TESTIMONY OF
VIKRAM PANDIT

CHIEF EXECUTIVE OFFICER
CITIGROUP

HOUSE FINANCIAL SERVICES COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

February 11, 2009

Mr. Chairman, Ranking Member Bachus, Members of the Committee. I am Vikram Pandit, Chief Executive Officer of Citigroup, and I want to thank you for the opportunity to represent our Company here today.

Americans from all walks of life are facing crippling economic hardship. Foreclosures, lost savings and widespread layoffs are having a devastating impact on millions of Americans and thousands of communities. Institutions, both public and private, are searching for ways to respond to this crisis.

Against that backdrop, the American people are right to expect that we use TARP funds responsibly, quickly and transparently to help American families, businesses and communities. They also have a right to expect a return on this investment. As difficult as the decision to provide TARP funding was for Congress, 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.

Last week, we published this report that describes exactly how we are using TARP funds to expand the flow of credit. We have posted the report online, and we will update it each quarter.

In late December, utilizing TARP capital, we authorized our line businesses to provide $36.5 billion in new lending initiatives and other new programs. These programs are expanding mortgages, personal loans and lines of credit for individuals, families and businesses and creating liquidity in the secondary markets. Our TARP report explains these efforts in detail, and I would ask to submit it as an addendum to this testimony.

More generally, in the fourth quarter of 2008, we provided more than $75 billion in new loans to U.S. consumers and businesses—a significant commitment given the difficult economic environment. We will continue our lending activities throughout 2009, in a responsible and disciplined manner.

Since the start of the housing crisis in 2007, we have worked successfully with approximately 440,000 homeowners to help them avoid foreclosure. We also are adopting the FDIC's streamlined model for post-delinquency loan modification programs. In the last year, we have kept approximately four out of five distressed borrowers whose mortgages we service in their homes. We have extended our foreclosure moratorium to help millions of other eligible homeowners whose mortgages we service. And we continue to reach out to homeowners who may be experiencing financial difficulty, despite being current on their payments.

Through the efforts I have outlined, we are committed to doing the right thing by supporting American businesses and helping families stay in their homes. Equally important, we are committed to providing the American public with a return on its investment in Citi. We will pay the U.S. Government $3.4 billion in annual dividends on that investment. Our goal, my goal, is to make this a profitable investment for the American people, as soon as possible.

The best way for us to make this happen is to strengthen our Company and return to profitability. When I was asked to become CEO a little more than a year ago, I demanded accountability. I removed the people responsible for Citi's financial distress; I formed a new management team; I restructured the Company; I streamlined our core businesses; and I installed new risk processes and risk personnel. And I continue to make the tough and necessary decisions every day.

Mr. Chairman, the world is changing very fast and we need to acknowledge and embrace this new world very quickly. We understand that the old model no longer works and the old rules no longer apply.

Our responsibility is to support the recovery of our financial system and to benefit our shareholders. I pledge that we will continue to do everything we can in that regard at this critical moment in our Company's—and our nation's—history. We will hold ourselves accountable for what we do, and that starts with me. I am personally accountable: My goal is to return Citi to profitability as soon as possible.

I appreciate the Committee's attention, and I am happy to answer any questions.

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Addendum:

“What Citi is Doing to Expand the Flow of Credit, Support Homeowners and Help the U.S. Economy;” TARP Progress Report for Fourth Quarter 2008; February 3, 2009; Citigroup Inc.

WHAT CITI IS DOING TO EXPAND THE FLOW OF CREDIT,

SUPPORT HOMEOWNERS AND

HELP THE U.S. ECONOMY

TARP PROGRESS REPORT FOR FOURTH QUARTER 2008

FEBRUARY 3, 2009

A MESSAGE FROM VIKRAM PANDIT
CHIEF EXECUTIVE OFFICER, CITI

The United States Government has made a significant investment in major financial institutions, including Citi, under the Troubled Asset Relief Program (TARP). Citi understands that TARP is about helping the American people, and supporting U.S. businesses and our communities. Our responsibility is to put these funds to work quickly, prudently, and transparently to increase available lending and liquidity.

This report is the first that we will publish about the activities we are undertaking in connection with the TARP program. It also explains the many other steps Citi is taking to assist American families and individuals who face financial hardship or are at risk of losing their homes.

We will update this report each quarter, following our quarterly earnings announcement, and it will be posted at www.citigroup.com.

Separately from our initiatives under TARP, Citi continues to lend to clients and customers as part of our ongoing business. In the fourth quarter of 2008, we extended approximately $75 billion in new loans to people and businesses in the United States.

Shortly after Citi received TARP capital late last year, we created a Special TARP Committee of senior executives to approve, monitor and track how we use it. The Committee has established specific guidelines, which are consistent with the objectives and spirit of the Treasury investment program.

We will use TARP capital only for those purposes expressly approved by the Committee. TARP capital will not be used for compensation and bonuses, dividend payments, lobbying or government relations activities, or any activities related to marketing, advertising and corporate sponsorship.

In the fourth quarter of 2008, the Committee considered numerous proposals and authorized initiatives to deploy $36.5 billion across five areas to help expand available credit for people and businesses and support the recovery of the U.S. economy.

These investments, combined with the wide range of other initiatives detailed in this report, are central to Citi's effort to address the pressures on individuals, families and businesses created by this very difficult economy.

In this first stage, we are putting capital to work in the following areas:

- **U.S. residential mortgage activities ($25.7 billion)**
- **Personal and business loans ($2.5 billion)**
- **Student loans ($1 billion)**
- **Credit card lending ($5.8 billion)**
- **Corporate loan activity ($1.5 billion)**

We also continue to focus on supporting the U.S. housing market:

- Since the start of the housing crisis in 2007, we have worked successfully with approximately 440,000 homeowners to avoid potential foreclosure on combined mortgages totaling approximately $43 billion. Last year, we kept approximately four out of five distressed borrowers with mortgages serviced by Citi in their homes.

- We are adopting the FDIC's streamlined model for post-delinquency loan modification programs. And, through the Citi Homeowner Assistance Program, we continue to reach out to families and individuals who may be experiencing some form of economic stress despite being current on their payments.

- We are also 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 4.3 million mortgages we service – but do not own – so that many more qualified borrowers can also benefit from this moratorium.

In addition, as municipal bond underwriters, we are working with state and local governments to help them in these difficult times, and we continue to help U.S. corporations find sources of new capital to fund their businesses through our underwriting of debt and equity offerings.

The Government, on behalf of American taxpayers, has invested in Citi. We have an obligation to repay that confidence in ways that go well beyond the $3.41 billion that Citi will pay the Government each year in dividends associated with its TARP investment and a separate loss sharing agreement.

