FINANCIAL STABILITY OVERSIGHT BOARD QUARTERLY REPORT TO CONGRESS

For the quarter ending
March 31, 2012

Submitted pursuant to section 104(g) of the
Emergency Economic Stabilization Act of 2008

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I. INTRODUCTION

This quarterly report of the Financial Stability OversightBoard ("Oversight Board"), issued pursuant to section 104(g) of the Emergency Economic Stabilization Act of 2008 ("EESA"), covers the period from January 1 to March 31, 2012 (the "quarterly period").

The Oversight Board was established by section 104 of the EESA to help oversee the Troubled Asset Relief Program ("TARP") and other emergency authorities and facilities granted to the Secretary of the Treasury ("Secretary") under the EESA. The Oversight Board is composed of the Secretary, the Chairman of the Board of Governors of the Federal Reserve System ("Federal Reserve Board"), the Director of the Federal Housing Finance Agency ("FHFA"), the Chairman of the Securities and Exchange Commission ("SEC"), and the Secretary of the Department of Housing and Urban Development ("HUD"). Through Oversight Board meetings and other activities, the Oversight Board reviews and monitors the development, implementation, and effect of the policies and programs established under the TARP to restore liquidity and stability to the U.S. financial system.

Utilizing the authority provided by EESA, Treasury has implemented a range of programs to stabilize the financial markets and financial institutions, support the flow of credit to consumers and businesses, and help at-risk homeowners remain in their homes and avoid foreclosure. Key developments under these programs are described in detail in Part III of this report and in the previous quarterly reports of the Oversight Board.

The Oversight Board met three times during the quarterly period, specifically on January 30, 2012; February 27, 2012; and March 26, 2012. As reflected in the minutes of the Oversight Board's meetings,[1] the Oversight Board regularly receives presentations and briefings from Treasury officials during these meetings to assist the Oversight Board in monitoring the actions taken by the Treasury Department under TARP and the Administration's Financial Stability Plan.

II. THE EFFECTS AND COSTS OF EESA PROGRAMS

Under section 104 of EESA, the Oversight Board is charged with reviewing Treasury's efforts under EESA and the effect of such actions in assisting American families in preserving home ownership, stabilizing financial markets, and protecting taxpayers.

[1] Approved minutes of the Oversight Board's meetings are located at: http://www.treasury.gov/initiatives/financial-stability/about/Oversight/FSOB/Pages/finsob.aspx.

a. Brief review of financial market developments

During the first quarter of 2012, conditions in financial markets stabilized, reflecting temporarily more optimistic investors' sentiment about the fiscal and banking crisis in Europe and generally better-than-expected macroeconomic data. Broad stock price indexes, both for the market as a whole and for financial institutions, increased notably, on net, over the quarter. Credit default swap spreads for large bank holding companies, generally considered to be a key indicator of investors' views about the health and prospects of these institutions, moved down from the levels registered in the fourth quarter, though they remained elevated.

Data from the flow of funds accounts published by the Federal Reserve show that debt for households, which had been falling since mid-2008, was about flat in the fourth quarter of 2011 (the latest data available), as continuing declines in mortgages were about offset by a rapid increase in consumer credit. Debt for nonfinancial businesses continued to grow moderately during the period, owing to robust expansions in corporate bonds and commercial and industrial ("C&I") loans. Total loans at depository institutions increased moderately, reflecting the strength in C&I lending.

In the April Senior Loan Officer Opinion Survey on Bank Lending Practices conducted by the Federal Reserve, domestic banks, on balance, reported a modest easing of their lending standards on core loans in the first quarter, and a significant easing in terms on C&I loans to firms of all sizes.

Securitization of consumer credit in the first quarter continued at about the same pace seen in the previous quarters. Unlike auto or credit card asset-backed securities ("ABS"), however, spreads on commercial mortgage-backed securities ("CMBS") remained substantially above pre-crisis levels, and issuance of new CMBS remained very low. Overall, commercial real estate markets continued to exhibit considerable stress. Gross issuance of investment grade bonds for nonfinancial corporations was again robust in the first quarter.

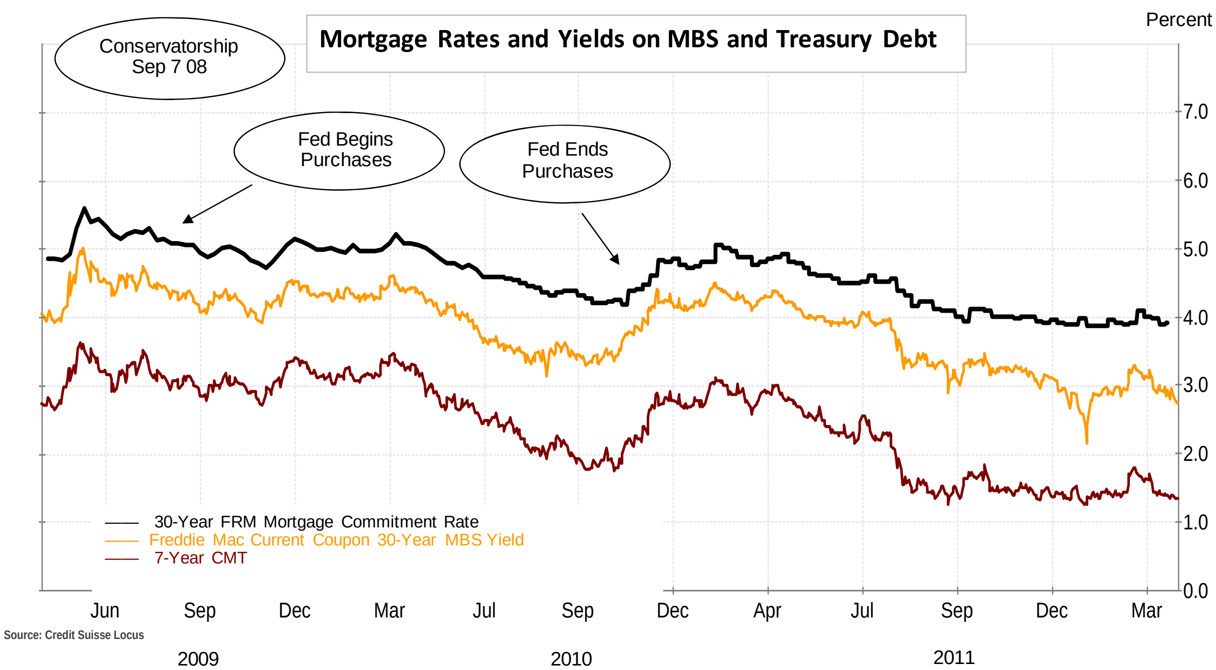
b. Effects of TARP on housing market conditions

Actions taken by the Treasury under TARP, together with Treasury actions taken under the Housing and Economic Recovery Act and actions taken by the Federal Reserve, HUD, and FHFA continued to support housing markets and provide assistance to mortgage borrowers during the first quarter. These actions and earlier efforts have been a stabilizing influence on housing markets, but those markets have generally shown little improvement over the past three years because of subdued increases in wages and slow growth in employment, coupled with the large volume of unsold inventory and unresolved mortgage delinquencies. Credit conditions remained tight for potential mortgage borrowers with less-than-pristine credit, which also appeared to be dampening housing demand.

Long-term mortgage interest rates generally have trended down slightly over the last three years, starting near five percent and remaining near or below four for the last two quarters (figure 1). At the end of the first quarter, rates on new 30-year fixed rate mortgages, as measured by Freddie Mac, remained below four percent, their lowest level in 50 years. Yields on 10-year

Treasuries fluctuated around two percent for the quarter. Spreads between mortgage rates and yields on reference Treasuries remained somewhat higher than their average over the last two years and well below the crisis levels of late 2008 and early 2009.

Figure 1



Foreclosure mitigation efforts under TARP continued at significant rates during the quarter. During December, January, and February, new permanent modifications under the Home Affordable Modification Program ("HAMP") averaged 21,000 per month, continuing the slow downward trend in first lien modifications noted in previous reports. Total active permanent modifications increased from 751,000 at the end of November to nearly 783,000 at the end of February. The Hope Now Alliance ("Hope Now") reported that the number of non-TARP modifications continued to exceed the number established under HAMP. Hope Now reported an average of 52,000 non-HAMP modifications had been initiated during December, January, and February, which–in parallel to HAMP–represented a slight decline from the 53,000 per month of the foregoing three months. Unlike HAMP modifications, the terms and impact associated with these non-HAMP modifications are not generally reported.

