WHAT CITI IS DOING TO EXPAND THE FLOW OF CREDIT,

SUPPORT HOMEOWNERS AND

HELP THE U.S. ECONOMY

TARP PROGRESS REPORT FOR FIRST QUARTER 2009

MAY 12, 2009

A MESSAGE FROM VIKRAM PANDIT
CHIEF EXECUTIVE OFFICER, CITI

This is the second report Citi has published about the steps we are taking to deploy the capital investment we have received from the United States Government under the Troubled Asset Relief Program (TARP) to promote the recovery of the American economy and generate a fair return for taxpayers.

As of March 31, 2009, our Special TARP Committee of senior executives has approved TARP capital initiatives presented by our various businesses to put nearly $45 billion to work to help support the U.S. economy and expand the flow of credit.

We are using this capital to expand personal and business lending in the United States, consistent with Citi's prudent lending standards, and will continue to explore every opportunity to put it to work in a disciplined, transparent and responsible fashion.

We are also taking the lead in supporting the U.S. housing market and extending assistance to borrowers who are struggling to meet their commitments in these difficult times. These efforts are substantial.

Citi has helped approximately 520,000 homeowners remain in their homes since the start of the housing crisis in 2007. Through a variety of forbearance programs, we are also helping more than 1.3 million Americans manage their credit card debt.

Despite the challenging economic environment, since October 2008 Citi has extended more than $200 billion in credit commitments to U.S. consumers, businesses and communities. More than $120 billion of those commitments were made in the first quarter.

We continue to work in partnership with federal agencies and Congress to ensure that our financial system returns to good health and that all Americans will have an opportunity to share in the recovery of our economy.

Citi is committed to transparency in its use of TARP capital, and I look forward to updating you again on our progress after the end of the second quarter.

Vikram Pandit
Chief Executive Officer
Citi

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I. SUMMARY

TARP Program Activities

- Since October 2008, Citi has authorized initiatives to deploy $44.75 billion in TARP capital across key areas of the U.S. economy to help expand the flow of credit to consumers, businesses and communities.

- This includes $8.25 billion of new funding initiatives approved in the first quarter of 2009 in four key areas:

  - ***Direct Municipal Lending*** - *$5.0 billion to lend to state and local governments, municipal agencies, universities and non-profit hospitals.*

  - ***Supplier Financing*** - *$2.0 billion to purchase trade receivables to provide liquidity to small and medium-sized businesses.*

  - ***Residential Mortgages*** - *$1.0 billion to lend to qualified borrowers to help homeowners refinance their primary residence.*

  - ***Auto Loans*** - *$250 million to consumers via dealerships nationwide.*

- As of March 31, 2009, we have already injected $8.2 billion of TARP capital into the economy, mostly to purchase mortgage securities in the secondary market, a critically important source of funds that supports loans to home buyers. The balance of our TARP initiatives will be deployed over the next several quarters.

Help For Homeowners and Other Borrowers

- Citi has worked successfully with approximately 520,000 homeowners to avoid potential foreclosure on combined mortgages totaling more than $50 billion since the start of the housing crisis in 2007.

  - *In the first quarter of 2009, Citi helped approximately 80,000 homeowners with combined mortgage debt of more than $9 billion avoid potential foreclosure through modifications, extensions, forbearance and reinstatements.*

  - *Loss mitigation solutions outnumbered foreclosures completed by a ratio of more than 10 to 1.*

- Citi is currently providing help to 1.3 million credit card members to manage their card debt through a variety of forbearance programs. More than 460,000 card members entered these programs in the first quarter of 2009.
  - *On March 4, 2009, we launched Citi Forward, a credit card specifically designed to reward good credit decisions by lowering the interest rate on purchases in return for responsible financial behavior.*

New Lending

- Despite the challenging economic environment, Citi has extended more than $200 billion in new credit to U.S. consumers and businesses since October 2008.
  - *In the first quarter, Citi's total new commitments were just over $120 billion, including $45.9 billion in loans to U.S. consumers, $6.5 billion in commercial lending and $67.7 billion in underwriting.*
  - *New lending included approximately $24 billion in mortgage loans that helped 110,000 Americans purchase a home or lower payments through refinancing. We also extended more than $17 billion to new credit card members.*

Citi in the Community

- During the first three months of 2009, we continued to accelerate our efforts through Citi's Office of Homeownership Preservation (OHP) to work with counselors and borrowers to find alternatives to foreclosure, whenever possible.
  - *Nearly 600 counselors in more than 25 cities across the U.S. have been trained by OHP, which works with local non-profit counseling organizations to reach out to thousands of at-risk borrowers.*
- Through the Citi Foundation, we have partnered with the National Fund for Enterprise Development to offer free tax preparation services for self-employed, low-income entrepreneurs.
  - *The Self-Employed Tax Initiative helps a growing number of businesses started by owners who recently lost other jobs because of the economic downturn.*

II. TARP PROGRAM ACTIVITIES

a. Putting TARP Capital to Work

Since October 2008, the U.S. Government has made a significant investment in major American financial institutions, including Citi. The Department of the Treasury's $45 billion investment in Citi has helped to strengthen our capital base so we are better able to fund new lending initiatives in support of the U.S. economy, homeowners and businesses.

Citi is putting this capital to work prudently and transparently. Since Citi received its first TARP capital investment, we have authorized initiatives to deploy $44.75 billion. This includes $8.25 billion in new initiatives authorized in the first quarter of 2009 across key areas of the U.S. economy to help expand the flow of credit to individuals, families, communities and businesses.

The new initiatives are as follows:

1. Direct Municipal Lending - $5.0 billion

This program allocates up to $5.0 billion for Citi's Municipal Securities Division to lend to state and local governments, municipal agencies, universities and non-profit hospitals.

- Access to certain parts of the municipal financing market has been limited because of reduced availability of bank liquidity facilities during the credit crisis.
- Communities, universities and hospitals have also found it difficult to secure funding to finance new projects because of a lack of previously available funding sources.
- This program will provide municipal clients in the "AA" rating category access to tax-exempt funding to help finance projects, including the building of airports, hospitals, schools and roads. Municipalities may also use the three-year loans to refinance existing variable rate debt on more attractive terms.
- The loans provide some clients access to currently unavailable variable rate funding, and lower borrowing costs and add flexibility for others.

2. Supplier Financing - $2.0 billion

This initiative facilitates Citi's purchase of $2.0 billion in trade receivables to provide liquidity to small and medium-sized businesses that are at the heart of the U.S. economy.

- Many of these suppliers are finding it tough to pay salaries, purchase materials to support their business and meet other obligations as their customers take longer to settle payments for delivered goods to preserve their own working capital.
- Citi's Supplier Finance Program purchases these trade receivables from suppliers to some of our largest customers, such as major retailers, in order to provide them with needed liquidity.
- Our program provides a more cost-effective source of working capital than suppliers could find through other credit sources, which have become scarce in the economic downturn.
- Citi purchases more than 85 percent of these trade receivables from small and medium-sized businesses. Citi is paid for these purchased receivables by our major clients on the payment due date.

3. Residential Mortgages - $1.0 billion

Citi has allocated $1.0 billion to underwrite mortgage loans for qualified borrowers sourced through Primerica, a financial services subsidiary that primarily serves middle income customers.

- We are extending these loans in addition to the $8.2 billion TARP capital initiative that Citi approved in the fourth quarter of 2008 to fund new, non-conforming prime mortgage loans.
- With mortgage interest rates at attractive lows, the mortgage banking industry is seeing a significant increase in refinance originations in 2009 as existing homeowners seek to lower their payments.
- Primerica is offering mortgage loans for refinancing of primary residences, including at 30-year fixed rates, lowering borrowing costs for homeowners.

Auto Loans - $250 million

CitiFinancial Auto is making new automobile loans totaling $250 million available to consumers through dealerships around the country.

- Lack of available credit has made it difficult for many potential car buyers to obtain financing, even at a time of reduced demand. This has contributed to the decline in vehicle sales that has hurt automakers and dealers.

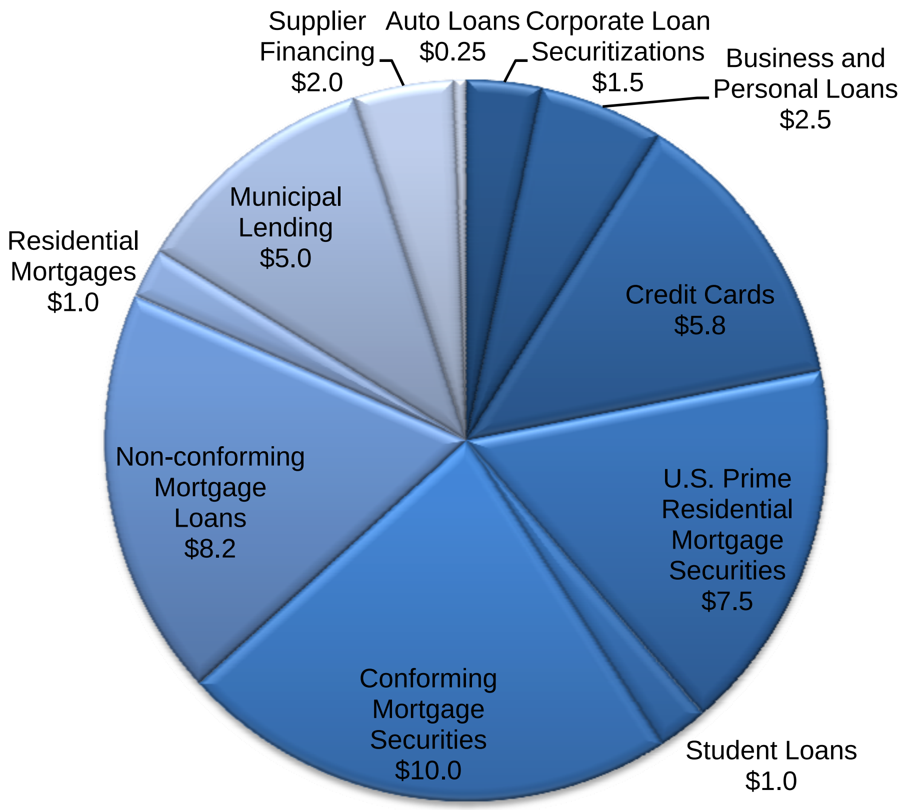
- The program applies to the purchase of new or used cars through participating dealerships across the United States.

- Citi began extending new auto loans and making new credit available to purchasers through this ongoing initiative during the first quarter.

All of our initiatives are reviewed and authorized by a Special TARP Committee of senior Citi executives as part of our oversight and approval process. Our procedures include monitoring and tracking the use of this capital and are designed to ensure that TARP funds are put to work according to clear guidelines.

We will continue to explore opportunities across our businesses to put TARP capital to work in ways that expand personal and business lending throughout 2009 in a disciplined and transparent fashion, consistent with Citi's prudent lending standards.