We will continue to work in partnership with the Government to help put the economy back on track. As we work to expand the flow of credit and as confidence begins to return to the financial system and the U.S. economy overall, we will continue to evaluate our use of TARP capital to help ensure that we deploy it appropriately. We look forward to updating you after the end of the first quarter.

Vikram Pandit
Chief Executive Officer
Citi

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I. 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 Treasury's $45 billion investment in Citi has helped to strengthen our capital ratios, so we are better able to fund new lending initiatives in support of the U.S. economy, homeowners and businesses.

Following is a summary of Citi's actions to date regarding our use of TARP capital.

- In early November 2008, Citi created a Special TARP Committee (the "Committee") of senior executives, which meets frequently to review and approve the use of all TARP capital under clear guidelines.
- As a first step, Citi used $10 billion in November to purchase pools of mortgages secured by Fannie Mae, the government-sponsored housing finance agency, to help provide liquidity to the secondary market at a time when Fannie Mae's funding costs had increased significantly.
  - This initial investment will mature in February 2009, when Citi will be able to redeploy the funds for other primary lending or secondary market activities.
- In the fourth quarter of 2008, the Committee considered proposals related to TARP totaling $51.2 billion. The Committee has authorized initiatives to deploy $36.5 billion across five areas of activity in ways that help expand available credit for people and businesses and support the recovery of the U.S. economy.
  - The initiatives the Committee has approved so far are divided more or less evenly between primary lending and secondary markets activity, which are explained later in this section. Both of these sectors play an important role in the overall flow of credit in the U.S. economy.

The Treasury's $45 billion investment in Citi has helped to strengthen our capital ratios, so we are better able to fund new lending initiatives in support of the U.S. economy, homeowners and businesses.

Some of our new initiatives are already under way, although it is important to note that new primary lending programs take time to roll out, and depend on factors that include loan demand, which declined substantially during the quarter and remains weak.

The initiatives, which total $36.5 billion, are as follows:

1. U.S. residential mortgage activities - $25.7 billion

Citi is investing a total of $10 billion in securities backed by various types of conforming mortgages guaranteed by the government-sponsored housing finance agencies Fannie Mae and Freddie Mac.

- Citi is investing $5 billion of the total in 15-year fixed rate mortgages. The remaining $5 billion is divided evenly between mortgages whose interest rates adjust after three or five years.
- By investing in these securities in the secondary markets, we are helping to expand the flow of credit to people by providing liquidity to lenders who need to replenish funds so that they can continue to originate mortgage loans.
- This action can also help reduce the cost of consumer borrowing by ultimately enabling originators to lower interest rates on new mortgages, thus supporting government efforts to restore stability to the U.S. housing market.

> The Committee has authorized initiatives to deploy $36.5 billion across five areas of activity in ways that help expand available credit for people and businesses and support the recovery of the U.S. economy.

Citi is purchasing U.S. prime residential mortgages in the secondary markets with a face value of $7.5 billion that were made to qualified borrowers, based on their credit histories and verifiable ability to make their monthly payments.

- This activity will also help to expand the flow of credit to people by providing liquidity to lenders who need to replenish funds to make new mortgage loans.
- This can also help reduce the cost of consumer borrowing by ultimately enabling originators to lower interest rates on new mortgages, thus supporting government efforts to restore stability to the U.S. housing market.

Citi is also making prime mortgage loans totaling $8.2 billion directly to families and individuals.

- These are in the form of non-conforming mortgage loans – defined as mortgages whose value exceeds the limits set for government-sponsored loans. These limits range from $417,000 to $625,500 in the continental United States, depending on the county.
- Non-conforming mortgage loans are frequently necessary in high-cost areas where home prices exceed the national average, even in a down market.

- Because Fannie Mae and Freddie Mac are not required to buy non-conforming mortgages, interest rates are higher than on conforming loans.

- Non-conforming mortgages also carry a higher risk to lenders, and originations on these loans have fallen far more sharply than on conforming mortgages in the past year.

2. Business and personal loans - $2.5 billion

Citi is making $1 billion available for tailored loans to clients or businesses facing liquidity problems. This may include loans secured by commercial real estate, or loans to businesses holding securities that have become illiquid because of the credit crisis, such as Auction Rate Securities.

Citi is also offering $1.5 billion of credit to qualified customers of its consumer finance company CitiFinancial for personal loans to consolidate debts and meet unexpected expenses.

3. Student loans - $1.0 billion

Citi is originating student loans through the Federal Family Education Loan Program (FFELP), a public-private partnership created by Congress to deliver and administer guaranteed, low-cost education loans.

> The initiatives the Committee has approved so far are divided more or less evenly between primary lending and secondary markets activity. Both of these sectors play an important role in the overall flow of credit in the U.S. economy.

- Citi expects this action will help provide needed credit for students and middle- and low-income parents who are finding it difficult to afford tuition.

4. Credit card lending - $5.8 billion

The special programs Citi is offering include expanded eligibility for balance-consolidation offers, targeted increases in credit lines and targeted new account originations, subject to Citi’s customary sound lending standards.

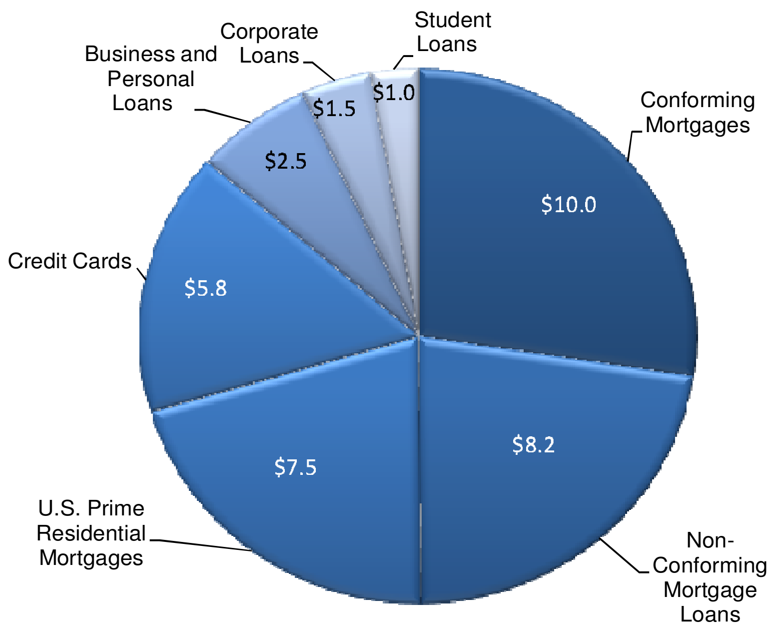
- Credit cards play a critical role in helping people and businesses purchase basic goods and services. Based on available national economic figures, Citi estimates that 20 percent of total personal spending flows through credit card transactions, often for everyday essentials.

