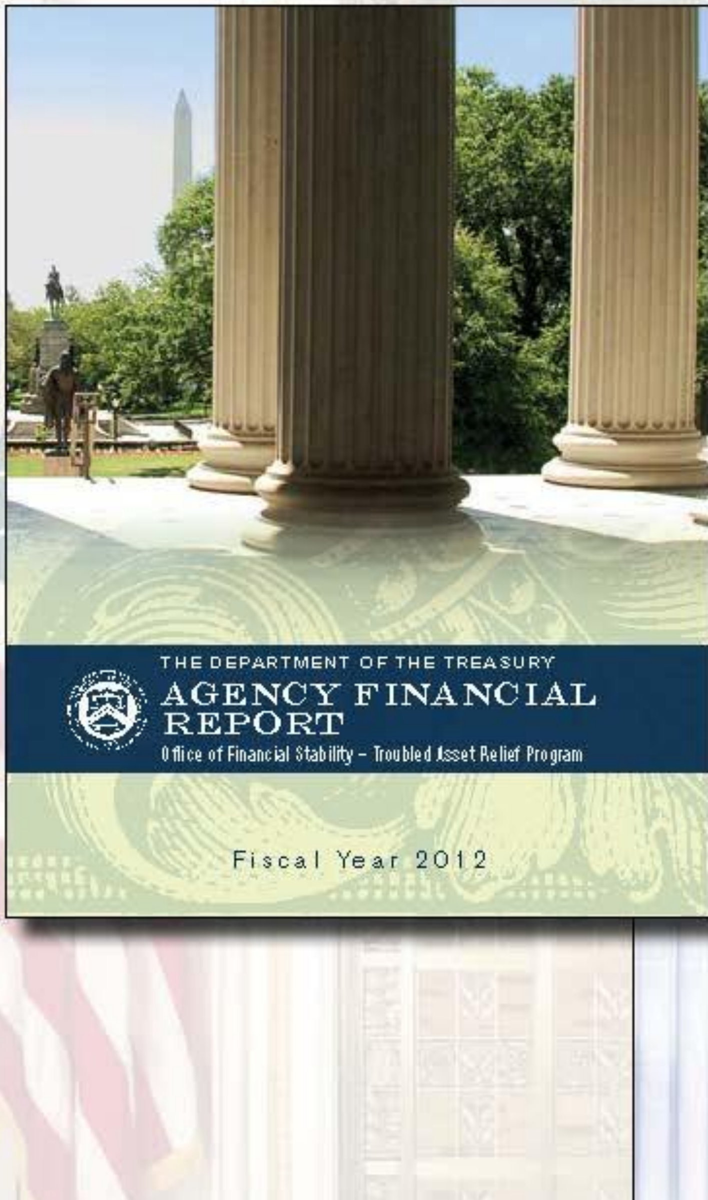
The Department of the Treasury

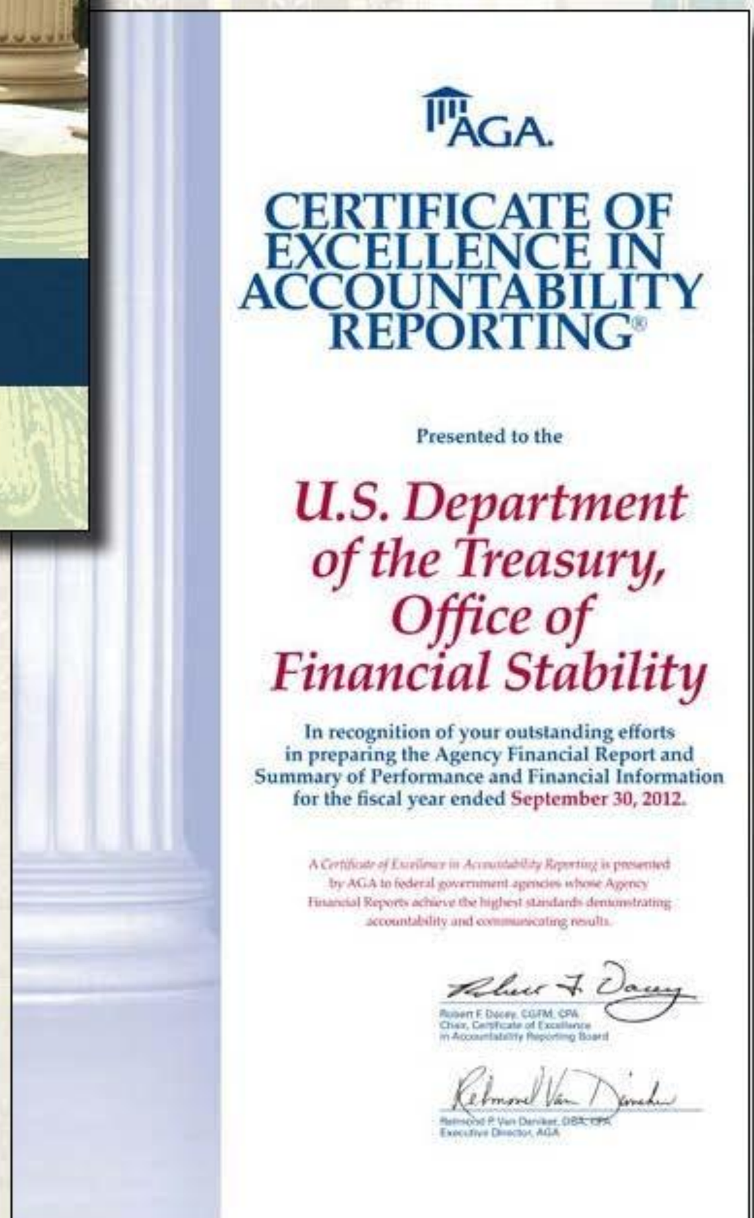
CITIZENS' REPORT

Office of Financial Stability – Troubled Asset Relief Program

FISCAL YEAR 2013

2012 CERTIFICATE OF EXCELLENCE





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MESSAGE FROM THE ACTING ASSISTANT SECRETARY FOR FINANCIAL STABILITY

January 28, 2014

I am pleased to present the Office of Financial Stability's (OFS) Citizen's Report for the fiscal year 2013. This report describes our financial result and performance for the fifth year of the Troubled Asset Relief Program (TARP). The Emergency Economic Stabilization Act (EESA) of 2008 established OFS within the Office of Domestic Finance at the Department of the Treasury to implement TARP. With the nation in the midst of the worst financial crisis since the Great Depression, TARP was created to "restore the liquidity and stability of the financial system." It was an extraordinary response to an extraordinary crisis.

Today, it is generally agreed that as a result of the forceful and coordinated response by the federal government through TARP and many other emergency programs, we helped avert what could have been a devastating collapse of our financial system. Although we are still repairing the damage from the crisis and many families still face challenges on a daily basis, the financial system is much more stable and our economy is growing, albeit not as fast as we would like. Credit is more available than would otherwise be the case for families, businesses, and local governments, banks are better capitalized, and we are implementing reforms to address the underlying causes of the crisis.

In addition, OFS has made significant progress towards winding down TARP investments. As of September 30, 2013, OFS had collected 96.2 percent of the $421.6 billion in program funds that were disbursed under TARP, as well as an additional $17.5 billion from Treasury's equity in AIG. Here is where we stand concerning the four categories of TARP investment programs:

- **Banking Programs**. OFS has collected a total of $273.4 billion (including $6.4 billion collected in fiscal year 2013) for all TARP bank support programs through repayments, sales, dividends, interest, and other income compared to $245.5 billion invested. As of September 30, 2013, $3.6 billion in banking program investments remained outstanding, primarily in community banks, and OFS is continuing to wind-down these investments through repurchases by banks, asset sales, and restructurings.

- **Credit Market Programs**. OFS has substantially completed the wind-down of all of the TARP credit market programs, including investments made under the Public-Private Investment Program (PPIP), Term Asset-Backed Securities Loan Facility (TALF) program, and SBA 7(a) Securities Purchase Program. As of the end of fiscal year 2013, OFS had collected $23.5 billion as compared to $19.1 billion of disbursements under these programs.

- **Auto Industry Financing Program**. As of September, 30 2013, OFS had collected $53.3 billion through sales, repayments, dividends, interest, and other income, compared to the $79.7 billion in funds that were disbursed under the Automotive Industry Financing Program (AIFP). Chrysler exited the program in July 2011 and OFS sold its remaining General Motors (GM) shares in December 2013. In November 2013, OFS received additional repayment of $5.9 billion from Ally Financial Inc. (Ally) under an agreement announced in August and OFS sold approximately 410,000 common shares in a private placement for $3.0

billion in January 2014. OFS' remaining AIFP holdings consist of approximately 572,000 shares of Ally common. As a result, OFS has recovered over 88% of the investment in Ally Financial Inc. (Ally) through repayments, dividends, and proceeds in excess of costs. OFS is actively seeking to wind-down the remaining investment in Ally.

- **American International Group**. In fiscal year 2013, OFS exited all remaining holdings in American International Group, Inc. (AIG). During the financial crisis, the peak amount of assistance provided by OFS and the Federal Reserve to prevent the collapse of AIG totaled $182.3 billion, a part of which was later cancelled. As a result of the combined efforts of AIG, Treasury, and the Federal Reserve, $22.7 billion in excess of the total of funds disbursed to AIG has been recovered through sales and other income. Of the $67.8 billion total disbursed to AIG by OFS, TARP's cumulative net proceeds from repayments, sales, dividends, interest, and other income related to AIG assets totaled $55.3 billion. As Treasury's non-TARP AIG shares generated proceeds in excess of cost of $17.5 billion, total net proceeds in excess of cost were $5.0 billion for Treasury as a whole.

While OFS carefully winds down the investment programs under TARP, we are continuing to implement the TARP Housing Programs to help millions of struggling homeowners avoid foreclosure, primarily through mortgage modifications and other forms of assistance. These programs (includes government sponsored enterprise (GSE) and non-GSE) have also set new mortgage modification and consumer protection standards which have helped to transform the mortgage servicing industry and thereby help millions more families. On May 30, 2013, the Obama Administration extended the application deadline for the Making Home Affordable Program through December 2015 in order to provide struggling homeowners additional time to access sustainable mortgage relief.

The financial and performance data contained in this report are reliable and complete. For the fifth consecutive year, OFS has earned unmodified opinions on its financial statements and its internal control over financial reporting from the GAO. In 2013, OFS was also awarded its fourth consecutive Certificate of Excellence in Accountability Reporting by the Association of Government Accountants.

Sincerely,

Timothy Bowler
Acting Assistant Secretary for Financial Stability

About the Office of Financial Stability

Background

In response to the worst financial crisis since the Great Depression, the Troubled Asset Relief Program (TARP) was created pursuant to the Emergency Economic Stabilization Act (EESA) on October 3, 2008. To carry out the authorities given to the Secretary of the Treasury to implement TARP, the U.S. Department of the Treasury (Treasury) established the Office of Financial Stability (OFS) within the Office of Domestic Finance. EESA authorized the Secretary of the Treasury to establish TARP to "purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on terms and conditions as are determined by the Secretary" to restore the liquidity and stability of the financial system. The terms "troubled assets" and "financial institution" are defined within EESA, which can be found at: http://www.gpo.gov/fdsys/pkg/BILLS-110hr1424enr/pdf/BILLS-110hr1424enr.pdf. In addition, Section 109 of EESA provides authority to assist homeowners.

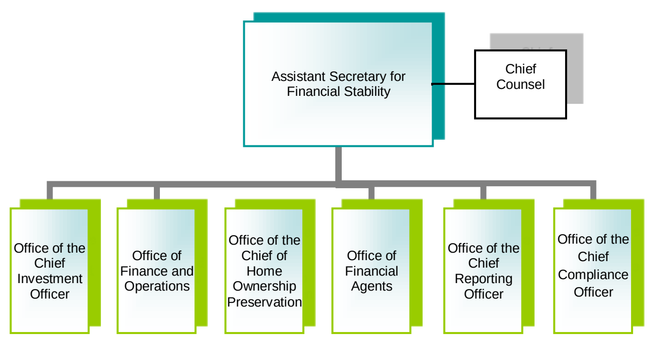
The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), signed into law in July 2010, reduced total TARP purchase authority from $700 billion to a cumulative $475 billion. OFS's authority to make new commitments under TARP expired on October 3, 2010. OFS is carefully managing the disposition of TARP financial assets to recover OFS's outstanding investments while continuing to implement initiatives to help struggling homeowners avoid foreclosure.

OFS Organization Structure

OFS is headed by the Assistant Secretary for Financial Stability. Reporting to the Assistant Secretary are six major organizations the: Office of the Chief Investment Officer, Office of Finance and Operations, Office of the Chief of Home Ownership Preservation, Office of Financial Agents, Office of the Chief Reporting Officer, and Office of the Chief Compliance Officer. A Chief Counsel's Office reports to the Assistant Secretary and to the Office of the General Counsel in the Department of the Treasury.

OFS is not envisioned as a permanent organization, so to the maximum extent possible when economically efficient and appropriate, OFS utilizes private sector expertise in support of the execution and liquidation of TARP programs. These firms assist in the areas of custodial services, accounting and internal controls, administrative support, legal advisory, financial advisory, and information technology.

The OFS organization chart follows:



OFS Programs

Bank Support Programs (CPP, TIP, AGP, CDCI, CAP, SCAP)

By late September 2008, several major financial institutions had already failed. Many others were at risk of failure and people were rapidly losing confidence in the nation's financial system as a whole. Therefore beginning in early October 2008, OFS launched five programs to help stabilize the nation's banking institutions. A total of $245.5 billion was invested through TARP bank support programs.

Capital Purchase Program

The Capital Purchase Program (CPP) was launched in October 2008 to help stabilize the financial system by providing capital to viable financial institutions of all sizes throughout the nation. Without a viable banking system, lending to businesses and consumers could have frozen and the financial crisis might have spiraled further out of control. Based on market indicators at the time, it was clear that financial institutions needed additional capital to absorb losses and restart the flow of credit to businesses and consumers to avert a potential collapse of the system.

With the additional capital, CPP participants were better equipped to undertake new lending and continue to provide other services to consumers and businesses, even while absorbing write-downs and charge-offs on loans that were not performing. OFS received preferred stock or debt securities in exchange for the CPP investments. Most financial institutions participating in the CPP pay OFS a five percent dividend on preferred shares for the first five years and a nine percent rate thereafter. In addition, OFS received warrants to purchase common shares or other securities from the banks at the time of the CPP investment. The purpose of the additional securities was to enable OFS to receive additional returns on its investments as banks recover.

OFS has focused on winding down the CPP according to an exit strategy announced on May 3, 2012. That strategy includes a combination of repayments in the case of banks which are expected to repay in the near future, selling OFS's positions in banks that are unlikely to repay in the near-term through auctions, and restructuring some investments, typically in connection with a merger or other plan of the bank to infuse capital, in a way that maximizes timely OFS collections and helps avoid bank failures.

Targeted Investment Program

OFS established the Targeted Investment Program (TIP) in December 2008. The program gave OFS the necessary flexibility to provide funding to financial institutions that were critical to the functioning of the U.S. financial system to prevent a loss of confidence in these critical institutions. This could have resulted in substantial disruption to financial markets, threatened the financial strength of similarly situated financial institutions and undermined the overall economy.

OFS invested a total of $40.0 billion in two institutions – Bank of America (BofA) and Citigroup – under the TIP. These investments were made in addition to those that the banks received under the CPP. Similar to the CPP, OFS invested in preferred stock and received warrants to purchase common stock in each institution.

The TIP investments provided for annual dividends of eight percent, which was higher than the initial CPP rate. The program also imposed greater reporting requirements and stricter terms on the companies than under the CPP terms, including restricting common stock dividends to $0.01 per share per quarter, restrictions on executive compensation, restrictions on corporate expenses, and other measures.

