

MINUTES OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DATE: June 5, 2009

TIME: 5:00 p.m.

LOCATION: Special Library

ATTENDANCE:

Mr. Bernanke, Chairman
Mr. Kohn, Vice Chairman
Mr. Warsh (participated by telephone)
Ms. Duke
Mr. Tarullo

Office of the Secretary

Ms. Johnson, Secretary
Mr. Frierson, Deputy Secretary

Office of Board Members

Ms. Smith, Director
Mr. Skidmore, Assistant to the Board

Legal Division

Mr. Alvarez, General Counsel

Division of Research and Statistics

Ms. Liang, Associate Director

Division of Banking Supervision and Regulation

Mr. Cole, Director
Ms. Stefansson, Associate Director

Mr. Clark, Senior Adviser
Mr. Foley, Senior Adviser

Other Supporting Staff

**SUPERVISORY CAPITAL ASSESSMENT PROGRAM -- Update on Citigroup Inc.,
New York, New York, and review of other matters related to the program.**

**Discussed.
June 5, 2009.**

At its meetings on April 7, April 15, April 29, May 1, and May 3, and at an interagency meeting on April 19, 2009, the Board had discussed the Supervisory Capital Assessment Program, a "stress test" of the nineteen largest bank holding companies by the federal bank regulatory agencies. Today, staff updated the Board on the plans by Citigroup Inc. (Citigroup), New York, New York, in response to the assessment program. The Board members' ensuing discussion included consideration of the (1) status of the Securities and Exchange Commission's review of Citigroup's proposal to raise capital through an exchange of preferred securities for common shares, and supervisory options if that review presented a material issue in connection with the proposed exchange; (2) preliminary assessments of Citigroup's plans by the Federal Deposit Insurance Corporation and the Federal Reserve Bank of New York; and (3) nature of supervisory expectations for Citigroup and how they should be communicated.

Board members also discussed the preparation of a public announcement to be issued next week regarding the capital plans submitted by those participating institutions that required additional capital in order to achieve sufficient capital levels at the end of 2010 to serve as a buffer against losses under the assessment's more-adverse-than-expected macroeconomic scenario. Board members generally favored an announcement stating that the capital plans submitted, if implemented, would provide sufficient capital to meet the assessment program's required buffer. (NOTE: The Board issued a press release on June 8, 2009.)

At the conclusion of the discussion, it was understood that staff would update the Board on developments concerning the capital plans submitted under the assessment program.

**Participating in this discussion: Chairman Bernanke, Vice Chairman Kohn, and
Governors Warsh, Duke, and Tarullo.**

Background: Staff presentation -- "Supervisory Capital Assessment Process,"
June 5, 2009.

Implementation: None.