Aggregate TARP Capital Initiatives (In $ Billions)
$44.75 Billion as of March 31, 2009



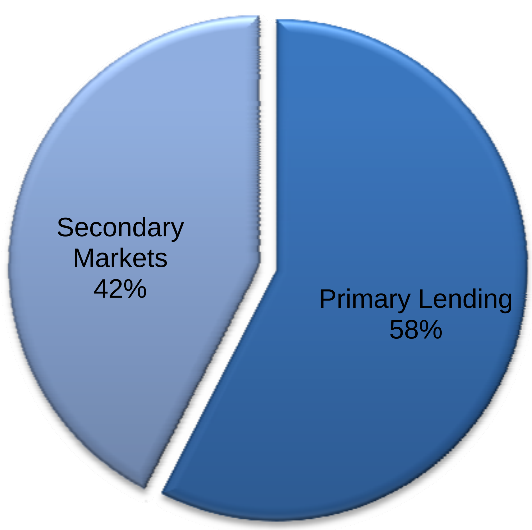
b. Update on TARP Capital Initiatives

In the first quarter of 2009, Citi put to work $8.2 billion of the approved TARP capital initiatives to help expand the flow of credit to U.S. consumers and businesses.

Most of the money Citi has utilized so far has been used to purchase mortgage securities in the secondary market. This provides new liquidity to lenders who need to replenish their funds so that they can continue to originate mortgage loans for new homeowners or borrowers who are seeking to refinance at lower interest rates.

Secondary markets play a fundamental role in this process, which is why almost half of the funds involved in Citi's TARP capital initiatives are directed there, as illustrated below. The role of primary lending and the secondary markets and how they differ are explained in the Appendix to this report.

Total Approved TARP Capital Initiatives = $44.75 Billion



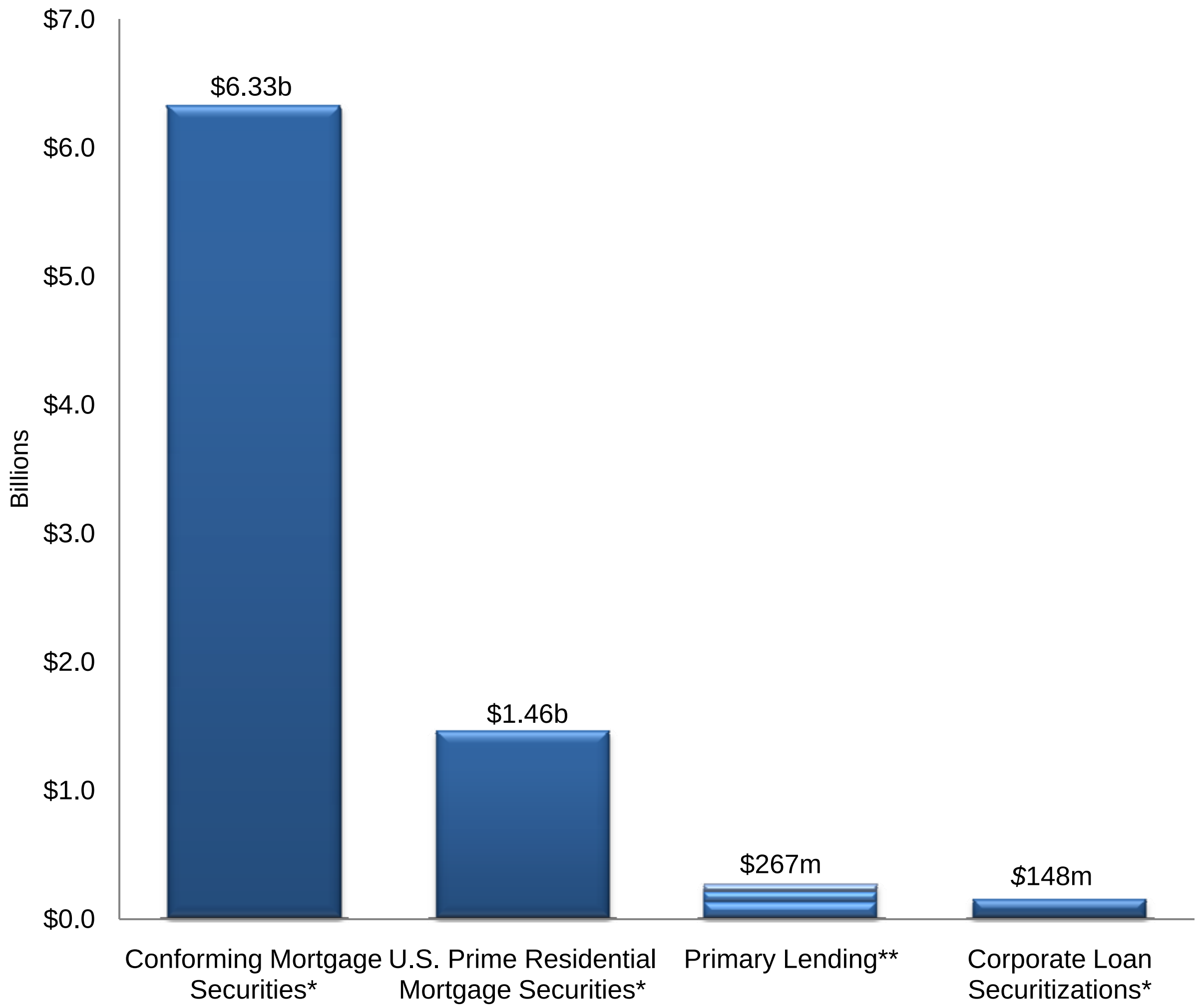
Secondary market activity moves faster than new primary lending initiatives, which take time to roll out. The speed at which primary loans are made depends on a variety of factors, including loan demand from consumers and businesses.

Loan demand generally remains weak, with the exception of residential mortgage refinancing activity, which has increased across the banking industry as a result of lower interest rates.

Other factors which influence the speed of primary lending include the time it takes to market new products and offers, submit and process loan applications and complete any legal or contractual obligations required for the release of funds.

Following is an update on activities completed in the first quarter that specifically stem from Citi's TARP-related initiatives:

TARP Capital Initiative Outlays for the First Quarter of 2009 = $8.2 billion



*Secondary market activity. Figures reflect actual purchase costs.
** Primary lending. Reflects Business and Personal Loans ($127 million), Credit Cards ($76 million), Auto Loans ($57 million) and Non-conforming Mortgage Loans ($7 million).

c. Working With the Government

On March 27, Citi's CEO Vikram Pandit joined the chief executives of 12 other leading U.S. financial institutions at the White House for talks with President Barack Obama about public and private efforts towards financial recovery.

Mr. Pandit also attended a hearing of the Financial Services Committee of the House of Representatives on February 11, when the chief executives of eight TARP recipient banks answered questions about their use of TARP funds.

Following are excerpts from Mr. Pandit's opening remarks to the House committee:

- *I know that the TARP funding decision was difficult for Congress, but I intend to make sure that when it comes to Citi, you will look back on it and know it was the right decision for our nation's economy and for American taxpayers.*

- *Our goal, my goal, is to make this a profitable investment for the American people as soon as possible.*

- *Our responsibility is to promote the recovery of our financial system and benefit our shareholders. We will continue to do everything we can in that regard at this critical moment in history.*

- *We will hold ourselves accountable for what we do, and that starts with me. I am personally accountable.*

"Our goal, my goal, is to make this a profitable investment for the American people as soon as possible."
– Vikram Pandit, CEO

III. HELP FOR HOMEOWNERS AND OTHER BORROWERS

a. Helping Homeowners

Citi continues to work with mortgage holders experiencing economic distress.

Since the start of the housing crisis in 2007, Citi has worked successfully with approximately 520,000 homeowners to avoid potential foreclosure on combined mortgages totaling more than $50 billion.

We are working to help mitigate the hardships many American families face and, at the same time, contain the financial losses that Citi would absorb in the event of borrower default.

- In the first quarter of 2009, Citi successfully worked with approximately 80,000 borrowers – whose mortgages we own or service – to avoid potential foreclosure through modifications, extensions, forbearances, and reinstatements of loans totaling more than $9 billion.
- Also during the first quarter, Citi was able to keep nearly 9 out of 10 distressed borrowers with Citi mortgages we own or service in their homes, a result that can be attributed in part to the foreclosure moratorium.
- Loss mitigation solutions outnumbered foreclosures completed by a ratio of more than 10 to 1.

Citi was also the first financial services company to report publicly on the impact

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"Your company's participation in our joint Foreclosure Prevention/Loan Modification Clinic has encouraged an atmosphere of cooperation, understanding and hope in the lives of many of my constituents. Additionally, many of my constituents have expressed the realization of a new lease on life, which is a direct result of your institution's efforts in helping to save their most precious possession – their home."

- Rep. Gregory W. Meeks, 6th District, New York

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of its foreclosure prevention initiatives, in its *Citi U.S. Mortgage Lending Data and Servicing Foreclosure Prevention Efforts* report.

- The most recent edition of the report, which was first published in February 2008, can be found at www.citigroup.com.

Citi Homeowner Unemployment Assist

Citi understands that unemployment is a major concern facing the American economy, and that it especially affects mortgage holders.

On March 3, we launched Homeowner Unemployment Assist specifically to help recently unemployed, delinquent CitiMortgage customers stay in their homes by making a reduced monthly mortgage payment for three months while they seek work.

- It is the latest initiative offered under Citi Homeowner Assistance, a multi-faceted program launched in November 2008 to help potential at-risk borrowers remain current on their payments and stay in their homes.
- Through Citi Homeowner Assistance, we are reaching out to families whose mortgages Citi holds, particularly in areas of economic distress and sharply declining home values.

The Homeowner Unemployment Assist program is intended to serve as a bridge toward a longer-term solution, helping homeowners stay in their homes and in their communities while they get their feet back on the ground.

- Under the Homeowner Unemployment Assist program, Citi will lower required monthly mortgage payments for the majority of qualifying customers to an average of $500 for three months.
- $500 is less than the nationwide average rent for a one-bedroom residence.

Foreclosure Moratorium Update

We are continuing our foreclosure moratorium for eligible borrowers with Citi-owned mortgages who work with us in good faith to remain in their primary residence and have sufficient income to make affordable mortgage payments.

- To ensure that our efforts have the broadest possible impact, Citi has worked with investors and owners of more than 90 percent of the 4 million mortgages we service – but do not own – so that many more qualified borrowers will also benefit from this moratorium.

Separately, and at the request of members of Congress, Citi initiated a temporary foreclosure moratorium on February 12 on all Citi-owned first mortgage loans that are for the customer's principal residence and on loans that Citi services in cases where it had reached an understanding with the investor.

As part of this moratorium, Citi announced that we would not initiate or complete any new foreclosures on eligible customers during that time, as government officials worked to prepare a comprehensive federal mortgage loan modification program.

The moratorium was in force until March 4, when the Government announced details of the program, which is outlined below.

"You have given back hope and cheer in our home and have taken away fear that this could be our last month in our house. It feels so good to reassure our small kids that they get to keep their rooms."