Asset Guarantee Program

Under the Asset Guarantee Program (AGP), TARP commitments were used to support two institutions – BofA and Citigroup. They were selected because of the large number of illiquid assets that both of them held at the time of the financial crisis and the severe impact that their failure would have had on the broader economy. In January 2009, OFS, the Federal Reserve, and the Federal Deposit Insurance Corporation (FDIC) agreed in principle to share potential losses on a $118 billion pool of financial instruments owned by BofA. However, in May 2009, before the transaction was finalized, BofA decided to terminate negotiations, and in September 2009, the government and BofA entered into an agreement under which the bank agreed to pay a termination fee of $425 million to the government, $276 million of which went to OFS. In January 2009, OFS, the Federal Reserve, and the FDIC similarly agreed to share potential losses on a $301 billion pool of Citigroup's covered assets. The arrangement was finalized and, as a premium for the guarantee, OFS and the FDIC received $7.0 billion of Citigroup preferred stock of which $2.2 billion was OFS's portion. OFS also received warrants to purchase 66.5 million shares of common stock.

Community Development Capital Initiative

OFS created the Community Development Capital Initiative (CDCI) on February 3, 2010, to help viable certified Community Development Financial Institutions (CDFIs) and the communities they serve cope with effects of the financial crisis. It was put in place to help keep day-to-day financing available to families and businesses in hard-hit communities that are underserved by traditional banks.

Since many CDFIs don't have the same access to capital markets as larger banks, the CDCI was designed with more generous terms than the CPP. Under this program, CDFI banks, thrifts, and credit unions received investments aggregating $570 million in capital with an initial dividend or interest rate of two percent, compared to the five percent rate offered under the CPP. To encourage repayment while recognizing the unique circumstances facing CDFIs, the dividend rate increases to nine percent after eight years, compared to after five years under the CPP. CDFIs that participated in the CPP and were in good standing were allowed to exchange their CPP securities for securities under the more favorable terms of this program.

Capital Assistance Program (CAP) and the Supervisory Capital Assessment Program (SCAP)

In 2009, Treasury worked with federal banking regulators to develop a comprehensive "stress test" known as the Supervisory Capital Assessment Program (SCAP). The purpose of the SCAP was to determine the health of the nation's 19 largest bank holding companies with unprecedented transparency and help restore confidence in the banking system. In conjunction with the SCAP, Treasury announced that it would provide capital under TARP through the Capital Assistance Program (CAP) to those institutions that needed additional capital but were unable to raise it through private sources. The CAP closed on November 9, 2009, without making any investments.

For additional information on the bank support programs please visit the OFS website at:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/Pages/default.aspx

Credit Market Programs (PPIP, TALF, SBA 7(a))

As the financial crisis reached its peak, banks were not making new loans to businesses, or even to one another. As a result, many businesses could not get loans for new investments, municipalities and state governments could not issue bonds at reasonable rates, and families could not get credit. The securitization markets—which provide financing for credit cards, student loans, auto loans, and other consumer loans as well as small business loans—had basically stopped functioning. OFS launched three programs in 2009 to help unfreeze these markets and bring down the cost of borrowing for families and businesses: the Public-Private Investment Program (PPIP), the Term Asset-Backed Securities Loan Facility (TALF), and the SBA 7(a) Securities Purchase Program. Although the specific goals and implementation methods of each program differed, the overall goal of these three programs was the same—to restart the flow of credit to meet the critical needs of small businesses and consumers.

Public-Private Investment Program

On March 23, 2009, OFS launched the Legacy Securities Public-Private Investment Program (PPIP) to help restart the market for non-agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS), thereby allowing banks and other financial institutions to re-deploy capital and extend new credit to households and businesses.

The purpose of PPIP was to draw new private capital into the market for legacy RMBS and CMBS by providing financing on attractive terms as well as a matching equity investment from OFS. Using up to $22.1 billion of TARP funds alongside equity capital raised from private investors, PPIP was designed to generate significant purchasing power and demand for troubled RMBS and CMBS. This in turn would help to increase the amount of credit available to consumers and small businesses.

Term Asset-Backed Securities Loan Facility

The Term Asset-Backed Securities Loan Facility (TALF) is a joint OFS-Federal Reserve program that was designed to restart the asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) markets that had ground to a virtual standstill during the early months of the financial crisis.

Under the TALF, the Federal Reserve Bank of New York (FRBNY) provided non-recourse funding to any qualified borrower that owned eligible collateral. On fixed days each month, borrowers were allowed to request three-year, or in certain cases, five-year TALF loans. If the borrower did not repay the loan, the FRBNY would enforce its rights to the collateral and sell it to TALF, LLC-a special purpose vehicle (SPV) established specifically to purchase and manage these assets. OFS initially committed $20.0 billion in subordinated loans to the SPV but did not directly lend to TALF borrowers.

Small Business Administration 7(a) Securities Purchase Program

OFS launched the Small Business Administration (SBA) 7(a) Securities Purchase Program to help facilitate the recovery of the secondary market for small business loans, and thus help free up credit for small businesses. Under this program, OFS purchased securities comprised of the guaranteed portion of SBA 7(a) loans, which finance a wide range of small business needs, including working capital, machinery, equipment, furniture, and fixtures. OFS invested approximately $367 million in 31 SBA 7(a) securities between March and September 2010. These securities were comprised of 1,001 loans from 17 different industries, including retail, food services, manufacturing, scientific and technical services, healthcare, and educational services. Through its purchases, OFS injected liquidity into this market to help restart the flow of credit to U.S. small businesses.

For additional information on the credit market programs, please visit the OFS website at: http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/credit-market-programs/Pages/default.aspx

Automotive Industry Financing Program (AIFP)

The Automotive Industry Financing Program (AIFP) was launched in December 2008 to help prevent the disorderly liquidations of General Motors (GM) and Chrysler, and thus significant disruption of the U.S. auto industry. The potential for such a disruption at that time posed a significant risk to financial market stability and threatened the overall economy. It could have also had disastrous consequences for other auto manufacturers and the many suppliers and other businesses that depended on the automotive industry. This could have led to a loss of as many as one million American jobs. Recognizing that both GM and Chrysler were on the verge of collapse, OFS extended loans to both companies and their financing entities.

In 2009, OFS agreed to provide additional funds conditioned on each company and its stakeholders participating in a fundamental restructuring. Sacrifices were made by unions, dealers, creditors and other stakeholders, and the restructurings were achieved through bankruptcy court proceedings in record time. In total OFS disbursed $79.7 billion in loans and equity investments to GM, Chrysler, and General Motors Acceptance Corporation (now known as Ally Financial). As a result, General Motors Company (New GM), Chrysler Group LLC (New Chrysler), and Ally are more competitive and viable companies, supporting American jobs and the economy. Operating results have improved, the industry added jobs, and TARP investments are being repaid.

For additional information on the AIFP, please visit the OFS website at: http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/automotive-programs/Pages/default.aspx

American International Group, Inc. (AIG) Investment Program

On September 15, 2008, Lehman Brothers filed for bankruptcy. This triggered the start of a run on money market funds generally. The day after that, AIG – one of the largest and most complex financial firms in the world – was on the verge of failure. Confidence was already fragile in the financial system as a whole and firms were trying to shore up their balance sheets by selling risky assets, reducing exposure to other financial institutions, and hoarding cash. At the time, AIG was one of the most complex financial firms in the world providing credit for other financial products. When the financial crisis hit, AIG had hundreds of billions of dollars in commitments without the capital and liquid assets to back them up. Millions of people depended on AIG for their life savings and it had a huge presence in many critical financial markets, including municipal bonds. Therefore, with AIG facing potentially fatal liquidity problems and with the crisis threatening to intensify and spread more broadly throughout the economy, OFS and the Federal Reserve provided assistance to AIG. This assistance was provided because the consequences of a company of AIG's size and scope failing at that time, in those circumstances, would have had far-reaching and catastrophic effects for the economy and for American families and businesses.

During this time, the Federal Reserve and OFS took a series of steps to prevent AIG's disorderly failure and to mitigate systemic risks. The initial assistance to AIG was provided by the FRBNY before the passage of EESA and the creation of TARP. After EESA became law, OFS and the FRBNY continued to work together to address the challenges posed by AIG. In 2008 and 2009, OFS funds were used to provide further support to AIG. In fiscal year 2011, OFS, the FRBNY, the trustees of the AIG Credit Facility Trust (the Trust)[1] and AIG completed a restructuring of the assistance provided by OFS and the FRBNY. A series of integrated transactions and corporate actions were executed to accelerate the repayment of U.S. taxpayer funds and to promote AIG's transition

[1] The independent trust established to manage the Department of the Treasury's beneficial interest in Series C preferred AIG shares.

from a majority government owned and supported entity to a financially sound and independent entity.