5. Corporate Loan Activity - $1.5 billion

Citi is investing $1.5 billion in commercial loan securitizations, which have historically been a significant buyer of secured loans to U.S. companies.

- This investment activity will increase demand and liquidity in the corporate loan market and help to strengthen the confidence of global investors, who in the past have been a substantial source of funding to U.S. companies.
- Increased investor appetite for corporate loans stimulates lending to U.S. companies and ultimately lowers the cost of borrowing for these businesses.

Approved TARP Initiatives – Q4 2008
(In Billions)



b. Our TARP Guidelines

The Department of the Treasury has made two preferred stock investments in Citi through the TARP program.

The first investment, or TARP I, was a $25 billion purchase of preferred stock on October 28, 2008. The second investment, or TARP II, was a $20 billion purchase of preferred stock on December 31, 2008.

Also, on January 16, 2009, Citi issued $7 billion in preferred stock to the Treasury and the Federal Deposit Insurance Corporation (FDIC) as part of a loss sharing program with the U.S. government on a $301 billion portfolio of assets. All of the preferred securities pay dividends to the U.S. Government totaling $3.41 billion per year.

- The Committee has established specific guidelines which are consistent with the objectives and spirit of the Treasury investment program. The complete guidelines can be found in the Appendix to this report.
- The use of TARP capital is being tracked, and it will not be used for any purposes other than those expressly approved by the Committee.
- Committee approval is the final stage in a four-step review process to evaluate proposals from Citi businesses for the use of TARP capital, risk, and the potential financial impact and returns.

Citi will meet all regulatory reporting requirements associated with TARP. We will also update this progress report each quarter, following our quarterly earnings announcement, and make it public at www.citigroup.com.

The TARP securities purchase agreements stipulate that Citi will adhere to the following objectives as a condition of the Treasury's capital investment:

- ***"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."***

Permitted Uses

Citi's guidelines call for TARP capital to be deployed in a prudent and disciplined manner consistent with Citi's strategic objectives and the Treasury's goal of strengthening the financial system in the United States and expanding the flow of credit. TARP capital is equity, in the form of preferred stock. It will be used exclusively to support investments and not for expenses, which are covered as part of our cash flow.

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.

TARP capital will not be used for any purposes other than those expressly approved by Citi's Special Committee.

> TARP is about helping the American people, and supporting U.S. businesses and our communities. Our responsibility is to put these funds to work quickly, prudently, and transparently to increase available lending and liquidity.

- We have not lobbied on TARP-related issues since we received TARP capital and will not do so.
- Citi's businesses are required to report back to the Committee on the activities for which any TARP capital was used, as well as the performance of those investments.
- The Committee reports periodically to Citi's Board of Directors on the specific uses to which TARP capital has been applied.

c. 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 approximately half of the funds involved in Citi's TARP 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, as is now the case, the flow of credit slows and primary lending to people and businesses becomes more difficult and expensive to obtain.

Total Approved TARP Lending Initiatives = $36.5 Billion

II. LENDING ACTIVITY

a. New Lending in the Fourth Quarter of 2008

Separately from its TARP initiatives, Citi remains committed to helping commercial clients and retail customers find workable solutions that address their financial needs responsibly and allow them to meet their obligations.

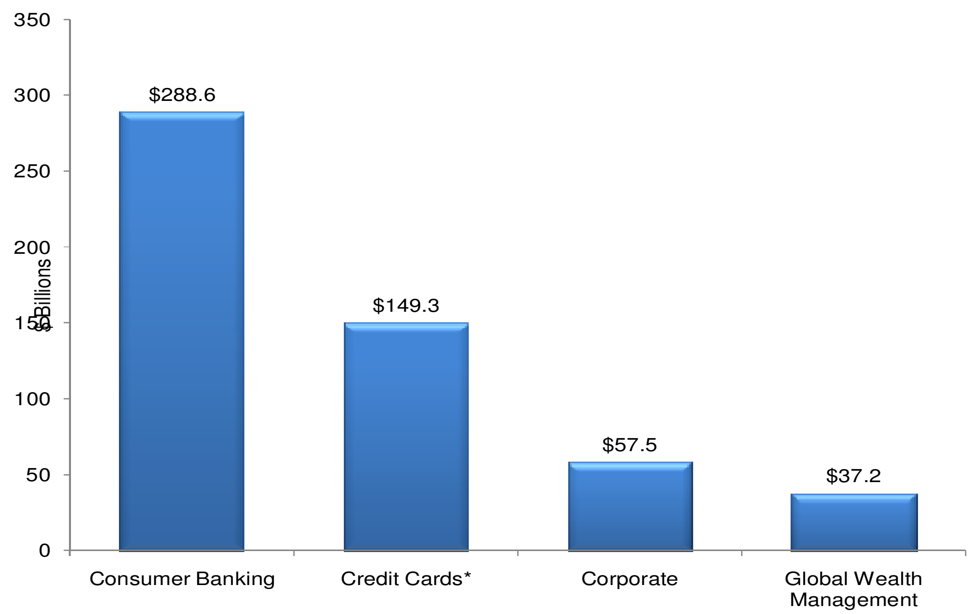
While it is the case that overall bank lending and demand for credit both declined in the fourth quarter, Citi extended new loans totaling approximately $75 billion to customers and clients in the U.S.

Citi's U.S. deposits at the end of the fourth quarter were $289.8 billion, meaning that approximately every four dollars we held in U.S. deposits supported one dollar of new lending initiatives.

A company in New York state with 10 employees that manufactures home gardening supplies came to us for a $150,000 loan and a $100,000 credit line to bring a new product to market. The funding is being used to expand the business.

- Citi continues to lend responsibly to individuals based on their creditworthiness. Factors we consider in reviewing loan applications include a borrower's ability to repay, the size of a loan compared to the value of the underlying collateral, verifiable income, credit history and regional conditions.
- We continue to provide loans, lines of credit and commercial real estate mortgages to U.S. companies, from small and medium-sized businesses to some of the largest employers in the country.
- As municipal bond underwriters, Citi works every day with state and local governments to help them in these difficult times. We also continue to help U.S. corporations find sources of new capital to fund their businesses through the underwriting of debt and equity offerings.

Average Loans, Fourth Quarter 2008 = $532.6 Billion[1]



*Managed basis

[1] North America

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.

TARP capital is not being used directly for these activities, but this capital does provide important support for Citi's ongoing efforts to meet the financing needs of our commercial clients.

