News Release

GOVERNMENT SUPPORT FOR BANK HOLDING COMPANIES: STATUTORY CHANGES TO LIMIT FUTURE SUPPORT ARE NOT FULLY IMPLEMENTED

Summary of Key Findings within GAO Report

Federal emergency lending and guarantee programs offered participating banks significant discounts.

- **Term Auction Facility (TAF)** offered banks loans at rates ***22 to 39 basis points*** below market rates.

- **Primary Dealer Credit Facility (PDCF)** allowed smaller haircuts for riskier collateral like corporate bonds, allowing borrowers to receive bigger loans.

- **Term Securities Lending Facility (TSLF)** allowed primary dealers to borrow using collateral ***32 basis points*** lower than the market rate. It also let dealers borrow against collateral that was too risky to be accepted in the market, like private-label mortgage-backed securities (MBS).

- **Commercial Paper Funding Facility (CPFF)** provided 3-month funding to banks at interest rates ***44 to 92 basis points*** below the market rate for corporate debt.

- **Capital Purchase Program (CPP)** and **Targeted Investment Program (TIP)**, Treasury bought equity in financial institutions at prices ***18 to 27 basis points*** and ***26 to 50 basis points***, respectively, above going share prices.

- **Debt Guarantee Program (DGP)** guaranteed debt for financial institutions at rates that averaged ***258 basis points*** below market rates, though some guarantees were ***up to 1,000 basis points*** below market offerings.

The biggest banks benefited more from federal programs.

- Banks with **more than $50 billion** in assets borrowed on average **2 percent** of their total assets through Fed programs, while smaller banks borrowed **less than 1 percent** of assets.

- Banks with **more than $50 billion** in assets received on average more than **1.5 percent** of their total assets through Treasury programs, while smaller banks received less than **1 percent** of assets.

- Banks with **more than $50 billion** in assets received on average debt and deposit guarantees worth **6 percent** of their total assets, while smaller banks received guarantees worth less than **4 percent** of assets.

- **JP Morgan** received a nearly **$30 billion** loan, along with temporary exemptions from capital requirements, to purchase Bear Stearns.

- Both **Citigroup** and **Bank of America** received **$20 billion** in direct assistance to prevent a failure from harming the entire financial system. They also received promised or written loss-sharing agreements to reassure the market of the institutions' soundness.

Total Equity Provided, Loans Provided, and Liabilities Guaranteed

Bank	Government support to total assets	Equity capital to total assets	Remaining equity capital absent government support	Remaining equity capital under Brown-Vitter
Bank of America	12.08%	8.7%	(3.38%)	2.92%
Citigroup	10.45%	6.1%	(4.35%)	4.55%
JPMorgan Chase	9.84%	6.4%	(3.44%)	5.16%

Three Largest U.S. Banks, 2008

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