For additional information on the AIG Investment Program, please visit the Office of Financial Stability website at: http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/aig/Pages/default.aspx

Housing Programs

OFS established several housing programs under TARP to address the historic housing crisis and help struggling homeowners avoid foreclosure wherever possible. These programs have helped homeowners avoid foreclosure and introduced important new reforms for the mortgage servicing industry to help make mortgage modifications become more sustainable and affordable.

Making Home Affordable (MHA)

In early 2009, OFS launched the Making Home Affordable® Program (MHA) to help struggling homeowners avoid foreclosure and stabilize the housing market. MHA is only one part of the Administration's broader efforts to strengthen the housing market. Since its inception, MHA has helped homeowners avoid foreclosure by providing a variety of solutions to modify or refinance their mortgages, get temporary forbearance if they are unemployed, or transition out of homeownership through a short sale or a deed-in-lieu of foreclosure. OFS has committed $29.9 billion under the MHA program.

MHA is aimed at helping homeowners who are experiencing financial hardships to remain in their homes until their financial position improves or they relocate to a more sustainable living situation. In most cases, this means making their monthly mortgage payments more affordable and sustaining those new mortgage terms over time so homeowners can avoid the pain and substantial cost of foreclosure. At the same time, MHA protects the interests of taxpayers by disbursing funds only when transactions are completed and only as long as those contracts remain in place. Therefore, funds will be disbursed over many years.

The cornerstone of MHA is the Home Affordable Modification Program (HAMP), which provides eligible homeowners the opportunity to reduce their monthly mortgage payments to more affordable levels. OFS also introduced additional programs under MHA to help homeowners who are unemployed, "underwater" on their loan (those who owe more on their home than it is currently worth), or are struggling with a second lien. It also includes options for homeowners who would like to transition to a more affordable living situation through a short sale or deed-in-lieu of foreclosure. In early 2012, the Administration announced important enhancements to MHA that expanded the pool of eligible borrowers. Extending the reach of HAMP will assist a broader pool of struggling homeowners, offer support for tenants at risk of displacement due to foreclosure, and provide more robust relief to those who participate. On May 30, 2013, the Administration extended the application deadline for MHA programs to December 31, 2015. Extending the program for two years will benefit many additional families while maintaining clear standards and accountability for the mortgage industry. Taken together, these enhancements will help the housing market recover faster from an unprecedented crisis.

In addition to HAMP, MHA includes several additional programs to help homeowners refinance or address specific types of mortgages, in conjunction with the Federal Housing Administration (FHA), the United States Department of Agriculture (USDA), and the Department of Veterans Affairs (VA).

Housing Finance Agency (HFA) Innovation Fund for the Hardest Hit Housing Markets (Hardest Hit Fund)

The Administration established the Hardest Hit Fund in February 2010 to provide targeted aid to homeowners in states hit hardest by the economic and housing market downturn. As part of the Administration's overall strategy for restoring stability to housing markets, the Hardest Hit Fund provides funding for state Housing Finance Agencies (HFAs) to develop locally-tailored foreclosure prevention solutions in areas that have been hardest hit by home price declines and high unemployment. From its initial announcement, this program evolved from a $1.5 billion initiative focused on HFAs in the five states with the steepest home price declines and the vast majority of underwater homeowners to a broader-based $7.6 billion initiative encompassing 18 states and the District of Columbia (DC).

Hardest Hit Fund programs vary state to state, but may include such programs as mortgage payment assistance for unemployed or underemployed homeowners, principal reduction to help homeowners get into more affordable mortgages, funding to eliminate homeowners' second lien loans, funding for blight elimination activities, and help for homeowners who are transitioning out of their homes and into more affordable living situations.

For additional information on the housing programs, please visit the OFS website at: http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/default.aspx

OFS Operational Goals

OFS's Operational Goals were developed by management to achieve our strategic goal to ensure the overall stability and liquidity of the financial system, prevent avoidable foreclosures, and preserve homeownership. The following discussion of OFS operational goals focuses largely on the significant events that occurred during fiscal years 2013 and 2012. A more comprehensive discussion of each program, including its development and prior years' performance, can be found in the TARP Four Year Retrospective which is available at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/default.aspx

Operational Goal One: Complete the Wind-down of the Investment Programs

Banking Support Programs

OFS disbursed a total of $245.5 billion under the various TARP bank programs. As of September 30, 2013, OFS has collected more than $273.4 billion through repayments, dividends, interest, warrant sales, and other income, representing $27.9 billion in excess of disbursements. No more taxpayer money is being invested in banks under TARP. The final investment under the CPP – the largest bank program under TARP – was made in December 2009. OFS is focused on recovering TARP funds in a manner that continues to promote the nation's financial stability while maximizing returns on behalf of the taxpayers.

Capital Purchase Program

In fiscal year 2013, OFS made substantial progress winding down the CPP according to the three-pronged exit strategy announced in May 2012 and described in further detail below. From inception of the program through September 30, 2013, OFS has received $197.9 billion in CPP repayments/sales, along with $12.0 billion in dividends and interest, and $14.7 billion in gains associated from warrant and common stock sales totaling $224.7 billion. As of September 30, 2013, $3.1 billion in CPP gross investments remained outstanding, including 24 institutions that are in bankruptcy or receivership, representing an aggregate investment of $771 million that is currently not collectible.

Under this program, OFS provided capital to 707 financial institutions in 48 states, Puerto Rico, and DC, including more than 450 small and community banks and 22 CDFIs. The largest investment was $25.0 billion and the smallest was $301,000.

OFS received preferred stock or debt in each bank in which it made an investment, as well as warrants. Under the terms of the CPP, participating financial institutions may repay the funds they received at any time, so long as they have the approval of their regulators. OFS cannot demand repayment of CPP preferred stock, nor is OFS's approval required for financial institutions to repay.

OFS announced a three-pronged exit strategy for the program on May 3, 2012. That strategy includes waiting for those banks that are capable of repaying at par, selling banking investments to private investors through auctions in cases where the bank is not expected to be able to repay in the near future, and, in a limited number of cases, restructuring investments. Throughout fiscal year 2013, OFS continued to implement that exit strategy by periodically selling preferred stock and subordinated debt in CPP participants through both public and private auctions. OFS held 14 auctions with combined proceeds of $1.5 billion during fiscal year 2013 compared to 6 auctions with $1.3 billion in proceeds in fiscal year 2012.

During fiscal year 2013 and 2012, 173 and 96 investments were repaid or sold for a total of $4.8 billion and $8.2 billion, respectively.

Another component of OFS's exit strategy for the CPP is to restructure certain investments in limited cases when the terms result in the best return for taxpayers. This is typically done in connection with a merger or the bank's plan to raise new capital and is generally proposed by the bank. OFS agrees to receive cash (sometimes at a discount to the original par value of the investment) or other securities, which can be more easily sold.

Under the CPP, OFS also received warrants to purchase common shares or other securities from the banks. OFS has followed a policy of disposing of warrants as soon as practicable. As of September 30, 2013, OFS has collected $7.9 billion in net proceeds from the sale of warrants since inception. OFS periodically releases a Warrant Disposition Report that provides detail about its sale of warrants. These reports can be found at:

http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Warrant-Disposition-Reports.aspx

Additional information on the CPP, including details on the programs purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/cap/Pages/default.aspx

Targeted Investment Program

OFS completed the wind-down of the TIP in December 2009 when both BofA and Citigroup repaid their TIP investments in full. This resulted in net proceeds of $4.4 billion in excess of disbursements. OFS received $3.0 billion in total TIP dividends during the life of the program. OFS also received warrants from each institution which provided additional returns on the investments. OFS sold the BofA warrants in fiscal year 2010 for $1.2 billion and the Citigroup warrant in fiscal year 2011 for $190 million. Additional information on TIP, including details on the programs purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/tip/Pages/default.aspx

Asset Guarantee Program

As of September 30, 2013, OFS has fully wound down the AGP and received more than $4.1 billion in proceeds from the AGP without disbursing any claim payments. Additional information on the AGP, including details on the programs purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/agp/Pages/default.aspx

Community Development Capital Initiative

Unlike the CPP, OFS did not take substantial actions during fiscal year 2013 to wind-down the CDCI because of the unique circumstances facing participating institutions. In particular, many CDCI participants lack the same access to capital markets that CPP institutions have, making it more challenging for them to repay their investments.