We continue to lend actively to small commercial companies with credit needs of less than $100 million 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 Association, 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 22 percent to $8.9 billion in December 2008 from $7.3 billion in December 2007 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 $950 million to $1.29 billion.

Here are some examples from the fourth quarter:

- A company in New York state with 10 employees that manufactures home gardening supplies came to us for a $150,000 loan and a $100,000 credit line to bring a new product to market. The funding is being used to expand the business, which expects to increase its sales by 40 percent in 2009.
- We extended a 10-year commercial mortgage for $1.5 million and a revolving line of credit for $7 million to fund working capital needs to a wholesale distributor of consumer goods in New Jersey with 35 employees and sales of $164 million.
- We extended a 10-year commercial mortgage for $1 million to a distributor of industrial supplies in New York state which employs 70 people and has sales of $18 million.

Citi works primarily with large corporate and institutional borrowers to fund expansion, support strategic transactions, pursue activities in the secondary market and provide debtor-in-possession financing for companies in bankruptcy.

Overall lending has declined over the past year as demand for borrowing contracted and Citi remained judicious in its lending practices. However, in the fourth quarter of 2008, we were the lead underwriter for U.S. syndicated loans totaling $22 billion.

- For the full year, Citi served as the lead underwriter for U.S. syndicated loans totaling $126 billion.

Examples of our involvement included:

- A $1.9 billion 364-day contingent liquidity facility for Alcoa, Inc., which the company put in place to provide additional backstop liquidity for its existing commercial paper program.
- A new $2 billion 364-day syndicated revolving credit facility for Abbott as a backstop for commercial paper.
- Joint lead and joint bookrunner on a $17 billion bridge loan to the Verizon Wireless $28 billion purchase of Alltel Corp.

b. The Lending Environment

In the past year, U.S. and world financial markets have been tested in unprecedented ways. Across the financial services industry, lending has declined markedly as banks work to reduce risks to their balance sheets and exposure to future credit losses resulting from the downturn in the housing market and the economy as a whole.

Demand for borrowing has also fallen sharply as people and businesses reduce spending in the face of rising unemployment and the contraction of the economy.

- For example, consumer borrowing, which includes credit card spending and auto loans, dropped at an annual rate of $7.9 billion in November 2008, according to the Federal Reserve, the biggest decline in the 65 years since the Fed began tracking this data.

In this difficult environment, Citi will not – and cannot – take excessive risk with the capital the American public and other investors have entrusted to the company.

- U.S. households are also saving more money for the first time in many years. According to the Bureau of Economic Analysis, the personal savings rate in November 2008 was 2.8 percent of disposable income, four times the rate in the same month of 2007.

Banks and other lenders have tightened access to credit and are conserving capital in order to absorb the losses that occur when borrowers default.

We will continue to adhere to our basic sound lending principles, in a way that balances our commitment to providing support for the U.S. economy with our responsibility to manage risk appropriately.

- For example, Citi has seen a steady rise in loss rates on credit cards in the past year. Our net credit loss rate for North American cards was 8.0 percent in the fourth quarter of 2008, compared to 5.5 percent in the fourth quarter of 2007.

- Accordingly, we have taken actions in certain high risk segments to lower the company's credit exposure by reducing open or unused credit lines.

In this difficult environment, Citi will not – and cannot – take excessive risk with the capital the American public and other investors have entrusted to the company.

- We will continue to adhere to our basic sound lending principles, both in our TARP-related activities and across our businesses, in a way that balances our commitment to providing support for the U.S. economy with our responsibility to manage risk appropriately and deliver value for investors, including the taxpayer.

III. HELP FOR HOMEOWNERS AND OTHER BORROWERS

a. Helping Homeowners

Homeowner retention solutions for Citi's U.S. mortgage lending businesses remained favorable in the fourth quarter of 2008.

- Loss mitigation solutions outnumbered foreclosures completed by a ratio of more than six to one.
- Total loss mitigation actions increased 33 percent from the third quarter of 2008 to the fourth quarter of 2008.

Since the beginning of 2007, Citi has worked successfully with approximately 440,000 homeowners to avoid potential foreclosure on combined mortgages totaling approximately $43 billion.

Citi has worked with mortgage holders since the start of the U.S. housing market crisis to help keep them in their homes. We are working to reduce or mitigate the hardships many American families face and, at the same time, contain the financial losses that Citi itself has to confront in the event of borrower default.

- Since the beginning of 2007, Citi has worked successfully with approximately 440,000 homeowners to avoid potential foreclosure on combined mortgages totaling approximately $43 billion.
- In 2008, we kept approximately four out of five distressed borrowers with mortgages serviced by Citi in their homes using various home retention solutions.
- Citi was the first financial services company to report publicly on the impact of its foreclosure prevention initiatives, in its quarterly *Citi U.S. Mortgage Lending Data and Servicing Foreclosure Prevention Efforts* report – first published in February 2008.

As the economic downturn has continued, Citi is doing even more to help homeowners, and employs a variety of means to assist borrowers who are having trouble meeting their mortgage payments.

- A specially trained servicing unit works with homeowners to find long-term solutions and tries to ensure that, wherever possible, no borrower loses his or her home.

- We continuously evaluate our portfolios to identify those borrowers who can save money and reduce monthly payments, and offer them timely homeowner retention solutions.

  – To better meet the increased needs of at-risk borrowers and reach as many of these borrowers as possible, we have increased the number of staff dedicated to the important task of loss mitigation by more than two and a half times, compared with just a year ago.

- Citi puts a specific focus on finding long-term solutions for borrowers in need. In support of this, loan modification is a key tool in helping to prevent foreclosure. Citi has found modifications to be effective in helping borrowers avoid foreclosure.

  – In keeping with this commitment, we are in the process of adopting the FDIC's streamlined modification program where the borrower is at least 60 days delinquent or where a long-term modification is appropriate.

> Citi has worked with investors and owners of more than 90 percent of the 4.3 million mortgages we service – but do not own – to make sure that many more qualified borrowers will also benefit from our foreclosure moratorium.

- In November 2008, we announced the Citi Homeowner Assistance Program for families, particularly in areas of economic distress and sharply declining home values, whose mortgages Citi holds.

  – For those borrowers who may be experiencing some form of economic stress, although still current on their mortgages, we are deploying a variety of means to help them remain in their homes.

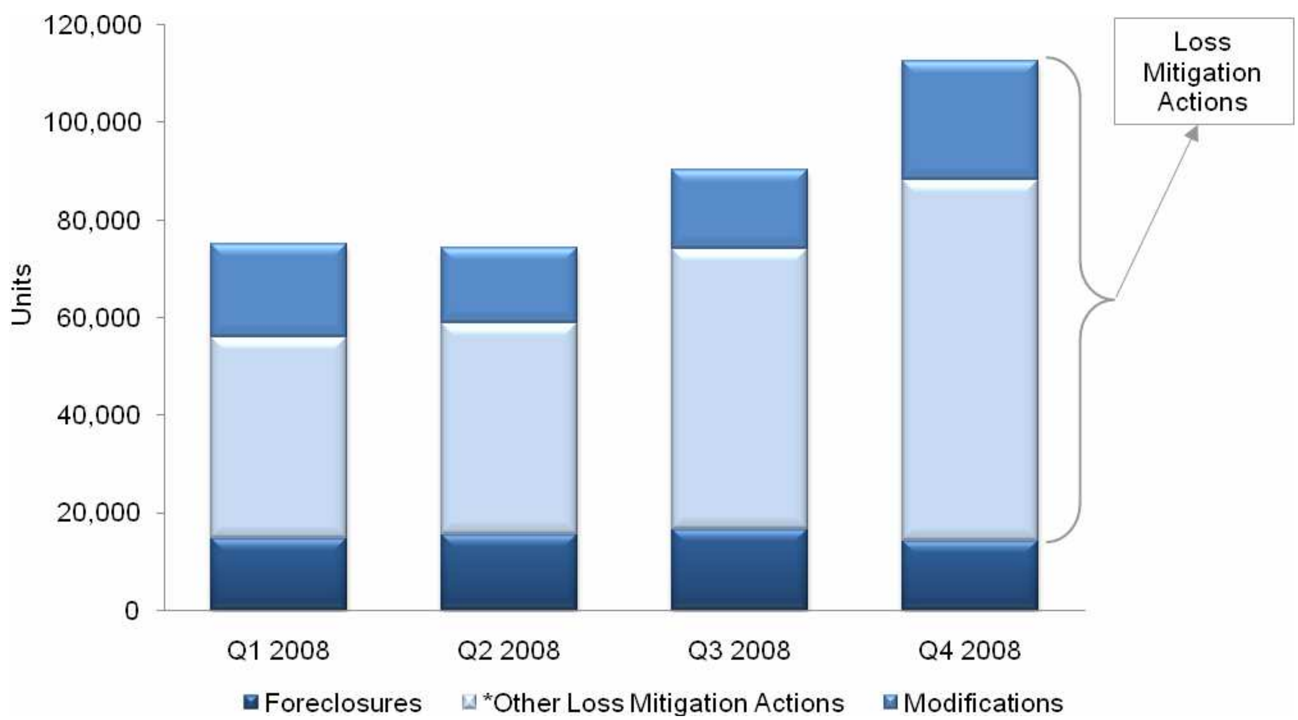
- We are continuing our foreclosure moratorium for eligible borrowers with Citi-owned mortgages who work with us in good faith to remain in their primary residence and have sufficient income to make affordable mortgage payments.

  – To ensure that our efforts have the broadest possible impact, Citi has worked with investors and owners of more than 90 percent of the 4.3 million mortgages we service – but do not own – so that many more qualified borrowers will also benefit from this moratorium.

- In addition, in late 2008, due to falling interest rates, Citi experienced a significant increase in calls from borrowers seeking to refinance their mortgages.

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

Loss Mitigation Actions – Serviced Loans
(Total Citi)



*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 and businesses complete transactions and pay for goods.

- In 2007, transactions worth $1.9 trillion were completed in the U.S. on credit cards industry-wide. Currently, there are about $4.8 trillion of open credit lines in the United States.
- 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 to purchase day-to-day essentials like groceries, clothing and gas.

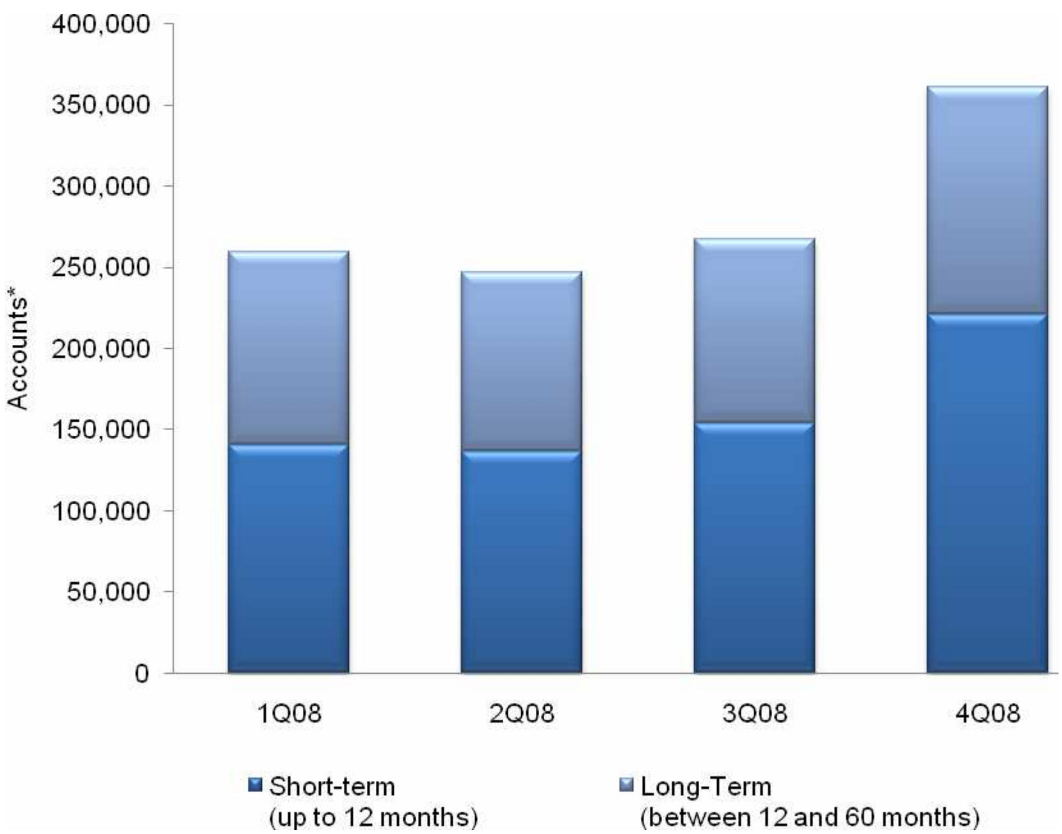
Citi's primary objective, particularly in this environment, is to fund the expansion of credit to existing card members and target new account originations, based on their ability to repay their loans.

