

Minutes of the Financial Stability Oversight Board Meeting April 30, 2012

A meeting of the Financial Stability Oversight Board (“Board”) was held at 2:00 p.m. (EDT) on Monday, April 30, via teleconference.

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Geithner
Mr. Donovan
Ms. Shapiro
Mr. DeMarco

STAFF PARTICIPATING:

Mr. Treacy, Executive Director
Mr. Gonzalez, General Counsel and Secretary

AGENCY OFFICIALS PARTICIPATING:

Mrs. Miller, Under Secretary for Domestic Finance, Department of the Treasury

Mr. Massad, Assistant Secretary for Financial Stability, Department of the Treasury

Mr. Pendo, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Mr. Kingsley, Chief, Homeownership Preservation Office, Office of Financial Stability, Department of the Treasury

Mr. Grom, Acting Senior Advisor to the Assistant Secretary for Financial Stability, Department of the Treasury

Mr. Ryan, Chief Risk Officer, Department of Housing and Urban Development

Mr. Delfin, Special Counsel to the Chairman, Securities and Exchange Commission

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

Mr. Naylor, Deputy Associate Director, Federal Reserve Board

Mr. Leahy, Deputy Director, Division of International Finance, Federal Reserve Board

Ms. Rice, Chief, Global Financial Institutions Section, Division of International Finance, Federal Reserve Board

Chairperson Bernanke called the meeting to order at approximately 2:05 p.m. (EDT).

The Board first considered draft minutes for the meeting of the Board on March 26, 2012, which had been circulated in advance of the meeting. Upon a motion duly made and seconded, the Members voted to approve the minutes of the meeting, subject to such technical revisions as may be received from the Members.

Officials from the Department of the Treasury (“Treasury”) then provided an update on the programs established by Treasury under the Troubled Asset Relief Program (“TARP”). Discussion during the meeting focused on the Capital

Purchase Program (“CPP”); the Public-Private Investment Program (“PPIP”); the American International Group, Inc. (“AIG”); the Automotive Industry Financing Program (“AIFP”); and the Making Home Affordable (“MHA”) program and related initiatives. Among the materials distributed in advance of the meeting was the monthly report issued by Treasury under Section 105(a) of the Emergency Economic Stabilization Act (“105(a) report”), which contains information concerning the programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP. Throughout the meeting, Members raised and discussed various matters with respect to the effects of the policies and programs established under TARP.

Treasury officials first discussed the latest cost estimates for TARP. As part of this discussion, Treasury officials discussed with Members Treasury’s daily TARP update report as of April 2, 2012, which showed for each TARP program the amount of funds obligated, the amount actually disbursed, repayments and income received, and any gains or losses with regard to individual TARP investments.

Using prepared materials, Treasury officials then updated Members on CPP developments that occurred during the month of March. Officials noted that Treasury completed secondary public offerings of the preferred stock it held in six institutions (Banner Corporation; First Financial Holdings Inc.; MainSource Financial Group, Inc.; Seacoast Banking Corporation of Florida; Wilshire Bancorp, Inc.; and WSFS Financial Corporation). The offerings were priced

through a modified Dutch auction registered under the Securities Act of 1933 and resulted in proceeds of approximately \$362 million. While this was less than the original par value of these investments, Treasury officials indicated that the proceeds were in line with the valuation of these investments provided by the Office of Financial Stability’s Office of the Chief Financial Officer. In addition, the cumulative dividend payments received on the shares exceeded the difference between the proceeds and the original investment amounts. On March 30, Treasury sold its remaining shares of common stock in Central Pacific Financial Corporation, which resulted in approximate proceeds of \$36 million for a total of approximately \$71.9 million in proceeds from all sales of Central Pacific Financial Corporation. Officials also reported that, on April 4, Regions Financial Corporation repurchased all of its outstanding preferred shares from Treasury for \$3.5 billion, including accrued dividends. Officials further reported that, in March, Treasury exercised its right to elect members to the board of directors of three additional CPP institutions (First Security Group; PremierWest Bancorp; and Intervest Bancshares Corporation) bringing the total number of Treasury-elected board of directors members to sixteen at nine CPP institutions. As part of this discussion, Members and officials discussed Treasury’s progress in and plans for disposing of its remaining CPP investments.

Treasury officials then provided Members with an update on the PPIP. Officials noted that, in March, Invesco Legacy Securities Master Fund (“Invesco”) became the first of eight

remaining Public-Private Investment Funds established under PPIP to sell its investments and return substantially all of the proceeds to Treasury and its private investors.

Treasury officials then provided Members with an update on the U.S. government's investment in AIG. Members and officials discussed the recent sale by the Federal Reserve Bank of New York of the MAX CDO holdings from its Maiden Lane III portfolio to a consortium consisting of Barclays Capital, Inc. and Deutsche Bank Securities, Inc. following a competitive bid process. Officials noted that the transaction substantially reduced the Maiden Lane III portfolio and loan.

Using prepared materials, Treasury officials then provided an update on the AIFP. During this discussion, Treasury officials reviewed the status of Treasury's investment in Ally Financial, Inc. ("Ally"), including its 73.8 percent common equity ownership stake in Ally, and \$5.9 billion of Ally mandatorily convertible preferred stock. As part of this discussion, officials discussed the recent financial performance of Ally and its non-bank affiliate, Residential Capital LLC, which earlier in April had not made a scheduled bond interest payment.

Using prepared materials, Treasury officials then provided an update on the MHA and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") Hardest-Hit Fund ("HHF"). During this discussion, officials discussed the numbers of temporary and permanent modifications made under HAMP. Officials also

discussed Treasury's progress in implementing certain enhancements to MHA that Treasury had announced on January 27, 2012. Treasury recently completed community events for homeowners in Illinois, Indiana and California as part of a nationwide outreach initiative to provide free help for struggling homeowners by connecting them directly with their mortgage servicers or a HUD-approved housing counselor to discuss alternatives to foreclosure. Treasury officials then provided an update on the HHF. As part of this discussion, officials discussed recent disbursements to HFAs and the different approaches by HFAs to improve the take-up and performance of their respective HHF-sponsored programs.

Oversight Board staff then provided an update on the expected timing of the Oversight Board's quarterly report to Congress for the quarter ending March 31, 2012, that will be issued by the Oversight Board pursuant to section 104(g) of the EESA.

The meeting was adjourned at approximately 2:55 p.m. (EDT).

[Signed Electronically]

Jason A. Gonzalez,
General Counsel and Secretary