OFS completed funding through this program in September 2010 with a total investment amount of $570 million for 84 institutions. Of this amount, $363 million (nearly $356 million from principal and nearly $8 million from warrants) represented exchanges by 28 CPP institutions converting into the CDCI. During fiscal years 2013 and 2012, OFS collected a total of $97 million and $14 million, respectively, in repayments, dividends and interest from institutions in the CDCI program. As of September 30, 2013, $475 million in CDCI investments remained outstanding.

OFS will continue to closely monitor the performance of the CDCI and make decisions regarding the program's wind-down at a later date. Additional information on CDCI, including details on the program's purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/bank-investment-programs/cdci/Pages/default.aspx

Credit Market Programs

OFS has now substantially completed the wind-down of all three credit market programs that were launched under TARP. A total of $19.1 billion was disbursed through these programs and a total of $23.5 billion has been collected through September 30, 2013.

Public Private Investment Program

During fiscal year 2013, OFS completed the wind-down of the PPIP. During fiscal year 2013 and 2012, 6 and 2 PPIFs wound down, repaying $5.7 billion and $5.6 billion in debt and $4.1 billion and $1.7 billion in equity capital invested by OFS, respectively. In addition, during fiscal years 2013 and 2012, OFS received $271 million and $1.4 billion in interest and investment income and $1.2 billion and $223 million in net proceeds in excess of costs, respectively from these PPIFs. The final outstanding equity repayment was made in June 2013. As of September 30, 2013, no debt or equity investments are outstanding.

The latest PPIP Quarterly Report includes a summary of PPIP capital activity, portfolio holdings and current pricing, and program and fund performance through September 30, 2013. OFS has published 16 quarterly reports on PPIP to date. These reports can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Public-Private-Investment-Program-Quarterly-Report.aspx

Term Asset-Backed Securities Loan Facility

OFS originally committed to provide credit protection of up to $20.0 billion in the form of a subordinated loan commitment to TALF, LLC to support up to $200.0 billion of lending by the FRBNY. OFS's commitment was later reduced to $4.3 billion in July 2010 after the program closed to new lending. In June 2012, the Federal Reserve Board and OFS agreed that it was appropriate to further reduce the credit protection OFS provides the TALF, LLC to $1.4 billion from $4.3 billion as the underlying TALF loan portfolio decreased through scheduled and voluntary payments. During 2013 this amount was further reduced to $100 million – the initial loan amount disbursed to fund the TALF, LLC.

During fiscal year 2013, OFS's original disbursed investment through the program was fully repaid with interest. As of September 30, 2013, the balance of outstanding TALF loans provided by FRBNY had declined to $101 million from $1.5 billion on September 30, 2012, due to scheduled and voluntary prepayments by borrowers. All loans that have not been repaid-in-full are current in their payments of principal and interest and are fully collateralized by the residual balance held by the TALF, LLC. As of September 30, 2013, accumulated income earned from investments in TALF, LLC totaled $583 million, all of which occurred during fiscal year 2013.

Additional information on TALF, including details on the programs purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/credit-market-programs/talf/Pages/default.aspx

Small Business Administration 7(a) Securities Purchase Program

During fiscal year 2012, OFS completed the fifth and final disposition of securities within the SBA 7(a) Securities Purchase Program, marking the successful wind-down of the program. OFS collected a total of $376 million through the program. This includes $334 million in sales, $29 million in principal payments, and $13 million in interest payments over the life of the program. These cash collections exceeded OFS's original investment amount by $9 million, excluding purchased accrued interest.

Additional information on SBA 7(a), including details on the program's purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/credit-market-programs/sba7a/Pages/default.aspx

Automotive Industry Financing Program

OFS made substantial progress in the wind-down of the AIFP during fiscal year 2013. In total, OFS disbursed $79.7 billion in loans and equity investments to the auto industry through the AIFP. As of September 30, 2013, OFS has collected $53.3 billion through sales, repayments, dividends and interest under this program.

In December 2012, OFS announced its intent to fully exit its investment in GM within the next 12-15 months. Concurrently with that announcement, GM purchased 200 million shares of GM common stock from OFS, for proceeds of $5.5 billion. In early 2013, OFS commenced the disposition of its remaining 300 million common shares of GM common stock through a series of pre-arranged written trading plans. In June 2013, OFS sold an additional 30 million shares of GM common stock in an underwritten sale in connection with the inclusion of GM common stock in the S&P 500 index for proceeds of $1.0 billion. The total amount collected for fiscal year 2013 was $12.0 billion. As of September 30, 2013, 101 million common shares remained outstanding valued at $3.6 billion. OFS completed the disposition of all remaining shares in December 2013.

OFS invested $17.2 billion in Ally Financial (Ally) under TARP (includes $884 million invested through GM). As of September 30, 2013, OFS's outstanding investment in Ally stood at $14.6 billion. Ally made substantial progress in completing the two strategic initiatives OFS previously said were critical to maximize recovery of the investment – the Chapter 11 proceeding of Ally's mortgage subsidiary, Residential Capital LLC ("ResCap"), to address Ally's legacy mortgage liabilities and the sale of its international auto finance operations. During fiscal year 2013, Ally, ResCap, and ResCap's major creditors reached a settlement agreement regarding certain claims against Ally. The bankruptcy court approved this agreement and ResCap's plan of reorganization in December 2013. Ally also sold or entered into agreements to sell all of its international auto finance operations for a total of $9.2 billion.

On August 19, 2013, Ally entered into private placement agreements with investors for Ally common stock at an aggregate price of $1.0 billion (later increased to $1.3 billion in November 2013). Concurrently, Ally entered into agreements with OFS to repurchase all of the outstanding MCP stock and terminate the MCP's Share Adjustment Right (SAR), which provided OFS with the right to receive additional common stock of Ally under certain circumstances if certain events occurred prior to December 30, 2016. Ally repurchased all of its MCP stock from OFS for $5.2 billion in November 2013. In addition, OFS received an additional $725 million for the elimination of the SAR. OFS is actively seeking to wind-down the remaining investment in Ally, which represents approximately 63 percent of Ally's common stock after Ally's private placement settled in November 2013.

Additional information on the AIFP, including details on the programs purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/automotive-programs/Pages/default.aspx

American International Group (AIG) Investment Program

In fiscal year 2013, OFS exited all remaining holdings in AIG. During the financial crisis, OFS's and the FRBNY's peak support for AIG totaled $182.3 billion. That included $69.8 billion that OFS committed and $112.5 billion committed by the FRBNY, including $22.1 billion of these commitments which were later cancelled. As a result of the combined efforts of AIG, OFS, and the Federal Reserve, $22.7 billion in excess of the total of funds disbursed has been recovered through sales and other income.

In fiscal year 2011, Treasury, including OFS, the FRBNY, the trustees of the AIG Facility Trust (Trust)[2] and AIG completed a restructuring of government investments in AIG. As part of the restructuring, Treasury received 1.7 billion AIG shares (1.1 billion TARP shares and 563 million additional Treasury shares from the trust established by the FRBNY for the benefit of Treasury). Following the restructuring, OFS managed both the TARP and additional Treasury shares and sold them on a pro-rata basis.

During fiscal year 2012, AIG completed the repayment of OFS's preferred interests in the AIG SPVs for proceeds of $9.6 billion. In addition, OFS conducted four offerings that sold a total of 1.2 billion shares of AIG common stock (including 806 million TARP shares) at prices that ranged from $29.00 per share to $32.50 per share. Total proceeds from these sales amounted to $38.2 billion, consisting of $25.2 billion in proceeds to OFS and additional proceeds to the Treasury for the additional Treasury shares of $13.0 billion. The proceeds to OFS from such common stock sales were $9.9 billion less than cost.

