

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## TARP Bank Programs Nearing Profitability after Fifth Third Bancorp Repays \$3.4 Billion

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**WASHINGTON** – Today, the U.S. Department of the Treasury announced that Fifth Third Bancorp of Cincinnati, Ohio has fully repaid its \$3.4 billion in outstanding Troubled Asset Relief Program (TARP) funds. With this transaction, total repayments and other income from programs within TARP to provide direct financial support to banks (approximately \$243 billion) have nearly surpassed total disbursements under those programs (approximately \$245 billion). Treasury currently estimates that bank programs within TARP will ultimately provide a lifetime profit of nearly \$20 billion to taxpayers.

"We expect that the programs within TARP to provide direct financial support to banks will provide a profit for taxpayers, and today's repayments move us even closer to achieving that result," said Tim Massad, Acting Assistant Secretary for Financial Stability. "As the economy heals, we're continuing to see private capital step up and replace public support in the financial sector, which has dramatically lowered the cost of TARP for taxpayers."

Overall, across all TARP programs, – including financial support for banks, the domestic auto industry, and AIG; targeted initiatives to help restart the credit markets; and foreclosure prevention programs – Treasury has disbursed a total of approximately \$410 billion. With today's transactions, total program repayments (approximately \$238 billion) and other income (approximately \$36 billion) have reached more than \$274 billion.

Fifth Third Bancorp today fully repurchased its \$3.4 billion in outstanding TARP Capital Purchase Program (CPP) preferred shares. Fifth Third Bancorp had previously paid a cumulative total of \$340.8 million in dividends to Treasury on those preferred shares – representing a return on this investment of approximately 10 percent to date. Treasury also continues to hold warrants to purchase Fifth Third Bancorp common stock, which will provide an additional profit to taxpayers when Treasury disposes of those securities.

In its December 2010 monthly report to Congress on TARP, Treasury recently estimated that the lifetime cost of the overall TARP program would be approximately \$48 billion. When also including AIG common stock held for the benefit of Treasury outside of TARP – that projected cost drops to \$28 billion.

Overall, TARP investment programs – including financial support for banks, AIG, and the domestic auto industry, and targeted initiatives to restart the credit markets – are expected to either nearly break even or turn a profit. The lifetime cost of TARP is expected to be primarily concentrated within funds disbursed for Treasury's foreclosure prevention programs, which were not intended to be recovered.

Also today, Peoples Bancorp of Marietta, Ohio repurchased \$21.0 million in TARP CPP preferred shares. This transaction reduces Peoples Bancorp's total amount of outstanding CPP preferred shares from \$39.0 million to \$18.0 million. To date, Peoples Bancorp has paid a total a \$3.5 million in dividends to Treasury on this investment.