The Second Lien Modification Program ("2MP"), which is designed to encourage modifications of second lien where the first lien mortgage has already been modified under HAMP, continued to make progress. Surveys conducted by Treasury indicate that, as of the end of February, approximately 315,000 HAMP permanent modifications had been matched with a corresponding second lien. Of these matched second liens, a number proved to be ineligible for a 2MP modification. Most commonly, second liens were ineligible because the associated first lien HAMP modification (trial or permanent) was cancelled or had failed; the second lien had been extinguished prior to evaluation for 2MP; or the 2MP trial modification failed due to non-payment by the borrower. By the end of February, some 71,000 2MP modifications had been initiated since the program began, of which approximately 16,000 had resulted in fully-extinguished second liens and approximately 53,000 2MP modifications remained active, up from 44,000 at the end of November. The number of HAMP modifications with principal reductions increased gradually, and as of the end of February there were nearly 16,000 active trial modifications and 48,000 active permanent modifications with principal reduction. Also through February, the Home Affordable Foreclosure Alternatives ("HAFA") program, which provides incentives for borrowers to undertake short sales or deeds-in-lieu-of-foreclosure as lower-cost alternatives to foreclosure, showed a substantial increase in volume, to almost 35,000 short sales and 937 deed-in-lieu transactions, an increase of about 45 percent from the previous quarter.

Data reported by Treasury indicated that, through the end of February, some 19.3 percent of all HAMP first-lien permanent modifications had re-defaulted, that is, had been cancelled for missing three or more payments.[2] Delinquency data across standardized intervals, a more conventional metric for assessing payment performance, continued to provide some positive indications. Data reported during the quarterly period indicated that 18.0 percent of HAMP modifications made permanent in the fourth quarter of 2010 had become delinquent by 60 days or more within 12 months of receiving a modification. Among loan modifications made permanent in the third quarter of 2010, 17.9 percent had become delinquent by 60 or more days within 12 months of the modification. For loan modifications made permanent in the second quarter of 2010, 27.6 percent had become delinquent by 60 or more days within 18 months of the modification. This figure was somewhathigher than the 26.0 percent delinquency rate reported for modifications made permanent in the previous quarter. These 18-month delinquency rates provide only a partial indication of performance for the broader portfolio of HAMP permanent modifications, because only a little over half of the total portfolio (58 percent) had been in place for 18 months or more as of the reporting date. In contrast, 28.1 percent of non-HAMP modifications made permanent in the fourth quarter of 2010 at a selected group of national banks and a thrift had become 60 or more days delinquent within 12 months of the modification.[3] The lower rate of delinquency for HAMP permanent

[2] Comparing cumulative re-defaults to the cumulative number of permanent modifications provides a single rough indication of portfolio-wide re-default frequency at this early stage in the life of these modified loans. The cost of this simplicity is that the single re-default metric does not take account of analytically useful distinctions within the portfolio of permanent modifications, for example, the different periods of time that have passed since the modifications were put into place. For granular analysis of delinquency patterns in HAMP permanent modifications, interested parties should consult the most recent monthly Servicer Performance Report, available at:
http://www.treasury.gov/initiatives/financialstability/results/MHAReports/Pages/default.aspx.

[3] Data for non-HAMP modifications were drawn from the Office of the Comptroller of the Currency ("OCC") Mortgage Metrics Report for the fourth quarter of 2011 (Table 32), and pertain to non-HAMP modifications of mortgages serviced by a selected group of national banks and a federal savings association. For this same group of financial institutions, the OCC Mortgage Metrics Report indicated that 17.7 percent of HAMP permanent modifications finalized in the fourth quarter of 2010 had fallen 60 days delinquent within 12 months.

modifications has likely been influenced by differences in documentation standards, magnitudes of payment reduction and requirements for a trial period.

On January 27, Treasury announced enhancements to HAMP to help homeowners avoid foreclosure and strengthen hard-hit communities. These enhancements extended by one year the deadline for borrowers to participate in HAMP, to December 31, 2013.[4] The enhancements also expanded HAMP eligibility to reach a broader pool of distressed borrowers by offering more flexible debt-to-income criteria, and including properties currently occupied by a tenant and vacant properties that the borrower intends to rent. In addition, to encourage investors to consider or expand the use of principal reduction, the enhancements triple the existing incentive payments to investors who, going forward, undertake HAMP modifications under the Principal Reduction Alternative ("PRA"). Following this announcement, in February Treasury issued a supplemental directive putting into effect the higher incentive payments to investors for principal reductions, and in March issued a second supplemental directive extending the termination date of HAMP and inaugurating the expanded eligibility under HAMP.

Also during the quarterly period, as discussed further in section III, 49 state attorneys general and the Federal government reached agreement on a joint state-federal settlement with the country's five largest mortgage loan servicers (Ally/GMAC, Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo). The settlement is intended to provide as much as $25 billion in relief to distressed homeowners and direct payments to states and the Federal government. The agreement settled certain alleged violations of state and federal law based on the mortgage loan servicing activities of the country's five largest mortgage loan servicers, including claims of document-related foreclosure abuses. The settlement provides benefits to many borrowers whose loans are serviced by the settling banks as well as to many of the borrowers whose loans they service.[5]

As noted above, government efforts in effect to date have contributed to the slow but steady decline in the number of seriously delinquent mortgage loans (loans 90 or more days past due or in the process of foreclosure, figure 2). Rates of serious delinquency returned to the levels seen at the middle of 2008. Both reductions in newly delinquent loans and a high number of foreclosures during 2010 and 2011 have contributed to the decline in serious delinquency rates. Loans originated in 2009 and 2010 experienced much lower rates of early delinquency, compared to loans originated in the middle of the decade. New Federal Housing Administration

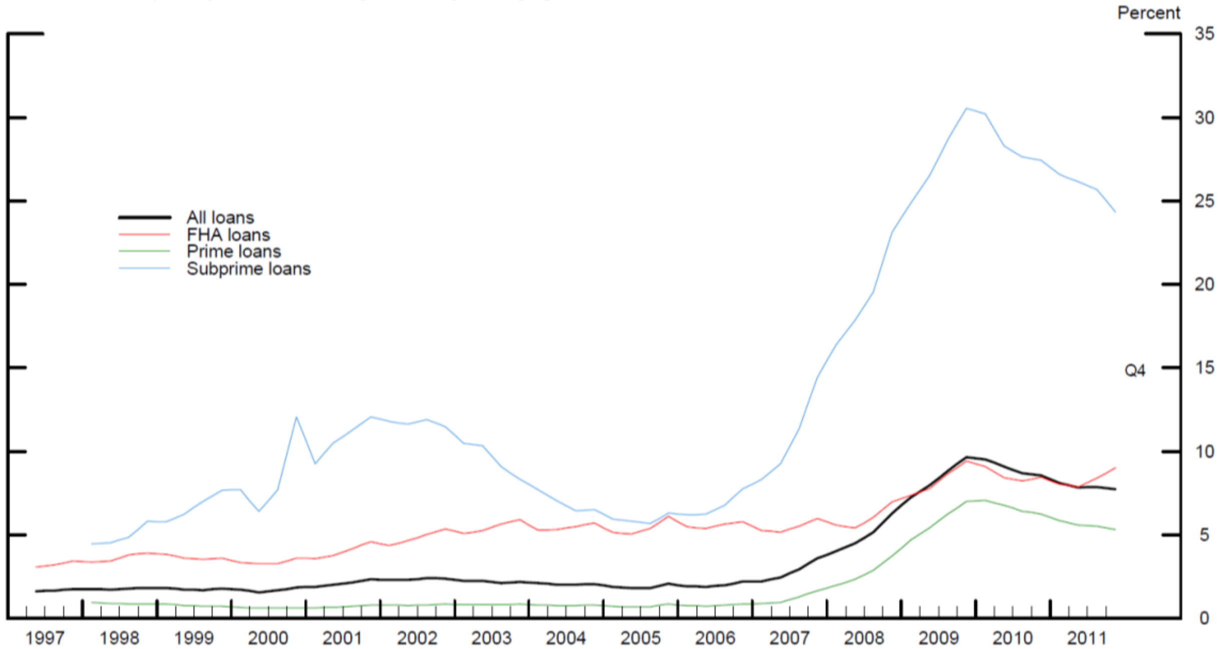
[4] By the terms of original MHA servicer participation agreements, a borrower was eligible to be accepted into the HAMP program if the borrower had made the first trial period payment on or before December 31, 2012 (the Initial Term), under a Trial Period Plan Notice delivered to a borrower. In order to carry on with the program through December 31, 2013, Treasury exercised an extension option contained in these servicer agreements.

[5] The agreement received final approval from the U.S. District Court for the District of Columbia on April 5, after the end of the quarterly period. Details on the settlement agreement are available at: http://www.nationalmortgagesettlement.com/.

("FHA") 90-day delinquencies for the firstquarter were 6.49 percent on an annualized basis,the lowest since the fourth quarter of 2007.

Figure 2

Serious Delinquency Rates on Single-Family Mortgages



Source: MBA National Delinquency Survey.
Note: Not seasonally adjusted.

Despite continued low interest rates, the pace of mortgage refinancing slowed in 2011. Refinanced loans help lower borrowing costs for many borrowers. The non-TARP Home Affordable Refinance Program ("HARP") is designed to help borrowers whose loans were purchased or guaranteed by Fannie Mae or Freddie Mac and who are located in areas suffering from house price declines. HARP allows borrowers with high loan-to-value ratios to refinance their mortgages to take advantage of lower interest rates. If the original loan had private mortgage insurance the insurer must agree to transfer that insurance to the new loan, and if the property has a junior lien(s) the other lenders must agree to re-subordination. The policy rationale for HARP is straightforward because Fannie Mae or Freddie Mac already had the credit risk on the original loan. HARP refinancing can be expected to lower the risk that loans might default by reducing the borrowers' monthly payments. During December 2011, and January and February 2012, Fannie Mae and Freddie Mac refinanced about 41,000 mortgages per month on average through the HARP program. While this represents a substantial increase in volume from the average of 34,000 loans per month in the previous three months, it is still below the HARP program record of 57,000 borrowers in December 2010, which largely reflected the borrowing rate declines that summer and fall that were reversed as the year ended. FHFA along with Fannie Mae and Freddie Mac are actively working to remove frictions in the refinancing process to enable more borrowers to take advantage of record low mortgage rates. During this quarter, the Government Sponsored Entities ("GSEs") finalized their guidance to servicers and modified their automated underwriting applications to lower some guarantee fees, eliminate the

125 percent LTV cap, and streamline paperwork for HARP refinances. In February 2012 the first 1,548 HARP loans with LTV's over 125 were guaranteed, and servicers expect to do substantially larger volumes now that guidance and software are in place.

Based on early estimates of market-origination volumes for this quarter by the Mortgage Bankers Association, FHA's market share positions were slightly higher from the fourth quarter of 2011, at 35 percent for purchase loans and nine percent for refinance loans, based on dollar volumes. Reflecting this pattern, FHA's overall share of new mortgage originations increased from 12 to 15 percent. Applications for FHA-to-FHA refinance loans rose substantially from the fourth quarter of 2011 (up more than 43 percent). Applications in the conventional-to-FHA refinance group and applications for purchase loans also increased at a strong pace (up 27 percent and 30 percent, respectively). FHA endorsement activity in the quarter rose 12 percent, with insurance volumes reaching $50 billion for the first time since the first quarter of 2011.

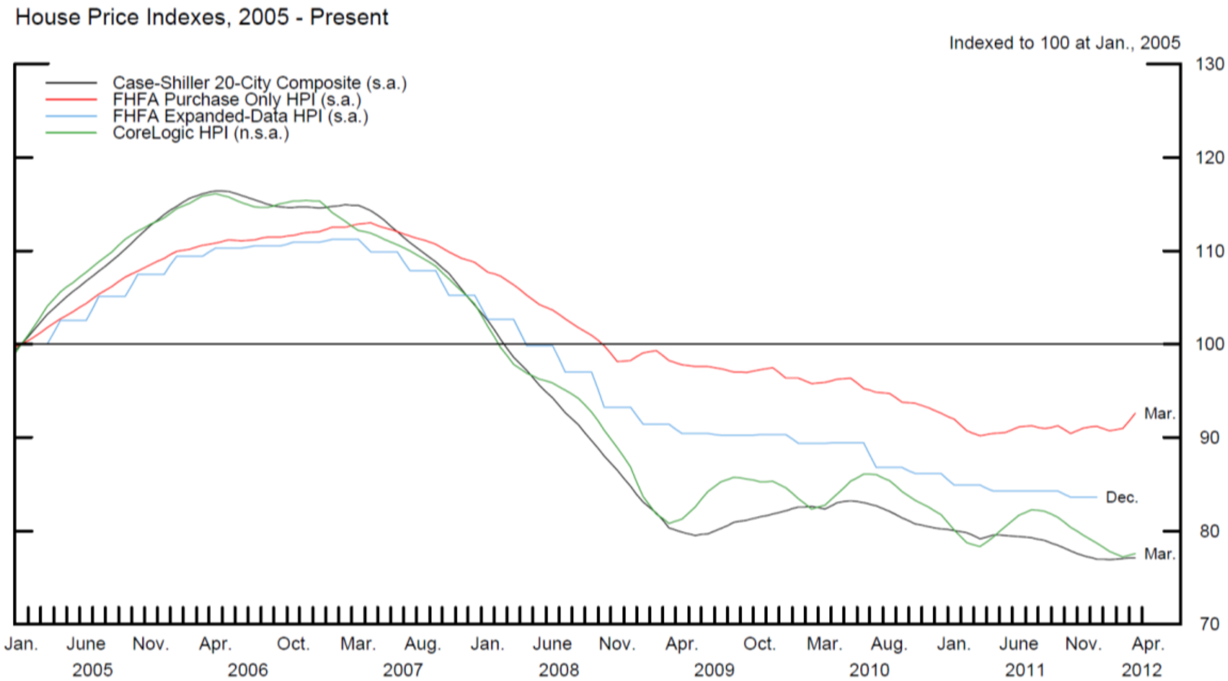
Seasonally adjusted house sale volume rose over the winter months. As measured by the National Association of Realtors ("NAR") and the Census Bureau, combined existing and new single-family home sales took place at a 4.81 million annual rate in March, up slightly from a 4.7 million rate in November (seasonally adjusted).[6] Sales were still below the 5.0 million annual rate (seasonally adjusted) that had prevailed in January 2011.

Large inventories of houses for sale and potential additions to those inventories from future foreclosures have continued to depress house prices. Although the flow of new foreclosures was much slower than in prior years of the crisis, in part due to issues with servicer documentation and practices, it is reasonable to expect that the slowdown will be reversed. There is some reason to believe that the joint state-federal settlement, discussed above, will reduce delays in the foreclosure process going forward. As of the end of January, CoreLogic estimated that there were roughly 3 million properties for sale and an additional 1.6 million properties of shadow inventory, that is, properties that had been turned over to lenders (that is, were "real estate owned" by lenders or REO), were in the foreclosure process, or were owned by borrowers who were seriously delinquent on their mortgage payments. About half of this shadow inventory is REO or in the foreclosure process, according to CoreLogic, with the remaining half representing their estimated number of seriously delinquent loans that will eventually migrate to REO. These estimates are essentially unchanged from three months ago.

[6]In December, NAR "re-benchmarked" its Existing Home Sales series and revised its historical sales estimates back to 2007. The revised estimates, which are incorporated in the figures reported above, were significantly lower than previous estimates. On average, its revised estimates were roughly 15 percent lower than prior estimates. In describing the rationale for the historical revisions, NAR indicated that the prior numbers may have been too high because of double counting and changes in market structure that hindered the reliability of its prior extrapolation approach. Further information on the December 2011 re-benchmarking of existing home sales data is available on the NAR web site at: http://realtors.org/research/research/ehs_benchmarking

The house price indices from CoreLogic and the Case-Shiller/S&P 20-city index were down about 1 percent and 2 percent, respectively, over the three month period of November, December and January. The FHFA purchase-only index was essentially unchanged over this period (figure 3).

Figure 3



c. Projected Lifetime Cost of TARP Programs

Treasury provides updated cost assessments for TARP programs four times per year and prepares financial statements for TARP on an annual basis in the Agency Financial Report. The ultimate cost of TARP remains subject to uncertainty and will depend on how financial markets and the economy perform in the future. If overall financial and economic conditions were to deteriorate, for example, prospects for outstanding TARP investments could also deteriorate.

According to Treasury's estimates, the expected overall cost of TARP will be approximately $60 billion, using prices as of February 29, 2012 (figure 4). Using the same assumptions, Treasury has estimated that the combined net cost of TARP and other Treasury interests in AIG will be about $43.3 billion.

Figure 4

Programs as of March 31, 2012 (dollar amounts in billions)	Obligation/ Commitment	Disbursed as of March 31	Outstanding Investment Balance as of March 31	Estimated Lifetime Cost as of February 29[1,2]
Bank Support Programs:				
Capital Purchase Program (CPP):				
Citigroup	$ 25.00	$ 25.00	$ 0.00	$ (6.46)
Other banks with assets $10 billion or greater	165.33	165.33	7.97	$ (12.62)
Banks with assets less than $10 billion[3]	14.57	14.57	7.74	4.36
Total	$ 204.89	$ 204.89	$ 15.71	$ (14.72)
Targeted Investment Program (TIP)	$ 40.00	$ 40.00	$ 0.00	$ (4.00)
Asset Guarantee Program (AGP)[4]	$ 5.00	$ 0.00	$ 0.00	$ (3.72)
Community Development Capital Initiative (CDCI)	$ 0.57	$ 0.57	$ 0.57	$ 0.17
Credit Market Programs:				
Public-Private Investment Program (PPIP):				
Equity	$ 7.51	$ 6.06	$ 5.32	$ (2.74)
Debt	14.35	11.75	9.81	0.27
Total	$ 21.86	$ 17.81	$ 15.13	$ (2.47)
Term Asset Backed Securities Lending Facility (TALF)	$ 4.30	$ 0.10	$ 0.10	$ (0.43)
Purchase SBA 7(a) Securities (SBA)	$ 0.37	$ 0.37	$ 0.00	$ (0.00)
Other Programs:				
American International Group (AIG):				
Preferred Stock	$ 20.29	$ 20.29	$ -	$ -
Common Stock	47.54	47.54	35.85	17.62
Total	$ 67.84	$ 67.84	$ 35.85	$ 17.62
Automotive Industry Financing Program (AIFP)	$ 79.69	$ 79.69	$ 37.14	$ 21.70
Sub-total for Investment Programs	$ 424.51	$ 410.91	$ 104.50	$ 14.15
Treasury Housing Programs Under TARP	$ 45.60	$ 3.65	$ -	$ 45.60
Total for TARP Programs	$ 470.12	$ 414.56	$ 104.50	$ 59.75
Additional AIG Common Shares Held by Treasury[5]	n/a	n/a	n/a	(16.43)
Total for TARP Programs and Additional AIG Shares	$ 470.12	$ 414.56	$ 104.50	$ 43.32

Notes to Treasury Estimates of the Impact of TARP Programs and Other Treasury Investment in AIG on the Federal Budget:

1/ Lifetime cost information is as of February 29, 2012, except for TALF and PPIP.

2/ Estimated lifetime cost figures shown above are currently updated quarterly in conjunction with the Office of Management and Budget. The value of outstanding investments in publicly-traded securities is calculated by using the aggregate value of the investments at market prices as of February 29, 2012. The following common stock value information is provided for the convenience of the reader to show the increase or decrease in aggregate value of the shares outstanding as of February 29, 2012. The amounts as of March 31, 2012, include the market value of the outstanding AIG shares and the proceeds from the sale of AIG common stock in March.

Outstanding Investment	02/29/2012 Market Value		03/31/2012 Market Value		Increase (Decrease) in Cost	
			In billions			
AIG Common Stock	$	28.06	$	29.35	$	(1.29)
GM Common Stock	$	13.01	$	12.83	$	0.18
Additional AIG Common Shares	$	14.46	$	15.13	$	(0.67)

Note: For the period ending 02/29/2012, the share price for AIG was $29.22 and for GM was $26.02. For the period ending 03/31/2012, the share price for AIG was $30.83 and for GM was $25.65.

3/ The law creating the Small Business Lending Fund ("SBLF") provided that banks could refinance securities issued under the CPP and CDCI programs with securities issued under the SBLF. A total of 137 CPP banks refinanced under the SBLF, resulting in repayments of $2.21 billion in CPP investments.

4/ Estimated lifetime costs for AGP includes $276 million for the termination fee Bank of America paid Treasury for the value received from the announcement of the negotiations on the guarantee and share losses on a pool of assets.

5/ Treasury's investment in AIG common shares consisted of shares acquired on conversion of preferred stock purchased with TARP funds ("TARP shares") and shares received from the trust created by the Federal Reserve Bank of New York ("FRBNY") for the benefit of Treasury as a result of its loan to AIG ("non-TARP shares"). Treasury manages the TARP shares and non-TARP shares together, and disposes of them pro-rata in proportion to its holdings. Only the TARP shares are included under "Other Programs—AIG" and the lifetime cost estimate shows a loss based on Treasury's cost basis in the TARP shares alone. However, a gain is shown for the non-TARP shares in the line entitled "Additional AIG Common Shares Held by Treasury" because Treasury's cost basis in such shares is deemed to be zero. Treasury's cost basis on its TARP shares is $43.53. When the TARP shares and non-TARP shares are considered together, Treasury's cost on a cash basis is $28.73 per share. There is currently an estimated loss of $1.19 billion overall, which reflects proceeds of sales to date (at an average priceof $29.00 per share), the closing price of AIG common shares on February 29, 2012, of $29.22 and the financing costs associated withTreasury borrowings from the time of initial investment through the reporting period.

III. DISCUSSION OF THE ACTIONS TAKEN BY TREASURY UNDER THE EESA DURING THE QUARTERLY PERIOD

This section provides a detailed update on the various programs, policies, financial commitments, and administrative actions taken by Treasury under EESA during the quarterly period, from January 1 to March 31, 2012, subject to review and oversight of the Oversight Board.

a. Capital and Guarantee Programs for Banking Organizations

i. Capital Purchase Program Update

a. Repayments and Dispositions

As of March 31, 2012, Treasury had received approximately $186.9 billion in repayments under the CPP, equivalent to 91 percent of the total funds initially invested. These repayments along with dividends, interest, warrant sales, gains from the sale of common stock, and fee income from participating bank organizations bring the total amount received from the CPP to $213 billion.

During the quarterly period, 15 financial institutions delivered a total of $1.06 billion in repayments. In addition, Treasury sold its remaining stake in an additional seven institutions for total proceeds of $397.9 million. The most significant transactions are included below:

- On March 14, MB Financial, Inc. repurchased all of its outstanding CPP investment for a total of $196 million.

- On March 28, Zions Bancorporation made a partial principal repayment of $700 million (together with accrued dividends thereon) of its outstanding CPP investment. A total of $700 million of outstanding CPP investment remains in that institution.

- On March 28, Treasury priced public offering of preferred stock in six CPP institutions through a modified Dutch auction process. The six institutions were Banner Corporation, First Financial Holdings Inc., MainSource Financial Group, Inc., Seacoast Banking Corporation of Florida, Wilshire Bancorp, Inc., and WSFS Financial Corporation, resulting in gross proceeds of approximately $367.4 million, which is in addition to the $65.4 million in dividend and interest Treasury received over the lifetime of the investment prior to the sale. Treasury's combined initial investment in these six institutions amounted to $410.8 million.[7]

- On March 29, Treasury executed an underwriting agreement for the sale of all of Treasury's remaining 2,770,117 shares of Central Pacific Financial Corporation common stock at a net price of $13.01 per share (which represents the $13.15 public offering price less underwriting discounts) for proceeds of approximately $36 million. The total net proceeds across all sales of Central Pacific Financial Corporation were approximately $71.9 million.

[7] The transaction settled on April 3, after the end of the quarterly period. The transaction is thus not reflected in the tables and charts that follow.

- In addition, on March 13 the bank with the largest remaining TARP investment at that time, Regions Financial Corporation, announced that it intended to repurchase its 3,500,000 outstanding preferred shares for $3.5 billion, including accrued dividends.[8]

As of March 31, 2012, the combined total amount of bank repayments, dividends, and other income received from banking-related programs (CPP, Targeted Investment Program, Asset Guarantee Program, and Community Development Capital Initiative ("CDCI")) exceeded by approximately $14.7 billion Treasury's total original investment in these programs of $245 billion. Treasury continues to work with HoulihanLokey Capital, Inc. to explore additional options for the management and ultimate recovery of the remaining CPP investments.

Figure 5 below shows the top 25 CPP remaining investments by institution as of March 31, 2012.

<u>Figure 5</u>

Top 25 Remaining CPP Investments by Institution as of March 31, 2012

	Institution	City, State	Outstanding Investment ($millions)		Institution	City, State	Outstanding Investment ($millions)
1	Regions Financial Corp.	Birmingham, AL	$ 3,500.0	14	International Bancshares Corporation	Laredo, TX	$ 216.0
2	Synovus Financial Corp.	Columbus, GA	$ 967.9	15	Pacific Capital Bancorp[c]	Santa Barbara, CA	$ 180.6
3	Popular, Inc.	Hato Rey, PR	$ 935.0	16	United Community Banks, Inc.	Blairsville, GA	$ 180.0
4	Zions Bancorporation	Salt Lake City, UT	$ 700.0	17	Dickinson Financial Corporation II	Kansas City, MO	$ 146.1
5	First BanCorp[a]	San Juan, PR	$ 400.0	18	BBCN Bancorp, Inc.	Los Angeles, CA	$ 122.0
6	M&T Bank Corporation	Buffalo, NY	$ 381.5	19	Anchor BanCorp Wisconsin, Inc.	Madison, WI	$ 110.0
7	Sterling Financial Corporation[b]	Spokane, WA	$ 303.0	20	Taylor Capital Group	Rosemont, IL	$ 104.8
8	Citizens Republic Bancorp, Inc.	Flint, MI	$ 300.0	21	Park National Corporation	Newark, OH	$ 100.0
9	First Banks, Inc.	Clayton, MO	$ 295.4	22	Metropolitan Bank Group, Inc.	Chicago, IL	$ 81.9
10	New York Private Bank & Trust Corp.	New York, NY	$ 267.3	23	Hampton Roads Bankshares, Inc.[e]	Norfolk, VA	$ 80.3
11	Flagstar Bancorp, Inc.	Troy, MI	$ 266.7	24	Old Second Bancorp, Inc.	Aurora, IL	$ 73.0
12	Cathay General Bancorp	El Monte, CA	$ 258.0	25	First Place Financial Corp.	Warren, OH	$ 72.9
13	PrivateBancorp, Inc.	Chicago, IL	$ 243.8		**Total**		**$10.3 billion**

Notes to Top 25 Remaining Capital Purchase Program Investments as of March 31, 2012:

1/ The repurchase by Regions Financial Corporation of its remaining outstanding CPP investment took place shortly after the end of the reporting period.

2/ Treasury exchanged its preferred stock for mandatorily convertible preferred stock ("MCP") with capitalized dividends. First BanCorp fulfilled the conversion conditions and Treasury's MCP was converted into 32,941,797 shares of common stock.

3/ Treasury exchanged its preferred stock for MCP. Sterling Financial fulfilled the conversion conditions and Treasury's MCP was converted into 378,750,000 shares of common stock.

[8] The sale was completed on April 4, 2012, after the end of the quarterly period. The transaction is thus not reflected in the tables and charts that follow.

Treasury currently holds 5,738,637 shares of Sterling Financial common stock following a 66-for-1 reverse stock split.

4/ Treasury exchanged its preferred stock for MCP with capitalized dividends. Pacific Capital fulfilled the conversion conditions and Treasury's MCP was converted into 360,833,250 shares of common stock. Treasury currently holds 3,608,333 shares of Pacific Capital common stock following a 100-for-1 reverse stock split. On March 12, 2012, UnionBanCal Corporation announced that it had entered into a definitive agreement to acquire Pacific Capital, subject to standard approval from banking regulators and other closing conditions, and expected to be completed in the fourth quarter of 2012.

5/ Treasury exchanged its preferred stock for MCP. Hampton Roads fulfilled the conversion conditions and Treasury's MCP was converted into 52,225,550 shares of common stock. Treasury currently holds 2,089,022 shares of Hampton Roads common stock following a 25-for-1 reverse stock split.

b. Update on Warrant Dispositions

During the quarterly period, 11 banking organizations repurchased warrants from Treasury for proceeds of approximately $8.43 million. On a cumulative basis, as of March 31, 2012, Treasury had disposed of warrants from 276 banking organizations and had received approximately $7.7 billion in net proceeds.[9]

c. Update on CPP Dividends and Interest

During the quarterly period, Treasury received dividends and interest income from CPP investments of approximately $160.74 million. As of March 31, 2012, cumulative dividends and interest income received from CPP investments was approximately $11.6 billion.

d. Missed Payments

During the quarterly period, 155 institutions did not make their scheduled dividend or interest payments on Treasury's CPP investments. In this period, missed payments by portfolio institutions in the CPP were approximately $41.5 million, which represents approximately 21 percent of the CPP dividends and interest that institutions were scheduled to pay Treasury for that period. As of March 31, 2012, the cumulative missed payments by CPP portfolio institutions since the beginning of the program were approximately $306.1 million,[10] which

[9] Includes warrant dispositions through auction and repurchase. This includes the repurchase of exercised warrant preferred shares from the CPP and TIP. Treasury received approximately $1.45 billion from the disposition of TIP warrants.

[10] References to missed payments by portfolio institutions exclude institutions that have entered bankruptcy, or had a bank subsidiary placed in receivership or for which Treasury had disposed of its CPP investment (collectively referred to as non-portfolio institutions).

represents approximately 2.6 percent of the total CPP dividends and interest that institutions were scheduled to pay Treasury.

Under the CPP preferred-stock agreements, Treasury cannot demand payment of dividends under such circumstances. Instead, under the terms of the CPP, Treasury has the contractual right to appoint up to two members to the board of directors of a CPP recipient if the institution has missed six or more dividend or interest payments on the preferred stock issued to Treasury. As of the end of the quarter, Treasury had interviewed potential director candidates and had appointed 16 directors to a total of nine institutions.

Those institutions with weaker financial performance, including any institution that has missed more than three dividend (or interest) payments, are selected for enhanced monitoring. If an institution misses five dividend (or interest) payments, Treasury may request permission to send qualified members of its Office of Financial Stability staff to act as observers, prioritizing those requests, in part, based upon the size of Treasury's investment.

Treasury observers listen during meetings of the board of directors, limiting their participation to clarifying questions on the materials distributed, presentations made, actions proposed or taken, and addressing questions regarding the observer's role. The purpose of the observers is to gain a better understanding of the institution's condition and challenges and to observe how the board is addressing the situation. The information provided by the observers will supplement Treasury's ongoing monitoring of its investment in the institution, including whether to nominate directors when the right to do so becomes exercisable.

As of March 31, 2012, 95 banks participating in the CPP had missed six or more payments. Forty-seven CPP recipients had agreed to have Treasury observers at their board of directors meetings. These 47 institutions include those that had already missed six or more payments and several that expected to miss their sixth dividend payment in the near future.

e. Exchanges and Restructurings

In keeping with the objectives of the EESA to "restore liquidity and stability to the financial system of the United States" in a manner which "maximizes overall return to taxpayers," Treasury may, in limited cases, agree to sell certain CPP investments to third-party investors to provide fresh equity investment, conduct a capital restructuring or otherwise strengthen the capital position of the bank. In other cases, Treasury had participated in certain exchanges of CPP preferred stock for other securities. Exchanges made on this basis may be at a rate less than par and sales by Treasury to a new investor may be made at a discount.

On February 10, Treasury entered into an agreement with Broadway Financial Corporation to exchange Treasury's $15,000,000 of preferred stock for common stock. The exchange is subject to the fulfillment by Broadway Financial Corporation of certain conditions, including the satisfactory completion of a capital plan.

f. Receiverships

During the quarterly period two institutions were placed into receivership.

- On January 27, 2012, Tennessee Commerce Bank, Franklin, TN, the banking subsidiary of Tennessee Commerce Bancorp, Inc. was closed by the Tennessee Department of Financial Institutions, and the FDIC was named Receiver. Treasury's initial investment in Tennessee Commerce Bancorp, Inc. was approximately $300 million.

- On February 10, 2012, SCB Bank, Shelbyville, Indiana, the banking subsidiary of Blue River Bancshares, Inc., was closed by the OCC, which appointed the FDIC as receiver (Treasury's initial investment in Blue River Bancshares, Inc. was approximately $5 million).

As of March 31, 2012, 16 financial institutions with CPP investments totaling more than $2.9 billion had entered or completed bankruptcy proceedings or had a banking subsidiary placed in receivership (figure 7).

Figure 7

CPP Investments in Bankruptcy or with Banking Subsidiary In Receivership (cumulative since 2008)

Institution	Original Treasury Investment Amount ($ millions)
CIT Group Inc.	2,330.0
UCBH Holdings, Inc.	298.7
Midwest Banc Holdings, Inc.	84.8
Integra Bank Corporation	83.6
Superior Bancorp Inc.	69.0
Tennessee Commerce Bancorp, Inc.	30.0
Citizens Bancorp	10.4
Sonoma Valley Bancorp	8.7
Pierce County Bancorp	6.8
FPB Bancorp	5.8
One Georgia Bank	5.5
Legacy Bancorp, Inc.	5.5
Blue River Bancshares, Inc.	5.0
Pacific Coast National Bancorp	4.1
CB Holding Corp.	4.1
Tifton Banking Company	3.8

ii. Community Development Capital Initiative

Under the CDCI, banks and thrifts received investments of capital with an initial dividend or interest rate of two percent per annum, compared to the five percent annual rate under the CPP. To encourage repayment while recognizing the unique circumstances facing certified community development financial institutions ("CDFIs"), the dividend rate will increase to nine percent after eight years, compared to five years under the CPP. CDFIs that participated in the CPP and were in good standing could exchange securities issued under the CPP for securities under the more favorable terms of this program.

Treasury completed funding under this program in September 2010. The total investment amount for the program was approximately $570 million for 84 institutions. Of this amount, approximately $363.3 million ($355.7 million from principal and $7.6 million from warrants) represented exchanges by 28 banks of investments under the CPP into the CDCI.

During the quarterly period, Treasury collected $2.7 million in dividends from CDCI banks. There were six CDCI institutions that missed dividend payments during the quarterly period.

On March 23, 2012, Premier Bank (Wilmette, IL), the banking subsidiary of Premier Bancorp, Inc., was closed by the Illinois Department of Financial and Professional Regulation, Division of Banking, and the FDIC was named Receiver. This was the first CDCI bank to be closed. The original investment in Premier Bank was $6.8 million which was originally made under CPP, and then Premier Bank subsequently exchanged its CPP preferred for CDCI preferred.

b. Credit Market Programs

i. Update on the Public-Private Investment Program ("PPIP")

In March 2012, Invesco Legacy Securities Master Fund ("Invesco") sold its remaining investments and returned substantially all of the proceeds to Treasury and its private investors. By doing so, Invesco became the first Public-Private Investment Fund ("PPIF") to repay the taxpayers and private investors after completing its investment strategy. Invesco repaid all of the approximately $1.2 billion in debt and $581 million in equity capital invested by Treasury in the fund. In addition, Treasury received approximately $18 million in interest, $3 million in warrant proceeds, and $135 million in cumulative realized gains net of fees and expenses on the equity invested (approximately 18 percent net internal rate of return) in the Invesco PPIF.

The seven remaining PPIFs collectively have approximately $26 billion in total original purchasing power and as of the end of the quarter had drawn down more than 80 percent of the total purchasing power. These PPIFs can continue to invest in legacy mortgage-backed securities for the remainder of their investment periods, which end in late 2012.

As of March 31, 2012, the PPIFs had collectively drawn-down approximately $23.4 billion of the total original capital committed (79.4 percent of total original purchasing power), which had been invested in eligible assets or cash equivalents pending investment. In addition, Treasury had received approximately $1.5 billion in net cumulative equity distributions, approximately $245 million in cumulative interest payments and approximately $1.7 billion in cumulative debt principal payments from the PPIFs as of March 31, 2012.

ii. Update on the SBA 7(a) Securities Purchase Program

On January 24, 2012, Treasury sold the eight remaining securities in the portfolio for the SBA 7(a) Securities Purchase Program for approximately $63.2 million in proceeds.

With this sale the SBA 7(a) program under TARP was closed. In total, Treasury recovered $376 million through sales ($335 million) and principal and interest payments ($41 million) over the life of the SBA 7(a) program, representing a gain of approximately $8 million to taxpayers on Treasury's original investment of $368 million.

c. AIG

During March 2012, Treasury recovered more than $14.6 billion from its investment in AIG.

- Treasury received $6 billion in proceeds from a registered public offering of AIG common stock Treasury conducted in March 2012. One half of that total (or 103,448,276 shares) was purchased by AIG, the rest by private investors.

- Also in March, AIG fully repaid the government's $8.5 billion preferred equity investment in a special purpose vehicle (called AIA Aurora LLC) that holds ordinary shares in AIG's affiliate AIA Group Limited. This repayment included accrued dividends on Treasury's investment, and took place one year earlier than had previously been planned.

During the financial crisis, the government's support for AIG totaled approximately $180 billion in commitments from FRBNY and Treasury.[11] Following the March transactions, the government's remaining outstanding investment was $44 billion.

At the quarter's end, Treasury's remaining $44 billion investment in AIG consisted of 1.248 billion shares of AIG common stock held by Treasury (approximately 824 million TARP shares and 424 million non-TARP shares) and an $8 billion loan from the FRBNYto Maiden Lane III, collateralized by assets with a market value (as of March 31, 2012) well in excess of the outstanding loan amount.

[11] This represents the maximum commitment by the government; the peak amount drawn by AIG was approximately $125.8 billion.

d. Automotive Industry Financing Program ("AIFP")

During the quarterly period, the amount of Treasury's investment in General Motors ("GM") and Ally Financial ("Ally") remained unchanged at $23.39 billion and $13.75 billion respectively. Treasury continues to monitor the performance of these firms and evaluate options to exit its investment.

e. Housing Stabilization and Foreclosure Mitigation

During the quarterly period, monthly Making Home Affordable ("MHA") Servicer Performance Reports covering December 2011, January 2012, and February 2012 were released in conjunction with monthly housing scorecards on the nation's housing market (the Housing Scorecard produced by HUD).[12]

i. MHA

The primary purpose of MHA is to help struggling homeowners stay in their homes and prevent avoidable foreclosure. So far, there have been more than 1.1 million homeowner assistance actions granted through the program. While HAMP remains the cornerstone, MHA has expanded to include a number of more specialized programs, as described below.

During the quarterly period, as noted in section II, Treasury made several enhancements to MHA aimed at expanding the pool of eligible borrowers. These enhancements include:

- Extending the program deadline for borrowers to participate in HAMP for an additional year–until December 31, 2013.
- Expanding eligibility criteria so the program can reach more people who are struggling with additional debt such as second liens and medical bills. This involves offering another evaluation opportunity with more flexible debt-to-income criteria.
- Expanding eligibility to include properties that are currently occupied by a tenant or which the borrower intends to rent. This will provide critical relief to both renters and those who rent their homes to others, while further stabilizing communities from the blight of vacant and foreclosed properties.

[12] The Servicer Performance Reports, available at: http://www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/Pages/default.aspx, include data, among other things, on the characteristics of permanent modifications, servicer activity, re-default rates, waterfall of eligible borrowers, homeowner experience, HAMP activity by state and metropolitan area, modifications by investor type, and compliance reviews. The Housing Scorecard incorporates key housing market indicators and highlights the impact of housing recovery efforts and available at: http://www.HUD.gov/scorecard,

- Increasing incentives for principal reduction designed to encourage lenders and investors to reduce principal amounts by: (1) tripling the incentives investors receive for principal reduction on first liens; (2) doubling incentives for principal extinguishment on second liens; and (3) offering to pay principal reduction incentives for loans owned or guaranteed by Fannie Mae and Freddie Mac (the "GSEs"), if the GSEs allow servicers to forgive principal in conjunction with a HAMP modification.

Also during the quarterly period, 49 state attorneys general and the Federal government reached agreement on a joint state-federal settlement with the country's five largest mortgage loan servicers (Ally/GMAC, Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo). Treasury participated in the negotiation of the settlement, including by providing technical assistance throughout settlement discussions to share the knowledge the agency has gained through implementation of the Administration's foreclosure prevention programs, including MHA.

- Servicers participating in the settlement must continue to follow MHA program rules and evaluate all homeowners who are potentially eligible for MHA in accordance with program guidelines. Participating servicers must still notify homeowners of all of their options before they can be referred to foreclosure, including federal foreclosure prevention programs such as HAMP.

- Servicers cannot use any MHA or Hardest Hit Fund ("HHF") incentive amounts to meet their obligations to provide principal reduction under the settlement. For example, a standard HAMP modification that does not use any principal reduction does not give rise to any "credit" under the settlement. The servicers may receive credit against their $17 billion of required borrower relief by engaging in activities that reduce or extinguish debt, such as principal write-down on a modified loan, a short sale, or a donation of a property. At least $10 billion of required borrower relief will be dedicated to reducing principal for borrowers who, as of the settlement date, owe more on their mortgages than their homes are worth and are either delinquent or at imminent risk of default. The settlement does not allow participating servicers to use any MHA or HHF incentive payments received from the Treasury as credit towards their obligated amounts of principal reduction. However, participating servicers may receive settlement credit on loans to the extent that any principal reduction is not funded by MHA or HHF contributions.[13]

[13] For further information on HAMP and its interaction with the settlement agreement, see Treasury/HUD blog post "HAMP's Role in the Settlement," February 22, 2012, available at: http://www.treasury.gov/connect/blog/Pages/HAMPs-Role-in-the-Settlement.aspx

- In addition, servicers must dedicate at least $3 billion to a refinancing program for borrowers who are current on their mortgages but who owe more on their mortgages than their homes are worth.

a. MHA/ HAMP

As of February 29, 2012, Treasury had disbursed approximately $2.7 billion of incentive payments for MHA out of an estimated lifetime cost of $29.9 billion.[14]

As of February 29, 2012, more than 970,000 HAMP first lien permanent modifications had been started. Homeowners in active first lien permanent modifications typically save approximately $534 per month–more than one-third of what they were paying before their modification. Since HAMP began, homeowners in permanent modifications have saved an estimated $11.6 billion in monthly mortgage payments.

Eighty-five percent of eligible homeowners entering a HAMP trial modification since June 1, 2010 received a permanent modification, with an average trial period of 3.5 months.

b. FHA-HAMP

*FHA-HAMP i*s designed to provide incentives for borrowers and servicers to modify FHA-insured first lien mortgages to struggling homeowners under FHA-HAMP program conditions, in order to reduce payments to more affordable levels. As of February 29, 2012, 8,915 trial modifications had been started under FHA-HAMP, resulting in 5,784 permanent modifications.

c. 2MP

Under 2MP, Treasury provides incentives for second-lien holders to modify or extinguish a second-lien mortgage when the first lien mortgage for the same property has been permanently modified under HAMP. As of the close of the quarterly period, there were 17 servicers participating in 2MP, who in the aggregate, service approximately 55 percent of outstanding second liens.

As of February 29, 2012, approximately 53,000 homeowners in a first-lien HAMP modification had an active permanent second-lien modification in place. In addition, approximately 16,000 second liens had been fully extinguished. Homeowners in 2MP typically save $161 per month on their second mortgage, in addition to the savings realized from the modification on their first mortgage under HAMP. More than 50 percent of the borrowers

[14] Treasury's Transactions Reports (Housing), available at: http://www.financialstability.gov, show the adjusted cap amounts for each servicer, and the total disbursements to each servicer with respect to non-GSE loans. Incentive payments for GSE loans are borne by the GSEs and not Treasury.

benefiting from 2MP reside in three states: California (36 percent), Florida (9 percent), and New York (6 percent).

d. HAFA

Under HAFA, Treasury provides incentives for short sales and deeds-in-lieu of foreclosure for circumstances in which borrowers are unable or unwilling to complete the HAMP modification process. As of February 29, 2012, 54,898 homeowners had reached agreements with their servicer to exit their home under the HAFA Program and approximately 36,000 homeowners had completed a short sale or deed-in-lieu of foreclosure.

e. Home Affordable Unemployment Program (UP)

UP requires participating servicers to grant qualified unemployed borrowers a forbearance period during which their mortgage payments are temporarily reduced or suspended while they look for new jobs. At the end of this forbearance period, if the homeowner receives a HAMP modification, the forborne amount is capitalized onto the unpaid principal balance. As of January 31, 2012, 19,593 UP forbearance plans were started. UP reporting is one month behind the other MHA data because it relies on surveys of servicers rather than the usual MHA reporting mechanisms.

f. PRA

Under PRA, servicers of non-GSE loans are required to evaluate the benefit of principal reduction for mortgages with a loan-to-value ratio of 115 percent or greater when evaluating a homeowner for a HAMP first-lien modification. While servicers are required to evaluate homeowners for PRA, they are not required to reduce principal as part of the modification.

Through February 29, 2012, approximately 51,732 PRA permanent modifications had been started. The approximately 48,000 active PRA permanent modifications had a median principal reduction amount of $68,523, or nearly one-third of the before-modification principal balance.

g. HHF

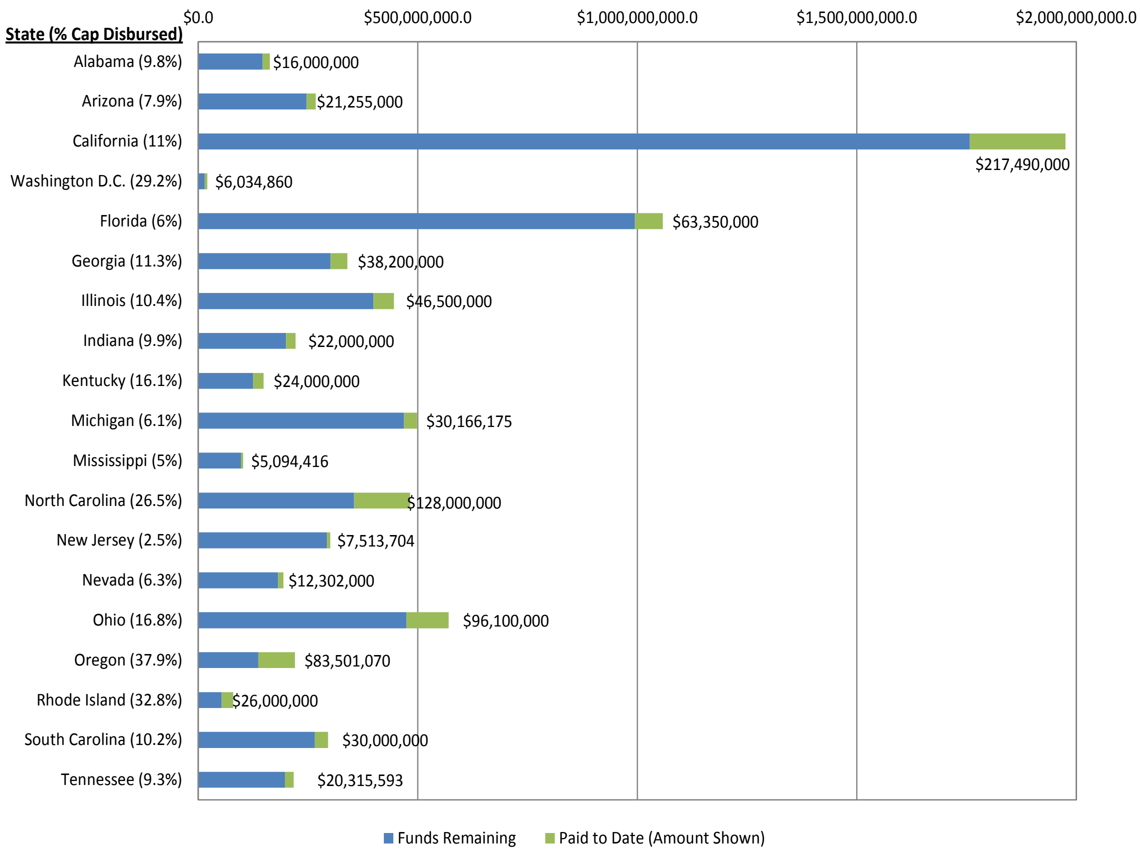
HHF allows participating Housing Finance Agencies (“HFAs”) in the nation’s hardest hit housing and unemployment markets to design innovative, locally targeted foreclosure prevention programs, provided the programs satisfy the requirements for funding under the EESA. Treasury has committed $7.6 billion to support the HHF programs in 18 states and the District of Columbia.

As of March 31, 2012, all 18 states and the District of Columbia were operating HHF programs statewide and collectively have drawn approximately $894 million of the $7.6 billion allocated under the program. Each state draws down funds as they are needed (see figure 6). States have until December 31, 2017, to expend funds and must have no more than five percent of its allocation on hand before they can draw down additional funds.

All 19 HFAs 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 18 states and the District of Columbia, primarily through mortgage payment assistance and reinstatement of assistance.

Figure 8

Hardest Hit Fund as of March 31, 2012



APPENDIX A

Minutes of the Financial Stability Oversight Board Meetings
During the Quarterly Period

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

A meeting of the Financial Stability Oversight Board ("Board") was held at 2:00 p.m. (EDT) on Monday, January 30, 2012, via teleconference.

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Geithner
Mr. Donovan
Ms. Schapiro
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. 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

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 December 21, 2011, 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 American International Group, Inc. ("AIG"); the Automotive Industry Financing Program ("AIFP"); the Small Business Administration ("SBA") 7(a) Securities Purchase Program; 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. During 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 discussed with Members Treasury's daily TARP update report as of January 1, 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 provided an update on Treasury's effort to wind down the CPP. Officials noted that, as of December 31, 2011, Treasury held investments in 371 institutions, most of which were small, community banks, and some of which had been certified by Treasury as community development financial institutions. Officials reported that in December 2011, a total of 10 institutions repurchased all or part of their outstanding CPP preferred shares or subordinated debentures from Treasury, for total proceeds of approximately $279 million. In addition, one CPP participant institution failed. Officials also noted that in December Treasury exercised its right to elect members to the board of directors of one additional institution participating in CPP bringing Treasury's total appointments to 12 directors across seven institutions.

Treasury officials then provided an update on the AIFP, which included an update on Treasury's investment in General Motors, Inc. ("GM"). On December 16 and December 23, 2011, Treasury received payments of $144.4 thousand and $18.9 million respectively, from Motors Liquidation Company ("Old GM"). These payments were made in connection with the dissolution of Old GM on December 15, 2011, as required by the Plan of Liquidation.

Using prepared materials, Treasury officials then provided the Members an update on the U.S. government's investment in AIG.

Using prepared materials, Treasury officials then provided the Members with an update on Treasury's program to purchase securities backed by guaranteed portions of loans made under the 7(a) loan program established by the Small Business Administration ("SBA"), under which Treasury had originally purchased securities with a value of approximately $368 million. On January 24, 2012, Treasury sold the eight remaining securities in the portfolio for approximately $63.2 million in proceeds, concluding the program. Over its period of operation Treasury's SBA 7(a) program recouped a total of $376 million through sales of the securities along with principal and interest payments received on those securities, with a net return for the taxpayer of approximately $8 million.

Using prepared materials, Treasury officials then provided an update on the MHA and other related housing initiatives, including the Home Affordable Modification Program ("HAMP"). Officials reported that by the end of November 2011 the cumulative number of permanent modifications that had been initiated under the program rose to nearly 910,000. Officials also provided an overview of enhancements to MHA that Treasury had announced on January 27, 2012. These enhancements were designed to better help prevent avoidable foreclosures and strengthen hard-hit communities. These enhancements extend the final date for which servicers may accept applications for MHA to December 31, 2013. The enhancements also expand eligibility to include borrowers who cannot be successfully modified to a fixed 31 percent debt-to-income ratio, but who need a modification at a higher or lower debt-to-income ratio, and to include properties that are already occupied by a tenant and vacant properties that the borrower intends to rent. As part of this discussion, officials discussed enhancements to the HAMP program designed to further encourage principal reduction for underwater borrowers with a hardship, including increased incentive payments for investors who agree to reduce principal under the HAMP Principal Reduction Alternative. Members also discussed developments in the second lien modification program and the expected impact of second lien modifications on the overall MHA program. In this context, Members also discussed the status of the non-TARP Home Affordable Refinance Program offered by Fannie Mae and Freddie Mac.

Members and officials then engaged in a discussion regarding the Board's quarterly report to Congress for the quarter ending December 31, 2011, that will be issued by the Board pursuant to section 104(g) of the EESA. Members and officials discussed, among other things, the timing and potential content of the report.

The meeting was adjourned at approximately 3:00 p.m. (EDT).

[Signed Electronically]

Jason A. Gonzalez,
General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting February 27, 2012

A meeting of the Financial Stability Oversight Board ("Board") was held at 2:00 p.m. (EDT) on Monday, February 27, 2012, via teleconference.

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Geithner
Mr. Donovan
Ms. Schapiro
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. 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

Chairperson Bernanke called the meeting to order at approximately 2:00 p.m. (EDT).

The Board first considered draft minutes for the meeting of the Board on January 30, 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 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. During 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 discussed with Members Treasury's daily TARP update report as of February 1, 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 provided an update on Treasury's effort to wind down the CPP. Officials noted that, as of January 31, 2012, Treasury held investments in 366 institutions, most of which were small, community banks, and some of which had been certified by Treasury as community development financial institutions. Officials reported that, in January 2012, a total of five institutions repurchased all or part of their outstanding CPP preferred shares or subordinated debentures from Treasury, for total proceeds of approximately \$87.76 million. Treasury also disposed of warrant positions in three institutions that were received in consideration for investments made under the CPP for additional proceeds of \$1.85 million and received dividend and interest income from its CPP investments of approximately \$0.91 million. In addition, one CPP participant institution failed. Officials also noted that, in January, Treasury exercised its right to elect members to the board of directors of one additional institution participating in the CPP (Rogers Bancshares, Inc. of Little Rock, Arkansas). As part of this discussion, Members and officials discussed the options presently being considered by Treasury, in consultation with its financial advisor, for the management and ultimate recovery of the remaining CPP investments.

Treasury officials then provided an update on the AIFP, which included an update on Treasury's investment in General Motors, Inc. and Ally Financial. Officials reported that Treasury continues to monitor the performance of these firms and evaluate options to exit fully from its AIFP investments.

Using prepared materials, Treasury officials then provided the Members an update on the U.S. government's investment in AIG.

Using prepared materials, Treasury officials then provided an update on the MHA and other related housing initiatives, including the Home Affordable Modification Program ("HAMP"). Officials reported that by the end of December 2011 the cumulative number of permanent modifications that had been initiated under the program rose to nearly 930,000. As of that date, approximately 84 percent of eligible homeowners entering a HAMP trial modification since June 1, 2010, had received a permanent modification. Officials also reported on Treasury's progress in developing supplemental guidance for the enhancements to HAMP announced in January 2012. Treasury expects that homeowners may be evaluated under the new program guidelines beginning in May 2012 for trials starting June 1, 2012. Officials also noted that Treasury soon expected to finalize and release the results of Treasury's latest quarterly servicer assessments, which will summarize performance for the 10 largest MHA participating servicers based on reviews conducted during the fourth quarter of 2011.

Treasury officials then provided an update on the Housing Finance Agency ("HFA") Innovation Funds for the HHF initiative. Treasury continues to participate in discussion with HFAs, servicers, the GSEs and other relevant stakeholders on ways to improve the delivery of foreclosure prevention assistance.

Staff of the Oversight Board then provided Members with an update regarding the Oversight Board's quarterly report to Congress for the quarter ending December 31, 2011, that will be issued by pursuant to section 104(g) of the EESA. Staff discussed, among other things, the timing of the report.

The meeting was adjourned at approximately 2:30 p.m. (EDT).

[Signed Electronically]

Jason A. Gonzalez,
General Counsel and Secretary

Minutes of the Financial Stability Oversight Board Meeting
March 26, 2012

A meeting of the Financial Stability Oversight Board ("Board") was held at 3:00 p.m. (EDT) on Monday, March 26, at the offices of the Department of the Treasury ("Treasury").

MEMBERS PARTICIPATING:

Mr. Bernanke, Chairperson
Mr. Geithner
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. 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

Chairperson Bernanke called the meeting to order at approximately 3:05 p.m. (EDT).

During the meeting, the Board considered draft minutes for the meeting of the Board on February 27, 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.

Treasury officials began the meeting with an update of the programs established by Treasury under the Troubled Asset Relief Program ("TARP"). Discussion during the meeting focused on the Capital Purchase Program ("CPP"); 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.

Using prepared materials, Treasury officials discussed with Members Treasury's daily TARP update report as of March 1, 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 February. Officials reported that two institutions repurchased all or part of their outstanding CPP preferred shares from Treasury for total proceeds of approximately $24 million. In addition, Treasury entered into an agreement with one CPP participant institution (Broadway Financial Corporation) to exchange Treasury's approximately $15 million in preferred stock for common stock. The agreement is subject to fulfillment by the institution of certain conditions, including satisfactory completion of a capital plan. Officials also noted that one CPP participant institution failed in February (SCB Bank, Shelbyville, Indiana, the banking subsidiary of Blue River Bancshares, Inc.). In addition, Treasury exercised its right to elect members to the board of directors of one additional CPP institution (First Security Group of Chattanooga, Tennessee) bringing the total number of Treasury elected board of director members to thirteen at eight CPP institutions. As part of this discussion, Members and officials discussed Treasury's progress in and plans for disposing of its remaining CPP investments. Officials noted that Treasury would soon commence secondary public offerings of the preferred stock it holds in six institutions. The offerings were expected to price through a modified Dutch auction registered under the Securities Act of 1933.

Treasury officials then provided an update on the AIFP, which included an update on Treasury's investment in General Motors, Inc. and Ally Financial. Officials reported that Treasury will continue to monitor the performance of these firms and evaluate options to exit fully from its AIFP investments.

Using prepared materials, Treasury officials then provided Members with an update on the U.S. government's investment in AIG. Officials noted that AIG received approximately $6 billion in net proceeds from the March 8th sale of ordinary shares of AIA Group Limited ("AIA") in Hong Kong. AIG used $5.6 billion of these proceeds to reduce the outstanding balance on Treasury's preferred equity investment in the special purpose vehicle through which AIG holds the AIA ordinary shares. In addition, Treasury received proceeds of approximately $6 billion from a registered public offering of AIG common stock that Treasury conducted on March 8th. Officials noted that this amount included purchases of shares by AIG as part of the public offering totaling approximately $3 billion. With the effect of these transactions, Treasury's remaining interest in AIG included approximately 1.25 billion shares of AIG common stock and a preferred equity interest of approximately $2.9 billion. Officials noted that the Federal Reserve Bank of New York also had a loan to

Maiden Lane III totaling $9.3 billion, which is collateralized by assets with a current value well in excess of the outstanding loan balance.

Using prepared materials, Treasury officials provided an update on the MHA and other related housing initiatives, including the Home Affordable Modification Program ("HAMP") and the Hardest-Hit Fund. Among the matters discussed were: the numbers of temporary and permanent modifications made under HAMP and the status of the Second Lien Modification Program, Home Affordable Unemployment Program, and the Home Affordable Foreclosure Alternatives program. Members and officials also discussed the results of the quarterly servicer assessments Treasury published in conjunction with the January 2012 MHA Public Report. These assessments summarize performance for the 9 largest MHA participating servicers from reviews conducted during the fourth quarter of 2011. Treasury officials discussed the approach taken to identify servicers needing improvement; and to ensure that servicers address all instances of non-compliance identified by Treasury.

Members and officials then engaged in a roundtable discussion regarding the current state of the housing markets and the effect of the programs established under TARP in providing support to the housing market and assistance to at-risk mortgage borrowers. Using prepared materials, officials from the Federal Housing Finance Agency ("FHFA") briefed members on developments in the housing and housing finance markets. The data reviewed included data related to: mortgage rates and delinquencies, mortgage originations, foreclosures, housing prices, and sales. During this discussion, FHFA officials also presented data related to the foreclosure prevention actions and refinancing activity of Fannie Mae and Freddie Mac.

The meeting was adjourned at approximately 3:55 p.m. (EDT).

[signed electronically]

Jason A. Gonzalez,
General Counsel and Secretary