During fiscal year 2013, OFS sold its and Treasury's remaining 234 million shares of AIG common stock in two underwritten public offerings for aggregate proceeds of approximately $7.6 billion. The proceeds from these sales consisted of $5.0 billion to OFS and additional proceeds to the Treasury for additional Treasury shares of $2.6 billion. On March 1, 2013, AIG repurchased warrants issued to OFS in 2008 and 2009 for approximately $25 million. OFS disbursed a total of $67.8 billion to AIG, and following this sale, OFS's cumulative net proceeds from repayments, sales, dividends, interest, and other income related to AIG assets totaled $55.3 billion, and OFS has no residual interest in AIG.

OFS sold all the TARP and additional Treasury shares at an average price of $31.18 per share. Because the additional Treasury shares came from the trust, the additional Treasury shares were provided to Treasury at no cost and are not included in the OFS financial statements. The TARP shares had a cost basis of $43.53 per share. However, the figure of $28.73 per share was often referred to as Treasury's "break-even" price for AIG common stock sales in order for Treasury to recover the TARP AIG investment because that number averages the cost over the TARP shares and the additional Treasury shares. Thus, the average price realized was in excess of that break-even price. While TARP recovered less than its total investment, this was offset by the proceeds from the additional Treasury shares of AIG, resulting in overall proceeds exceeding disbursements for Treasury.

[2] The independent trust established to manage the Treasury's beneficial interest in preferred AIG shares from the FRBNY.

Operational Goal Two: Continue Helping Families in Need to Avoid Foreclosure

Making Home Affordable (MHA)

Consistent with OFS's goal of continuing to help struggling homeowners find solutions to avoid foreclosure wherever possible, OFS is continuing to implement the MHA program and to reach as many eligible homeowners as possible. As of September 30, 2013, 91 non-GSE servicers are participating in MHA. As of September 30, 2013, OFS has commitments to fund up to $29.9 billion in MHA payments and has disbursed $6.5 billion since inception.

OFS publishes quarterly assessments of servicer performance containing data on compliance with program guidelines as well as program results metrics. OFS believes that these assessments have set the standard for transparency about mortgage servicer efforts to assist homeowners and encourage servicers to improve processes and performance for foreclosure prevention activities.

MHA performance highlights for fiscal year 2013 can be found at: *http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Making-Home-Affordable-Program-Performance-Report.aspx*.

Additional information on MHA, including details on the programs purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/mha/Pages/default.aspx

Home Affordable Modification Program (HAMP)

The largest program within MHA is the Home Affordable Modification Program (HAMP). HAMP offers responsible homeowners who are at risk of foreclosure the opportunity to obtain reduced monthly mortgage payments that are affordable and sustainable over the long-term.

As of September 30, 2013, approximately 1.3 million homeowners have received permanent modifications through HAMP.[3] This includes modifications on both non-Government Sponsored Enterprise (GSE) loans (for which the cost is paid by TARP) and GSE loans (for which the cost is paid by the GSEs). Homeowners participating in HAMP have collectively experienced nearly a 40 percent median reduction in their mortgage payments—representing more than $546 per month. MHA has also encouraged the mortgage industry to adopt similar programs that have helped millions more at no cost to taxpayers by establishing standards and best practices for loss mitigation evaluations. As of September 30, 2013, homeowners in HAMP have had their principal reduced by an estimated $22.3 billion.

On May 30, 2013, the Administration extended the application deadline for MHA programs through December 2015 to provide struggling homeowners additional time to access sustainable mortgage relief, and to align the end dates for key assistance programs. OFS and the U.S. Department of Housing and Urban Development (HUD) announced that the new deadline was determined in coordination with the Federal Housing Finance Agency (FHFA) to align with extended deadlines for the Home Affordable Refinance Program (HARP) and the Streamlined Modification Initiative for homeowners with loans owned or guaranteed by Fannie Mae and Freddie Mac.

Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (Hardest Hit Fund)

In addition to MHA, OFS operates the Hardest Hit Fund, which allows participating HFAs in the nation's hardest hit housing and

[3] 667,093 of these modifications were OFS funded.

unemployment markets to design innovative, locally-targeted foreclosure prevention programs. As of September 30, 2013, all 19 of the participating HFAs are fully operational and have created extensive infrastructures to operate these programs, including selecting and training networks of housing counselors to assist with applications, creating homeowner portals to aid homeowners in applying for assistance, and hiring underwriters and other staff to review and approve applications. The five largest servicers (Bank of America, JPMorgan Chase, Wells Fargo, Citibank, and GMAC) are currently participating in programs in all 19 jurisdictions, primarily through mortgage payment assistance and mortgage loan reinstatement assistance.

As of September 30, 2013, the 19 HFAs have collectively drawn approximately $2.9 billion (38.3 percent) of the $7.6 billion allocated under the program. For fiscal years 2013 and 2012, this program has disbursed $1.4 billion and $861 million, respectively. Each state draws down funds as they are needed, but must have no more than five percent of their allocation on hand before they can draw down additional funds. States have until December 31, 2017, to enter into agreements with borrowers.

Each HFA submits a quarterly report on the progress of its program. These reports include the states' performance on metrics set by OFS on various aspects of their programs. Direct links to each state's most recent performance report can be found at:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx.

Additional information on the Hardest Hit Fund, including details on the program's purpose, overview, and status can be found at the following website:

http://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/hhf/Pages/default.aspx

FHA Refinance Program

On March 26, 2010, the Department of Housing and Urban Development (HUD) and the Department of the Treasury announced enhancements to the Federal Housing Administration Refinance Program (FHA Refinance), designed to make homeownership more affordable for borrowers whose homes are worth less than the remaining amounts on their mortgage loans (under water). TARP funds were made available by OFS through an $8.0 billion letter of credit facility, in order to fund a share of the losses experienced by FHA associated with this program (subsequently reduced to $1.0 billion in fiscal year 2013 due to low utilization). As of September 30, 2013, FHA guaranteed 3,015 Refinance loans with a total face value of almost $489 million covered under OFS's letter of credit facility. One default has been realized resulting in $47,840 in claim payments by OFS.

Operational Goal Three: Minimize Cost to Taxpayer

OFS manages TARP investments to minimize costs to taxpayers by managing the timely exit of these investments to reduce taxpayers' exposure, return TARP funds to reduce the federal debt, and continue to replace government assistance with private capital in the financial system. OFS has taken a number of steps during fiscal years 2013 and 2012 to dispose of OFS's outstanding investments in a manner that balances the need to exit these investments as quickly as practicable with maximizing returns for taxpayers. OFS also takes steps to ensure that TARP recipients comply with any TARP-related statutory or contractual obligations such as executive compensation requirements and restrictions on dividend payments.

OFS's exit strategies for TARP investment programs vary for each investment and are subject to market conditions. In disposing of TARP investments, OFS takes a disciplined portfolio approach – reviewing each investment and closely monitoring risk and performance. In addition to repayments by participants, OFS has disposed of investments to third parties through public and private offerings and auctions. Utilizing auctions promotes competition and produces prices that are market-driven.

Risk Assessment

OFS has developed procedures to identify and mitigate investment risk. These procedures are designed to identify TARP recipients that face a heightened financial risk and determine appropriate responses to preserve OFS's investment on behalf of taxpayers, while maintaining financial stability. Specifically, OFS's external asset managers review publicly available information to identify recipients for which pre-tax, pre-provision earnings and capital may be insufficient to offset future losses and maintain required capital. For certain institutions, OFS and its external asset managers engage in heightened monitoring and due diligence that reflects the severity and timing of the challenges.

Compliance

OFS also takes steps to ensure that TARP recipients comply with their TARP-related statutory and contractual obligations. Statutory obligations include executive compensation restrictions. Contractual obligations vary by investment type. For most of OFS's preferred stock investments, TARP recipients must comply with restrictions on payment of dividends and on repurchases of junior securities. Recipients of exceptional assistance (currently Ally) must comply with additional restrictions on executive compensation, lobbying, corporate expenses and internal controls and must provide quarterly compliance reports.

