Minutes of the Financial Stability Oversight Board Meeting
October 21, 2013

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Monday, October 21, 2013, by teleconference.

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Lew
Ms. White
Mr. DeMarco

STAFF PARTICIPATING:

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

AGENCY OFFICIALS PARTICIPATING:

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

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

Ms. Florman, Senior Advisor, Office of Financial Stability, Department of the Treasury

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

Ms. Uy, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Mr. Silver, Chief Reporting Officer, Office of Financial Stability, Department of the Treasury

Mr. Golding, Senior Advisor to the Secretary, Department of Housing and Urban Development

Mr. Lawler, Chief Economist, Federal Housing Finance Agency

Ms. Williams, Deputy Chief of Staff, Securities and Exchange Commission

Ms. Carter, Senior Supervisory Financial Analyst, Federal Reserve Board

Chairperson Bernanke called the meeting to order at approximately 3:00 p.m. (EDT).

At the outset of the meeting, as previously announced by Treasury, Mr. Massad reported that he will be stepping down as Assistant Secretary for Financial Stability. Members expressed their appreciation for Mr. Massad's leadership during his tenure at Treasury, including the last 3.5 years as head of the Office of Financial Stability. Mr. Massad indicated he will be succeeded by Timothy Bowler, currently Deputy Assistant Secretary of Treasury for Capital Markets.

The Board then considered draft minutes for the meeting of the Board on September 19, 2013, 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.

Treasury officials 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 Community Development Capital Initiative ("CDCI"); the Automotive Industry Financing Program ("AIFP"); and the Making Home Affordable ("MHA"), and Hardest Hit Fund ("HHF") initiatives. Among the materials distributed in advance of the meeting was the latest 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.

Using prepared materials, Treasury officials then provided Members with an update on TARP programs and their expected lifetime costs. As of September 30, 2013, Treasury had collected $1.5 billion more than the cumulative disbursements of $421.2 billion under all TARP investment programs, including the proceeds of non-TARP common shares in American International Group. Treasury's outstanding investment under these programs was $22.7 billion. Under its TARP housing-related programs, Treasury had disbursed $9.5 billion to assist at-risk mortgage borrowers.

Treasury officials then provided the Members with an update on the CPP, including the latest cumulative repayments and sales of CPP investments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income. As part of this discussion, Members and Officials discussed the prospects for additional repayments under the program.

As of September 30, Treasury had outstanding CPP investments totaling $2.4 billion in 108 institutions. Of these institutions, all but two represented investments of less than $100 million; the two exceptions were Popular and First BanCorp. Officials noted that in September, five institutions fully repaid their CPP investments resulting in total proceeds of $153.6 million. A significant portion was attributable to Cathay General's repayment of $129 million, which had been the third largest remaining CPP investment.

Officials also noted that Treasury continues to liquidate CPP investments through regular auctions, restructurings and warrant repurchases. In September, Treasury sold all or part of its preferred stock in six institutions for proceeds of $91 million. Also during September, Treasury received $7.2 million in proceeds related to one institution's bankruptcy restructuring plan and warrants repurchases by four institutions.

Treasury officials then provided Members with an update on the AIFP. In September, Treasury completed its second pre-arranged trading plan for sales of General Motors ("GM") stock, which had been initiated in May and generated total net proceeds of $3.8 billion. On

September 26, Treasury announced it had initiated a third pre-arranged trading plan. By month's end, Treasury had received total net proceeds of $570.1 million under the third trading plan, bringing the cumulative total recovery from all sales of its GM stock to $36 billion.

As part of the AIFP discussion, officials also discussed the status of Treasury's investment in Ally Financial ("Ally"), including the bankruptcy proceeding of Ally's non-bank mortgage affiliate, Residential Capital LLC ("ResCap"). As previously reported to Members, Ally had reached an agreement with the U.S. Treasury to repurchase of all its Mandatorily Convertible Preferred ("MCP") shares and terminate its share adjustment right subject to certain conditions. The proposal is contingent on receiving a non-objection from the Federal Reserve related to Ally's Comprehensive Capital Analysis and Review ("CCAR") resubmission and successfully completing Ally's approximately $1 billion private placement of common stock. Upon fulfillment of the conditions, Ally will make a total cash payment to the U.S. Treasury of $5.932 billion (including accrued dividends) to repurchase $5.938 billion par value of MCP and to terminate the share adjustment right. Treasury's remaining investment in Ally would then represent 66 percent ownership of the common stock of the company.

Treasury officials then provided an update on the CDCI. Treasury officials indicated they continue to monitor the performance of CDCI and will make decisions regarding the program's wind-down at a later date.

Treasury officials then provided an update on the MHA and other related housing initiatives, including Home Affordable Modification Program ("HAMP") and the Housing Finance Agency ("HFA") Hardest-Hit Fund. Treasury officials reported the results of Treasury's MHA programs through August 2013, noting that servicers had initiated 19,000 new permanent modifications under the HAMP during the month.

Treasury officials also provided the Members with an update on the HHF initiative. They reported that, through the end of September, a total of nearly $3 billion had been drawn by the nineteen HFAs from Treasury under HHF. They also described a new quarterly HHF performance report, which showed nearly 127,000 homeowners had been assisted across the nineteen HHF jurisdictions from the inception of the program through June 2013, more than twice the comparable figure from June 2012.

Staff of the Oversight Board then provided Members with an update regarding the Oversight Board's quarterly report to Congress for the quarter ending September 30, 2013. Staff discussed, among other things, the timing of the report.

The meeting was adjourned at approximately 3:15 p.m. (EDT).

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary