

MINUTES OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DATE: July 16, 2001

TIME: 10:15 a.m.

LOCATION: Board Room

ATTENDANCE:

Mr. Greenspan, Chairman
Mr. Ferguson, Vice Chairman
Mr. Kelley
Mr. Meyer
Mr. Gramlich

Office of the Secretary

Ms. Johnson, Secretary
Mrs. Lowrey, Associate Secretary
Mrs. Doying, Assistant to the Secretary
Mr. Hiratsuka, Technical Writer

Office of Board Members

Ms. Fox, Assistant to the Board
Ms. Smith, Assistant to the Board
Mr. Winn, Assistant to the Board
Mr. Skidmore, Special Assistant to the Board

Legal Division

Mr. Mattingly, General Counsel
Ms. O'Day, Associate General Counsel

Division of Research and Statistics

Mr. Ettin, Deputy Director
Mr. Kwast, Associate Director

Division of Banking Supervision and Regulation

Mr. Spillenkothen, Director
Mr. Schemering, Deputy Director
Mr. Hoffman, Associate Director
Mr. Martinson, Associate Director
Ms. Cross, Deputy Associate Director
Ms. Bailey, Assistant Director

Division of Consumer and Community Affairs

Ms. Smith, Director
Ms. McNulty, Assistant Director

Other supporting staff

Federal Reserve Bank

Federal Reserve Bank of New York
Ms. White, Senior Vice President

CITIGROUP INC. and CITICORP, both in New York, New York, and CITIGROUP HOLDINGS COMPANY, Wilmington, Delaware -- Application to acquire Grupo Financiero Banamex Accival, S.A. de C.V., and Banco Nacional de Mexico, S.A., both in Mexico City, Mexico, and thereby indirectly acquire Banamex USA Bancorp and California Commerce Bank, both in Los Angeles, California.

**Approved.
Issuance of order authorized.
July 16, 2001.**

At today's meeting, the Board considered an amended proposal by Citigroup to acquire Grupo Financiero Banamex and its subsidiaries. Relevant documentation showed that Citigroup's original proposal had included a transfer of Banamex's investment in a financial subsidiary to an Edge corporation owned by Citibank, N.A. Citigroup had amended the proposal to exclude the transaction, but was expected to address the issues raised by the proposed transfer in the near future.

Board members reiterated the need for banking organizations involved in significant expansions to have robust processes for risk management and economic capital assessment and to ensure that their capital positions continued to be adequate in relation to the full array of risks to which the organizations were exposed.

Thereupon, the Board approved Citigroup's acquisition of Grupo Financiero Banamex, with the understanding that this action did not reflect a decision by the Board on any issues raised by the possible transfer of Grupo Financiero Banamex or any of its subsidiaries to a Citigroup subsidiary, and that such a transfer would require Board approval.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

Background: Staff memoranda, July 13, 2001.

Implementation: Press release, order, and letter from Ms. Johnson to Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the applicant, July 16, 2001.