In addition, all mortgage servicers participating in MHA are subject to program guidelines, which require the servicer to offer MHA assistance to all eligible borrowers and to have systems that can process all MHA-eligible loans. Servicers are subject to periodic, on-site compliance reviews performed by OFS's compliance agent, Making Home Affordable-Compliance (MHA-C), a separate, independent division of Freddie Mac, to ensure that servicers' obligations under MHA requirements are being met. In fiscal year 2011, OFS began publishing quarterly assessments of the largest servicers comprising approximately 89% of the HAMP mortgage servicing market and continued publishing these quarterly assessments throughout fiscal year 2013. These assessments have helped drive the industry to improve its practices.

Operational Goal Four: Continue to Operate with the Highest Standards of Transparency, Accountability, and Integrity

To protect taxpayers and help ensure that every dollar is directed toward promoting financial stability, OFS established comprehensive accountability and transparency measures. OFS is committed to operating its investment and housing programs in full view of the public. This includes providing regular and comprehensive information about how TARP funds are being spent, who has received them and on what terms, and how much has been collected to date.

All of this information, along with numerous reports of different frequencies is posted on the Financial Stability section of the Treasury.gov website, which can be found at:

http://www.treasury.gov/initiatives/financial-stability/reports/Pages/default.aspx

These reports include:

- A Daily TARP Update, which features detailed financial data related to each TARP investment program including the status of disbursements and all collections by category;
- A monthly report to Congress that details how TARP funds have been used, the status of recovery of such funds by program, and information on the estimated cost of TARP;
- A monthly report on dividend and interest payments;
- A monthly report on Making Home Affordable;
- A report of each transaction (such as an investment or repayment) within two business days of each transaction;
- A quarterly report on the Hardest Hit Fund;
- A quarterly report on PPIP that provides detailed information on the funds, their investments, and returns. It is typically released within one month after the end of each quarter; and
- A semi-annual report on warrant dispositions.

In addition, OFS regularly publishes data files related to MHA and transaction reports that show activity related to MHA and HHF. The release of the data file fulfills a requirement within the Dodd-Frank Act to make available loan-level data about the program. OFS updates the file monthly and will expand reporting to include newer initiatives that are part of MHA. Researchers interested in using the MHA Data File can access the file and user guide at:

http://www.treasury.gov/initiatives/financial-stability/reports/Pages/mha_publicfile.aspx.

Audited Financial Statements

OFS prepares separate financial statements for TARP on an annual basis, which can be found at:

http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Annual-Agency-Financial-Reports.aspx

In its five years of operation, TARP's financial statements have received five unmodified audit opinions from its auditor, the GAO. OFS also received a Certificate of Excellence in Accountability Reporting (CEAR) from the Association of Government Accountants for fiscal years 2012, 2011, 2010 and the period ending September 30, 2009.

TARP Retrospective Reports and the TARP Tracker

In March 2013, OFS published the *Troubled Asset Relief Program Four Year Retrospective Report - An Update on The Wind-Down of TARP*. This serves as an update to OFS's TARP Three-Year Anniversary report, which was published in October 2011. In October 2010, OFS published the TARP Two Year Retrospective, which contains a comprehensive history of each TARP program. These reports include information on TARP programs and the effects of TARP and additional emergency measures taken by the federal government to stabilize the financial system following the 2008 crisis.

In addition, during fiscal year 2013, OFS launched an expanded version of its existing TARP Tracker, which is an online, interactive tool that allows users to track the flow of TARP funds in greater detail over the lifetime of each individual TARP investment area. The expanded capability allows users to view each investment area separately to get a clearer sense of what has occurred in a particular program, including a scroll of events, major transactions, and legislative actions that have impacted the program.

Readers are invited to refer to these documents at: http://www.treasury.gov/initiatives/financial-stability/reports/Pages/default.aspx

Oversight by Four Separate Agencies

Congress also established four avenues of oversight for TARP:

- The Financial Stability Oversight Board, established by EESA Section 104;
- Specific responsibilities for the GAO as set out in EESA Section 116;
- The Special Inspector General for TARP, established by EESA Section 121; and
- The Congressional Oversight Panel (COP), established by EESA Section 125. COP concluded its operations in accordance with EESA on April 3, 2011.

OFS has productive working relationships with all of these bodies, and cooperates with each oversight agency's effort to produce periodic audits and reports that focus on the many aspects of TARP. Individually and collectively, the oversight bodies' audits and reports have made and continue to make important contributions to the development, strengthening, and transparency of TARP programs.

Congressional Hearings and Testimony

OFS officials have testified in numerous Congressional hearings since TARP was created. Copies of their written testimony are available at:

http://www.treasury.gov/initiatives/financial-stability/news-room/Pages/default.aspx.

OFS Financial Performance

OFS's fiscal year 2013 net income from operations of $7.7 billion includes the reported net income related to loans, equity investments, and other credit programs. For the fiscal year ended September 30, 2013, OFS reported net subsidy income for six programs –CPP, CDCI, TALF, PPIP, AGP, and AIFP. These programs collectively reported net subsidy income of $11.9 billion. Also, for the fiscal year ended September 30, 2013, OFS experienced net subsidy cost for two programs – AIG and FHA Refinance Program totaling $34 million. Fiscal year 2013 expenses for the Treasury housing programs under TARP of $4.0 billion and administrative costs of $248 million bring the total reported fiscal year net income from operations to $7.7 billion. For the fiscal year ended September 30, 2012, the net income from operations was $7.7 billion. These net income amounts reported in the financial statements reflect only transactions through September 30, 2013 and September 30, 2012, respectively, and therefore are different than lifetime cost estimates made for budgetary purposes.

TARP Program Summary

Table 1 provides a financial summary for TARP programs since its inception on October 3, 2008, through September 30, 2013. For each program, the table provides utilized TARP authority (which includes purchases made, legal commitments to make future purchases, and offsets for guarantees made), the amount actually disbursed, repayments to OFS from program participants or from sales of the investments, write-offs and losses, net outstanding balance as of September 30, 2013, and cash inflows on the investments in the form of dividends, interest or other fees. As of September 30, 2013, $30 billion of the $456.6 billion in purchase and guarantee authority remained unused.

Table 1: TARP Summary[1]
From TARP Inception through September 30, 2013
(Dollars in billions)

	Purchase Price or Guarantee Amounts	Total $ Disbursed	Investment Sales and Repayments	Write-offs and Losses[3]	Out-standing Balance[4]	Received from Invest-ments
Bank Support Programs						
Capital Purchase Program[5]	$ 204.9	$ 204.9	$ (197.9)[6]	$ (3.9)	$ 3.1	$ 26.8
Targeted Investment Program	40.0	40.0	(40.0)	-	-	4.4
Asset Guarantee Program	5.0	-	-	-	-	4.1
Community Development Capital Initiative	0.6	0.6	(0.1)	-	0.5	-
Credit Market Programs						
Public-Private Investment Program	19.6	18.6	(18.6)	-	-	3.8
Term Asset-Backed Securities Loan Facility	0.1	0.1	(0.1)	-	-	0.6
SBA 7(a) Securities Purchase Program	0.4	0.4	(0.4)	-	-	-
Other Programs						
Automotive Industry Financing Program	79.7	79.7	(47.1)	(12.7)	19.9	6.2
American International Group Investment Program[2]	67.8	67.8	(54.3)	(13.5)	-	1.0
Sub-total for Investment Programs	418.1	412.1	(358.5)	(30.1)	23.5	46.9
Treasury Housing Programs under TARP	38.5[7]	9.5	N/A	N/A	N/A	N/A
Total for TARP Program	$ 456.6	$ 421.6	$ (358.5)	$ (30.1)	$ 23.5	$ 46.9

[1]This table shows TARP activity for the period from inception through September 30, 2013, on a cash basis. Received from investments includes dividends and interest income reported in the Statement of Net Cost, and proceeds from sale and repurchases of assets in excess of costs.
[2]The amounts for AIG reflect only the operations of TARP and do not reflect proceeds received from the sale of shares of AIG common stock held by Treasury outside of TARP (additional Treasury shares). For further details, see the discussion of the American International Group Investment Program, beginning on page 5.
[3] Losses represent proceeds less than cost on sales of assets which are reflected in the financial statements within "net proceeds from sales and repurchases of assets in excess of (less than) cost."
[4] Total disbursements less repayments, write-offs and losses do not equal the total outstanding balance because the disbursements for the Treasury housing programs under TARP generally do not require (and OFS does not expect) repayments.
[5]OFS received $31.9 billion in proceeds from sales of Citigroup common stock, of which $25.0 billion is included at cost in investment sales, and $6.9 billion of net proceeds in excess of cost is included in Received from Investments.
[6]Includes $2.2 billion of SBLF refinancing outside of TARP and CDCI exchanges from CPP of $363 million.
[7] Individual obligation amounts are $29.9 billion for the Making Home Affordable Program, $7.6 billion for the Hardest Hit Fund, and $1.0 billion committed for the FHA Refinance Program.