– R. & V. A, North Hills, CA

Support for the "Making Home Affordable" Program

On February 18, President Obama announced a $75 billion plan to help up to 9 million families restructure or refinance their mortgages to avoid foreclosure. Further details were unveiled on March 4.

Citi fully supports and is participating in this program, which also uses up to $200 billion in capital to help ensure that the government-sponsored mortgage lenders Fannie Mae and Freddie Mac can continue to stabilize markets and hold down mortgage rates. Some 3 million to 4 million homeowners with non-prime loans may receive help.

Citi and other lenders who participate in the program will reduce monthly mortgage payments to no more than 38 percent of a borrower's income. A further reduction in interest rates stemming from the government program will bring that ratio down to 31 percent of the borrower's income.

New Mortgages and Refinancing

Despite the housing market downturn, Citi continues to be active in new mortgage financing, as well as refinancing of existing mortgages.

Refinancing to a lower interest rate is another way to make mortgages more affordable and to help keep homeowners who are facing financial difficulties in their homes.

During the first quarter of 2009, Citi:

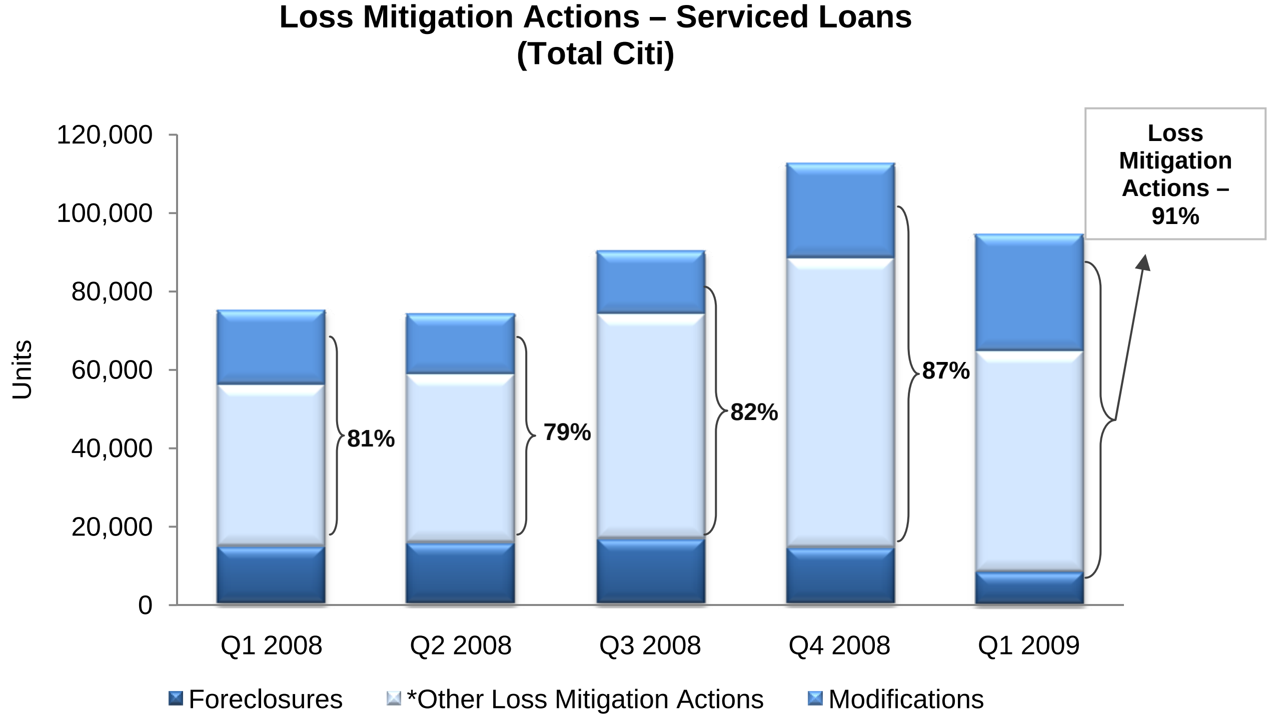
- Processed more than 277,000 mortgage applications with an aggregate value of approximately $49 billion, up 13 percent from the prior quarter;

- Funded approximately $24 billion in mortgage loans, helping 110,000 Americans either purchase a home or lower their payments through refinancing; and

- Successfully refinanced more than 80,000 primary mortgages.

In the first quarter of 2009, Citi processed more than 277,000 mortgage applications with an aggregate value of approximately $49 billion, up 13 percent from the prior quarter.

To make sure we are being as effective as we can in providing practical help to these homeowners, we have deployed more resources to help customers who contact us about refinancing and are working with them to make their mortgages more affordable.



*Includes: Extensions, HSAs, Repayment Plans, Reinstatements, Short Sales and Deeds in Lieu. See Appendix for definitions.

b. Support for Credit Card Holders

Credit cards play an important role in the nation's economy by helping people buy goods and services and have now become the most common source of financing for small businesses in the United States.

- In 2008, more than $2 trillion of transactions were completed in the U.S. on credit cards industry-wide.

- Based on available national economic figures, Citi estimates that about 20 percent of all personal consumption – the engine of the U.S. economy – involves credit card transactions, often for day-to-day essentials like groceries, clothing and gas.

Citi's primary objective, particularly in this environment, is to fund the expansion of credit to existing card members and attract new account holders, based on their ability to repay their loans.

- In 2009, Citi Cards has begun to extend a significant amount of new credit to U.S. consumers who meet Citi's customary sound lending standards.

- In the first quarter of 2009, Citi extended more than $17 billion of credit to new card members.

Card Forbearance Programs

Delinquency rates on consumer credit card accounts have significantly increased in the United States as job losses have mounted and the economic downturn has deepened. The percentage of credit card accounts that are more than 90 days past due rose 73 percent between August 2007 and March 2009, according to industry data.*

"I lost my job, am living with relatives and am really in a bind. Your representative was able to help me with an alternative repayment program. You are making a difference for me."

- N.D., Dandridge, TN

In this difficult environment, Citi continues to provide card members facing financial challenges with expanded eligibility forbearance programs.

- Citi is currently providing help to 1.3 million card members to manage their credit card debt through a variety of forbearance programs.

* Based on Credit Card Trust filings of the six largest U.S. issuers.

- More than 460,000 card members entered these programs in the first quarter of 2009, compared with approximately 260,000 during the same period in 2008.

Citi's forbearance programs feature broadened eligibility criteria designed to help account holders in earlier stages of delinquency.

- These include payment incentives, match payments and balance-consolidation programs that accelerate the reduction, or amortization, of card loans without materially increasing the cost to consumers.
- The specific program is dependent on individual circumstances, and the customer's willingness and ability to repay.
- Given the current economic challenges, we are continuously developing and refining these programs to help customers resolve credit problems and restore their credit health.

"The customer rep was very helpful – I sensed that he empathized with my problem. He suggested a plan which reduced my monthly payment and interest rate for the next six months that would tide me over this difficult period. Thank you."

– M.D., Vallejo, CA

We are also marketing programs to customers who, although current on their accounts, may need additional help to repay their balances. We expect to ramp up these programs through mid-2009.

"Help With My Credit"

On February 18, Citi joined other credit card issuers and payments networks to launch "Help With My Credit."

"Help With My Credit" is designed to raise awareness and educate consumers struggling to make their credit card payments about assistance available to them, over and above the work the companies are doing individually to assist their cardholders.

- The initiative includes a toll-free telephone service at 1-866-941-1030.
- Operators at the service provide callers with information on how to contact customer service representatives at participating credit card issuers or accredited credit counseling agencies.
- Three national credit counseling agencies – Take Charge America, Money Management International and Novadebt – have agreed to participate in this program.

- These agencies were selected as partners because they are non-profit organizations accredited by the National Foundation for Credit Counseling and/or the Association of Independent Consumer Credit Counseling Agencies, licensed and operating in all 50 states and able to handle a large volume of calls and provide necessary services.

More information can be found at the Web site: www.helpwithmycredit.org/.

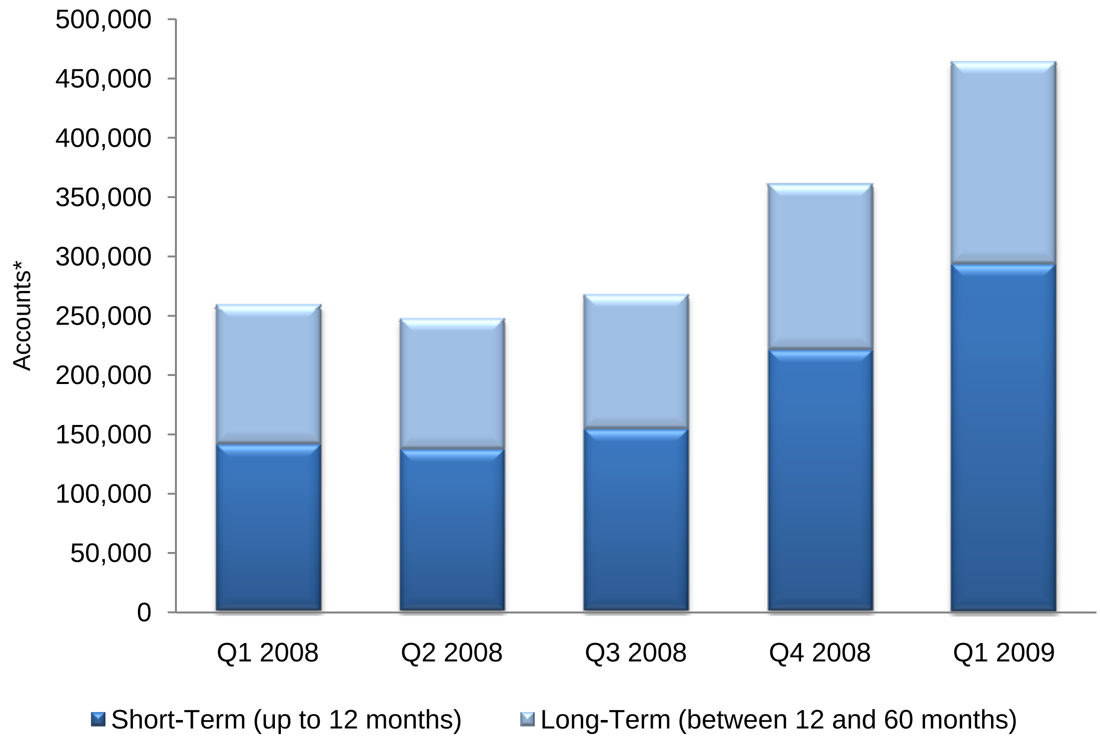
Additional Debt Relief Options

Citi is one of 10 credit card issuers which have agreed to provide additional relief to consumers struggling to repay their debt through debt management plans offered by the National Foundation for Credit Counseling.

Citi also joined other credit card issuers in agreeing to changes that would provide both a more affordable “standard” debt management plan and a “hardship” debt management plan for consumers who are seeking to avoid bankruptcy but who do not have sufficient income to qualify for a traditional debt management plan.

