	-11%	21%	-7%	-7%	7%	0.4%

Total Outstanding Loan Balances, Top 21 CPP Participants

October 2008 vs. October 2009

$ Billions

	October 2008	October 2009	Change
First Mortgage	$719.0	$874.8	21.7%
HELOC	$507.9	$553.9	9.1%
US Card (Managed)	$645.6	$596.3	-7.6%
Other Consumer Lending	$415.2	$476.3	14.7%
C & I	$1,169.5	$1,094.7	-6.4%
CRE	$446.9	$521.1	16.6%
Small Business[1]	N/A	$8.4	---
Total Outstanding Loan Balances	$3,904.1	$4,117.1	5.5%

Total Loan Originations, Top 21 CPP Participants

October 2008 vs. October 2009

$ Billions

	October 2008	October 2009	Change
First Mortgage	$63.3	$83.5	31.8%
HELOC (Lines and Increases)	$5.6	$3.1	-45.6%
US Card (Managed): Initial Line Amount	$23.6	$13.9	-41.0%
Other Consumer Lending	$12.1	$12.9	6.8%
C & I: Renewal of Existing Accounts	$70.2	$60.7	-13.4%
C & I: New Commitments	$66.8	$49.1	-26.4%
CRE: Renewal of Existing Accounts	$10.3	$12.4	20.1%
CRE: New Commitments	$12.6	$4.6	-63.7%
Small Business[1]	N/A	$8.4	---
Total Originations	$264.5	$240.2	-9.2%

Loan Category Key	
First Mortgages	Loans secured by first liens on residential real estate
HELOC	Home equity lines of credit
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C & I	Commercial and industrial
CRE	Commercial real estate
Small Business	Loans to small businesses

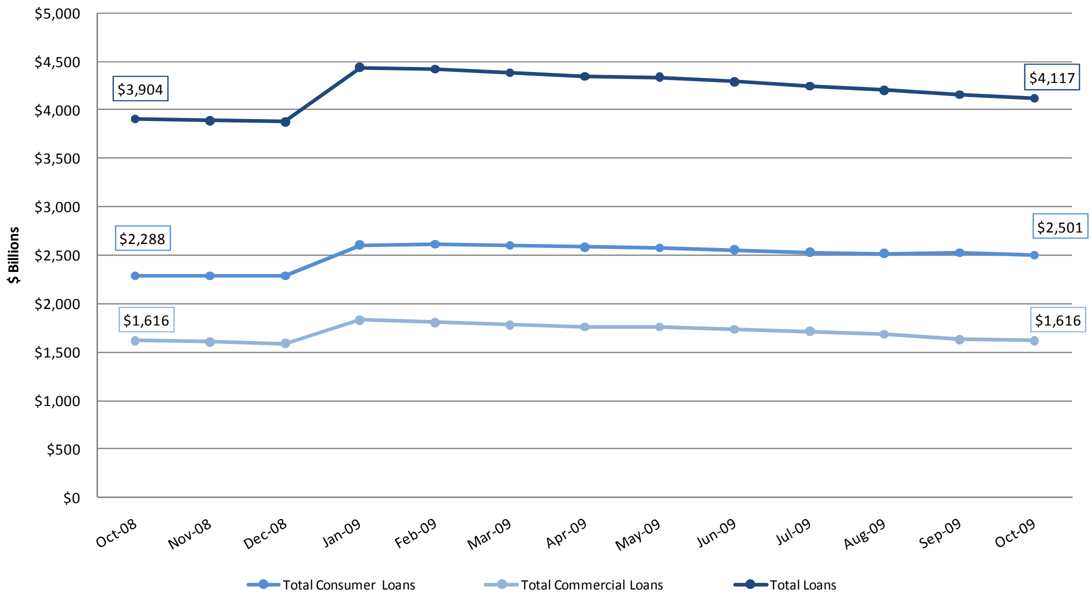
Notes:

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

All totals exclude data from Hartford Financial Services, which began reporting in June 2009.

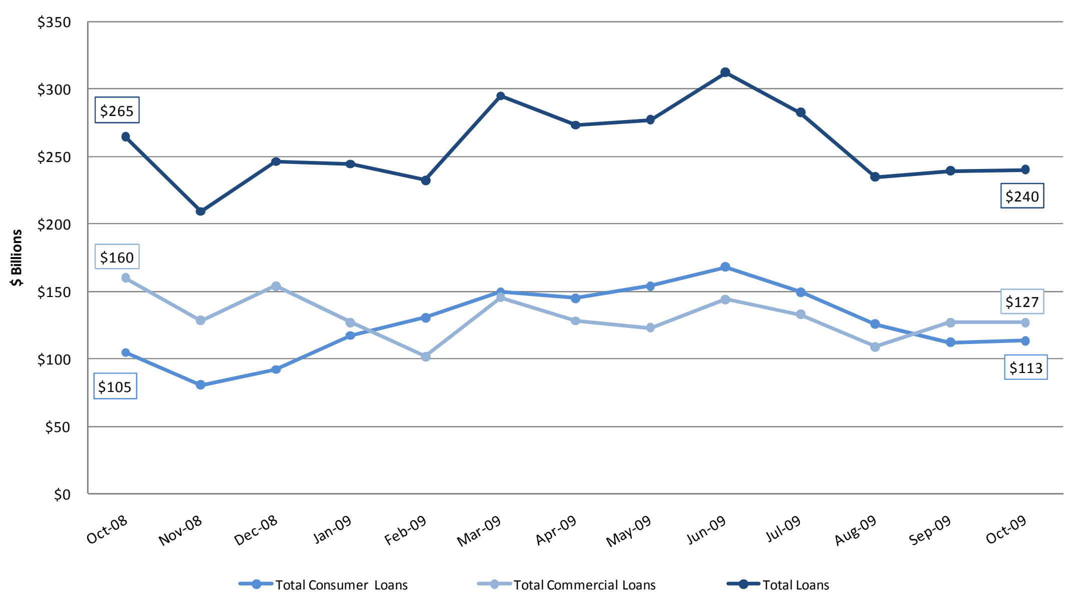
Because of the differences in loan category definitions, comparisons of figures across firms may be imperfect.

Average Outstanding Loan Balance, Top 21 CPP Participants
October 2008 - October 2009



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.
Data are not merger adjusted. Large increases from December 2008 to January 2009 may in part be reflective of acquisitions (Bank of America's acquisition of Merrill Lynch, PNC Financial Services Group's acquisition of National City Corporation, and Wells Fargo & Company's acquisition of Wachovia Corporation).

Total Originations, Top 21 CPP Participants
October 2008 - October 2009



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