- In 2009, Citi Cards plans to extend a significant amount of new credit to U.S. consumers, within Citi's customary sound lending standards.
- Since receiving the first installment of TARP capital, Citi has made plans to expand its lending activities further and extend affordable credit to lower risk borrowers.

In addition, we are rolling out new and incremental programs that will offer manageable terms to card members who are having financial difficulty to help them pay down their debt.

- For example, Citi is offering new forbearance programs with broadened eligibility criteria, affecting accounts 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.
- 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.

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.

IV. CITI IN THE COMMUNITY

a. Citi Office of Homeownership Preservation (OHP)

Citi understands how critical affordable housing and credit are for all Americans. Since the start of the housing crisis, we have accelerated our efforts with our many community partners to help develop solutions that preserve homeownership.

Many distressed homeowners in urban communities across the U.S. 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.

To this end, Citi founded the Office of Home Ownership Preservation (OHP) in 2007 to work with counselors and borrowers to find alternatives to foreclosure, whenever possible.

- Citi offers delinquent borrowers free services such as around-the-clock access to qualified housing counselors from non-profit organizations.

- OHP has trained close to 600 counselors in more than 25 cities across the U.S. as part of the Citi OHP 25-City Tour. The OHP team works with local non-profit counseling organizations to reach out to thousands of at-risk borrowers.

- Through the OHP 25-City Tour, we have provided total grants to the non-profit in each city with the most aggressive and innovative foreclosure prevention outreach, counseling and education program. These grants, which total more than $1 million, are each for $50,000. They are part of the way we have helped local organizations provide distressed borrowers with broad-based financial education and free, on-demand non-profit counseling.

> "We understand that helping to keep people in their homes sustains a community. We also understand that good intentions and hard work make up only two-thirds of the solution. Citi has stepped up tremendously to provide the final third, not just in financial support but with their people." – *Sarah Gerecke, CEO, Neighborhood Housing Services of New York City*

- 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.

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.

To this end, we created the Citi Dialogue program, which 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.

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. We continue to provide capital in a responsible way that recognizes individual aspirations.

- In 2008, Citi Community Capital (CCC) provided $2.8 billion in loans for affordable housing and community revitalization projects in locations around the country.

Citi is a founding member of HOPE Now, a coalition of counselors, government, investors, lenders and servicers which was formed in 2007 to help find solutions to preserve homeownership.

In 2008, we entered into a five-year contract to purchase up to $30 million of microloans made to small businesses by ACCION Texas, thereby enabling ACCION to expand its microfinance portfolio (already the largest in the country).

- In an agreement that is a first of its kind in the U.S., Citi will share the risks and the rewards from additional loans ACCION will make with the new funds.

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).

Citi established a $1 million grant and technical assistance program with the Housing Partnership Network and its local nonprofit partners in select cities to acquire and rehabilitate foreclosed properties in distressed neighborhoods.

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.

In 2008, Citi Community Capital (CCC) provided $2.8 billion in loans for affordable housing and community revitalization projects in locations around the country.

Through its Partners in Progress (PIP) program, the Citi Foundation awarded grants totaling more than $2 million to 21 local community development organizations in January 2009.

These grants, each of $100,000, support innovative physical development and rehabilitation projects – known as “place-based initiatives” – that champion the long-term or large-scale revitalization of low- and middle-income communities. Examples of the 21 initiatives include:

- In the **Boston** area, PIP grants will help support construction of 1,500 new housing units, 780,000 square feet of commercial real estate, two green-job centers and a new six-mile greenway of open space in the Dorchester Bay area; and assistance in a community planning program in Somerville for 2,000 primarily low- to moderate-income individuals.
- In **New York City**, a PIP grant will support construction of 774 affordable housing units, as well as community and retail facilities and a public park, through the Gowanus Green Partnership. The project, at a brownfield site along the Gowanus Canal in Brooklyn, is expected to become a national model for urban community development.
- In **Miami,** a PIP grant will help Carrfour Supportive Housing, which is underwriting a complex of 145 units of new, affordable housing for formerly homeless families, an organic produce nursery and a farmers market retail site on the former Homestead Air Force Base, which closed as a result of Hurricane Andrew.

V. Compensation and Governance

a. Executive Compensation

This is a time of unprecedented challenges in the financial industry and one of profound change. An important area where Citi is changing is executive compensation. The principles that govern how Citi rewards our executives and employees must reflect both the company's performance against its objectives and the economic environment in which we operate.

In light of the company's performance in 2008, Citi's Chairman, its Chief Executive Officer and its Chief Financial Officer asked not to be paid bonuses for that year.

Other members of the Senior Leadership or Executive Committees – the top 51 people at Citi – received substantially reduced bonuses.

- Members of the Executive Committee received a significantly larger proportion of their bonus than other employees in deferred compensation, whose ultimate value depends on an improvement in the company's performance.
- For 2008, Executive Committee members also received at least 40 percent of their incentive compensation in the form of stock or options that have performance-based vesting conditions.

Citi's executive team and Board of Directors have also conducted a thorough review of compensation practices. From 2009 and beyond, all compensation decisions will be based on the following key principles, which are consistent with our agreement with the U.S. Government as an investor:

- Compensation will vary based on two factors: the individual's personal performance and the overall performance of the company.
- We believe in meritocracy. We will differentiate individual compensation decisions on the basis of both financial and non-financial performance.
- We will compensate on the basis of future performance as well as for past performance. Executive compensation will include a component that will vest based on future performance.

In light of the company's performance in 2008, Citi's Chairman, its Chief Executive Officer and its Chief Financial Officer asked not to be paid bonuses for that year.

- Citi has introduced a policy, commonly known as a “clawback” provision. This enables the company to recoup executive compensation that, over time, proves to have been based on inaccurate financial or other information.

- Citi has significantly amended its severance programs for executives. In particular, the top five officers listed in the annual proxy statement will not be eligible for any severance pay.

Citi’s Board of Directors receives periodic reports from the Special TARP Committee on the specific uses to which TARP capital has been applied.

b. Corporate Governance

Citi is committed to the highest standards of ethical conduct: we report our results with accuracy and transparency, and we comply fully with the laws and regulations that govern the company’s businesses – including our agreements with the U.S. government.

- The Board of Directors is responsible for ensuring that effective governance and oversight of the company’s business activities benefit stockholders and other investors, including the taxpayer, while balancing the interests of Citi’s diverse constituencies of customers, employees, suppliers and local communities around the world.

- Twelve of the 15 members of the Board are independent Directors, exceeding the Board’s corporate governance guidelines which require that at least two-thirds of the Directors should be independent.