The key elements of these two new plans will allow consumers to maintain a reasonable monthly budget, establish a savings account for economic emergencies, make fixed monthly payments more affordable, and pay off their debt completely within 60 months.

Citi Cards – New Entrants to Forbearance Programs



*Primarily delinquent accounts (includes limited current accounts.) Note: Short-term programs include full/partial payment deferrals, reduced minimum payments, match payments; long-term programs include balance consolidation actions and adjustment of terms.

SPOTLIGHT – Citi Forward

On March 4, Citi launched Citi Forward, a credit card specifically built to help consumers make good credit decisions by rewarding them for responsible financial behavior.

Citi Forward offers card holders a quarter-point reduction in their interest rate on purchases when they make their minimum payment and stay under their assigned credit line for three billing periods in a row.

- *Card members can get the quarter-point reduction up to eight times, for a total maximum reduction of 2 percentage points. The initial Annual Percentage Interest Rate (APR) on the card is 12.24 percent.*
- *Card members earn 100 extra ThankYou Points each billing period for paying on time and staying within their credit line.*
- *Citi Forward also includes a Spending Tracker which allows card members to monitor their spending online in up to five categories, including food, merchandise and travel, and see how they stack up against their peers.*

This opportunity to earn APR reductions on purchases and receive ongoing credit education provides consumers with the foundation to build and maintain a strong credit history and financial future.

IV. LENDING ACTIVITY

a. The Lending Environment

In the first quarter of 2009, banks and the U.S. Government took a further step forward in their combined efforts to increase the flow of credit to consumers and businesses and provide underlying support for the economy.

New programs jointly supported by the U.S. Treasury, Federal Reserve and Federal Deposit Insurance Corporation began to help revive activity in the secondary markets. These markets play a vital role in helping lenders issue new primary loans for automobiles, credit cards, education, housing and commercial real estate as existing loans are securitized and sold to investors.

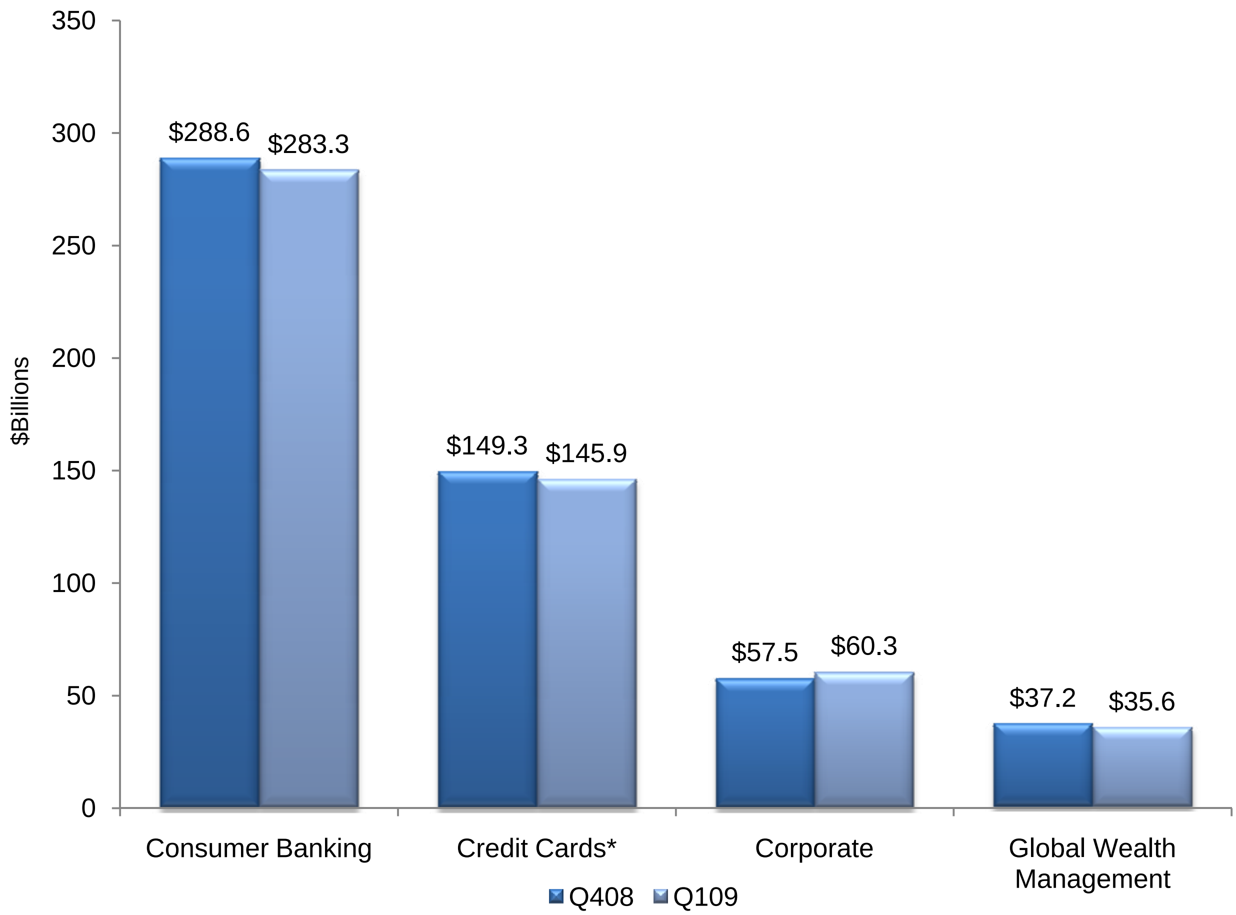
In this challenging environment, we continue to adhere to our basic sound lending principles with the capital entrusted to our company – not only in our TARP-related lending activities but also across all our business activities.

The U.S. economy contracted further during the period. Unemployment rose sharply to 8.5 percent at the end of March – with average monthly new claims exceeding 650,000 and job losses totaling 5 million over the last year. These high job losses, together with falling incomes and retirement savings and severely depressed home and commercial real estate values, have dampened overall demand for loans from consumers and businesses.

In this challenging environment, we at Citi continue to adhere to our basic sound lending principles with the capital entrusted to our company – not only in our TARP-related lending initiatives but also across all our business activities.

These principles are designed to ensure that we properly balance our commitment to support the recovery of the U.S. economy with our responsibility to manage our risk prudently and deliver sustained value to our investors, including the U.S. taxpayer.

Average Loans, First Quarter 2009 = $525.1 Billion[*]



[*]North America
** Managed basis

SPOTLIGHT – Q&A with Chief Financial Officer Ned Kelly

On March 20, Edward "Ned" Kelly, previously the Head of Global Banking at Citi, became Chief Financial Officer. He succeeded Gary Crittenden, who was named to the new role of Chairman of Citi Holdings.

Citi asked its new CFO to talk about lending activities in the United States in the first quarter.

How is the tough economy affecting lending?

- *We continue to provide credit to U.S. consumers and businesses. In fact, Citi's $525.1 billion average for loan balances in North America in the first quarter of 2009 is almost nine percent more than the average from the same quarter two years ago, before the credit crisis really hit.*
- *But it's important to note that demand for credit has declined. The economic downturn has caused a sharp drop in household net worth, which is down 20 percent since the loan market peaked in the second quarter of 2007. So the number of new loan applications from consumers, other than for home mortgage refinancing, has fallen. Business loan demand is down too.*
- *Many consumers and businesses are also paying down debts more rapidly than in the recent past, and personal savings rates are up four-fold since before the recession began. These factors dampen overall borrowing.*

Are banks making it harder to get credit or are other factors at work?

- *While the environment remains difficult, Citi continues to provide new loans to our retail customers and corporate clients. Since October 2008, we have made credit commitments of more than $200 billion in the United States. The TARP capital investments clearly help us to extend more loans than would have been the case otherwise.*
- *What banks cannot do is fully replace the dramatic decline in credit from non-bank lenders like finance companies and hedge funds, whose explosive growth prior to the financial crisis saw them account for as much as two-thirds of lending in recent years.*

- *Those lenders relied heavily on the secondary markets to fund loans, and many have gone out of business or significantly cut back on activity as the liquidity and pipeline from the securitization of mortgages and other consumer loans has dried up.*

How does your lending compare to Citi's competitors?

- *Citi's new consumer lending volume in the U.S. is largely in line with our main competitors, when considered as a percentage of loan balances and deposit balances. It is also worth noting that we have a smaller U.S. branch network than our major competitors.*

- *As this report shows, we continue to extend new loans to consumers and businesses. At the same time, we have an obligation to our stakeholders, including U.S. taxpayers, to make prudent lending decisions that reduce our exposure to potential loan losses.*

What is Citi doing about credit card debt and interest rates?

- *The housing crisis and rising unemployment have led to a significant deterioration in consumer credit, and that's reflected in the growing number of credit card customers whose debt we are helping manage through various forbearance programs.*

- *Like others in the industry, we have in some cases lowered credit limits so we can continue to lend to qualified borrowers in this tough environment. We cannot do this without managing our risk appropriately.*

- *These considerations also mean we are re-pricing certain customers, many of whom have not seen their base rates change for at least two years. Any Citi customer who receives a re-pricing notification has the right to opt out of the re-pricing and pay down their balance at the prior rate.*

b. Overall New Lending in the First Quarter of 2009

Despite the challenging economic environment and stressed consumer credit conditions, Citi has extended more than $200 billion in new credit commitments to U.S. borrowers since October 2008.

New lending to U.S. individuals and families, small and mid-sized businesses and large corporations, along with underwriting activity, totaled $120.1 billion in the first quarter of 2009, up from $81.2 billion in the fourth quarter of 2008.

Consumer lending in the first quarter totaled $45.9 billion compared with $48.7 billion in the prior quarter. Consumer lending in the most recent quarter included approximately $24 billion in mortgage loans that helped 110,000 Americans purchase new homes or lower their payments through refinancing, and more than $17 billion to new credit card members.

> Since October 2008, Citi has extended more than $200 billion in new credit commitments to U.S. individuals and families, small and mid-sized businesses and large corporations.

Although consumer confidence showed some signs of stabilizing towards the end of the quarter, it remains near 30-year lows. As a result of the economic environment, overall consumer spending and loan demand were weak.

Commercial lending activity also contracted across many areas during the first quarter, when commercial and industrial lending fell to $6.5 billion from $11.4 billion in the fourth quarter. At the same time, debt and equity underwriting activity rose sharply to $67.7 billion, reflecting higher principal per deal and higher volume following a depressed fourth quarter, when underwriting totaled $21.1 billion.

While making new loans to our customers and clients, we continue to evaluate the creditworthiness of both consumer and commercial borrowers carefully in accordance with our prudent lending principles. The factors we evaluate include:

- Ability to repay the loan;
- The size of the loan relative to its underlying collateral;
- Verifiable income in the case of retail customers;
- Credit history; and
- Regional conditions in the areas in which the individuals reside or where companies are headquartered or do business.

c. Lending to Businesses and Corporations

Citi remains engaged in helping U.S. companies of all sizes obtain the funding they need to run their businesses. Commercial and corporate loans, credit lines and mortgages help these businesses work through periods of reduced activity, pay their employees and suppliers, and also grow.

We continue to lend actively to small commercial companies through our retail branch network and through dedicated sales and relationship officers. This includes a small business segment focused on servicing companies with credit needs of less than $250,000.

- Citi offers term loans, loans guaranteed by the Small Business Administration, lines of credit, commercial mortgages and equipment financing to small businesses and other small commercial clients.

- Overall loan balances outstanding in small business and commercial banking have grown 12 percent to $8.9 billion in March 2009 from $7.9 billion in March 2008, primarily as a result of new loan originations and funding of previously committed lines of credit.

- In the small business category alone, loan balances outstanding rose over the same period from $1.1 billion to $1.3 billion.

Citi increased the line of credit for an architectural firm owner in New York to $75,000 from $25,000 to help bridge an accounts receivable gap from a large new contract. The firm hopes to increase revenue by 50 percent this year.

Examples of loans extended to small business customers in the first quarter include:

- Citi extended a printing materials company in Florida with more than $2 million in revenues a $50,000 business line of credit to support the company's operations and cash flow. This line of credit will enable the client to secure the jobs of its employees and pursue new business to remain competitive in the challenging economic environment.

- A Florida insurance brokerage company with $1.3 million in revenues received a $125,000 line of credit to finance receivables. The client will use this credit line as working capital and to fund payroll for its employees.

- Citi increased the line of credit for a New York architectural firm owner with annual revenues of $500,000 to $75,000 from $25,000 to help bridge an accounts receivable gap from a large new contract. The firm employs three people, plans to hire three more and hopes to increase revenue by 50 percent this year.

- A California business franchisee, with annual sales of approximately $4 million and 80 employees in eight stores, obtained a business installment loan of $150,000 from Citi. The installment loan is helping this client remodel two of its locations and will support plans to purchase several more franchises in the near future, generating 10 jobs at each location.

Despite further contraction in demand during the first quarter, Citi continued to work with its large corporate and institutional clients to provide funding for expansion, strategic acquisitions and secondary market activities. Citi was the lead underwriter for U.S. syndicated loans totaling $21 billion in the first three months of the year.[*]

Examples include:

- Joint Lead Arranger for a new $1.0 billion 364-day revolving credit facility for Microsoft Corporation.

- Underwriter and Joint Lead Arranger for a $22.5 billion bridge facility for Pfizer Incorporated's acquisition of Wyeth and Joint Lead Arranger for Pfizer's $5.0 billion 364-day revolving credit facility.

- Joint Lead Arranger for a new $1.3 billion 364-day revolving credit facility for Caterpillar Inc. and Caterpillar Financial Services Corporation.

[*] Source = Thomson Financial

IV. CITI IN THE COMMUNITY

a. Citi Office of Homeownership Preservation (OHP)

Citi understands how critical affordable housing and credit are for all Americans. During the first three months of 2009, we continued to accelerate our efforts through Citi's Office of Homeownership Preservation (OHP) to work with counselors and borrowers to find alternatives to foreclosure, whenever possible.

We offer delinquent borrowers free services such as around-the-clock access to qualified housing counselors from non-profit organizations. In addition, nearly 600 counselors in more than 25 cities across the U.S. have been trained by OHP, which works with local non-profit counseling organizations to reach out to thousands of at-risk borrowers.

Based on our long experience in urban communities, many distressed homeowners prefer to work directly with a third party who can help them understand the resources that are available to them and how to work with their lender to prevent foreclosure. OHP was established by Citi in 2007 to provide this guidance.

> "Citi's Office of Homeownership Preservation worked with me in finding a solution to reduce my payment for three years and allow me to hang on to my home until the market has a chance to recover. I cannot express to you the feeling of relief this has provided for me and my family."
>
> *– A.W., Richmond, CA*

The OHP team provides a range of support services that go beyond modification of a mortgage loan, including leveraging our extensive partnership network with non-profit organizations to offer legal assistance, counseling and translation services to borrowers.

- We have provided grants of $50,000 each to individual non-profits that have implemented aggressive and innovative foreclosure prevention outreach, counseling and education programs in more than 25 cities. The grants are part of the way we help local organizations provide distressed borrowers with broad-based financial education and free, on-demand non-profit counseling.

- In partnership with Citi's Office of Financial Education, OHP has developed two curricula – one each for consumers and counselors – that provide training and information on financial strategies to assist homeowners.

- In addition, OHP has launched a Web site at www.mortgagehelp.citi.com to help borrowers and counselors obtain advice and assistance via the Internet.

Citi was a pioneer in utilizing the blog www.loansafe.org/ to reach distressed borrowers.

- LoanSafe.org protects, strengthens and promotes homeownership by giving American homeowners the tools and help they need on the internet to stop foreclosure.

- Citi also has partnered with a number of local, faith-based organizations to reach out to congregations and identify borrowers at risk.

b. Partnerships in the Community

Throughout our 200-year history, Citi has been a trusted partner in the communities in which we operate. Today, we remain committed to helping people make a difference in their communities.

> "Citi has stepped up as one of our donors and partners to help us ensure that our hotline and our outreach services can continue through the rest of this current fiscal year … This is critically important to many, many citizens in Philadelphia and Citi has helped to make it possible."
>
> *– Philadelphia Mayor Michael Nutter*

During the first quarter of 2009, we conducted six briefings with our community partners. These included two on TARP and the Administration's Economic Stimulus Package and Foreclosure Prevention Program, and others on Citi's Unemployment Assist Program, our moratorium on foreclosures and the realignment of our businesses.

As part of the Citi Dialogue program, on March 9 we hosted a meeting of national community leaders with Citi CEO Vikram Pandit and other senior Citi executives.

Citi Dialogue is an ongoing series of meetings that serve as forums for Citi executives and community leaders to discuss issues that affect underserved communities across the country. Our purpose is to remain in touch with our communities, better understand their needs and better serve them.

We take a long-term view of what is in the best interests of our clients and the communities in which our employees live and work.

In the first quarter of 2009, we partnered through the Citi Foundation with the National Fund for Enterprise Development to offer free tax preparation services for self-employed business owners.

The Self-Employed Tax Initiative (SETI) program is supported by expert Citi volunteers. It helps low-income entrepreneurs secure an Earned Income Tax Credit refund and encourages informal or non-compliant enterprises to institute responsible business practices.

- The SETI program supports a growing number of businesses started by owners who recently lost other jobs in the economic downturn.
- It provides entrepreneurs the opportunity to learn how to calculate business taxes and the importance of business literacy skills.

Citi is a national sponsoring partner of the NeighborWorks Center for Foreclosure Solutions and the Ad Council Campaign with NeighborWorks America and Housing Preservation Foundation (HPF). We are also a founding sponsor of the NeighborWorks Center for Homeownership Education and Counseling (NCHEC).

We provide both financial and technical assistance to other local and national partners who are working to prevent foreclosure through counseling, education and outreach.

- Our partners include the Association of Community Organizations for Reform Now (ACORN), Neighborhood Assistance Corporation of America (NACA), the National Community Reinvestment Coalition (NCRC), the Consumer Credit Counseling Service (CCCS), and the Consumer Counseling Resource Center (CCRC).

The Citi Foundation has partnered with the Academy for Educational Development, the Public Education Network and local education funds in Miami, Philadelphia and San Francisco to increase the number of low-income and first-generation students in high schools who enroll and succeed in two- and four-year postsecondary educational institutions. Our goal is to expand the program beyond those three cities to other locations where Citi is present.

"I especially appreciated … your strong expression of gratitude and understanding for the government's role in assisting Citi and other institutions [and] your clear recognition that for Citi to do well over the long term, all have to do well, including low income and working families."

– Miles Rapoport, President, Demos, a non-partisan public policy research and advocacy organization based in New York, NY

Citi's Communications Capacity Project helps non-profit community organizations build their communications, public relations and digital marketing functions in order to help the organizations raise their profiles and continue to attract funding in a difficult economic environment.

Through volunteerism, our employees contribute their time and talent each day to causes and organizations they care about.

- Thousands of volunteer service hours are spent each year making a difference in local communities through projects and activities that include building homes, delivering food, revitalizing schools, teaching financial education, and service on non-profit boards and advisory councils.

VII. OUR STRATEGY

a. Citi’s Structure

Citi’s recent realignment reflects the dramatic and profound changes the markets have seen – changes in funding markets, operating models and in client needs. After assessing Citi’s key competitive strengths in the context of the current economic and market environment as well as the key longer term trends, Citi has realigned into two businesses, **Citicorp** and **Citi Holdings**.

This new structure gives Citi a clear strategy. The managerial separation of Citicorp and Citi Holdings is designed to optimize the value of Citi Holdings and to position Citicorp to excel as our core operating business built around those assets that are unique to Citi, most valued by clients and central to making our value proposition succeed.

Citi’s new structure builds on previous actions to sharpen our focus on clients, empower our regions to deliver the full power of Citi to our clients and foster greater collaboration across the management team.

- We’ve instituted a transparent, well-defined decision-making process that speeds decisions, holds people accountable and reflects how Citi can best serve its clients.
- We’ve assigned more authority to our regions, which is already allowing us to be more responsive to client needs on the ground.
- The new structure is designed to allow our management team to focus on the execution of our strategies:
    - Managers in Citicorp are focusing on serving customers and profitably growing the franchise.
    - Managers in Citi Holdings are focusing on reducing asset exposures while preserving value and mitigating risk.
- We continue to eliminate silos and inefficiencies as we create a more collegial, interesting and rewarding place to work.

Citi’s new structure builds on previous actions to sharpen our focus on clients, empower our regions to deliver the full power of Citi to our clients and foster greater collaboration across the management team.

Citi began implementing its new management structure in February, and financial reporting will reflect this structure starting with the second quarter of this year.

Citicorp and Citi Holdings remain part of Citigroup with no legal separation and shared global support functions (e.g., Finance, Human Resources) to avoid duplication.

- **Citicorp** is the global bank for businesses and consumers. It is built around our relationships with top multinationals and global investors, who value our global footprint and global network, particularly in cash management. Citicorp also includes our consumer business franchises in the U.S., Latin America, Europe, and Asia; these businesses are a source of stable deposit funding and provide access to large and fast-growing markets, particularly in emerging economies.

- It is focused on providing best-in-class products and services to grow the franchise profitably and make the most of our competitive advantage in more than 100 countries. Citicorp's Institutional Clients Group includes:

  - Securities and Banking
    Global Transaction Services
    Private Banking

- Citicorp's Regional Consumer Banking consists of four regional consumer banks (North America, EMEA, Latin America and Asia) that provide retail banking services to consumers. The regional consumer banks include our industry-leading branded cards, as well as business and commercial banking.

- **Citi Holdings** is made up of businesses (some of them with very attractive characteristics) that are non-core to Citicorp. Those include brokerage and asset management, local consumer finance and a pool of various legacy assets that we are winding down. Citi Holdings management is focused on tightly managing risks and losses and optimizing the value of these assets through carefully managing certain businesses through the cycle, divesting business activities as the opportunity arises and winding down portfolios.

b. Citi's Actions

Capital

Citi's capital base remains strong and is expected to be further enhanced by a planned public exchange offer of preferred securities and trust preferred securities for common stock up to a maximum of $58 billion.

- At the end of the first quarter of 2009, our Tier 1 capital ratio was approximately 11.9 percent, among the highest in the industry.
- Upon completion of the planned public exchange offer, Citi's Tangible Common Equity, which was $30.9 billion on March 31, will increase to as much as $91.3 billion.
- In addition, we have added more than $17 billion to our loan loss reserves since December 31, 2007 – bringing our total reserves to almost $32 billion. While this is not counted in our traditional capital ratios, we view this $32 billion as a form of capital.

Since peaking in the third quarter of 2007, we have reduced assets by more than $500 billion or approximately 23 percent.

Risk Management

We have substantially enhanced our risk capabilities by reorganizing the risk management process and reducing our risky asset categories significantly.

- For example, subprime related exposure is down 73 percent versus December 31, 2007, and highly leveraged finance commitments are down 78 percent over the same time period.

Deleveraging

Citi continues to manage its asset base proactively with a disciplined deleveraging program.

- Since peaking in the third quarter of 2007, we have reduced assets by more than $500 billion or approximately 23 percent.
- We have reduced our highest risk assets in our Securities and Banking business by more than 50 percent since the end of 2007, to approximately $100 billion.

Joint Ventures and Divestitures

Under its new structure, Citi expects to build on the significant progress made in 2008 toward reducing non-core legacy assets by forming joint ventures and divesting businesses that are no longer considered central to our strategy.

In the past five quarters, Citi has completed 23 divestitures. Actions in the first quarter of 2009 included:

- An agreement to combine Citi's Smith Barney, Quilter in the UK, and Smith Barney Australia with Morgan Stanley's Global Wealth Management Group into a new joint venture to be called Morgan Stanley Smith Barney. Citi will retain a 49 percent stake in the joint venture and receive an upfront cash payment of $2.7 billion.

- The sale of the Citi’s remaining Redecard position in Brazil for an after-tax gain of $704 million.

- Completion of the sale of Citi Technology Services to Wipro Technologies for $127 million in cash.

Additionally, Citi signed an agreement on May 1 to sell its Japanese domestic securities business, conducted principally through Nikko Cordial Securities Inc., to Sumitomo Mitsui Banking Corp. The transaction has a total cash value to Citi of approximately $7.9 billion and is expected to close by the fourth quarter of 2009, pending regulatory and customary required approvals.

Cost Controls

Under our new operating structure, Citi expects to further reduce operating costs through continued expense management and re-engineering programs.

- In the first quarter of 2009, expenses were lower by $3.7 billion, or 23 percent, compared with the first quarter of 2008.

- We are on track to achieve our targeted expense base of between $50 billion and $52 billion in 2009, representing a reduction of 15 to 18 percent from 2008 expenses as reported with the exception of the exclusion of the impact of the Goodwill impairment charge.

- We have reorganized operations and technology and other functions to create greater accountability for performance and cost efficiency.

All these efforts have fortified Citi’s core earnings power and are helping position Citi for the future.

- To that end, we are pleased to have reported net income for the first quarter of 2009 of $1.6 billion, driven by strong results in our Institutional Clients Group.

Compensation

2008 was a particularly challenging year and resulted in significantly decreased total compensation for senior executives last year, as detailed in Citi's Proxy Statement published in March.

- Citi's then Chairman, its Chief Executive Officer and its then Chief Financial Officer asked not to be paid bonuses or other incentive or retention compensation for 2008.

- CEO Vikram Pandit further advised Citi's Board in the first quarter that he will accept a salary of $1 dollar a year with no bonus until Citi returns to profitability.

- The bonus pool for 2008 was reduced by 57 percent from the prior period for Citi's 15 Executive Committee members and by 43 percent for members of the company's Senior Leadership Committee.

> The bonus pool for Citi's Executive Committee was down 57 percent in 2008 from the previous year.

- In addition, 40 percent of total 2008 compensation granted to Executive Committee members was issued in the form of stock or options that will have value only if certain performance targets are met.

VIII. APPENDIX

a. Special TARP Committee Guidelines

Citi's Special TARP Committee has established explicit, written guidelines to ensure that TARP capital is used by our businesses only in ways which are consistent with the objectives and spirit of the Treasury investment program.

TARP capital will not be used for any purposes other than those expressly approved by the Committee. In keeping with a Treasury announcement on January 27, 2009 limiting lobbyist influence in Federal investment decisions, Citi has not engaged and will not engage in lobbying the Congress or Treasury for TARP support.

Following are the Committee's ***"Guidelines for Use of TARP Investments"*** as approved on January 6, 2009 and amended on April 28, 2009 to reflect changes in Committee members:

Citigroup Inc. ("Citi") is committed to using the capital received under the U.S. Department of the Treasury's Troubled Assets Relief Program ("TARP") in a manner consistent with the purposes and objectives of TARP. These guidelines set forth the principles and procedures for Citi's use of the TARP investments.

The recitals to the TARP securities purchase agreements include the following objectives:

- *"To expand the flow of credit to U.S. consumers and businesses on competitive terms to promote the sustained growth and vitality of the U.S. economy."*
- *"To work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U.S. housing market."*

To facilitate the rigorous and transparent pursuit of these goals, Citi has designated a Special TARP Committee (the "Committee") comprised of senior executives that is responsible for overseeing, approving and monitoring the sound use of TARP capital for its intended purposes.

TARP capital will not be used for any purposes other than those expressly approved by the Committee.

The Committee members are the following people or their designees: Lewis Kaden, Vice Chairman; Ned Kelly, Chief Financial Officer; Michael Helfer, General Counsel; Brian Leach, Chief Risk Officer; Michael Schlein, President, *International Franchise Management and Executive Director of Business Practices; and Eric Aboaf, Treasurer and Head of Corporate Finance.*

PRINCIPLES

I. Permitted Investments

TARP capital will be deployed in a prudent and disciplined manner that is consistent with Citi's strategic objectives and Treasury's goal of strengthening the financial system in the United States and expanding the flow of credit as stated above. TARP capital, which is in the form of preferred stock, will be used exclusively to support assets and not for expenses.

Permitted uses of TARP capital may include, among other things:

- *Sound lending activities across Citi businesses.*
- *Financing transactions across Citi businesses.*
- *Citi's loan modification program and other programs for homeowner avoidance of mortgage loan foreclosures.*
- *Citi's Homeowner Assistance Program, which aims to help potential at-risk borrowers avoid delinquency.*
- *The provision of credit to Citi credit card customers.*
- *Purchases of loans and securities in the secondary market that have the effect of increasing liquidity in the credit markets or the mortgage securities markets.*

II. Prohibited Uses

TARP capital may not be used for any of the following purposes:

- *Compensation or bonuses.*
- *Dividend payments.*
- *Lobbying or government relations activities.*
- *Marketing, advertising or corporate sponsorship activities.*

PROCEDURES

The Committee and Citi businesses will adhere to the following procedures in connection with use of TARP capital:

- *The Committee may approve the deployment of TARP capital for any authorized purpose, up to a specified maximum amount, without requiring additional approval of each use within that maximum.*

- *Businesses are required to report to the Committee at least every quarter on the activities for which any TARP capital was used, the performance of any investments, and the benefit of the activities to the flow of credit and/or the U.S. housing system.*

- *The Committee will report periodically to Citi's Board of Directors on the specific uses to which TARP capital has been applied.*

- *Deployment of TARP capital for authorized purposes within the approved maximum amount must be reported to the Head of Financial Planning and Analysis, with appropriate supporting materials to ensure effective monitoring.*

- *The Committee will ensure that Finance establishes appropriate financial reporting concerning the uses of TARP capital.*

- *The Committee will meet as often as required, and not less than every quarter.*

- *The Committee will appoint a secretary and its decisions will be recorded. Actions may be evidenced by e-mail or in a vote taken by an in-person or telephonic meeting. Actions taken by the Committee shall require the approval of at least three of its members.*

* * *

In addition to the foregoing, the Committee is authorized to take any and all actions in its efforts to advance any of the objectives described above.

b. Accounting for TARP Capital: Monthly Reports to Treasury

- At Citi, we are committed to transparency in the use of TARP funds. We communicate regularly with regulators, the Treasury and other government departments about what we are doing to fulfill the purpose of this investment.

- Citi and 20 other banks that have received TARP investments file a report to the Treasury detailing their lending activities in the United States on a monthly basis. The data is accompanied by a qualitative commentary from each bank.

- The Treasury compiles a report from these submissions, which it publishes each month.

- Following are Citi's qualitative commentary submissions to the Treasury for January, February and March 2009:

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Citigroup Inc.**
Reporting month(s): January 2009
Submission date: February 27, 2009

PART II. QUALITATIVE OVERVIEW
Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Company description: Citigroup Inc. ("Citi") does business in the United States through Citibank, Citi Institutional Clients Group, The Citi Private Bank, Smith Barney, Primerica, Diners Club, CitiFinancial, CitiMortgage and Citi Cards.

Consumer Lending: New U.S. consumer lending in January totaled approximately $17.4 billion, reflecting continued weakness in the economy driven by rising unemployment, declining consumer spending and tighter underwriting standards across the U.S. banking industry. All data cited below reflect comparisons to December 2008, unless otherwise noted.

First mortgage balances increased marginally in January, as compared with December. Origination volume increased by $2.3 billion as more homeowners refinanced existing mortgages to take advantage of lower interest rates. Home equity loan balances remained relatively flat on a month-to-month basis, while used and unused commitments increased by $2.7 billion. Origination volume and sales of home equity assets have declined significantly since January 2008, reflecting persistent weakness in the housing market and tighter credit standards. As reported in our snapshot for the three months ending December 31, 2008, quantitative data do not include modifications to existing mortgage loans and other mitigation efforts which usually involve a restructuring of terms, but not an extension of credit.

Average consumer credit card total loan balances were approximately flat, compared with December 2008. Total card purchases were down by $5.1 billion on a month-to-month basis, reflecting a seasonal reduction in consumer spending after the holiday period. On a year-over-year basis, total credit card purchases decreased by 14 percent, reflecting continued declines in consumer spending and tighter underwriting standards. Payment rates also declined by 272 basis points from January 2008. Normal seasonal consumer spending patterns in January negatively impacted the volume and credit quality of new accounts at Citi's retail partners, and this normal effect was compounded by declines in foot traffic at these retailers as a result of the challenging economic environment. Card members continued to participate in Citi's expanded eligibility forbearance programs. More than 156,000 card members entered these programs in January, increasing from 129,000 in December and nearly double the volume of January 2008.

Average total balances on other consumer loans – including auto, student and other personal installment loans – increased by more than $800 million from December. Although personal installment loan activity declined significantly because of tighter credit standards for new borrowers, student loan and auto loan originations grew in January. Auto lending activity increased slightly, reflecting seasonally higher used car sales and a less competitive environment for auto loans due to the challenging economic conditions in the automotive industry. Student loan volume more than tripled from December and increased seven percent as compared with January 2008. The increase was driven primarily by higher Federal Family Loan Education Program (FFELP) loan limits and new volume as other lenders exited the program.

Commercial Lending: Commercial lending activity (including Commercial Real Estate) was characterized by lower new loan volume in January. Although C&I balances were relatively flat and overall commercial lending activity remained weak due to the economic environment, all industry segments showed moderate increases in demand. In commercial real estate, demand for new loans and origination continue to be limited by the economic environment. The weakness in the economic environment and continued uncertainty in January severely constrained transaction activity. Citi continues to manage its existing loans, providing customers with rollovers into new loans, or extending current loans when we are comfortable with the value of the underlying asset and the ability of counterparties to meet their obligations.

Other Intermediation Activities: Citi made net purchases of approximately $30 billion in mortgage- and asset-backed securities (MBS/ABS) in January.

Gross MBS activity in January rose substantially as a result of increased agency pass-through pool settlements with both customers and dealers, as net purchased volume increased by $26 billion due to higher sales activity. This was offset by a decline in ABS purchasing activity, due to lower new funding issues of collateralized financing notes by the U.S. auto financing companies.

Corporate bond yields rose moderately in January, maintaining all-time highs and causing spreads to remain wide on corporate bonds. Credit markets continued to benefit from Federal Reserve funding initiatives. As a result, Citi's total loan underwriting increased by over $17 billion on a month-to-month basis.

Citi participated in a total of nine high yield bond transactions with a combined value of $4.8 billion in January, compared to two deals in December for $600 million. Citi served as lead manager for two of the January deals. Investment grade underwriting activity also increased in January, with 52 transactions totaling $69 billion – of which Citi lead managed 17 deals with an aggregate value of $7.7 billion. Finally, Citi participated in 18 equity and linked transactions with an aggregate value of $4.3 billion, as compared with eight deals valued at $1.2 billion in December. Citi lead managed four of the deals in January with an aggregate value of $991 million.

# # #

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Citigroup Inc.**
Reporting month(s): February 2009
Submission date: March 31, 2009

PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Company description: Citigroup Inc. ("Citi") does business in the United States through Citibank, Citi Institutional Clients Group, The Citi Private Bank, Smith Barney, Primerica, Diners Club, CitiFinancial, CitiMortgage and Citi Cards.

All data cited below reflect comparisons to January 2009, unless otherwise noted.

Consumer Lending: Consumer lending activity in February reflected persistent underlying weakness in the U.S. economy, an increase in unemployment to 8.1 percent and further declines in consumer spending. Against this backdrop, Citi originated approximately $13.4 billion in U.S. consumer lending in February.

First mortgage balances increased moderately, compared with January. Refinancing volumes rose 12 percent as lower interest rates continued to drive activity. Total origination activity exceeded $6.9 billion, but was approximately $880 million less than in January 2009. A shortage in homeowners' available equity led to a 76 percent drop in application volumes from February 2008.

Home equity loan balances and used and unused commitments were approximately flat, compared with January. Asset sales increased substantially in February. However, this was reflective of normal volume, with January having lower than usual sales. Origination volume and sales of home equity assets have declined significantly year over year, reflecting sustained weakness in the housing market and tighter credit standards.

In February, Citi continued to help distressed borrowers keep their homes through the Citi Homeowner Assistance Program (CHAP) and other foreclosure prevention efforts, and modified 3,024 first and second mortgage loans totaling $597 million. Citi also initiated a temporary foreclosure moratorium effective February 12, 2009 until March 12, 2009, on all Citi-owned first mortgage loans that are the customer's principal residence and on loans that Citi services in cases where it has reached an understanding with the investor. The company announced that it would not initiate or complete any new foreclosures on eligible customers during this time, pending the announcement of a federal Government loan modification program.

In February, average consumer credit card total loan balances declined $3.3 billion on a month-to-month basis, while purchase sales declined marginally due in part to fewer processing days during the month. Average receivables also declined, as consumers continued to pay down balances from seasonal holiday spending. Payment rates decreased by approximately 200 basis points compared with February 2008, driven by a stressed macroeconomic environment in which consumers pay less towards their credit cards in order to meet their mortgage payments and other financial obligations. New credit lines issued to consumers decreased by 16 percent in February, compared with January and consistent with the month-to-month seasonal drop experienced in February 2008. Further deterioration in the U.S. economy and the consumer credit environment, coupled with Citi's efforts to maintain sound lending practices, resulted in a decline of 7 percent in total used and unused Commitments. Most of this decline was the result of inactive account closures.

However, Citi continues to provide card members facing financial challenges with expanded eligibility forbearance programs. More than 144,000 card members entered these programs in February, an increase of 84 percent from the same period in 2008. Citi is currently providing help to more than 1.2 million card members through its forbearance programs. On February 18, Citi also joined other credit card issuers and payments networks to launch “Help With My Credit,” which provides assistance to consumers struggling with their credit card payments.

Average total balances on other consumer loans – including auto, student and other personal installment loans – were flat on a month-to-month basis. Personal installment loan originations fell by more than half, as a result of tighter credit standards for new borrowers and the worsening economic environment in February. Average student loans outstanding were up slightly over January, although originations were down due to seasonality. Auto loan originations exceeded those of January on a daily basis. Originations were slightly lower overall than in January, reflecting the shorter month. Other activity (pay downs, amortizations, etc.) has remained fairly consistent over the past several months.

Commercial Lending: Overall commercial lending activity (including Commercial Real Estate) continued to suffer from broader macroeconomic weakness. New commitments in February declined by half and overall C&I balances were flat on a month-to-month basis. However, all industry segments continued to show signs of new demand.

Average outstanding commercial real estate loans and leases remained flat. Originations were down month over month due to the continued weak economic environment. Citi continues to renew and roll over its existing loans, when we are comfortable with the value of the underlying asset and the ability of counterparties to meet their obligations.

Other Intermediation Activities: Citi made net sales of approximately $26 billion in mortgage- and asset-backed securities (MBS/ABS) in February.

The increase in MBS sales resulted from the sale of a large quantity of pass-through pools purchased in January. Significantly lower customer collateralized financing activity – stemming from the reduced matchbook’s overall risk and capital usage – drove the corresponding matchbook balance decline.

Citi’s total debt underwriting decreased by $16 billion month over month as a result of lower average principal per deal. High yield underwriting activity in February included nine deals totaling $3.9 billion, of which Citi lead managed four. Investment grade underwriting activity in February included 53 deals totaling $65 billion – of which Citi lead managed 19 with an aggregate value of $6.9 billion. Finally, there were 19 equity and linked deals with an aggregate value of $3.1 billion, compared with 18 deals valued at $4.3 billion in January. Citi lead managed two of the deals in February.

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **Citigroup Inc.**
Reporting month(s): March 2009
Submission date: April 30, 2009

PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Company description: Citigroup Inc. ("Citi") does business in the United States through Citibank, Citi Institutional Clients Group, The Citi Private Bank, Smith Barney, Primerica, Diners Club, CitiFinancial, CitiMortgage and Citi Cards.

All data cited below reflect comparisons to February 2009, unless otherwise noted.

Consumer Lending: As in the first two months of the year, consumer lending activity in March continued to reflect weakness in the U.S. economy, with unemployment rising to 8.5 percent and a sustained decline in consumer spending. Despite these factors, Citi originated $15.2 billion in loans to U.S. consumers during March, up from $13.4 billion in February.

First mortgage originations rose more than 11 percent from February to $7.8 billion in March, returning to January levels as the residential real estate market showed some signs of stabilizing. Low interest rates continued to drive refinancing activity, with volumes rising 36 percent, compared with February, the fourth successive monthly increase.

Home equity loan balances declined moderately in March to $67.4 billion, and used and unused commitments were approximately flat. Average loan balances have declined steadily in each month since October 2008, as consumers pay down debt and constrain spending. Origination volume and sales of home equity assets continue to reflect sustained overall weakness in the housing market and tighter credit standards to mitigate potential losses in the difficult economic environment.

Citi continued to help distressed borrowers keep their homes through the Citi Homeowner Assistance Program (CHAP) and its other foreclosure prevention efforts, modifying more than 9,000 first and second mortgages totaling approximately $1.2 billion in March. Citi also has in place a foreclosure moratorium for eligible borrowers with Citi-owned mortgages who work with the company in good faith to remain in their primary residence and have sufficient income to make affordable mortgage payments

Average consumer credit card total loan balances declined $3.4 billion, compared with February. Purchase sales increased $2.3 billion from February, largely reflecting the higher number of processing days in March, and were down 18 percent from the year-ago period. Average receivables fell as a result of lower sales volumes and higher payment rates. New credit lines issued to consumers increased 18 percent from February, returning to January levels. However, total new and unused commitments declined 6 percent on a month-to-month basis, attributable, once again, to inactive account closures stemming from Citi's commitment to maintain sound lending principles in the challenging economic environment.

Citi continues to provide card members facing financial challenges with expanded eligibility forbearance programs. More than 160,000 card members enrolled in these programs in March, an increase of 92 percent from the year-ago period and up 10 percent from February. On a cumulative basis, Citi is providing assistance through its forbearance programs to nearly 1.3 million card members.

Commercial Lending: Overall commercial lending activity (including Commercial Real Estate) continued to suffer from broader macroeconomic weakness. Despite this, new C&I commitments in March increased more than six-fold on a small base to approximately $2.8 billion. The figure was impacted by one large transaction but was the highest since December 2008, reflecting further signs of improved demand across all industry segments.

Commercial real estate originations were up more than four-fold month-over-month but the weak economic environment continues to impact overall demand. Consistent with previous months, Citi continues to renew and roll over its existing loans, when we are comfortable with the value of the underlying asset and the ability of counterparties to meet their obligations.

Other Intermediation Activities: Citi made net purchases of approximately $7 billion in mortgage- and asset-backed securities (MBS/ABS) in February.

The increase in MBS purchases was attributable to $4 billion in net purchases of Agency pass-through pools and $3 billion of Agency bond purchases by Corporate Treasury as part of Citi's TARP-related initiative to assist the mortgage lending market through the purchase of $10 billion of Fannie and Freddie MBS. The matchbook balance increase stemmed from higher customer secured funding volume, compared with February.

Citi's total debt underwriting increased by $14 billion from February, reflecting higher average principal per deal and higher volume. High yield underwriting activity in March included six deals totaling $1.9 billion, compared with nine deals totaling $3.9 billion in February. Citi lead managed one of these deals. Investment grade underwriting activity in March increased to 66 deals totaling

$66 billion – of which Citi lead managed 22 with an aggregate value of $7.4 billion. Finally, Citi participated in 22 equity and linked deals with an aggregate value of $6 billion, increasing from 19 deals valued at $3.1 billion in February. Citi lead managed nine of these deals, representing a total of $918 million in March.

c. TARP Capital Investments by the Treasury

- The Treasury made two preferred stock investments totaling $45 billion in Citi, including warrants to purchase common stock, through the TARP program in the fourth quarter of 2008.