Most TARP funds were used to make investments in preferred stock or to make loans. OFS has generally received dividends on the preferred stock and interest payments on the loans from the institutions participating in TARP programs. These payments represent additional proceeds received on OFS's TARP investments. From inception through September 30, 2013 OFS received a total of $24.2 billion in dividends and interest.

OFS has conducted several sales of its investments in banking institutions as part of its exit strategy for winding down TARP. OFS plans to continue to sell its investments in banks that are not expected to repay OFS in the foreseeable future. These sales are being conducted over time and in stages and include both common and preferred stock and debentures. During fiscal years 2013 and 2012, OFS sold its investments in 113 and 40 banks for combined proceeds of $1.5 billion and $1.3 billion, respectively, through individual public and private auctions. These auctions resulted in net proceeds less than cost of $455 million and $180 million for those investments, respectively.

OFS also received warrants in connection with most of its investments, which provides an opportunity for OFS on behalf of taxpayers to realize additional proceeds on investments. Since the program's inception, through September 30, 2013, OFS has received $9.5 billion in gross proceeds from the disposition of warrants associated with 204 CPP investments, both TIP investments, AGP, and AIG, consisting of (i) $4.0 billion from issuer repurchases at agreed upon values and (ii) $5.5 billion from auctions. TARP's Warrant Disposition Report is posted on the OFS website at the following link:

http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Warrant-Disposition-Reports.aspx.

Summary of TARP Direct Loans and Equity Investments

Table 2 provides information on the estimated values of TARP direct loan and equity investments by program, as of the end of fiscal years 2013 and 2012. OFS housing programs under TARP are excluded from the chart because no repayments are expected. The Outstanding Balance column represents the amounts disbursed by OFS relating to the loans and equity investments that were outstanding as of September 30, 2013 and 2012. The Estimated Value of the Investment column represents the present value of net cash inflows that OFS estimates it will receive from the loans and equity investments. These estimates include market risk assumptions. For equity securities, this amount represents fair value. The total difference of $5.6 billion (2013) and $22.9 billion (2012) between the two columns is considered the "subsidy cost allowance" under the Federal Credit Reform Act methods OFS follows for budget and accounting purposes.

Table 2: Summary of TARP Direct Loans and Equity Investments (Dollars in billions)				
Program	Outstanding Balance as of September 30, 2013[1]	Estimated Value of Investment as of September 30, 2013	Outstanding Balance as of September 30, 2012[1]	Estimated Value of Investment as of September 30, 2012
Bank Support Programs				
Capital Purchase Program	$ 3.1	$ 1.8	$ 8.7	$ 5.7
Community Development Capital Initiative	0.5	0.4	0.6	0.4
Credit Market Programs				
Public-Private Investment Program	0.0	0.0	9.8	10.8
Term Asset-Backed Securities Loan Facility	0.0	0.1	0.1	0.7
Other Programs				
Automotive Industry Financing Program	19.9	15.6	37.2	17.5
American International Group Investment Program	0.0	0.0	6.7	5.1
Total	$ 23.5	$ 17.9	$ 63.1	$ 40.2

[1] Before subsidy cost allowance.

The ultimate cost of TARP will not be known for some time, but it is not expected to change significantly from costs reflected in table 3. The largest remaining driver in cost is the Treasury Hosing Programs Under Tarp. Actual usage of the program will greatly depended on financial conditions of homeowners going forward.

Comparison of Estimated Lifetime TARP Costs Over Time

Market conditions and the performance of specific financial institutions are critical determinants of TARP's estimated lifetime cost. The changes in OFS estimates since TARP's inception through September 30, 2013, provide a good illustration of this impact. Table 3 provides information on how OFS's estimated lifetime cost of TARP has changed over time. These costs fluctuated in large part due to changes in the market prices of common stock for AIG and GM and the estimated value of the Ally stock.

This table assumes that most disbursements for Treasury housing programs under TARP are completed, and adhere to general government budgeting guidance. Table 3 is consistent with the estimated TARP lifetime cost disclosures on the OFS web site at:

http://www.treasury.gov/initiatives/financial-stability/Pages/default.aspx.

The cost amounts in Table 3 are based on assumptions regarding future events, which are inherently uncertain.

Table 3: Estimated Lifetime TARP Costs (Income)[1]
(Dollars in billions)

Program	Estimated Lifetime Cost (Income) as of September 30				
	2009[5]	2010	2011	2012	2013
Bank Support Programs					
Capital Purchase Program	$ (14.6)	$ (11.2)	$ (13.0)	$ (14.9)	$ (16.1)
Targeted Investment Program	(1.9)	(3.8)	(4.0)	(4.0)	(4.0)
Asset Guarantee Program[2]	(2.2)	(3.7)	(3.7)	(3.9)	(4.0)
Community Development Capital Initiative	0.4	0.3	0.2	0.2	0.1
Credit Market Programs					
Public-Private Investment Program	1.4	(0.7)	(2.4)	(2.4)	(2.7)
Term Asset-Backed Securities Loan Facility	(0.3)	(0.4)	(0.4)	(0.5)	(0.6)
SBA 7(a) Securities Purchase Program	N/A	---	---	---	---
Other Programs					
Automotive Industry Financing Program	34.5	14.7	23.6	24.3	14.7
American International Group Investment Program[3]	56.8	36.9	24.3	15.3	15.2
Subtotal	74.1	32.1	24.6	14.1	2.6
Treasury Housing Programs under TARP[4]	50.0	45.6	45.6	45.6	37.7
Total	$ 124.1	$ 77.7	$ 70.2	$ 59.7	$ 40.3

[1] Estimated program costs (+) or savings (in parentheses) over the life of the program, including interest on re-estimates and excluding administrative costs.
[2] Prior to the termination of the guarantee agreement, OFS guaranteed up to $5.0 billion of potential losses on a $301.0 billion portfolio of loans.
[3] The amounts for AIG reflect only the operations of TARP and do not reflect proceeds received from the sale of shares of AIG common stock held by Treasury outside of TARP (additional Treasury shares). For further details, see the discussion of the American International Group Investment Program, beginning on page 5.
[4] The estimated lifetime cost for Treasury Housing Programs under TARP represent the total commitment except for the FHA Refinance Program, which is accounted for under credit reform. The estimated lifetime cost of the FHA Refinance Program represents the total estimated subsidy cost associated with total obligated amount.
[5] Estimated lifetime cost for 2009 includes funds for projected disbursements and anticipated obligations.

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www.MAKINGHOMEAFFORDABLE.gov

Additional References:

Monthly Reports to Congress
http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Monthly-Report-to-Congress.aspx

The Financial Crisis Response in Charts – April 2012
http://www.treasury.gov/resource-center/data-chart-center/Documents/20120413_FinancialCrisisResponse.pdf.

Anniversary Reports
http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Annual-Retrospectives.aspx

Agency Financial Reports, including 2013, 2012, 2011, 2010 and 2009:
http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Annual-Agency-Financial-Reports.aspx

Housing Scorecard:
http://portal.hud.gov/hudportal/HUD?src=/initiatives/Housing_Scorecard

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http://www.treasury.gov/initiatives/financial-stability/reports/Pages/Making-Home-Affordable-Program-Performance-Report.aspx

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