- Like members of Citi’s Executive Committee, Board members are barred from selling 75 percent of any shares they receive under the company’s equity awards programs for as long as they are Directors. This ties the value of the award directly to the value Citi is able to deliver to its shareholders through its performance.

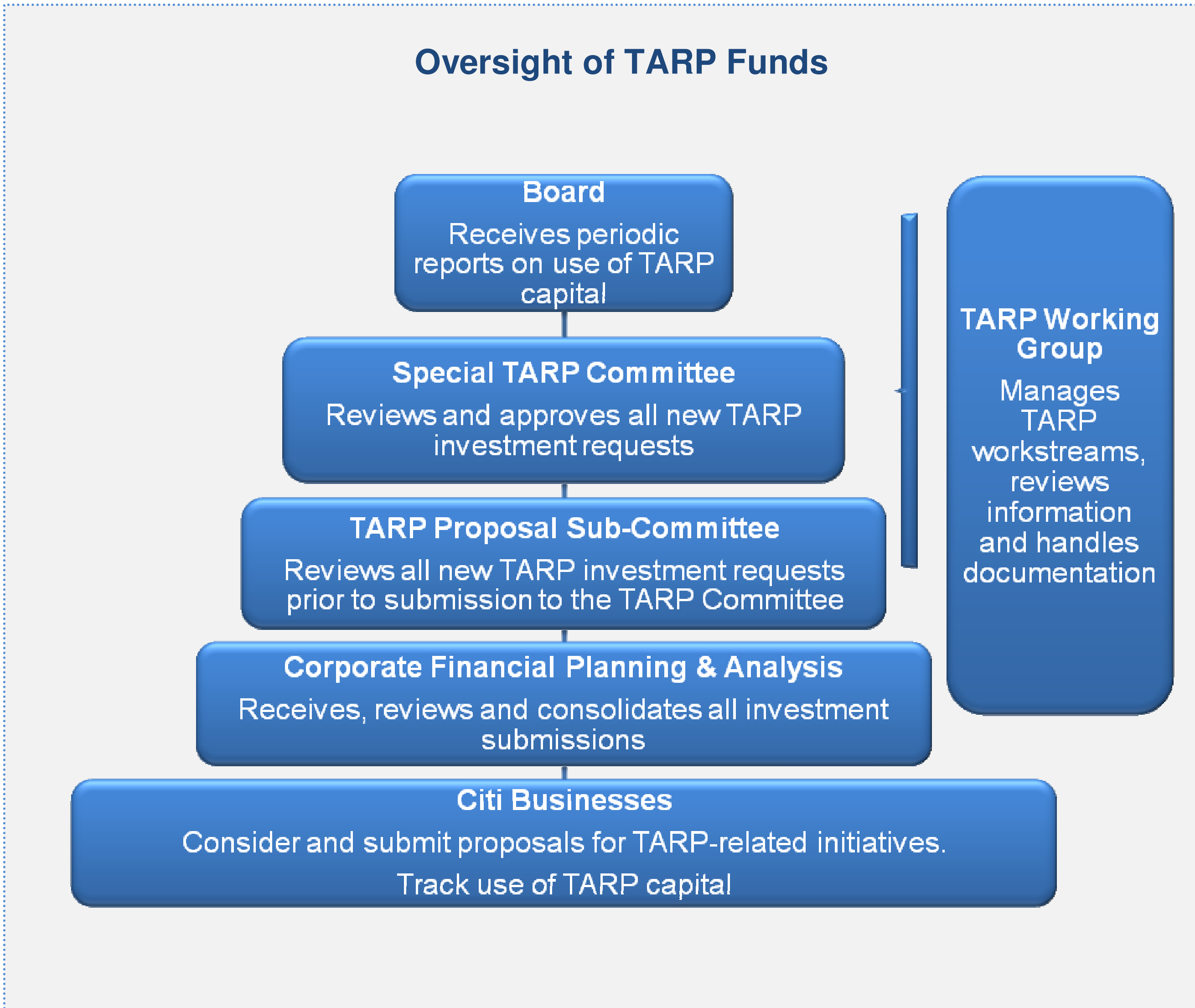
Citi’s Board of Directors receives periodic reports from the Special TARP Committee on the specific uses to which TARP capital has been applied. Approval of TARP-related initiatives at Citi is governed by a four-step process to ensure careful evaluation.

- A proposal to deploy TARP capital is first reviewed in the Citi business where it originated by risk management and financial professionals. 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 Sub-Committee, which includes Citi's Treasurer and Head of FP&A, 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 deliberation. The Committee may accept a proposal, reject it, hold it for further consideration at a later time or request further information.


Oversight of TARP Funds
Board
Receives periodic reports on use of TARP capital
Special TARP Committee
Reviews and approves all new TARP investment requests
TARP Proposal Sub-Committee
Reviews all new TARP investment requests prior to submission to the TARP Committee
Corporate Financial Planning & Analysis
Receives, reviews and consolidates all investment submissions
Citi Businesses
Consider and submit proposals for TARP-related initiatives.
Track use of TARP capital
TARP Working Group
Manages TARP workstreams, reviews information and handles documentation

VI. SECTION VI – OUR STRATEGY

a. Citi's New Structure

In order for the U.S. economy to recover and thrive, the country needs sound, responsible financial institutions. Over the last year, Citi has pursued a determined strategy to get "fit" for the future through efforts designed to reduce our balance sheet exposures, enhance our risk management function, reduce costs and put the company on a path to growth.

Going into 2009, we recognized the need to accelerate the pace of change in order to put Citi on a clearer and faster pathway to profitability. That is why we announced on January 16, 2009 that the company is dividing into two distinct businesses with their own dedicated management teams: **Citicorp** and **Citi Holdings**.

The objective of our new structure is to sharpen Citi's focus on driving performance in the businesses which are central to our strategy, while maximizing value from "non-core" assets. This new structure will be reflected beginning with financial reporting for the second quarter of 2009.

The objective of our new structure is to sharpen Citi's focus on driving performance in the businesses which are central to our strategy, while maximizing value from "non-core" assets.

Citicorp is the relationship-focused bank to businesses and consumers – the "core" of Citi's businesses that the company expects to deliver high returns and high growth over time.

- Built on a strong foundation of more than 200 years in business and a presence in more than 100 countries, Citicorp is a global universal bank with deposit-taking capabilities and a broad range of banking services for consumer and institutional customers.

- Citicorp includes the company's Global Institutional Bank with Citi's world-class corporate, investment and private banking businesses, global transaction services and our retail banking franchise with branded credit cards, consumer and commercial banking services across the U.S., Asia, Latin America, Central and Eastern Europe and the Middle East.

- Citicorp will have estimated assets of $1.1 trillion, about two-thirds of which will be funded by deposits.