- The first investment, or TARP I, was a $25 billion purchase of preferred stock on October 28, 2008, including warrants to purchase 210,084,034 shares of common stock. A summary of the terms of the transaction is available **at this link**.

- The second investment, or TARP II, was a $20 billion purchase of preferred stock on December 31, 2008, including warrants to purchase 188,501,414 shares of common stock. A summary of the terms of the transaction is available **at this link**.

- In the first quarter of 2009, Citi declared and paid to the U.S. Government dividends totaling $571.5 million on the TARP I and TARP II preferred securities.

- On February 27, 2009, Citi announced plans to realign its capital structure through an offer to exchange for common stock up to $27.5 billion in publicly and privately placed preferred securities and trust preferred securities. The offer amount was increased by $5.5 billion to $33 billion on May 7, 2009, to meet U.S. Government stress test requirements.

- The U.S. Government has agreed to match the exchanges by public and private holders up to a maximum of $25 billion face value of its preferred stock. The conversion price in all cases is $3.25 per share and the exchange factors for the public offer are available **at this link**.

- This exchange is aimed at strengthening Citi's Tangible Common Equity (TCE) and Tier 1 Common capital, which are among the important measures of the financial strength of a bank. The incremental $5.5 billion is aimed at strengthening Citi's Tier 1 Common capital in response to the results of the Government stress test.

- The conversion does not require any further investment from taxpayers or, with respect to the incremental $5.5 billion, the exchange of additional Treasury preferred stock for common shares.

- A summary of the planned exchange transaction is available **at this link.**

d. Loss Sharing Program

On November 23, 2008, Citigroup entered into a loss sharing program with the U.S. Department of Treasury, the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Bank of New York.

- The definitive agreements, entered into on January 15, 2009, cover $301 billion of loans and securities backed by residential and commercial real estate, consumer loans and other assets.

- In consideration of the loss sharing program, Citi issued a combined $7.059 billion in cumulative, perpetual preferred stock to the Treasury and the FDIC, with a dividend of eight percent per annum, payable quarterly. The first dividend payment of $47.1 million was made on February 17, 2009.

- Citi also issued the Treasury an option to purchase 66,531,728 common shares in the company at a strike price of $10.61 per share.

- A summary of terms available **at this link** explains how the loss sharing program works.

e. Corporate Governance

On February 23, 2009, Citi's Lead Director Richard D. Parsons succeeded Sir Win Bischoff as Chairman of the Board of Directors.

Sir Win was among three directors who did not stand for re-election at Citi's Annual Shareholder Meeting in April. In addition, two directors left the Board after reaching the retirement age of 72.

The Board is committed to strong, independent corporate governance, which is critical as Citi navigates the ongoing challenges in the present environment and firmly positions itself for sustained profitability and future success.

Four new independent director candidates were nominated for their extensive banking and financial services experience, deep understanding of international credit and equity markets and first-hand knowledge of the governing regulatory system. All four candidates were subsequently elected at the Annual Shareholder Meeting.

The election of the new directors brings the total number of Board members to 14, all of whom are independent with the exception of CEO Vikram Pandit. The Board also announced during the quarter that it unanimously decided to have a majority of new directors as soon as feasible.

The new directors are:

- **Jerry A. Grundhofer** – Mr. Grundhofer, 64, is Chairman Emeritus and the retired Chairman, President and Chief Executive Officer of U.S. Bancorp. Previously, Mr. Grundhofer was Chairman, President and Chief Executive Officer of Firstar Corporation and Star Banc Corporation, predecessors to U.S. Bancorp. Mr. Grundhofer also serves on the Board of Directors of Ecolab and of the Danny Thompson Charitable Foundation.

- **Michael E. O'Neill** – Mr. O'Neill, 62, is the former Chairman and Chief Executive Officer of Bank of Hawaii Corporation. Mr. O'Neill was elected Chief Executive Officer of Barclays PLC in 1999 and was previously Vice Chairman and Chief Financial Officer of Bank of America and Chief Financial Officer of Continental Bank. Mr. O'Neill also serves on the Board of Directors of FT Ventures and is a Trustee of Hawaii Pacific University and the Honolulu Academy of Arts.

- **Anthony M. Santomero** – Dr. Santomero, 62, served as the President of the Federal Reserve Bank of Philadelphia from 2000-2006 and is a former Senior Advisor at McKinsey & Company. Previously, Dr. Santomero was the Richard K. Mellon Professor of Finance, The Wharton School at the University of Pennsylvania. Dr. Santomero serves on the Board of

Directors of RenaissanceRe Holdings, Ltd., Penn Mutual Life Insurance Company and Columbia Funds. He is a Trustee of Drexel University and Drexel University College of Medicine and a Director of The Mann Center for the Performing Arts.

- **William S. Thompson, Jr.** – Mr. Thompson, 63, retired in 2008 as CEO of Pacific Investment Management Company (PIMCO). Mr. Thompson previously worked for 18 years at Salomon Brothers, where he was Managing Director and Head of Institutional Sales, Western Region; Head of Corporate Finance, Western Region; and Chairman of Salomon Brothers Asia Ltd. Mr. Thompson also serves on the Board of Directors of Pacific Life Corporation. He is a Director of the Pacific Symphony Orchestra, Chair of the Thompson Foundation for Autism, President of the Thompson Family Foundation and a member of the President's Financial Advisory Council of the University of Missouri.

Board Oversight of TARP

Citi's Board of Directors receives regular reports from the Special TARP Committee on the specific uses to which TARP capital has been applied. Separately, approval of TARP-related initiatives at Citi remains governed by a four-step process to ensure careful evaluation.

- A proposal to deploy TARP capital is first reviewed in the Citi business where it originated by financial professionals and risk management. The business must ensure that any TARP-related initiatives can be tracked.

- The proposal, if cleared at the business level, then goes to Citi's Corporate Financial Planning and Analysis (FP&A) group for a preliminary review of the financials, potential returns, assumptions and valuation.

- A TARP Proposal Working Team serves as a control mechanism for all proposals. It undertakes a formal review of proposals and verifies other information, including the risk capital and risk-weighted assets of the investment.

- Proposals that clear these steps are submitted to the Special TARP Committee for a decision.

f. Primary Lending and Secondary Markets

One of the biggest challenges facing governments, regulators and financial institutions today is how to energize the financial system in order to promote economic activity. In the near-term, actions need to focus on restarting the flow of credit.

Secondary markets play a fundamental role in this process, which is why almost half of the funds involved in Citi's TARP capital initiatives are directed there.

The following section explains the differences between primary lending and the secondary markets, and why the proper functioning of secondary markets is so important to economic recovery.

Primary Lending

- Primary lending refers to the money that banks and other financial institutions extend as credit directly to people and businesses, as well as to state and local governments, and other borrowers.
- Common forms of primary lending include mortgages on residential and commercial real estate, personal loans, credit card lines, student loans, lines of credit which businesses use to fund their day-to-day activities and pay suppliers and workers, and loans that businesses use to expand and grow.
- Rates of interest on primary loans are governed by a number of factors. They include the level of the benchmark federal funds rate set by the Federal Reserve, the amount of credit available in general, the creditworthiness of individual borrowers and the risk associated with a particular loan.
- Secured loans like mortgages are made against the underlying value of a home or certain commercial real estate, which is pledged against the loan as collateral.
- Credit cards are unsecured debt. Borrowers do not have to provide collateral to support a credit card line, which results in losses for credit card issuers that are more frequent and more severe than with secured loans. Issuers charge higher interest rates to support the higher credit costs associated with unsecured loans.

Secondary Markets

- Mortgage originators and other lenders can hold the loans they make on their balance sheet, or they can securitize and sell them to investors in the secondary market, using the proceeds to originate new loans to families, individuals and businesses.

- Active secondary markets in which borrowers can transfer or sell lending assets provide critical support to primary lending.

- Consumers and businesses ultimately benefit from active secondary markets through the lower cost of credit and the availability of primary lending funds.

- When confidence falls and liquidity disappears in the secondary market, the flow of credit slows and primary lending to people and businesses becomes more difficult and expensive to obtain.

g. Mortgage Mitigation Terms Explained

A **modification agreement** is typically used when the customer has a significant reduction of income that impacts his or her ability to pay and will last past the foreseeable future. Typically, the customer's loan terms are modified in order to resolve the mortgage delinquency. This agreement makes the mortgage more affordable for the customer.

A **repayment plan** is a written agreement between the borrower and the lender to implement a payment moratorium due to unforeseen circumstances wherein the property or employment status is affected. At the expiration of the term, the customer pays the total arrearage in a lump sum payment or elects a further repayment plan. This agreement is typically used when a customer has a short term reduction of income that severely impacts his or her ability to pay for a short period of time. The repayment plan brings the customer current over time as the payment obligations are met. It can also include a repayment plan under which the customer pays the regular monthly payment and an additional amount each month to catch up delinquent payments over time.

An **extension** is when the customer has experienced a temporary hardship and is unable to bring the loan current. The customer has the ability to continue making future payments, but does not have the funds to completely reinstate the loan. An extension may re-amortize the loan or defer the interest to the back of the loan. It brings the customer’s account current immediately. An extension is generally used in the early stages of delinquency when a customer is one or two payments behind; it is rarely used for serious delinquency of more than 90 days past due or in the foreclosure process.

A **reinstatement** occurs when a customer that is 90+ days past due is able to pay all of the delinquent fees, interest and principal owed to the bank with a single payment. This brings the customer’s account current immediately and allows him or her to continue to pay off the loan according to the original amortization schedule.

A **Home Saver Advance (HSA)** loan is an unsecured personal loan to approved Fannie Mae servicers for eligible borrowers designed to bring a cure to the delinquency on a first lien loan. HSAs provide funds to cure arrearages of PITI, as well as other advances and fees. HSAs are documented by a borrower signed promissory note, payable over 15 years at a fixed rate of 5% with no payments or interest accrual for the first six months.

A **short sale** is when the customer does not have either the desire or ability to keep the property and is willing to sell the property to satisfy the debt. This option is utilized when the amount owed less acceptable closing costs to sell the property is more than the value of the property.

A **deed in lieu of foreclosure** is when the customer does not have either the desire or the ability to keep the property and is unable or unwilling to sell the property but is willing to sign the property over to Citi in exchange for stopping the foreclosure action. Deeds in lieu of foreclosure are generally accepted only after all other options have been exhausted.

h. Useful Links

citigroup.com

Citi Office of Homeownership Preservation

Financial Education

Citi in Your Community

Citi U.S. Mortgage Lending Data and Servicing Foreclosure Prevention Efforts, Fourth Quarter 2008

Financial Information, First Quarter 2009

Code of Conduct

Corporate Governance Guidelines

Annual Report for 2008

2009 Proxy Statement

Corporate Citizenship Report for 2008

Citi Foundation

Citi Press Room