Citi Holdings comprises an estimated $860 billion in assets across three businesses – brokerage and asset management, local consumer finance and a special asset pool – all of which will be run with a continued focus on risk management and maximizing value.

- The company recently announced a plan to combine its Smith Barney business with Morgan Stanley's Global Wealth Management Group in a joint venture to create an industry-leading global wealth management business. Citi retains a 49 percent ownership stake.

- Citi Holdings also contains local consumer finance businesses, including CitiFinancial and CitiMortgage in the U.S., and consumer finance operations in Western Europe, Japan, India, Mexico, Brazil, Thailand and Hong Kong.

- The special asset pool will manage the assets covered by the loss-sharing agreement with the U.S. government parties and other non-strategic assets.

Citi has reduced total assets by $413 billion, or 18 percent, since our peak in the third quarter of 2007. Under the new structure, the company expects to build on the significant progress made in 2008 toward reducing non-core legacy assets by divesting businesses that are no longer considered central to our strategy.

In 2008, Citi announced or completed 19 divestitures including:

- On June 30, 2008, Citi completed the sale of Diners Club International to Discover Financial Services.

- On July 1, 2008, Citi and State Street Corporation completed the sale of the CitiStreet joint venture, a benefits servicing business, to ING Group in an all-cash transaction valued at $900 million.

- On August 1, 2008, Citi completed the sale of CitiCapital, our equipment finance unit in North America, to GE Capital.

- On December 5, 2008, Citi completed the sale of our German retail banking operations to Crédit Mutuel for approximately $6.6 billion.

- On December 31, 2008, Citi completed the sale of Citigroup Global Services Limited, a business processing service, to Tata Consultancy Services Limited for $515 million.

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

- In the fourth quarter of 2008, we cut expenses by $2.5 billion, or 16 percent, compared with the same period of 2007, adjusted for one-time items disclosed in our earnings press release, as a result of our ongoing focus on cost reduction and re-engineering efforts.

- We are on track to achieve our targeted expense base of between $50 billion and $52 billion in 2009, representing a further reduction of 15 to 18 percent from 2008 reported expenses.

All these efforts will strengthen Citi’s foundation in 2009 and help put the company on the road to better performance.

VII. SECTION VII – APPENDIX

a. Special TARP Committee Guidelines

Special TARP Committee
Guidelines for Use of TARP Investments
As of January 6, 2009

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 investment.

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; Gary Crittenden, 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 Zion Shohet, Treasurer and Head of Corporate Finance. (See Appendix A, internal memorandum establishing committee).

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, Analysis and Capital Allocation, Nayan Kisnadwala, 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.

Appendix A

November 4, 2008

MEMORANDUM FOR THE CITIGROUP MANAGEMENT EXECUTIVE COMMITTEE

Subject: *Treasury Investment in Citigroup Preferred Stock*

On October 28 we closed on the transaction under which the U.S Treasury Department purchased $25 billion of Citigroup Preferred Shares. We did not seek this investment, nor did the plans we developed for the remainder of 2008 and beyond anticipate this additional capital. As we think about how to use this capital to augment our plans, we must be mindful of the purposes for which it was intended and ensure that we deploy this capital appropriately. We would do this under any circumstances, but here in addition there will be intense public and governmental scrutiny on the way we and the other eight large recipients use the capital from the Treasury Department.

Treasury made this investment in Citi and other institutions only as a result of special market conditions and its desire to help expand the flow of credit in the economy. While we should be proud that Citi was included among those in whom Treasury chose to invest to achieve this goal, Treasury's public purpose creates a special responsibility with respect to how we use this investment.

To ensure that we use this capital in a way that is consistent with our established strategic objectives and Treasury's goal of strengthening the financial system in the United States and expanding the flow of credit, we have established a Special Committee consisting of the two of us, Brian Leach, Zion Shohet and Michael Helfer to oversee and approve how we make use of Treasury's investment. This Committee will promptly develop a set of guidelines for the operating businesses, including guidelines on how we pursue incremental lending opportunities and how we monitor the use of these funds. The Committee will report periodically to the Citigroup Board of Directors on the uses to which we have put the proceeds of the Treasury investment.

The Treasury investment may not be used for any purposes other than those approved by the Special Committee. With the goals described above in mind, if you have a particular idea or suggestion that you would like the Special Committee to consider, please contact one of the members of the Special Committee.

Gary Crittenden
Lewis Kaden

b. TARP Investments by U.S. Treasury

TARP I

- Citi was among nine major U.S. financial institutions which agreed on October 14, 2008 – in consultation with the Treasury, the FDIC and the Federal Reserve Board – to receive from the Treasury a combined $125 billion investment to strengthen their capital positions and to enhance the overall performance of the U.S. economy.
- On October 28, 2008, Citi received a capital investment of $25 billion from the Treasury under this initiative, which is called the Capital Purchase Program.
- In consideration of the investment, Citi issued $25 billion in cumulative, perpetual preferred stock to the Treasury, with a dividend of five percent per annum, payable quarterly. The first dividend payment of $371.5 million will be made on February 17, 2009.
- Citi also issued the Treasury an option to purchase 210,084,034 common shares in the company at a strike price of $17.85 per share.
- This option will allow the Treasury and U.S. taxpayers to earn additional returns on the investment if Citi's common share price rises above $17.85.
- A summary of the terms of the transaction is available **at this link.**

TARP II

- On November 24, 2008, Citi announced that it had reached an agreement with the Treasury, the FDIC and the Federal Reserve Board on a series of steps to strengthen Citi's capital ratios, reduce risk and increase liquidity.
- The agreement closed on December 31, 2008, when Citi received a further capital investment of $20 billion from the Treasury. This initiative is called the Target Investment Program.
- In consideration of the investment, Citi issued $20 billion in cumulative, perpetual preferred stock to the Treasury, with a dividend of eight percent per annum, payable quarterly. The first dividend payment of $200 million will be made on February 17, 2009.
- Citi also issued the Treasury an option to purchase 188,501,414 common shares in the company at a strike price of $10.61 per share.

- This option will allow Treasury and U.S. taxpayers to earn additional returns on the investment if Citi's common share price rises above $10.61.

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

c. VII-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 16, 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 million will be made on February 17, 2009.

- Citi also issued the Treasury an option to purchase 66,531,728 million 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.

d. 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.]

e. Useful Links

citigroup.com

Citi Office of Homeownership Preservation

Citi Community Capital

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

Financial Information, Fourth Quarter 2008

Code of Conduct

Corporate Governance Guidelines

Annual Report for 2007

Corporate Citizenship Report for 2007

Citi Foundation

Citi Press Room